ASSURANCE AND ADVISORY BUSINESS SERVICES

5553

Financial Statements and Supplementary Information

Tiger Athletic Foundation

As of and for the year ended December 31, 2003, with Report of Independent Auditors

ERNST & YOUNG

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/2/04

ERNST & YOUNG LLP

Tiger Athletic Foundation

Financial Statements and Supplementary Information

Year ended December 31, 2003

Contents

ERNST & YOUNG

Ernst & Young LLP
3900 One Shell Square
701 Poydras Street
New Orleans
Louisiana 70139-9869

Phone: (504) 581-4200
Fax: (504) 596-4233
www.ey.com

Report of Independent Auditors

The Executive Committee
Tiger Athletic Foundation

We have audited the accompanying statement of financial position of Tiger Athletic Foundation (a nonprofit organization) as of December 31, 2003, and the related statement of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Tiger Athletic Foundation's management. Our responsibility is to express an opinion of these financial statements based on our audit.

We conducted the audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tiger Athletic Foundation as of December 31, 2003, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2004, on our consideration of Tiger Athletic Foundation's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Ernst + Young LLP

April 9, 2004

Tiger Athletic Foundation

Statement of Financial Position

December 31, 2003

Assets	
Current assets:	
Cash and cash equivalents	**$ 780,821**
Current portion of restricted contributions receivable	**2,001,518**
Receivables and other prepaid assets	**431,210**
Total current assets	**3,213,549**
Assets whose use is limited:	
Board designated	**7,058,504**
Temporarily restricted	**14,125,147**
Endowments	**2,065,955**
Noncurrent assets whose use is limited	**23,249,606**
Restricted contributions receivable, net of allowances, less current portion	**4,847,320**
Property, plant, and equipment, net	**61,399,257**
Other noncurrent assets	**10,000**
Total assets	**$ 92,719,732**

Tiger Athletic Foundation

Statement of Financial Position (continued)

December 31, 2003

Liabilities and net assets	
Accounts payable and accrued liabilities	**$ 600,203**
Deferred revenues	**960,000**
Amounts held in custody for others	**525,513**
Current portion of notes payable	**3,289,207**
Current portion of bonds payable	**1,135,000**
Total current liabilities	**6,509,923**
Notes payable, less current portion	**6,131,337**
Retainage payable	**54,427**
Bonds payable, less current portion	**50,510,000**
Total liabilities	**63,205,687**
Net assets:	
Unrestricted:	
Undesignated	**(584,400)**
Designated by board:	
University Club	**702,840**
10% excess budgeted revenues	**1,262,828**
Other board-designated funds	**5,092,837**
Total unrestricted	**6,474,105**
Temporarily restricted	**20,973,985**
Permanently restricted – endowments	**2,065,955**
Total net assets	**29,514,045**
Total liabilities and net assets	**$ 92,719,732**

See accompanying notes.

Tiger Athletic Foundation

Statement of Activities

Year ended December 31, 2003

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2003
Revenues and gains:				
Donations – TAF members	$ 9,605,865	$ –	$ 132,300	$ 9,738,165
Restricted revenue	–	2,870,771	–	2,870,771
Scoreboard sponsorships	1,255,500	–	–	1,255,500
Rents – University Club and LSU	2,202,132	–	–	2,202,132
Investment income	280,909	–	69,366	350,275
Net realized and unrealized gains	–	–	22,192	22,192
Merchandise revenue	24,911	–	–	24,911
Other revenue	76,075	–	–	76,075
Total revenues and gains	13,445,392	2,870,771	223,858	16,540,021
Reclassifications	3,251,790	(3,251,790)	–	–
Expenses:				
Program services:				
Contribution to LSU – Athletic Department	3,326,232	734,422	–	4,060,654
Contribution to LSU – Non-Athletic	741,358	–	–	741,358
Tickets purchased	60,160	–	–	60,160
Tiger den suites	5,055,515	–	–	5,055,515
Supporting activities:				
General and administrative	1,808,648	–	11,496	1,820,144
Merchandise expense	17,318	–	–	17,318
Fundraising	801,966	429,100	–	1,231,066
Total expenses	11,811,197	1,163,522	11,496	12,986,215
Increase (decrease) in net assets	$ 4,885,985	$ (1,544,541)	$ 212,362	$ 3,553,806

See accompanying notes.

