LSU ALUMNI ASSOCIATION AND SUBSIDIARY
Baton Rouge, Louisiana

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019

LSU | ALUMNI ASSOCIATION

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
LSU Alumni Association
Baton Rouge, Louisiana

We have audited the accompanying consolidated financial statements of the **LSU ALUMNI ASSOCIATION AND SUBSIDIARY** (collectively referred to as the "Association") (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Association's preparation and fair presentation of the consolidated financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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LSU ALUMNI ASSOCIATION AND SUBSIDIARY
Baton Rouge, Louisiana

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the **LSU ALUMNI ASSOCIATION AND SUBSIDIARY** as of December 31, 2019, and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the Association has adopted Financial Accounting Standards Board's Accounting Standards Update No. 2014-09 (Topic 606): *Revenue from Contracts with Customers* (ASU 2014-09). Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Schedule of Activities on page 22 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Association's 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 24, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Faulk + Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
June 3, 2020

LSU ALUMNI ASSOCIATION AND SUBSIDIARY

Baton Rouge, Louisiana

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2019
(with comparative amounts for 2018)

ASSETS

	2019	2018
CURRENT		
Cash and cash equivalents	$ 1,796,631	$ 1,019,684
Accounts receivable, net	478,101	712,511
Inventory, net	87,556	89,909
Pledges receivable, net	373,208	307,131
Prepaid expenses	202,212	227,022
Total current assets	2,937,708	2,356,257
INVESTMENTS	24,490,575	20,475,242
LONG-TERM PLEDGES RECEIVABLE, net	423,907	555,095
PROPERTY AND EQUIPMENT, net	13,570,453	14,345,922
DEFERRED INCOME TAXES, net	460,000	389,000
OTHER ASSETS	10,318	10,318
Total assets	$ 41,892,961	$ 38,131,834

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 956,909	$ 538,143
Deferred revenue	134,831	209,532
Deferred royalty	123,400	138,400
Current portion of note payable	300,666	291,210
Total current liabilities	1,515,806	1,177,285
NOTE PAYABLE, less current portion	2,166,513	2,465,971
ACCRUED VACATION PAYABLE	206,399	210,991
Total liabilities	3,888,718	3,854,247
NET ASSETS		
Without donor restriction	14,623,951	13,882,979
With donor restriction	23,380,292	20,394,608
Total net assets	38,004,243	34,277,587
Total liabilities and net assets	$ 41,892,961	$ 38,131,834

The accompanying notes to consolidated financial statements are an integral part of this statement.

LSU ALUMNI ASSOCIATION AND SUBSIDIARY

Baton Rouge, Louisiana

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended December 31, 2019
(with summarized comparative totals for 2018)

	2019			
	Without Donor Restrictions	With Donor Restrictions	Totals	2018 Totals
REVENUE AND SUPPORT				
Donations	$ 3,660,945	$ 665,803	$ 4,326,748	$ 2,779,132
Earned:				
Hotel	3,555,662	-	3,555,662	3,154,096
Merchandise, sales, and trip	1,456,889	-	1,456,889	1,014,678
Rental and catering	784,531	-	784,531	695,462
Investment, net of fees	410,927	3,661,662	4,072,589	(1,211,814)
Royalties	388,555	-	388,555	427,623
Other	241,012	-	241,012	291,896
Total revenue and support	10,498,521	4,327,465	14,825,986	7,151,073
NET ASSETS RELEASED FROM RESTRICTIONS:				
Appropriations from donor endowments	1,341,781	(1,341,781)	-	-
Total revenue, support, and net assets released from restrictions	11,840,302	2,985,684	14,825,986	7,151,073
EXPENSES				
Program:				
Alumni	3,285,358	-	3,285,358	2,865,959
The Cook Hotel	4,300,412	-	4,300,412	3,744,085
Fundraising	1,423,369	-	1,423,369	1,428,367
General and administrative	2,075,397	-	2,075,397	1,988,184
Total expenses	11,084,536	-	11,084,536	10,026,595
Change in net assets, before other and income taxes	755,766	2,985,684	3,741,450	(2,875,522)
OTHER INCOME (EXPENSE)				
Interest expense	(85,794)	-	(85,794)	(93,442)
Settlement income	-	-	-	1,660,373
Settlement fees	-	-	-	(436,566)
Total other income, net	(85,794)	-	(85,794)	1,130,365
PROVISION FOR INCOME TAXES				
Deferred tax benefit	71,000	-	71,000	43,000
Change in net assets	740,972	2,985,684	3,726,656	(1,702,157)
NET ASSETS				
Beginning of year	13,882,979	20,394,608	34,277,587	35,979,744
End of year	$ 14,623,951	$ 23,380,292	$ 38,004,243	$ 34,277,587

The accompanying notes to consolidated financial statements are an integral part of this statement.

LSU ALUMNI ASSOCIATION AND SUBSIDIARY

Baton Rouge, Louisiana

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2019
(with summarized comparative totals for 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 3,726,656	$ (1,702,157)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,032,210	1,034,997
Increase in allowance for pledges and interest receivable	449,106	386,110
Income tax provision	(71,000)	(43,000)
Realized gain on investments, net	(139,141)	(814,066)
Unrealized (gain) loss on investments, net	(2,751,484)	2,837,671
Increase in accrued interest receivable, gross	(381,294)	(341,757)
Loss on disposal of fixed assets	19,184	-
Contributions with donor restrictions for endowment	(665,803)	(509,152)
Change in operating assets and liabilities:		
Net change in gross pledges receivable	65,111	(165,136)
Net change in other operating assets	193,761	(396,127)
Net change in operating liabilities	324,473	(51,968)
Net cash provided by operating activities	1,801,779	235,415
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(6,471,515)	(4,690,115)
Proceeds from sale of investments	5,346,807	4,290,890
Acquisition of property and equipment	(275,925)	(259,783)
Net cash used by investing activities	(1,400,633)	(659,008)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions with donor restrictions into endowment	665,803	509,152
Proceeds from note payable	-	114,567
Principal payments on note payable	(290,002)	(281,714)
Net cash provided by financing activities	375,801	342,005
Net increase (decrease) in cash and cash equivalents	776,947	(81,588)
CASH AND CASH EQUIVALENTS		
Beginning of year	1,019,684	1,101,272
End of year	$ 1,796,631	$ 1,019,684
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 85,794	$ 93,442

The accompanying notes to consolidated financial statements are an integral part of this statement.

LSU ALUMNI ASSOCIATION AND SUBSIDIARY

Baton Rouge, Louisiana

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2019
(with summarized comparative totals for 2018)

