

Financial Statements and Supplementary Information

Tiger Athletic Foundation Inc.

*Year ended December 31, 2002 with Report of Independent Auditors and
Summarized Financial Information for the year ended December 31, 2001*

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

Tiger Athletic Foundation Inc.

Financial Statements and Supplementary Information

Year ended December 31, 2002 with summarized financial information
for the year ended December 31, 2001

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Report of Independent Auditors

The Executive Committee
Tiger Athletic Foundation Inc.

We have audited the accompanying statement of financial position of Tiger Athletic Foundation Inc. (a nonprofit organization) as of December 31, 2002, and the related statements 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. The prior year summarized comparative information has been derived from Tiger Athletic Foundation financial statements for the year ended December 31, 2001 and was audited by other auditors whose report dated February 1, 2002 expressed an unqualified opinion on those financial statements prior to restatement.

We conducted the audit in accordance with auditing standards generally accepted in 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, 2002, and the changes in net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

We also audited the adjustments and reclassifications described in Note 9 that were applied to restate the 2001 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

In accordance with Government Auditing Standards, we have also issued our report dated June 17, 2003 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

June 17, 2003

Tiger Athletic Foundation Inc.

Statements of Financial Position

	December 31	
	2002	2001
		<i>(As Restated)</i>
Assets		
Cash and cash equivalents	\$ 1,159,536	\$ 468,517
Assets whose use is limited:		
Board designated	5,939,391	2,745,129
Temporarily restricted	14,029,227	21,579,591
Endowments	1,853,593	1,723,940
Total assets whose use is limited	21,822,211	26,048,660
Restricted contributions receivable, net of allowances	8,489,299	9,385,138
Inventory	21,820	17,148
Receivables and other prepaid assets	110,830	204,956
Fixed assets:		
Land	3,090,000	3,090,000
Furniture and equipment	328,209	280,945
Airplane	—	3,247,208
Stadium expansion and scoreboard	53,711,623	53,592,867
Leaseholds and other improvements	724,577	667,337
Accumulated depreciation	(1,873,994)	(3,735,170)
Construction in progress	3,266,108	1,492,092
Fixed assets, net	59,246,523	58,635,279
Other assets	30,000	30,000
Total assets	\$ 90,880,219	\$ 94,789,698

	December 31	
	2002	2001
		<i>(As Restated)</i>
Liabilities and net assets		
Accounts payable	\$ 87,418	\$ 108,765
Refundable contributions	545,473	223,858
Retainage payable	-	100,000
Coaches account escrow	537,245	525,756
Notes payable	9,974,844	9,223,336
Bonds payable	53,775,000	53,775,000
 Net assets:		
Unrestricted:		
Undesignated	(4,351,271)	(4,600,815)
Designated by board:		
University Club	351,965	807,466
Airplane maintenance	-	464,143
10% excess budgeted revenues	1,048,649	671,412
Other board-designated funds	4,538,777	802,108
Temporary restricted	22,518,526	30,964,729
Permanently restricted -- endowments	1,853,593	1,723,940
Total net assets	<u>25,960,239</u>	<u>30,832,983</u>
 Total liabilities and net assets	 <u>\$ 90,880,219</u>	 <u>\$ 94,789,698</u>

See accompanying notes.

Tiger Athletic Foundation Inc.

Statement of Activities

Year ended December 31, 2002 with summarized financial information for the year
ended December 31, 2001