Tiger Athletic Foundation

Statement of Functional Expenses

Year ended December 31, 2003

	Program Services			
	Contributions to LSU Athletic	**Contributions to LSU Nonathletic**	**Special Events-Tickets Purchased**	**Tiger Den Suites**
Salaries and wages	$ –	$ –	$ –	$ –
Payroll taxes	–	–	–	–
Employee benefits	–	–	–	–
Contributions to LSU	1,267,632	–	–	2,000,000
Contributions to LSU - Gym Armory	992,271	534,301	–	–
Coaches supplement	500,000	–	–	–
Scoreboard expenses	82,622	–	–	–
Marketing and publicity	228,179	–	–	65,317
Dues and subscriptions	16,517	–	–	–
Professional fees	134,702	–	–	2,577
Academic awards	–	75,000	–	–
LSU Campus Transportation and Development Fund	–	82,983	–	–
LSU Systems Transportation Fund	–	13,414	–	–
Aircraft services	–	35,660	–	–
Tickets purchased	–	–	60,160	–
Line of credit and remarketing fees	–	–	–	597,612
Interest expense	133,564	–	–	1,560,832
Catering and other expenses	–	–	–	505,944
Management fee	–	–	–	119,167
Occupancy	–	–	–	72,452
Parking	–	–	–	45,600
Repairs and maintenance	–	–	–	86,014
Travel and entertainment	–	–	–	–
Membership	–	–	–	–
Stadium club	–	–	–	–
Basketball	–	–	–	–
Supplies and office equipment	–	–	–	–
Printing	–	–	–	–
Computer	–	–	–	–
Bank charges	–	–	–	–
Special events and other	77,166	–	–	–
Insurance	–	–	–	–
Bad debts	–	–	–	–
Merchandise expense	–	–	–	–
Depreciation	628,001	–	–	–
Total expenses	$ 4,060,654	$ 741,358	$ 60,160	$ 5,055,515

Tiger Athletic Foundation

Statement of Functional Expenses (continued)

Year ended December 31, 2003

Supporting Services			
General and Administrative	**Merchandise Expenses**	**Fund-Raising**	**Total December 31 2003**
$ 811,680	$ –	$ 324,769	$ 1,136,449
73,561	–	–	73,561
198,293	–	–	198,293
–	–	–	3,267,632
–	–	–	1,526,572
–	–	–	500,000
–	–	–	82,622
90,872	–	6,444	390,812
–	–	–	16,517
123,405	–	–	260,684
–	–	–	75,000
–	–	–	82,983
–	–	–	13,414
–	–	–	35,660
–	–	–	60,160
–	–	–	597,612
–	–	–	1,694,396
–	–	–	505,944
–	–	–	119,167
186,251	–	–	258,703
–	–	–	45,600
–	–	–	86,014
12,234	–	35,205	47,439
–	–	319,537	319,537
–	–	95,028	95,028
–	–	20,983	20,983
46,046	–	–	46,046
15,800	–	–	15,800
49,385	–	–	49,385
107,032	–	–	107,032
5,759	–	–	82,925
99,826	–	–	99,826
–	–	429,100	429,100
–	17,318	–	17,318
–	–	–	628,001
$ 1,820,144	$ 17,318	$ 1,231,066	$ 12,986,215

See accompanying notes.