	Program					Total	
	Alumni	The Cook Hotel	Total Program	Fundraising	General and Administrative	2019	2018
EXPENSES							
Salaries and wages	$ 1,507,620	$ 972,697	$ 2,480,317	$ 269,338	$ 294,873	$ 3,044,528	$ 2,710,445
Payroll taxes and benefits	256,918	141,744	398,662	45,899	50,250	494,811	465,549
Depreciation	-	398,257	398,257	-	633,953	1,032,210	1,034,997
Scholarships and professorships	939,686	-	939,686	-	-	939,686	922,241
Travel and sports trips	-	692,736	692,736	132,161	-	824,897	487,606
Professional and contracted services	-	164,831	164,831	-	413,906	578,737	475,854
Special events and ticket purchases	-	45,621	45,621	496,484	-	542,105	613,192
Hotel operations	-	487,723	487,723	-	-	487,723	377,686
Bad debt	449,106	-	449,106	-	-	449,106	386,110
Utilities	-	196,777	196,777	-	214,114	410,891	404,130
Repairs and maintenance	-	164,970	164,970	-	180,009	344,979	323,467
Catering	-	220,783	220,783	114,563	-	335,346	350,025
Cost of merchandise sold	-	222,714	222,714	-	-	222,714	204,116
Supplies	-	140,117	140,117	-	40,151	180,268	178,901
Fees	-	166,806	166,806	-	1,751	168,557	147,424
Printing	-	8,110	8,110	154,296	-	162,406	157,894
Insurance	-	79,536	79,536	-	81,061	160,597	157,046
Other university support	108,428	-	108,428	-	-	108,428	25,408
Promotional supplies	-	8,724	8,724	93,886	-	102,610	101,154
Telephone	23,600	49,778	73,378	4,216	4,616	82,210	74,702
Taxes	-	58,429	58,429	-	18,730	77,159	60,731
Operating leases	-	28,142	28,142	-	42,128	70,270	60,215
Advertising	-	24,607	24,607	37,273	-	61,880	66,474
Postage	-	8,623	8,623	52,523	-	61,146	62,234
Dues and subscriptions	-	13,657	13,657	-	23,671	37,328	35,488
Official functions and entertainment	-	5,030	5,030	13,339	-	18,369	62,319
Donor recognition	-	-	-	9,391	-	9,391	23,382
Miscellaneous	-	-	-	-	76,184	76,184	57,805
Total expenses	$ 3,285,358	$ 4,300,412	$ 7,585,770	$ 1,423,369	$ 2,075,397	$ 11,084,536	$ 10,026,595

The accompanying notes to consolidated financial statements are an integral part of this statement.

LSU ALUMNI ASSOCIATION AND SUBSIDIARY
Baton Rouge, Louisiana

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and operations

The LSU Alumni Association is a non-profit corporation organized to foster, protect, and promote the welfare of Louisiana State University and Agricultural and Mechanical College (the University) and to maintain a mutually beneficial relationship between the University and its alumni. The majority of the Association's revenues are derived from contributions made by individual alumni and various organizations, as well as revenues earned through the Alumni Center and Hotel. The Lod and Carole Cook Conference Center and Hotel, LLC (the Hotel), is a wholly-owned subsidiary that operates the for-profit activities of the Association. The Alumni Center and Hotel are located on land owned by the University.

Basis of presentation and consolidation

The consolidated financial statements of the Association have been prepared on the accrual basis of accounting. All intercompany transactions and balances have been eliminated. The significant accounting policies are described below to enhance the usefulness of the consolidated financial statements. The Association reports information regarding financial position and activities according to the two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The consolidated 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's consolidated financial statements for 2018, from which the summarized information was derived.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates. Estimates are used primarily when accounting for the valuation of receivables (allowances and discount to present value), inventory, depreciation, deferred revenue, and deferred income taxes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New accounting pronouncement

During the year ended December 31, 2019, the Association adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2014-09 (Topic 606): *Revenue from Contracts with Customers* (ASU 2014-09), which addresses how an entity should recognize revenue derived from various contracts with customers. Primarily, the update requires the Association to evaluate the various performance obligations related to its contracts with customers, allocate the transaction price to the various performance obligations, and recognize revenue as performance obligations are satisfied.

As discussed further in Note 1, the Association's revenue is primarily derived from contributions from alumni and various organizations and the operations of the Cook Hotel, which include, room revenue, sports trips, facility rentals, and gift shop merchandise sales. The adoption of ASU 2014-09 does not materiality change the way the Association recognizes revenue, there was no restatement required to net assets as of January 1, 2019.

Revenue recognition

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional or when cash is received. Unconditional contributions with donor restrictions are reported as increases in net assets with donor restrictions and are internally tracked as purpose restricted or held in perpetuity restricted, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are released to net assets without donor restrictions. Contributions to certain endowment funds are restricted by the donor to be maintained in perpetuity and the related income earned is classified and expended according to the donor's stipulations.

Pledges receivable are recognized as revenue in the period received. Pledges receivable are recorded at net realizable value if they are expected to be collected in one year and at fair value if they are expected to be collected in more than one year. Conditional pledges are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Revenues from exchange transactions primarily consist of hotel room and facility rentals, travel package sales, catering services, and merchandise sales. The Association has determined that the transaction prices related to contracts entered through exchange transactions are primarily attributable to one performance obligation (room and facility space rentals, travel package sales, catering services, merchandise sales, etc.). Payments are sometimes received in advance of providing the service and are reported as deferred revenue. The Association recognizes revenue when the performance obligation is satisfied (rooms are checked in, sport events are attended, merchandise is purchased/shipped, etc.). As a result, the adoption of ASU 2014-19 did not change the Association's methodology for revenue recognition for its current revenue streams.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Sales and other taxes the Hotel (Association) collects in conjunction with these activities are excluded from revenue. Other incidental items that are immaterial in context of the contract, along with costs incurred to obtain a contract, are expensed as incurred.

Generally, the Hotel's (Association) business does not give rise to variable consideration due to the fact that there are no significant rebates, allowances, or returns that decrease the original transaction price. Additionally, the Association has no contract assets or liabilities at December 31, 2019.

Cash and cash equivalents

For purposes of the statement of cash flows, the Association considers all demand deposits and money market accounts to be cash and cash equivalents, except cash and cash equivalents that are restricted by donors are included with endowed investments.

Pledges receivable

Pledges receivable are recorded net of an allowance for doubtful pledges that is based on management's estimate of collectability. The Association records contributions received as support with or without donor restrictions, depending on the existence and nature of any donor restrictions.

Accounts receivable

Accounts receivable are recorded at cost, net of an allowance for doubtful accounts. A general allowance for doubtful accounts is based on management's estimate of the collectability of accounts receivable according to prior experience. Management considers accounts receivable delinquent based on contractual terms. The Association does not require collateral for its receivables. Accounts receivable outstanding more than 90 days totaled $3,859 at December 31, 2019. See Note 4.

Inventory

Inventory consists of merchandise for resale and is recorded at cost, net of an allowance for obsolescence. The Association uses the First-In-First-Out (FIFO) method to account for its inventory.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment valuation and income recognition

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the sources of pricing information (inputs) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 – Inputs include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable and significant to the fair value measurement. The Association has no Level 3 investments at December 31, 2019.

Investments in equity securities and shares of mutual funds with readily determinable fair values and all investments in debt securities are recorded at fair value based on quoted market prices. Investments in non-exchange traded debt and equity instruments are valued using independent pricing services or by broker-dealers who actively make markets in these securities.

Realized and unrealized gains and losses are recorded in current year operations as increases or decreases in net assets. Dividends, interest, and other investment income are recorded as an increase in net assets.

Donated investments are recorded at market value at the date of receipt, which is then treated as cost. The Association typically converts donated investments to cash as soon as possible upon receipt with the proceeds deposited into the Association's investment accounts. Realized gains and losses on dispositions are based on the net proceeds and the adjusted cost basis of the securities sold, using the specific identification cost method. These realized gains and losses are recognized in current year operations as increases or decreases in net assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value of financial instruments

The carrying value of cash, receivables, prepaid expenses, accounts payable, accrued expenses, and deferred revenue approximate fair value due to the short-term maturity of these instruments. The carrying value of short and long-term debt approximates fair value based on the current rated offered for debt of comparable maturities and collateral requirements. Financial instruments are not held for trading purposes.

Property and equipment

Property and equipment are carried at cost. Additions and improvements that extend the useful lives of assets are capitalized. Maintenance and repair expenditures are expensed as incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the property and equipment, ranging from three to thirty-nine years.

The Association does not capitalize its collection at the Andonie Museum, which is located on the LSU campus. The collection consists of historical objects related to LSU sports history which have been estimated to have a market value of approximately $650,000 at the date of acquisition. There were no significant changes to the collection during 2019.