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				December 31 2002	2001 <i>(As Restated)</i>
Contributions, revenue, and gains					
Member contributions	\$ 9,586,454	\$ -	\$ 28,966	\$ 9,615,420	\$ 8,724,654
Restricted contributions	-	2,567,367	-	2,567,367	12,497,904
Scoreboard sponsorships	1,241,500	-	-	1,241,500	1,245,000
Rents -- University Club and LSU	2,168,022	-	-	2,168,022	2,231,524
Aircraft services	106,185	-	-	106,185	431,161
Ticket sales	10,333	-	-	10,333	176,621
Special events, net of direct costs	12,402	-	-	12,402	(64,970)
Merchandise revenue	5,791	-	-	5,791	8,878
Interest income	427,964	-	27,439	455,403	765,925
Net realized and unrealized gains	-	-	80,720	80,720	34,998
Gain on sale of assets	1,164,088	-	-	1,164,088	-
Total contributions, revenues, and gains	14,722,739	2,567,367	137,125	17,427,231	26,051,695
Reclassifications	10,633,271	(10,633,271)	-	-	-
Expenses:					
Program services for LSU:					
Contributions to LSU -- Athletic Department	10,540,633	80,299	-	10,620,932	2,281,488
Contributions to LSU -- Non-Athletic	4,302,326	-	-	4,302,326	198,889
Aircraft services	369,349	-	-	369,349	767,193
Tickets purchased	76,336	-	-	76,336	216,936
Tiger Den suites	4,295,045	-	-	4,295,045	4,834,110
Supporting services:					
General and administrative	1,480,097	-	7,472	1,487,569	1,137,320
Merchandise expense	13,629	-	-	13,629	22,985
Fundraising	834,789	300,000	-	1,134,789	1,530,080
Total expenses	21,912,204	380,299	7,472	22,299,975	10,989,001
(Decrease) increase in net assets	\$ 3,443,806	\$ (8,446,203)	\$ 129,653	\$ (4,872,744)	\$ 15,062,694

See accompanying notes.

Tiger Athletic Foundation Inc.

Statements of Functional Expenses

Year ended December 31, 2002

	Program Services				
	Contributions to LSU Athletic	Contributions to LSU Nonathletic	Aircraft Services	Special Events- Ticket Purchased	Tiger Den Suites
Salaries and wages	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll taxes	-	-	-	-	-
Employee benefits	-	-	-	-	-
Contributions to LSU	1,058,094	-	-	-	2,000,000
Contributions to LSU - Gym Armory	7,631,760	4,089,343	-	-	-
Coaches supplement	650,000	-	-	-	-
Scoreboard expenses	78,428	-	-	-	-
Marketing and publicity	257,611	17,659	-	-	66,094
Dues and subscriptions	18,489	-	-	-	-
Professional fees	119,791	-	-	-	8,873
Academic awards	-	48,000	-	-	-
LSU Campus Transportation and Development Fund	-	86,475	-	-	-
One time donation - LSU Foundation	-	50,000	-	-	-
LSU Systems Transportation Fund	-	10,849	-	-	-
Aircraft services	-	-	220,519	-	-
Tickets purchased	-	-	-	76,336	-
Line of credit and remarketing fees	-	-	-	-	604,114
Interest expense	205,469	-	-	-	796,824
Catering and other expenses	-	-	-	-	489,077
Management fee	-	-	-	-	110,000
Occupancy	-	-	-	-	110,937
Parking	-	-	-	-	41,700
Repairs and maintenance	-	-	-	-	67,426
Travel and entertainment	-	-	-	-	-
Membership	-	-	-	-	-
Stadium club	-	-	-	-	-
Basketball	-	-	-	-	-
Supplies and office equipment	-	-	-	-	-
Printing	-	-	-	-	-
Computer	-	-	-	-	-
Bank charges	-	-	-	-	-
Other	-	-	-	-	-
Insurance	-	-	-	-	-
Bad debts	-	-	-	-	-
Merchandise expense	-	-	-	-	-
Depreciation	601,290	-	148,830	-	-
Total expenses	\$10,620,932	\$ 4,302,326	\$ 369,349	\$ 76,336	\$ 4,295,045