Tiger Athletic Foundation

Statement of Cash Flows

Year ended December 31, 2003

Operating activities	
Increase in net assets	**$ 3,553,806**
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	**628,001**
Bad debt expense	**429,100**
(Increase) decrease in operating assets:	
Receivables and other prepaid assets	**(300,380)**
Restricted contributions receivable	**1,211,361**
Inventory	**21,820**
Increase (decrease) in operating liabilities:	
Accounts payable and other accruals	**512,785**
Deferred revenues	**414,527**
Retainage payable	**54,427**
Amounts held in custody for others	**(11,732)**
Net cash provided by operating activities	**6,513,715**
Investing activities	
Net change in assets whose use is limited	**(1,427,395)**
Purchase of fixed assets	**(2,780,735)**
Net cash used in investing activities	**(4,208,130)**
Financing activities	
Proceeds from borrowings	**1,671,700**
Principal payments on borrowings	**(4,356,000)**
Net cash used in financing activities	**(2,684,300)**
Net change in cash and cash equivalents	**(378,715)**
Cash and cash equivalents, beginning of year	**1,159,536**
Cash and cash equivalents, end of year	**$ 780,821**

See accompanying notes.

Tiger Athletic Foundation

Notes to Financial Statements

December 31, 2003

1. Summary of Significant Accounting Policies

Nature of Activities

Tiger Athletic Foundation ("TAF" or the "Foundation") was organized on February 20, 1985, as a nonprofit corporation under Louisiana R.S. 12:201 (7).

Its primary objective is to encourage support and raise funds for the Louisiana State University and Agricultural and Mechanical College ("LSU") located in Baton Rouge, Louisiana, and its intercollegiate athletic program. Funds attracted by this private, nonprofit corporation are primarily used to defray the cost of scholarships of more than 300 student athletes, to help maintain and improve LSU athletic facilities, and to retire present indebtedness. The Foundation is governed by a board of directors that are elected from the membership.

Basis of Presentation

The Foundation has adopted Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets include those net assets whose use by the Foundation is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. Temporarily restricted net assets are those net assets whose use by the Foundation has been limited by donors (a) to later periods of time or other specific dates, or (b) to specified purposes. Permanently restricted net assets are those net assets received with donor-imposed restrictions limiting the Foundation's use of the asset. In addition, the Foundation is required to present a statement of cash flows.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments with an original maturity of three months or less, and whose use is not limited, to be cash equivalents.

1. Summary of Significant Accounting Policies (continued)

Investments

The Foundation has adopted Statement of Financial Accounting Standards No. 124, *Accounting for Certain Investments Held by Not-For-Profit Organizations* ("SFAS No. 124"). Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets. Investment income is reported as increases in unrestricted net assets in the reporting period in which the income and gains are recognized.

Restricted Contributions Receivable

Contributions that are expected to be collected within one year are recorded at net realizable value. Contributions that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Changes to the estimate of the present value of the contributions will be reported in the period the changes are made.

Property and Equipment

The purchase of property and equipment is recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Property and equipment is depreciated using the straight-line method over estimated useful lives of 5 to 50 years.

Other Noncurrent Assets

The Foundation has a membership in Country Club of Louisiana. The asset is recorded at current resale value. The valuation of the investment is subject to fluctuations of the estimated fair market value as of the balance sheet date.

1. Summary of Significant Accounting Policies (continued)

Amounts Held in Custody for Others

The amounts held in custody for others which represents the coaches escrow accounts was established as a custodial fund at the discretion of LSU. This fund was created in order for TAF to act as a nonaffiliated party to oversee the revenue generated by the coaches of LSU. The Foundation has classified the funds as temporarily restricted funds.

Contributions

The Foundation has adopted Statement of Financial Accounting Standard No. 116, *Accounting Contributions Received and Contributions Made* ("SFAS No. 116"). Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Contributions that are received but for which the restrictions do not expire during the current year are recorded as refundable contributions. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Functional Expenses

Functional expenses are allocated between program services and supporting services, which include fundraising, merchandise, and general and administrative. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Tiger Athletic Foundation

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Donated Services

During the year ended December 31, 2003, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Scoreboard Sponsorships

Corporate sponsorship agreements exist between the Foundation and various corporate sponsors. All of the sponsoring agreements contain terms that range from three to five years. The Foundation recognizes revenue according to the terms stipulated in each of the corporate sponsorship agreements and is recognized in the fiscal year in which the sponsorship services are provided.