Income taxes and unrelated business income

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code for the majority of the Association's revenues; however, the Association's subsidiary, the Hotel, is a for-profit corporation for income tax purposes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax basis.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income during the period that includes the enactment date.

The Association follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10, *Accounting for Uncertainty in Income Taxes*. The Association's open audit periods are 2016 through 2019.

Deferred revenues

Funds that are received for prepayment of lodging and sports trips, or deposits for events scheduled in the subsequent year, are recorded as deferred revenues until they are earned.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

During 2019, the Association expensed S61,880 in advertising costs as incurred.

Reclassifications

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 financial statement presentation.

Subsequent events

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through June 3, 2020, which was the date the financial statements were available to be issued. See Note 18.

NOTE 2 - INVESTMENTS

Investments, at December 31, 2019, consisted of the following:

	Amount	
	Cost	Market
Equities	$ 13,666,961	S 14,758,836
Mutual funds	5,599,946	5,669,677
Fixed income	2,702,704	2,830,391
Money market funds	1,231,671	1,231,671
Total	$ 23,201,282	$ 24,490,575

The investment return for 2019 is as follows:

	Amount
Unrealized gains, net	$ 2,751,484
Interest and dividends	1,351,845
Realized gains, net	139,141
Investment fees	(169,881)
Total	$ 4,072,589

(Continued)

NOTE 2 - INVESTMENTS (CONTINUED)

As December 31, 2019, the fair value hierarchy of the Association's investments was as follows:

	Amount		
	Level 1	Level 2	Total
Equities	$ 14,758,836	$ -	$ 14,758,836
Mutual funds	-	5,669,677	5,669,677
Fixed income	-	2,830,391	2,830,391
Money market funds	1,231,671	-	1,231,671
Total	$ 15,990,507	$ 8,500,068	$ 24,490,575

NOTE 3 - ACCOUNTS RECEIVABLE

At December 31, 2019, accounts receivable are as follows:

	Amount
LSU Foundation	$ 267,068
Catering, sports trips, and events	128,410
Room rental, occupancy, and others	87,623
Accounts receivable, gross	483,101
Less: Allowance for uncollectible accounts	(5,000)
Accounts receivable, net	$ 478,101

NOTE 4 - PLEDGES RECEIVABLE

Unconditional pledges receivable at December 31, 2019, are as follows:

	Amount
Current pledges receivable, gross	$ 576,152
Long-term pledges receivable, gross	455,000
Total pledges receivable	1,031,152
Less: Allowance for uncollectible pledges	(202,944)
Discount to present value for long-term pledges	(31,093)
Pledges receivable, net	$ 797,115

NOTE 5 - NOTE RECEIVABLE

The Association has invested in a Company that has developed a medical device to provide alternative treatment to prescribed medication for various disorders. The Board Chairman of the Company is an ex-officio board member of the Association.

The Association has an unsecured 12% convertible promissory note receivable of $3,417,254 as of December 31, 2019, with $239,208 in accrued interest. The principal balance and accrued interest mature June 1, 2021. The original cash investment was $2,000,000.

At December 31, 2019, the Company's unaudited financial statements reported cash of $2,500, assets of $1,662,000, and a stockholders' deficit of $34,612,000. The Company is currently seeking approval from United States drug regulators for domestic sales of its product while selling its product in other countries, and pursuing options to secure additional financing resources.

The outcome of the events described above are uncertain at this time. While management of the Association will continue to monitor the operations of the Company, a loss provision has been recorded for the note principal ($3,417,254) and the related interest due ($239,208).

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment, and related service lives at December 31, 2019 were as follows:

Description	Service Life	Amount
Buildings and improvements	15 - 39 years	$ 23,328,956
Furniture and equipment	5 - 10 years	5,505,675
Automobiles	5 years	79,720
Software	3 years	80,730
		28,995,081
Less: accumulated depreciation		(15,424,628)
Property and equipment, net		$ 13,570,453

Depreciation expense was $1,032,210 for 2019.

NOTE 7 - NOTE PAYABLE

In 2016, the Hotel (Association) entered into a bank loan to fund renovations. The loan functioned as a line of credit with a limit of $3,200,000 for contractor costs. The outstanding portion of the loan was converted to a note payable collateralized by the property of the Hotel. The note requires monthly payments of $31,263 at 3.2% interest and matures in November 2027.

NOTE 7 - NOTE PAYABLE (CONTINUED)

Future maturities under note payable as of December 31, 2019, are as follows:

Year ended December 31,		Amount
2020	$	300,666
2021		310,430
2022		320,511
2023		330,919
2024		341,665
2025-2027		862,988
Total	$	2,467,179

NOTE 8 - DEFERRED ROYALTY

The Association has a royalty agreement with a third-party for the use of the Association's logo on credit cards and access to alumni member lists. Under the terms of the agreement, the Association will receive $1,075,000 in royalty guarantee payments from July 1, 2016 to June 30, 2021. Earned royalties are applied against the advances, and the Association receives an additional amount for royalties earned in excess of the guarantee. Effective July 1, 2021, the Association will receive royalties based on earned amounts through June 30, 2023. The Association earned royalties of $217,200 in 2019 related to this agreement.

NOTE 9 - PROVISION FOR INCOME TAXES

The provision for income taxes consisted of a deferred income tax benefit of $71,000 for 2019, and the tax effects of temporary differences at December 31, 2019 are as follows:

Noncurrent deferred tax asset		Amount
Net operating loss carryforward	$	596,000
Depreciation		(136,000)
	$	460,000

At December 31, 2019, the Hotel had a net operating loss carry-forward of approximately $2,860,000 available through 2029. This amount is reflective of the Hotel's effective tax rate of 21% for 2019. Management anticipates utilizing the net operating loss carryforwards prior to their expiration.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31, 2019:

	Amount
Amounts to be held in perpetuity	
Endowed scholarships and professorships	$ 20,086,917
Corpus of investments not held in endowment	402,813
Endowment pledges receivable	135,443
Total to be held in perpetuity	20,625,173
Amounts restricted for for future periods	
Scholarships and professorships for future periods	2,755,119
Total net assets with donor restrictions	$ 23,380,292

NOTE 11 - ENDOWMENT

The Association's investment policy for donor-restricted endowments stipulates that the primary investment objective of the Association's endowment is to earn an average annual real return of at least 5% per year over the long term, net of costs. Attainment of this objective will enable the Association to maintain the purchasing power of endowment assets in perpetuity and meet its spending policy. The primary objective of the Association's asset allocation policy is to provide a strategic mix of asset classes that produce a high expected investment return within a prudent risk framework.

The endowment activity during 2019 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 3,455,317	$ 18,150,047	$ 21,605,364
Interest and dividends	90,046	807,270	897,316
Unrealized losses	15,008	134,545	149,553
Realized gains, net	270,139	2,421,811	2,691,950
Contributions	1,034,592	622,089	1,656,681
Net assets released from restrictions			
Appropriations from donor endowments	(304,731)	(1,310,681)	(1,615,412)
Endowment net assets, end of year	$ 4,560,371	$ 20,825,081	$ 25,385,452

NOTE 11 - ENDOWMENT (CONTINUED)

Endowment without donor restrictions

Endowment net assets without donor restrictions are comprised of funds designated by the Board of Directors for operating purposes, including maintenance on buildings. Additionally, from time to time, the fair value of the assets associated with individual donor-restricted endowment funds may decline in value below the level that the donor requires the Association to retain as a fund of perpetual duration.

Endowment with donor restrictions

Endowment with donor restrictions as of December 31, 2019, were as follows:

With donor restrictions	Amount
Unendowed scholarships and professorships	$ 1,708,776
Endowed scholarships and professorships	19,116,305
	$ 20,825,081

The Association classifies as donor restricted net assets that are perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument.