Supporting Services

General and Administrative	Merchandise Expense	Fund Raising	Total December 31	
			2002	2001
\$ 757,691	\$ -	\$ 293,484	\$ 1,051,175	\$ 770,609
72,265	-	-	72,265	55,653
172,052	-	-	172,052	122,606
-	-	-	3,058,094	2,728,145
-	-	-	11,721,103	-
-	-	-	650,000	300,000
-	-	-	78,428	56,667
87,517	-	9,059	437,940	221,588
-	-	-	18,489	15,765
36,818	-	-	165,482	133,415
-	-	-	48,000	48,000
-	-	-	86,475	113,520
-	-	-	50,000	-
-	-	-	10,849	26,316
-	-	-	220,519	452,305
-	-	-	76,336	217,663
-	-	-	604,114	601,219
-	-	-	1,002,293	1,838,684
-	-	-	489,077	445,492
-	-	-	110,000	110,000
100,159	-	-	211,096	173,618
-	-	-	41,700	48,550
-	-	-	67,426	42,045
15,488	-	62,472	77,960	73,611
-	-	355,722	355,722	115,937
-	-	93,341	93,341	88,247
-	-	20,711	20,711	19,504
51,333	-	-	51,333	23,565
38,771	-	-	38,771	17,219
38,532	-	-	38,532	72,663
80,326	-	-	80,326	51,082
(50,120)	-	-	(50,120)	14,461
86,737	-	-	86,737	44,479
-	-	300,000	300,000	1,000,000
-	13,629	-	13,629	22,985
-	-	-	750,120	923,388
\$ 1,487,569	\$ 13,629	\$ 1,134,789	\$ 22,299,975	\$ 10,989,001

See accompanying notes.

Tiger Athletic Foundation Inc.

Statements of Cash Flows

	Year ended December 31	
	2002	2001
		<i>(As Restated)</i>
Operating activities		
Increase (decrease) in net assets	\$(4,872,744)	\$15,062,694
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Depreciation	750,120	923,388
Bad debt expense	300,000	1,000,000
Gain on sale of fixed assets	(1,164,088)	-
(Increase) decrease in operating assets:		
Receivables and other prepaid assets	94,126	(194,965)
Restricted contributions receivable	595,839	(10,385,138)
Inventory	(4,672)	(17,148)
Accrued interest receivable	-	3,785
Prepays	-	495
Increase (decrease) in operating liabilities:		
Accounts payable and other accruals	(21,347)	(315,680)
Refundable contributions	321,615	(359,393)
Retainage payable	(100,000)	(146,093)
Coaches account escrow	11,489	117,499
Net cash provided by (used in) operating activities	(4,089,662)	5,689,444
Investing activities		
Net change in assets whose use is limited	15,947,552	(11,102,613)
Purchase of fixed assets	(13,718,379)	(2,709,868)
Proceeds from sale of airplane	1,800,000	-
Net cash provided by (used in) investing activities	4,029,173	(13,812,481)
Financing activities		
Proceeds from borrowings, net	1,601,508	10,280,087
Principal payments on borrowings	(850,000)	(2,318,791)
Net cash provided by financing activities	751,508	7,961,296
Net change in cash and cash equivalents	691,019	(161,741)
Cash and cash equivalents, beginning of year	468,517	630,258
Cash and cash equivalents, end of year	\$ 1,159,536	\$ 468,517

See accompanying notes.

Tiger Athletic Foundation Inc.

Notes to Financial Statements

December 31, 2002

1. Summary of Significant Accounting Policies

Nature of Activities

Tiger Athletic Foundation (TAF) 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 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 organization 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.

Tiger Athletic Foundation Inc.

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Investments

The Organization 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 and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) 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.

Inventories

Inventory is stated at the lower cost or market, determined by the first-in, first-out method.

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 the estimated useful lives of 5 to 30 years.

Tiger Athletic Foundation Inc.

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Other 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.

Coaches Account Escrow

The Coaches Account escrow 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 the University. 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.

Tiger Athletic Foundation Inc.

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

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.