Rents – University Club and LSU

In 1999, the Foundation issued $43,575,000 in revenue bonds for the purpose of financing or reimbursing a portion of the cost of certain improvements and renovations to the East Side Upper Deck ("ESUD") of the Tiger Stadium of LSU. The bond agreement stipulates that LSU shall pay $2,000,000 to the Foundation as annual rent for the facilities.

The Foundation maintains a lease and license agreement with The University Club of Baton Rouge, L.L.C., as the tenant of the lease. The Foundation receives monthly payments equal to 6% of the prior month's gross revenues plus an annual fee per member.

Contributions to LSU

From time to time, the Foundation may donate amounts to LSU as determined by the board of directors. During 2002, the Foundation donated the completed portions of scheduled improvements of the Gym Armory building to LSU. The contribution was allocated between athletic and nonathletic contributions based on the estimated square footage of the use of the building. Additional improvements were donated in 2003, allocated on the same basis as the prior year of $1,447,900 for the Gym Armory and $78,670 of other assets.

1. Summary of Significant Accounting Policies (continued)

Tax Status

Tiger Athletic Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization that is not a private foundation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. Concentration of Credit Risk for Cash Held in Bank

The Tiger Athletic Foundation maintains several bank accounts at various financial institutions. Accounts at an institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $100,000. Cash at the institutions exceeded federally insured limits. The amount in excess of the FDIC limit totaled approximately $23,500,000 as of December 31, 2003.

3. Assets Whose Use is Limited

The Foundation had $23,249,606 at December 31, 2003, in U.S. government securities and fixed income securities with original maturity dates of less than three months. Assets whose use is limited are stated at fair value and are summarized below:

	December 31, 2003	
	Cost	**Market**
U.S. government securities	$ 362,393	$ 410,754
Fixed income securities	787,219	851,068
Cash and equivalents	21,987,784	21,987,784
	$ 23,137,396	$23,249,606

3. Assets Whose Use is Limited (continued)

Investment income for 2003 consisted of the following:

	Year ended December 31 2003
Dividends and interest	$ 350,275
Net realized and unrealized gains	22,192
Investment income	$ 372,467

4. Restriction on Net Assets

Temporarily restricted net assets are available for the following purposes:

	2003
Bond restrictions:	
Tiger Den Suites escrow account	$ 2,820,982
Tiger Den Suites tower account	1,896,886
Tiger Den Suites construction account	5
East Side Upper Deck debt service fund	4,067,194
Academic Center construction and principal funds	1,034,524
West Side Upper Deck debt service fund	305,874
	10,125,465
Donor restrictions:	
Academic center	1,365,209
Coaches account	525,513
Baseball	36,355
Football	6,510
HNB	30,000
LSU Golf Facility	54,620
Miscellaneous memorials	43,819
Baseball seating	39,876
Al Moreau	9,425
Tiger Den	841,537
Top 100 Tigers	1,030,174
Women's basketball	(42,500)
PMAC restoration	59,144
	3,999,682
Restricted contributions receivable	6,848,838
Total temporarily restricted funds	$ 20,973,985

4. Restriction on Net Assets (continued)

The Foundation also has $2,065,955 at December 31, 2003, permanently restricted for endowments funds. The Foundation is in process of evaluating whether it would be appropriate to transfer the endowment funds to the LSU Foundation.