The portion of the donor-restricted endowment fund that is not classified net assets with donor restriction - endowed is classified as net assets with donor restrictions - unendowed until those amounts are appropriated for expenditure by the Association.

At December 31, 2019, the Association had $20,825,081 in the endowment with donor restrictions available for professorships and scholarships.

The Association has a policy of appropriating 5% of the endowment fund's market value for professorships and scholarships. Upon payment of professorships and scholarships, donor purpose restrictions are satisfied and endowments with donor restrictions are released from restrictions and reclassified as an increase in endowments without donor restrictions.

Investment objectives

The investment objective is to maintain the purchasing power of the endowment assets over the long-term while meeting current obligations. In addition, the investment program is expected to exceed a composite benchmark index comprised of market indices weighted in proportion to an asset allocation policy. Adequate liquidity shall be maintained to provide annual distributions of professorships, scholarships, and building and operating expenses.

To satisfy the long-term rate-of-return objectives, the Association relies on a return strategy in which investment returns are achieved through market appreciation (realized and unrealized), and interest and dividends. The Association uses a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

NOTE 11 - ENDOWMENT (CONTINUED)

Underwater Endowments

From time to time, the fair value of assets associated with donor restricted endowment funds may fall below the level that donors require the Organization to retain as a fund of perpetual duration. Deficiencies of this nature sometimes occur due to market volatility and currently exist in some individual endowment funds. However, the Association maintains additional unrestricted funds within the endowment totaling $4,560,371.

		With donor restrictions			
	Without donor restrictions	Original gift amount	Accumulated gains (losses) and other	Total with donor restrictions	Total endowment
Endowed scholarships	$ -	$ 20,086,917	$ (970,612)	$ 19,116,305	$ 19,116,305
Unendowed scholarships	-	2,181,717	(472,941)	1,708,776	1,708,776
Without restriction	4,560,371	-	-	-	4,560,371
Total	$ 4,560,371	$ 22,268,634	$ (1,443,553)	$ 20,825,081	$ 25,385,452

NOTE 12 - RENT & LEASE EXPENSE

Rent and lease expense incurred was $70,270 for 2019. These rentals and leases are short term and cancelable by either party. The Association has also entered into a 99-year land lease with the University which expires December 31, 2092. The annual rent expense associated with this lease is nominal.

NOTE 13 - DONATED SERVICES

A substantial number of unpaid volunteers have made a significant contribution of their time to develop the Association's programs, principally in fund raising activities, operations, and board participation. The value of this donated time is not reflected in these statements since the services do not meet the criteria for recognition under generally accepted accounting principles.

NOTE 14 - RETIREMENT PLAN

The Association has a 401(k) retirement plan covering substantially all eligible employees. Employees are 100% vested in their contributions as well as discretionary Association matching and profit sharing contributions. Employees may contribute up to 25% of their compensation limited to $19,000 annually. The Association contributed $99,402 to the plan during 2019.

NOTE 15 - CONCENTRATION OF CREDIT RISK

Financial instruments which subject the Association to concentrations of credit risk consist primarily of investments in long-term corporate and governmental fixed income instruments. Management periodically evaluates the Association's credit risk associated with its investments, which are not collateralized. Future changes in market value may make such investments less valuable. The Association typically maintains cash and cash equivalents, and temporary investments in local banks that may, at times, exceed the FDIC limits. Management believes this risk is limited.

NOTE 16 - RELATED PARTIES

During 2019, the Association paid $609,948 to the University and agencies of the University for reimbursement for personnel, various services, and supplies. As of December 31, 2019, the Association owed the University $97,563.

The Association had funds invested with the LSU Foundation totaling approximately $267,068 at December 31, 2019.

The Association earned $663,753 of hotel revenue from various departments of the University and had $19,604 of related receivables at year end.

The Association received $840,000 in rental income, and $180,000 in management fees from the Hotel. However, rent and management fee transactions have been eliminated in the consolidated financial statements.

NOTE 17 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Association's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts on pledges and scholarships funded in the fourth quarter of the fiscal year and a concentration of contributions received near year end.

The Association's financial assets available within one year of the balance sheet date for general expenditure are as follows.

	Amount
Financial assets:	
Cash	$ 1,796,631
Accounts receivable, net	478,101
Current portion of pledges receivable, net	373,208
Unrestricted endowment	4,560,371
Financial assets available within one year, at year-end	$ 7,208,311

NOTE 18 - SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States has caused business disruption through mandated closings and reduction of operating hours of universities, enforced travel restrictions, and discontinuance of collegiate sporting events. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Association expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

Coronavirus Aid, Relief and Economic Security Act Funding (CARES Act)

Paycheck Protection Program (PPP)

On April 30, 2020, the Association received loan proceeds in the amount of $568,300 under the PPP. The PPP, established as part of the CARES Act, provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest may be forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, certain employee benefits, rent and utilities, and maintains certain payroll levels. The amount of loan forgiveness may be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Association intends to use the proceeds for purposes consistent with the PPP and believes that its use of the loan proceeds will meet the conditions for forgiveness.

Finally, regulations have and may continue to change in regard to this program and requirements for forgiveness are fluid at this time.

Loan Payment Deferment

As part of the Association's efforts to mitigate the current financial impact of COVID-19, the Association restructured its loan agreement on May 1, 2020. The restructured loan agreement allows the Association to temporarily modify its loan payments to consist of interest only payments for a six-month period beginning May 1, 2020. During this six-month period, the outstanding loan amount is not reduced and will result in a balloon payment of approximately $151,000 at maturity in November 2027. Except as described above, all other terms and conditions of the loan remain unchanged and in full force and effect. Estimated interest to be paid in this period is approximately $37,000.

SUPPLEMENTARY INFORMATION

LSU ALUMNI ASSOCIATION AND SUBSIDIARY

Baton Rouge, Louisiana

CONSOLIDATING SCHEDULE OF ACTIVITIES

For the year ended December 31, 2019
(with summarized comparative totals for 2018)