Donated Services

During the year ended December 31, 2002, 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 are 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 to the Foundation as annual rent for the facilities \$2,000,000.

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.

Tiger Athletic Foundation Inc.

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

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 non-athletic contributions based on the estimated square footage of the use of the building. Additional improvements are expected to be donated in 2003.

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 which is not a private foundation.

Reclassification

Certain amounts from prior year financial statements have been reclassified to conform to the current year presentation.

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.

Comparative Data

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in connection with the prior year financial statements after considering the adjustment described in Note 9 for the year ended December 31, 2001, from which the summarized information was derived.

Tiger Athletic Foundation Inc.

Notes to Financial Statements (continued)

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 limited totaled \$22,893,243 as of December 31, 2002.

3. Assets Whose Use is Limited

The Foundation had \$21,822,211 and \$26,048,660 at December 31, 2002 and 2001, respectively, 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, 2002		December 31, 2001	
	Cost	Market	Cost	Market
U.S. Government securities	\$ 224,845	\$ 278,408	\$ 384,302	\$ 392,698
Fixed income securities	881,762	943,837	824,467	852,595
Cash and equivalents	20,599,966	20,599,966	24,803,367	24,803,367
	\$ 21,706,573	\$ 21,822,211	\$26,012,136	\$26,048,660

Investment income for 2002 consists of:

Dividends and interest	\$ 455,403
Net realized and unrealized gains	80,720
Investment income	\$ 536,123

Tiger Athletic Foundation Inc.

Notes to Financial Statements (continued)

4. Restriction on Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2002</u>	<u>2001</u>
Bond restrictions:		
Tiger Den Suites escrow account	\$ 2,649,820	\$ 2,469,403
Tiger Den Suites tower account	2,097,080	2,374,765
Tiger Den Suites construction account	31,237	222,684
East Side Upper Deck debt service fund	3,951,838	3,826,562
Academic Center construction and principal funds	708,183	9,012,711
	<u>9,438,158</u>	<u>17,906,125</u>
Donor restrictions:		
Academic center	2,550,167	2,016,028
Coaches account	537,245	525,756
Baseball	16,755	5,405
Football	1,500	-
HNB	18,690	6,880
LSU Golf Facility	31,050	152,268
Miscellaneous memorials	63,953	61,617
Baseball seating	39,876	39,876
Al Moreau	9,425	9,425
Tiger Den	358,334	40,785
Top 100 Tigers	959,074	815,426
Women's basketball	5,000	-
	<u>4,591,069</u>	<u>3,673,466</u>
Contributions receivable restricted for academic center	8,489,299	9,385,138
Total restricted funds	<u>\$ 22,518,526</u>	<u>\$ 30,964,729</u>

The Foundation also has \$1,853,593 and \$1,723,940 at December 31, 2002 and 2001, respectively, 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.

Tiger Athletic Foundation Inc.

Notes to Financial Statements (continued)

5. Restricted Contributions Receivable

Restricted contributions receivable at December 31, 2002, are as follows:

	December 31	
	2002	2001
	<i>(As Restated)</i>	
Receivable in less than one year	\$ 1,918,184	\$ 1,005,479
Receivable in one to ten years	8,879,356	10,702,708
Total contributions receivable	10,797,540	11,708,187
Less discount to net present value	(1,008,241)	(1,323,049)
Less allowance for uncollectible contributions	(1,300,000)	(1,000,000)
Net contributions receivable at December 31, 2002	\$ 8,489,299	\$ 9,385,138

6. Notes and Bonds Payable

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

	December 31	
	2002	2001
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%	\$ 2,220,000	\$ 3,070,000
Note payable, with annual principal and interest payments starting September 1, 2000 with final payment September 1, 2009, with interest rate of 3.2065% at December 31, 2002	7,754,844	6,153,336
Revenue bonds Series 1999	43,575,000	43,575,000
Revenue bonds Series 2001	10,200,000	10,200,000
	\$ 63,749,844	\$ 62,998,336

The note payable to Bank One with interest rate of 7.5% was originally \$5,300,000, dated April 13, 1999, and is due in annual installments with a 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 lender for funding the loan proceeds and all earnings thereon.