5. Restricted Contributions Receivable

Restricted contributions receivable at December 31, 2003, were as follows:

Receivable in less than one year	$ 2,001,518
Receivable in one to ten years	6,529,726
Total contributions receivable	8,531,244
Less discount to net present value	(642,979)
Less allowance for uncollectible contributions	(1,039,427)
Net contributions receivable	$ 6,848,838

6. Property, Plant, and Equipment

The Foundation's investment in property, plant, and equipment consisted of the following as of December 31, 2003:

	Beginning Balance	Additions	Retirements	Transfers to LSU	Ending Balance
Land	$ 3,090,000	$ –	$ –	$ –	$ 3,090,000
Leaseholds and other improvements	724,577	–	–	–	724,577
Stadium expansion and scoreboard	53,711,623	24,065	–	–	53,735,688
Furniture and equipment	328,209	23,235	–	–	351,444
	57,854,409	47,300	–	–	57,901,709
Less accumulated depreciation	(1,873,994)	(628,001)	–	–	(2,501,995)
Construction in process	3,266,108	4,260,007	–	(1,526,572)	5,999,543
Property, plant, and equipment, net	$59,246,523	$ 3,679,306	$ –	$(1,526,572)	$61,399,257

7. Notes and Bonds Payable

A summary of the Foundation's notes and bonds payable is as follows:

	December 31 2003
Note payable to Bank One, dated April 13, 1999, due in annual installments, with final payment due August 1, 2005, with interest rate of 7.5%	$ 1,000,000
Note payable, with annual principal and interest payments starting September 1, 2000, with final payment September 1, 2009, with interest rate of 3.93% at December 31, 2003	7,209,337
Revenue bonds Series 1999	43,575,000
Revenue bonds Series 2001	8,070,000
Line of credit	1,211,207
	$ 61,065,544

The note payable to Bank One with an interest rate of 7.5% was originally $5,300,000, dated April 13, 1999, and is due in annual installments with final payment due August 1, 2005. The note is secured by scoreboards in Tiger Stadium and Pete Maravich Assembly Center, corporate sponsorship contracts, and an escrow fund account established with the lender for funding the loan proceeds and all earnings thereon as well as revenues derived from seats in Tiger Stadium.

The note payable includes both a term loan and a line of credit up to $11,389,000. At December 31, 2003, the term loan in the original amount of $6,153,336 bears interest at a rate of 3.93% and has principal and interest payments due beginning September 1, 2002, with final payment due September 1, 2007. The note is secured by a lien on pledged revenues. The balance on the term and revolving loans were $4,209,337 and $3,000,000, respectively, at December 31, 2003.

Revenue Bonds Series 1999 consist of debt issued by Tiger Athletic Foundation. Respective facilities with a net book value of approximately $46,500,000 and revenues derived from them are pledged for the payment of the revenue bond debt service. Debt was issued for the purpose of: (i) funding or reimbursing a portion of the cost of acquisition, construction, expansion, installation, and equipping of certain improvements and renovations to Tiger Stadium at LSU, (ii) funding a reserve fund for the bonds,

7. Notes and Bonds Payable (continued)

(iii) funding a deposit to the capitalized interest account to capitalize interest payable on the bonds, and (iv) paying the necessary costs in connection with the issuance of the bonds. Bond indentures contain significant requirements for annual debt service and flow for funds through various restricted accounts. The bonds have a floating interest rate, which was approximately 3.25% at December 31, 2003, and are due in annual payments beginning December 31, 2010, with a final payment due December 31, 2028.

Revenue Bonds Series 2001 were issued for the purpose of providing (i) $10,000,000 for constructing, renovating, expanding, installing, and equipment for certain improvements and renovations to an existing facility known as the Gym Armory at LSU, (ii) $121,602 to fund a cost of issuance account to pay the borrower's allocable share of the cost of issuance of the bonds, and (iii) $78,398 to pay the borrower's share of the underwriters discount and initial remarketing agent fee. Restricted contributions receivable are pledged for payment of the debt service. The bonds have a floating interest rate of approximately 3.25% at December 31, 2003, and are due in annual payments beginning December 31, 2003, with a final payment due December 31, 2011.

In addition, TAF has a line of credit agreement with Hibernia National Bank for up to $2,000,000. The note bears interest at a variable rate, which was 2.24% at December 31, 2003. The amount is secured by an $1,800,000 savings account held at the bank. The balance outstanding on the line of credit at December 31, 2003, was $1,211,207.