	Alumni Association	Scholarship Fund	The Cook Hotel	Total 2019	Total 2018
Revenue and support:					
Donations	$ 3,742,979	$ 583,769	$ -	$ 4,326,748	$ 2,779,132
Earned:					
Hotel	-	-	3,555,662	3,555,662	3,154,096
Merchandise, sales, and trips	229,267	-	1,227,622	1,456,889	1,014,678
Rental and catering	588,063	-	196,468	784,531	695,462
Investments:					
Dividend and interest	50,300	1,289,728	11,817	1,351,845	907,982
Unrealized gain (loss)	2,751,484	-	-	2,751,484	(2,837,671)
Realized gain (loss)	-	139,141	-	139,141	814,066
Investment fees	(6,164)	(162,231)	(1,486)	(169,881)	(96,191)
Other:					
Royalties	388,555	-	-	388,555	427,623
Advertising sales	-	-	63,340	63,340	57,940
On campus events	79,202	-	-	79,202	102,080
Golf tournament	14,600	-	-	14,600	11,780
Miscellaneous	68,554	-	15,316	83,870	120,096
Total revenue and support	7,906,840	1,850,407	5,068,739	14,825,986	7,151,073
Expenses:					
Personnel:					
Salaries	2,071,831	-	972,697	3,044,528	2,710,445
Staff benefits	353,067	-	141,744	494,811	465,549
Total personnel	2,424,898	-	1,114,441	3,539,339	3,175,994
Occupancy:					
Depreciation	633,953	-	398,257	1,032,210	1,034,997
Utilities	214,114	-	196,777	410,891	404,130
Professional and contracted services	413,906	-	164,831	578,737	475,854
Repairs and maintenance	180,009	-	164,970	344,979	323,467
Hotel operations	-	-	487,723	487,723	377,686
Taxes	18,730	-	58,429	77,159	60,731
Supplies	40,151	-	140,117	180,268	178,901
Operating leases	42,128	-	28,142	70,270	60,215
Other	76,184	-	-	76,184	57,805
Total occupancy	1,619,175	-	1,639,246	3,258,421	2,973,786
Promotional:					
Scholarships and professorships	-	939,686	-	939,686	922,241
Travel and sports trips	132,161	-	692,736	824,897	487,606
Special events ticket purchases	496,484	-	45,621	542,105	613,192
Cost of merchandise sold	-	-	222,714	222,714	204,116
Printing	154,296	-	8,110	162,406	157,894
Postage	52,523	-	8,623	61,146	62,234
Official functions and entertainment	13,339	-	5,030	18,369	62,319
Catering	114,563	-	220,783	335,346	350,025
Other support	-	108,428	-	108,428	25,408
Promotional supplies	93,886	-	8,724	102,610	101,154
Advertising	37,273	-	24,607	61,880	66,474
Donor recognition	9,391	-	-	9,391	23,382
Total promotional	1,103,916	1,048,114	1,236,948	3,388,978	3,076,045
General and Administrative:					
Fees	1,751	-	166,806	168,557	147,424
Bad debt	-	449,106	-	449,106	386,110
Telephone	32,432	-	49,778	82,210	74,702
Insurance	81,061	-	79,536	160,597	157,046
Dues and subscriptions	23,671	-	13,657	37,328	35,488
Total general and administrative	138,915	449,106	309,777	897,798	800,770
Total expenses	5,286,904	1,497,220	4,300,412	11,084,536	10,026,595
Change in net assets, before income taxes	2,619,936	353,187	768,327	3,741,450	(2,875,522)
Other Income (Expense):					
Interest	-	-	(85,794)	(85,794)	(93,442)
Settlement income	-	-	-	-	1,660,373
Settlement fees	-	-	-	-	(436,566)
Total other income (expense)	-	-	(85,794)	(85,794)	1,130,365
Income tax benefit (expense)	-	-	71,000	71,000	43,000
Change in net assets	$ 2,619,936	$ 353,187	$ 753,533	$ 3,726,656	$ (1,702,157)

See Independent Auditors' Report

LSU ALUMNI ASSOCIATION AND SUBSIDIARY
Baton Rouge, Louisiana

MANAGEMENT LETTER

December 31, 2019

FAULK & WINKLER
CPAs · BUSINESS ADVISORS

Board of Directors
LSU Alumni Association and Subsidiary
Baton Rouge, Louisiana

In planning and performing our audit of the consolidated financial statements of **LSU ALUMNI ASSOCIATION AND SUBSIDIARY** (collectively referred to as the Association) as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency noted at 2019-2 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies noted as 2019-1 and 2019-3 to be significant deficiencies.

This communication is intended solely for the information and use of the Board of Directors, the Association's management, and others within the Association, and is not intended to be, and should not be, used by anyone other than these specified parties.

Faulk + Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
June 3, 2020

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1404 S. Burnside Avenue | Gonzales, LA 70737 | (225) 647-6811

2019-1 - Financial Statement Preparation

Observation: The Association's internal financial statements are prepared and reviewed monthly by management and presented at board meetings. At year-end, the Association provides the internal financial statements and relies on the auditors to assist in preparing the financial statements in accordance with U.S. generally accepted accounting principles, which includes additional presentation requirements and note disclosures.

The Association's procedures do not include the preparation of financial statements and related disclosures in conformity with U.S. generally accepted accounting principles. Furthermore, under U.S. generally accepted auditing standards, the auditors cannot be considered part of the Association's internal control structure relative to the preparation of financial statements.

Recommendation: We recommend management explore the resources necessary to prepare year-end financial statements in accordance with generally accepted accounting principles to determine if it would represent responsible stewardship.

Management's Response: Management understands this finding results from professional standards that have been adopted by the accounting profession. Significant factors are as follows:

- The Association generates the appropriate financial information to effectively manage its operations in a timely manner.

- The resources necessary to prepare financial statements in accordance with generally accepted accounting principles would not represent responsible stewardship by our management at this time.

Accordingly, while this finding is necessary for the professional reasons cited above, we do not consider our current situation to be "deficient", and, therefore, conclude that remedying of the "deficiency" does not represent an approach that the Association should adopt at this time.

2019-2 Accounting Oversight

Observation: During the audit of the 2019 financial statements, significant audit adjustments were required to fairly present the financial statements:

- Accounts receivable for meeting space, hotel rooms, and catering were overstated by approximately $91,000, while catering payables were overstated by $35,000, reducing net assets by $56,000,
- Various accounts payable adjustments reduced net assets by approximately $20,000,
- Investment balance and related earnings were overstated by $110,000, respectively,
- Other minor adjustments reduced net assets by approximately $27,000,
- As a result, the total effect from audit entries was a decrease in net assets of approximately $213,000.

Recommendation: We recommend the Association implement further monthly closing procedures to ensure balance sheet and income statement accounts are reconciled to supporting schedules timely. Hotel activity should be recorded and reconciled on a more frequent basis (weekly or bi-weekly) to reduce the potential for misstatements during the month-end close. These procedures should also include processes to track internal balances between the Association and Hotel. Additionally, month-end close procedures related to endowment and investment reconciliations should be modified to ensure amounts in the endowment supporting schedules agree to the actual investment balances of the endowment.

2019-3 Credit Cards

Observation: During the audit of the financial statements, certain tests were performed on credit card charges, expense reports, and the related supporting documentation. Three months of credit card charges were tested for compliance with internal policies that govern the use of Association credit cards.

Under Section 3.3c in the employee policy manual, the policy regarding receipts states "Undocumented expense reimbursement claims will be paid by the individual that incurs the expense. The receipt...should include details of the specific items purchased..." In testing the three months of credit card charges, some reimbursements were made to the Association for unsupported charges, however not all unsupported charges were reimbursed to the Association.

Additionally, while most charges ultimately had supporting documentation (91%), the support was not readily available or easily accessible in several instances.

Recommendation: We recommend that the Association enforce the policy in place or modify the current policy to not require receipts for credit card charges under a certain threshold; currently, the policy requires receipts for charges over $10.

Additionally, policies, procedures, and systems should be implemented to ensure supporting documentation is maintained and readily available at all times. Our experience is that electronic applications and storage is the most efficient way to achieve this result.

Management's response: Management agrees with the recommendation above and intends to update its current policy to address the items mentioned above.