Tiger Athletic Foundation Inc.

Notes to Financial Statements (continued)

6. Notes and Bonds Payable (continued)

The note payable was originally a line of credit in the amount of \$6,153,336 with Hibernia National Bank, which was converted to a term loan in 2001. The note bears interest at rate of 3.2065% at December 31, 2002, and had principal and interest payments due starting September 1, 2002, with a final payment due September 1, 2009. The note is secured by a lien on pledged revenues.

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, (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 bear interest at approximately 3.25% 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 (i) \$10,000,000 for constructing, renovating, expanding, installing, and equipment of 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 bear interest at approximately 3.25% and are due in annual payments beginning December 31, 2003 with a final payment due December 31, 2011.

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, 2002.

Tiger Athletic Foundation Inc.

Notes to Financial Statements (continued)

6. Notes and Bonds Payable (continued)

Maturities on the notes payable are as follows:

<u>Year Ended December 31</u>	<u>Notes Payable</u>	<u>Bonds Payable</u>	<u>Total</u>
2003	\$ 1,931,000	\$ 1,130,000	\$ 3,061,000
2004	2,078,000	1,135,000	3,213,000
2005	1,451,000	1,135,000	2,586,000
2006	1,239,000	1,130,000	2,369,000
2007	1,329,000	1,135,000	2,464,000
Thereafter	1,946,844	48,110,000	50,056,844
			<u>\$ 63,749,844</u>

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 1999 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.

7. Commitments and Contingencies

The Foundation leases its office facilities under a noncancelable lease which 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, 2002 and 2001 were \$33,890 and \$25,578, respectively.

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.

Tiger Athletic Foundation Inc.

Notes to Financial Statements (continued)

8. Retirement Savings Plan

The Foundation established a Section 403 (b) Tax Shelter Annuity Plan effective January 1, 1993. The plan covers all employees who complete applications to participate in the plan and agree to the terms of the plan. Each participant 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 plan. The Foundation made matching contributions of \$4,435 and \$43,699 for the years ended December 31, 2002 and 2001, respectively.

As of February 1, 2002, the Foundation established a 401(k) plan. The Plan coverages will replace those of the 403(b) Tax Shelter Annuity Plan. The Foundation made matching contributions of approximately \$53,600 for the year ended December 31, 2002.

9. Prior Period Adjustments and Reclassifications

Net assets at the beginning of 2002 were reduced by \$2,014,000 and the 2001 financial statements were restated to reduce the restricted contributions receivable and restricted contribution revenue. The prior period adjustment was required due to \$2,014,000 of cash received for contributions in 2001 which had not been properly reflected in the determination of the December 31, 2001 restricted contribution receivable.

	<u>Previously Reported</u>	<u>Prior Period Adjustment</u>	<u>As Restated</u>
Restricted contributions receivable	\$ 11,399,138	\$ (2,014,000)	\$ 9,385,138
Restricted contribution revenue	14,511,904	(2,014,000)	12,497,904
Temporarily restricted net assets (as reclassified to conform to the current year presentation)	32,978,729	(2,014,000)	30,964,729

On the 2001 statement of financial position, the restricted contribution receivable has been reclassified to conform to the 2002 presentation. Additionally, on the 2001 statement of activities approximately \$194,000 of salaries and wages have been reclassified from general and administrative to fundraising expense. Special events is also presented net of direct cost, consistent with the 2002 statements.

Supplemental Information

**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 Inc.

We have audited the financial statements of the Tiger Athletic Foundation Inc. as of and for the year ended December 31, 2002, and have issued our report thereon dated June 17, 2003. 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, management, and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

June 17, 2003