Under the provisions of the revenue bond agreements, the Foundation is required to maintain a minimum debt service coverage ratio. The Foundation is in compliance with its debt service coverage calculation loan covenant at December 31, 2003.

7. Notes and Bonds Payable (continued)

The debt service requirements on the notes and bonds payable were as follows:

	Notes Payable and Line of Credit	Bonds Payable	Total Principal
2004	$ 3,289,207	$ 1,135,000	$ 4,424,207
2005	1,156,000	1,135,000	2,291,000
2006	1,239,000	1,130,000	2,369,000
2007	1,329,000	1,135,000	2,464,000
2008	1,425,000	1,135,000	2,560,000
2009 – 2013	982,337	8,720,000	9,702,337
2014 – 2018	–	9,715,000	9,715,000
2019 – 2023	–	12,200,000	12,200,000
2024 – 2028	–	15,340,000	15,340,000
Total	$ 9,420,544	$51,645,000	$61,065,544

Effective April 1, 2003, the Foundation entered into an interest rate swap agreement with Morgan Stanley Capital Services Inc. ("MSCS"), which expires September 1, 2028, to hedge its interest rate exposure on the Series 2000 revenue bonds. The agreement covers 100% of the outstanding principal balance over the life of the bonds and effectively fixes the rate to the Foundation at 4.01%. The floating rate payor is MSCS and the fixed rate payor is the Foundation. The floating rate is based on the BMA Municipal Swap Index, as defined in the agreement.

The Foundation accounts for the interest rate swap as a fair value hedge as directed by Financial Accounting Standard ("FAS") No. 133, *Accounting for Derivative Instruments and Hedging Activities*. Since the Foundation does not report earnings as a separate caption in a statement of financial performance, both the swap agreement and the hedged item, the Series 2000 bonds, are accounted for at fair value with the change in fair value reported as a change in net assets. The fair market value of the swap agreement and the hedged item as of December 31, 2003, were not materially different from the stated value.

8. Commitments and Contingencies

The Foundation leases its office facilities under a noncancelable lease that terminated on December 31, 2002. The lease was renewed for a five-year period beginning January 1, 2003, with annual payments of approximately $35,000. Total rental expenses paid for the year ended December 31, 2003, were approximately $45,600.

The Foundation is subject to certain legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Foundation.

9. Retirement Savings Plan

The Foundation established a 401(k) Plan effective February 1, 2002, to replace an existing Section 403(b) tax shelter annuity plan. The plan covers all employees who complete applications to participate in the plan and agree to the terms of the plan. Participants may contribute up to 25% of their compensation to the plan each year. TAF will make matching contributions on behalf of each participant up to 7.5% of their contribution. Employees are 100% vested in the contributions to the plan. The Foundation made matching contributions of approximately $59,000 for the year ended December 31, 2003.

10. Subsequent Event

In March 2004, the Foundation issued Revenue Bonds Series 2004 for a principal amount of $90,000,000. The bonds are secured by the pledged revenues on a parity with (i) the Series 1999 bonds and (ii) the Hibernia Bank Loan dated January 1, 1999. The proceeds of the loan will be used to finance or reimburse a portion of the costs of the acquisition and construction of certain improvements and renovations to Tiger Stadium and a football operations center at LSU, including funding the interest and costs associated with the project. The bonds are subject to a remarketing agreement with an underlying letter of credit issued by Hibernia National Bank.

Supplementary Information

Ernst & Young

Ernst & Young LLP
3900 One Shell Square
701 Poydras Street
New Orleans
Louisiana 70139-9869

Phone:(504) 581-4200
Fax: (504) 596-4233
www.ey.com

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements in Accordance With Government Auditing Standards

The Executive Committee
Tiger Athletic Foundation

We have audited the financial statements of the Tiger Athletic Foundation as of and for the year ended December 31, 2003, and have issued our report thereon dated April 9, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Tiger Athletic Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Tiger Athletic Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors and management and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

April 9, 2004

ERNST & YOUNG