LSU | ALUMNI ASSOCIATION

2019 COOK HOTEL FINANCIAL STATEMENTS

THE LOD AND CAROLE COOK CONFERENCE CENTER AND HOTEL, LLC

Baton Rouge, Louisiana

FINANCIAL STATEMENTS

December 31, 2019 and 2018

THE COOK HOTEL

THE LOD AND CAROLE COOK
CONFERENCE CENTER AND HOTEL, LLC
Baton Rouge, Louisiana

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December 31, 2019 and 2018

FAULK & WINKLER
CPAs - BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Managers
The Lod and Carole Cook Conference Center and Hotel, LLC
Baton Rouge, Louisiana

We have audited the accompanying financial statements of **THE LOD AND CAROLE COOK CONFERENCE CENTER AND HOTEL, LLC** (the Hotel) (a Louisiana limited liability company and wholly owned subsidiary of the LSU Alumni Association), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations and changes in member's equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Hotel's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hotel's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **THE LOD AND CAROLE COOK CONFERENCE CENTER AND HOTEL, LLC** as of December 31, 2019 and 2018, and the results of its operations, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the Hotel has adopted Financial Accounting Standards Board's Accounting Standards Update No. 2014-09 (Topic 606): *Revenue from Contracts with Customers* (ASU 2014-09). Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Operating Expenses on page 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
June 3, 2020

THE LOD AND CAROLE COOK CONFERENCE CENTER AND HOTEL, LLC

Baton Rouge, Louisiana

BALANCE SHEETS

December 31, 2019 and 2018

	2019	2018
ASSETS		
CURRENT		
Cash	$ 446,637	$ 729,849
Accounts receivable, net	151,423	50,503
Inventory, net	87,556	89,909
Prepaid expenses	66,464	117,664
Total current assets	752,080	987,925
INVESTMENTS	449,594	238,913
PROPERTY AND EQUIPMENT, net	2,903,395	3,121,855
DEFERRED INCOME TAXES, net	460,000	389,000
Total assets	$ 4,565,069	$ 4,737,693
LIABILITIES AND MEMBER'S EQUITY		
CURRENT		
Accounts payable and accrued expenses	$ 462,586	$ 140,755
Due to Association	1,242,624	1,107,938
Deferred revenue	110,938	183,610
Current portion of note payable	300,666	291,210
Total current liabilities	2,116,814	1,723,513
NOTE PAYABLE, less current portion	2,166,513	2,465,971
ACCRUED VACATION PAYABLE	16,330	16,330
Total liabilities	4,299,657	4,205,814
MEMBER'S EQUITY	265,412	531,879
Total liabilities and member's equity	$ 4,565,069	$ 4,737,693

The accompanying notes to financial statements are an integral part of this statement.

THE LOD AND CAROLE COOK CONFERENCE CENTER AND HOTEL, LLC

Baton Rouge, Louisiana

STATEMENTS OF OPERATIONS AND CHANGES IN MEMBER'S EQUITY

For the years ended December 31, 2019 and 2018

	2019	2018
REVENUES		
Rooms	$ 3,460,488	$ 3,075,453
Travel packages	859,068	475,222
Gift shop	368,554	300,912
Food, beverage, and other	184,161	159,385
Catering	196,468	173,027
Total revenues	5,068,739	4,183,999
OPERATING EXPENSES		
Property	3,180,649	3,102,148
Travel packages	892,006	539,169
Gift shop	478,015	427,388
General and administration	769,742	695,380
Total operating expenses	5,320,412	4,764,085
Net loss from operations	(251,673)	(580,086)
OTHER INCOME (EXPENSE)		
Interest expense	(85,794)	(93,442)
Settlement income	-	621,174
Settlement fees	-	(182,294)
Total other, net	(85,794)	345,438
Net loss before income taxes	(337,467)	(234,648)
PROVISION FOR INCOME TAXES		
Deferred tax benefit	71,000	43,000
Net loss	(266,467)	(191,648)
MEMBER'S EQUITY		
Beginning of year	531,879	723,527
End of year	$ 265,412	$ 531,879

The accompanying notes to financial statements are an integral part of this statement.

THE LOD AND CAROLE COOK CONFERENCE CENTER AND HOTEL, LLC

Baton Rouge, Louisiana

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (266,467)	$ (191,648)
Adjustments to reconcile change in net assets to net cash provided by the operating activities:		
Depreciation	398,257	392,497
Deferred income tax benefit, net	(71,000)	(43,000)
Change in operating assets and liabilities:		
Net change in operating assets	(47,367)	55,750
Net change in operating liabilities	249,159	(67,946)
Net cash provided by operating activities	262,582	145,653
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(210,681)	(238,913)
Acquisition of property and equipment	(179,797)	(180,457)
Net cash used for investment activities	(390,478)	(419,370)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to related party	134,686	853,686
Proceeds from note payable	-	114,567
Principal payments on note payable	(290,002)	(281,714)
Net cash used by financing activities	(155,316)	686,539
Net (decrease) increase in cash and cash equivalents	(283,212)	412,822
CASH AND CASH EQUIVALENTS		
Beginning of year	729,849	317,027
End of year	$ 446,637	$ 729,849
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 85,155	$ 92,317

The accompanying notes to financial statements are an integral part of this statement.

THE LOD AND CAROLE COOK CONFERENCE CENTER AND HOTEL, LLC

Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and operations

The Lod and Carole Cook Conference Center and Hotel, LLC (the Hotel) is a wholly owned subsidiary of the LSU Alumni Association (the Association) and is doing business as The Cook Hotel. The Hotel is organized as a Louisiana limited liability company to operate the for-profit activities of the Association.

The Hotel is located on the Baton Rouge campus of Louisiana State University (the University) and provides overnight lodging, catering, and conference room rentals to the University community and public. Other major operations include travel packages for LSU athletic events, primarily football games away from Baton Rouge.

Basis of presentation

The financial statements of the Hotel have been prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the financial statements.

New accounting pronouncement

During the year ended December 31, 2019, the Hotel adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2014-09 (Topic 606): *Revenue from Contracts with Customers* (ASU 2014-09), which addresses how an entity should recognize revenue derived from various contracts with customers. Primarily, the update requires the Hotel to evaluate the various performance obligations related to its contracts with customers, allocate the transaction price to the various performance obligations, and recognize revenue as performance obligations are satisfied.

As discussed further in Note 1, the Hotel's revenue is primarily derived from hotel room and facility rentals, sports trips, and gift shop merchandise sales. The adoption of ASU 2014-09 does not materially change the way the Hotel recognizes revenue, there was no restatement required to beginning member's equity as of January 1, 2018.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Estimates are primarily used when accounting for valuation and collection of receivables, inventory, deferred taxes, depreciation, and deferred revenue.

Revenue recognition policies and performance obligations

Revenues from exchange transactions primarily consist of hotel room and facility rentals, travel package sales, catering services, and merchandise sales. The Hotel has determined that the transaction prices related to contracts entered through exchange transactions are primarily attributable to one performance obligation (room and facility space rentals, travel package sales, catering services, merchandise sales, etc.). Payments are sometimes received in advance of providing the service and are reported as deferred revenue, the Hotel recognizes revenue when the performance obligations are satisfied (rooms are checked in, sport events are attended, merchandise is purchased/shipped, etc.). As a result, the adoption of ASU 2014-19 did not change the Hotel's methodology for revenue recognition for its current revenue streams.

Sales and other taxes the Hotel collects in conjunction with these activities are excluded from revenue. Other incidental items that are immaterial in context of the contract, along with costs incurred to obtain a contract, are expensed as incurred.

Generally, the Hotel's business does not give rise to variable consideration due to the fact that there are no significant rebates, allowances, or returns that decrease the original transaction price. Additionally, the Hotel has no contract assets or liabilities at December 31, 2019 and 2018.

Cash and cash equivalents

For purposes of the statements of cash flows, the Hotel considers all demand deposits and money market accounts to be cash and cash equivalents. The Hotel considers all highly liquid investments, money market funds and certificates of deposit with a maturity of three months or less at the date of acquisition to be cash equivalents.

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts receivable

Accounts receivable are recorded at cost, net of an allowance for doubtful accounts. A general allowance for doubtful accounts is based on management's estimate of the collectability of accounts receivable according to prior experience. Management considers accounts receivable delinquent based on contractual terms. The Hotel does not require collateral for its receivables.

Inventory

Inventory consists of merchandise for resale and is recorded at cost, net of an allowance for obsolescence. The Hotel uses the First-In-First-Out (FIFO) method to account for its inventory.

Investment valuation

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the sources of pricing information (inputs) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 – Inputs include:
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable and significant to the fair value measurement. The Hotel had no level 3 investments at December 31, 2019 and 2018.

Investments shares of mutual funds with readily determinable fair values are recorded at fair value based on quoted market prices.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and equipment are carried at cost. Additions and improvements that extend the useful lives of assets are capitalized, and maintenance and repair expenditures are expensed as incurred.

Depreciation is provided using the straight-line method over the estimated useful lives of the property and equipment, ranging from three to twenty years.

Income taxes

The Hotel is a limited liability company that is taxed as a C-corporation. The Hotel uses the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income during the period that includes the enactment date.

The Hotel follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10, *Accounting for Uncertainty in Income Taxes*. The Hotel's open audit periods are 2016 through 2019.

Deferred revenues

Funds that are received for prepayment of lodging, use of facility space, and deposits for travel and sporting events are recorded as deferred revenues until they are earned.

Fair value of financial instruments

The carrying value of receivables, accounts payable, accrued expenses, and deferred revenue approximate fair value due to the short-term maturity of these instruments. The carrying value of short and long-term debt approximates fair value based on the current rated offered for debt of comparable maturities and collateral requirements. No financial instruments are held for trading purposes.

Advertising

During 2019 and 2018, the Hotel expensed $32,700 and $44,000, respectively, in advertising and promotional costs as incurred.

NOTE 2 - ACCOUNTS RECEIVABLE

Subsequent events

In preparing these financial statements, the Hotel has evaluated events and transactions for potential recognition or disclosure through June 3, 2020, which was the date the financial statements were available to be issued.

At December 31, 2019 and 2018, accounts receivable balances were as follows:

	2019	2018
Sports trips	$ 103,821	$ 1,348
Rooms	24,863	8,920
Catering and event space	24,589	40,559
Magazine and other	3,150	29,500
	156,423	80,327
Less: allowance for uncollectible accounts	(5,000)	(29,824)
Accounts receivable, net	$ 151,423	$ 50,503

Accounts receivable at December 31, 2019 and 2018 outstanding for more than 90 days were $3,859 and $24,128, respectively.

NOTE 3 - INVESTMENTS

Investments, at December 31, 2019 and 2018, were as follows:

	2019		2018	
	Cost	Market	Cost	Market
Mutual funds	$ 448,125	$ 447,879	$ 238,919	$ 238,913
Money market funds	1,715	1,715	-	-
Total	$ 449,840	$ 449,594	$ 238,919	$ 238,913

The fair value hierarchy of the Hotel's investments at December 31, 2019 and 2019 were as follows:

	2019			2018		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Mutual funds	$ -	$ 447,879	$ 447,879	$ -	$ 238,913	$ 238,913
Money market funds	1,715	-	1,715	-	-	-
Total	$ 1,715	$ 447,879	$ 449,594	$ -	$ 238,913	$ 238,913

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment, and related service lives at December 31, 2019 and 2018, were as follows:

Description	Service Life	2019	2018
Building improvements	5-20 years	$ 2,120,664	$ 1,984,587
Furniture and equipment	5-10 years	4,045,639	4,001,919
Automobile	5 years	21,392	21,392
Software	3 years	79,230	79,230
		6,266,925	6,087,128
Less accumulated depreciation		(3,363,530)	(2,965,273)
Property and equipment, net		$ 2,903,395	$ 3,121,855

Depreciation expense was $398,257 and $392,497 for 2019 and 2018, respectively.

NOTE 5 - NOTE PAYABLE

In 2016, the Hotel entered into a bank loan to fund renovations throughout the Hotel. The loan functioned as a line of credit with a limit of $3,200,000 for contractor costs. The outstanding portion of the loan was converted to a note payable collateralized by the property of the Hotel when the Association began making payments on the loan in December 2018. The note requires monthly payments of $31,263 at 3.2% interest and matures in November 2027.

Future maturities under note payable as of December 31, 2019, were as follows:

Year ended December 31,	Amount
2020	$ 300,666
2021	310,430
2022	320,511
2023	330,919
2024	341,665
2025-2026	862,988
Total	$ 2,467,179

NOTE 6 - PROVISION FOR INCOME TAXES

The provision for income taxes consisted of a deferred income tax benefit of $71,000 and $43,000 for 2019 and 2018, respectively.

The tax effects of temporary differences that give rise to significant portions of the deferred tax asset at December 31, 2019 and 2018 are as follows:

Noncurrent deferred tax asset	2019	2018
Net operating loss carryforward	$ 596,000	$ 519,000
Depreciation	(136,000)	(130,000)
	$ 460,000	$ 389,000

At December 31, 2019, the Hotel had a net operating loss carry-forward of approximately $2,860,000 available through 2029 This amount is reflective of the Hotel's effective tax rate of 21% for 2019. Management anticipates utilizing the net operating loss carryforwards prior to their expiration.

NOTE 7 - RETIREMENT PLAN

The Hotel, through the LSU Alumni Association, has a 401(k)-retirement plan covering substantially all eligible employees. Employees are 100% vested in their contributions, as well as discretionary Hotel matching and profit-sharing contributions. Employees may contribute up to 25% of their compensation limited to $19,000 annually. The Hotel contributed approximately $31,500 and $31,500 during 2019 and 2018, respectively.

NOTE 8 - CONCENTRATION OF CREDIT RISK

The Hotel typically maintains cash and temporary investments in local banks that may, at times, exceed the FDIC limits. Management believes that this risk is limited.

NOTE 9 - RELATED PARTIES

The Hotel has a five-year lease for the hotel property with the Association through February 2023 and incurs a management fee. The payments made to the Association are as follows:

	2019	2018
Rent	$ 840,000	$ 840,000
Management fee	180,000	180,000
Total payments	$ 1,020,000	$ 1,020,000

Hotel revenue of $663,753 and $741,513 for 2019 and 2018, respectively, was received from departments of the University, with related outstanding receivables of $19,604 and $9,326 at each year end.

NOTE 10 - SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States has caused business disruption through mandated closings and reduction of operating hours of universities, enforced travel restrictions, and discontinuance of collegiate sporting events. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Hotel expects this matter to negatively impact its operating results. As of the date of the auditors' report, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain.

Coronavirus Aid, Relief and Economic Security Act Funding (CARES Act)

Paycheck Protection Program (PPP)

On April 30, 2020, the Association received loan proceeds in the amount of $568,300 under the PPP which includes amounts related to Hotel payroll cost and operations. The PPP, established as part of the CARES Act, provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest may be forgivable after eight weeks if the borrower uses the loan proceeds for eligible purposes, including payroll, certain employee benefits, rent and utilities, and maintains certain payroll levels. The amount of loan forgiveness may be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Association and Hotel intend to use the proceeds for purposes consistent with the PPP. The Hotel currently believes that its use of the loan proceeds will meet the conditions for forgiveness.

Finally, regulations have and may continue to change in regard to this program and requirements for forgiveness are fluid at this time.

Loan Payment Deferment

As part of the Hotel's efforts to mitigate the current financial impact of COVID-19, the Hotel restructured its loan agreement on May 1, 2020. The restructured loan agreement allows the Hotel to temporarily modify its loan payments to consist of interest only payments for a six-month period beginning May 1, 2020. During this six-month period, the outstanding loan amount is not reduced and will result in a balloon payment of approximately $151,000 at maturity in November 2027. Except as described above, all other terms and conditions of the loan remain unchanged and in full force and effect. The estimated interest to be paid in this period is approximately $37,000.

THE LOD AND CAROLE COOK CONFERENCE CENTER AND HOTEL, LLC

Baton Rouge, Louisiana

SCHEDULE OF OPERATING EXPENSES

For the year ended December 31, 2019
(with summarized comparative totals for 2018)

	Property	Travel Packages	Gift Shop	General and Administration	Total 2019	Total 2018
OPERATING EXPENSES						
Personnel	$ 720,316	$ 49,919	$ 177,485	$ 166,721	$ 1,114,441	$ 1,038,906
Rent to Association	840,000	-	-	-	840,000	840,000
Direct travel	2,505	733,257	87	2,508	738,357	451,167
Rooms	576,473	-	-	-	576,473	473,945
Depreciation	398,257	-	-	-	398,257	392,497
Occupancy and supplies	243,291	4,398	5,491	40,374	293,554	273,160
Food, beverage, and other	173,660	84,027	40	5,465	263,192	280,786
Merchandise sold	-	-	233,862	-	233,862	213,642
Management fee to Association	-	-	-	180,000	180,000	180,000
Professional services	3,698	1,902	59,373	99,858	164,831	151,481
Repairs and maintenance	123,115	-	-	20,218	143,333	122,241
Insurance	6,689	-	-	72,847	79,536	67,392
Taxes and licenses	58,814	-	-	4,559	63,373	63,792
Marketing and advertising	21,657	8,697	1,249	1,128	32,731	44,038
Operating leases	3,563	-	-	24,579	28,142	20,432
Bad debt	-	-	-	-	-	-
Other	8,611	9,806	428	151,485	170,330	150,606
Total operating expenses	$ 3,180,649	$ 892,006	$ 478,015	$ 769,742	$ 5,320,412	$ 4,764,085

See Independent Auditors' Report.

LSU | ALUMNI ASSOCIATION

2019 AGREED UPON PROCEDURES

LSU ALUMNI ASSOCIATION AND SUBSIDIARY
Baton Rouge, Louisiana

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

December 31, 2019

FAULK & WINKLER
CPAs - BUSINESS ADVISORS

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors and Management
LSU Alumni Association and Subsidiary
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Board of Directors and management of the LSU Alumni Association and Subsidiary (Association) and the Louisiana State University System (University System), (the specified parties), in regards to the Association's compliance with the Affiliation Agreement with the University System for the year ended December 31, 2019. The Association's management is responsible for compliance with the Affiliation Agreement. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

With respect to your representations relating to the Affiliation Agreement, as of December 31, 2019, and for the year then ended, we applied the following agreed-upon procedures:

1. The Affiliate is required to maintain a written policy regarding the handling and resolution of audit findings, audit exceptions, and any misuse of funds. We determined whether the policy is in place.

   The Association is in compliance with this requirement.

2. The governing board of the Affiliate has established and implemented policies governing all disbursements for administrative and operating expenses. The policies provide for sound and prudent business practices, the payment or reimbursement of ordinary, necessary and reasonable business expenses, and the avoidance of conflicts-of-interests. We determined whether the enacted policies of the Association comply with the Affiliation Agreement.

   The Association's policy manual includes a written policy concerning reimbursable expenses and conflicts of interest.

3. No supplemental compensation or benefit, as defined by paragraph A.2 of the Addendum, has been paid directly to a University employee without an exception approved by the President of the System (President). We obtained a sample of cash disbursements for 2019 to determine whether such payments were made and, if so, whether proper approval from the President was obtained.

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Based on our procedures performed, there were no instances in which supplemental compensation or benefits were paid directly to a University employee.

4. All payments made to or on behalf of University employees for travel, moving, relocation, entertainment, educational benefits, and other reimbursements have been approved by the employee's dean, vice chancellor, or other equivalent administrative official. We determined, from our sample of disbursements selected, whether such payments were made and comply with the Affiliation Agreement.

   During 2019, the Association disbursed 2 reimbursements to a University employee. Such payments consisted primarily of monthly expense reimbursements that were filed with the Association and were approved by the appropriate authority.

   We selected the 2 disbursements to test for compliance with the terms as described in Steps 5 through 13. The results of our testing are depicted in the various steps below.

5. All payments for moving and relocation expenses of University employees covered by PM 69 have been approved by the President. We reviewed supporting documentation from our sample of disbursements selected for 2019 to determine whether such payments were made and comply with the Affiliations Agreement.

   Based on our supporting documentation for the disbursements selected in Step 4, no disbursements were made to University employees relating to moving or relocation expenses.

6. There have been no payments made for expenses that are solely for the private benefit of a University employee (or the family or spouse of a University employee or other non-employee who is on University business) except for payments for which this prohibition does not apply as indicated in paragraph B.1 of the Addendum. We reviewed supporting documentation from our sample of disbursements selected for 2019 to determine whether such payments were made.

   Based on supporting documentation for the disbursements selected in Step 4, all payments made related to Association business operations.

7. No fines, forfeitures or penalties of University employees have been paid. We reviewed a sample of cash disbursements for 2019 to determine whether such payments were made.

   Based on supporting documentation for the disbursements selected in Step 4, we found no payments made related to fines, forfeitures or penalties for University employees.

8. No gifts represented to be personally from a University employee have been made by the Affiliate nor has any University employee been reimbursed for the purchase of such a gift. We reviewed supporting documentation from our sample of disbursements for 2019 to determine whether such payments were made.

Based on supporting documentation for the disbursements selected in Step 4, we found no payments made related to gifts to be personally from or a reimbursement for University employees.

9. No political contributions which are prohibited by applicable Internal Revenue Service Regulations or state law have been made or reimbursed. We reviewed a sample of cash disbursements for 2019 to determine whether such payments were made. We performed the following steps with respect to this requirement:

   a. We reviewed the vendor listing of the Association to identify potential political contributions,
   b. We reviewed the 2019 general ledger for potential political contributions,
   c. We inquired of Association personnel as to the existence of any political contributions,
   d. We reviewed supporting documentation for a sample of cash disbursements to determine if such amounts related to political contributions.

   Based the steps noted above, no political contributions were identified.

10. No payments have been made for any expense or reimbursement which would create, under all the circumstances, a reasonable conclusion on behalf of the Affiliate that the benefit to the individual University employee outweighs the benefit to the University. In accordance with paragraph B.5 of the Addendum, adequate procedures are in place to address doubtful situations. We reviewed supporting documentation from our sample of disbursements selected for 2019 to determine whether such payments were made and determine that such procedures are in place.

    Based on supporting documentation for the disbursements selected in Step 4, the payments made to University employees related to Association business operations.

11. No payments have been made for any expense or reimbursement which would create, under all the circumstances, a reasonable conclusion on behalf of the Affiliate that the amount is extravagant or lavish beyond the appropriate University purpose. In accordance with paragraph B.6 of the Addendum, adequate procedures are in place to address doubtful situations. We reviewed supporting documentation from our sample of disbursements for 2019 to determine whether such payments were made and determine that such procedures are in place.

    Based on supporting documentation for the disbursements selected in Step 4, we found the payments made to University employees were related to Association business and were not extravagant or lavish beyond the appropriate University purpose.

12. No funds have been disbursed in connection with contracts (or other agreements) between the Affiliate and a University employee unless an exception has been approved by the President. We reviewed supporting documentation from our sample of disbursements selected for 2019 to determine whether such disbursements were made on such contracts or other agreements.

Based on the supporting documentation for the disbursements selected in Step 4, we found that the payments made to University employees were for normal expenses for Association operations. The disbursements made did not relate to any contract or agreement between the Association and the University employee.

13. All other payments to or on behalf of University employees, i.e. payments not specifically addressed above, have been made in accordance with specific approval of the President or written joint amendment or clarification of the Addendum. We reviewed supporting documentation from our sample of disbursements selected for 2019 to determine whether such payments were approved or clarified.

    None of the disbursements selected in Step 4 were subject to this provision.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the Affiliation Agreement. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors and management of the LSU Alumni Association and Subsidiary and the Louisiana State University System, and is not intended to be, and should not be, used by anyone other than these specified parties.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
June 3, 2020

LSU | ALUMNI
ASSOCIATION

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