Financial Statements

December 31, 2007 and 2006

## Financial Statements, Other Financial Information, and Supplemental Information

DECEMBER 31, 2007 AND 2006

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The Executive Committee of the Board of Directors Tiger Athletic Foundation

We have audited the accompanying statements of financial position of Tiger Athletic Foundation (a nonprofit organization) as of December 31, 2007 and 2006, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Tiger Athletic Foundation's management. 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 20, 2008, on our consideration of Tiger Athletic Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.

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A Professional Accounting Corporation

Metairie, Louisiana March 20, 2008

110 Veterans Memorial Boulevard, Suite 200, Metairie, LA 70005-4958 · 504.835.5522 · Fax 504.835.5535 5100 Village Walk, Suite 202, Covington, LA 70433-4012 · 985.892.5850 · Fax 985.892.5956 5153 Bluebonnet Boulevard, Suite B, Baton Rouge, LA 70809 · 225.296.5150 · Fax 225.296.5151 WWW.laporte.com

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2007 and 2006

## ASSETS

	2007	2006		
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,553,228	\$ 1,000,662		
Restricted cash	39,188,694	36,800,430		
Accrued interest receivable	-	30,243		
Investments	-	-		
Accounts receivable, net	1,527,466	1,199,182		
Unconditional promises to give, net	3,233,091	2,618,281		
Inventories	-	-		
Deferred charges and prepaid expenses	577,208	571,030		
Notes receivable	-	-		
Other current assets	7,216,250	11,223,287		
Total current assets	53,295,937	53,443,115		
NONCURRENT ASSETS				
Restricted assets:				
Cash and cash equivalents	98,250	1,039,357		
Investments	3,631,307	-		
Accounts receivable, net	-	-		
Notes receivable	-	-		
Other	-	-		
Investments	-	-		
Unconditional promises to give, net	5,396,129	4,650,803		
Notes receivable	-	-		
Property and equipment, net	126,639,329	153,540,160		
Assets under capital leases, net	-	-		
Other noncurrent assets	12,454,271	15,645,670		
Total noncurrent assets	148,219,286	174,875,990		
Total assets	\$ 201,515,223	\$ 228,319,105		

## LIABILITIES AND NET ASSETS

	2007	2006		
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 308,275	\$ 1,033,762		
Accounts payable - construction in progress	1,364,952	3,618,924		
Deferred revenues	7,397,560	11,551,358		
Amounts held in custody for others	1,529,598	1,175,680		
Compensated absences payable	-	-		
Capital lease obligations	-	-		
Line-of-credit	-	-		
Note payable	868,168	1,329,000		
Contracts payable	-	-		
Bonds payable	2,390,000	2,745,000		
Other current liabilities	2,481,849	512,050		
Total current liabilities	16,340,402	21,965,774		
NONCURRENT LIABILITIES				
Amounts held in custody for others	-	-		
Compensated absences payable	-	-		
Capital lease obligations	-	-		
Note payable	868,168	407,336		
Contracts payable	-	_		
Bonds payable	128,885,000	129,830,000		
Other noncurrent liabilities	9,156,323	15,496,882		
Total noncurrent liabilities	138,909,491	145,734,218		
Total liabilities	155,249,893	167,699,992		
NET ASSETS				
Unrestricted				
Undesignated	11,939,829	33,260,620		
Designated	14,746,078	14,746,078		
Temporarily restricted	14,410,967	11,191,066		
Permanently restricted	5,168,456	1,421,349		
Total net assets	46,265,330	60,619,113		
Total liabilities and net assets	\$ 201,515,223	\$ 228,319,105		

## STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2007 and 2006

	2007	2006
Change in unrestricted net assets		
Unrestricted Revenues:		
Contributions	\$ 16,712,660	\$ 16,620,940
Investment earnings	1,399,503	1,353,044
Service fees	-	-
Other revenues	6,581,580	6,457,852
Total unrestricted revenues	24,693,743	24,431,836
Net assets released from restrictions:		
Satisfaction of program expenses	1,580,055	10,685,083
Total net assets released from restrictions	2,659,154	10,685,083
Total unrestricted revenues and other support	27,352,897	35,116,919
Program expenses:		
Amounts paid to benefit Louisiana State University for:		
Projects specified by donors	-	-
Projects specified by the Board of Directors	34,145,272	7,869,235
Other	10,295,516	10,119,317
Total program expenses	44,440,788	17,988,552
Supporting services:		
Salaries and benefits	1,408,751	1,265,717
Occupancy	166,118	151,402
Office operations	118,688	137,743
Travel	-	•
Professional services	73,816	65,513
Dues and subscriptions	27,887	22,890
Meetings and development	16,758	13,133
Depreciation	-	-
Provision for uncollectible accounts	-	-
Loss on sale of assets	-	-
Other	696,751	584,739
Total supporting services	2,508,769	2,241,137
Fund-raising expenses	645,032	1,316,798
Total expenses	47,594,589	21,546,487
Change in unrestricted net assets	(20,241,692)	13,570,432

## STATEMENTS OF ACTIVITIES CONTINUED YEARS ENDED DECEMBER 31, 2007 and 2006

	2007	2006		
Change in temporarily restricted net assets: Temporarily Restricted Revenues: Contributions, net of provision for uncollectible accounts Investment earnings	\$ 5,879,055 	\$ 5,000,859		
Total temporarily restricted revenues	5,879,055	5,000,859		
Net assets released from restrictions: Satisfaction of program expenses	(2,659,154)	(10,685,083)		
Total temporarily restricted revenues and other support Change in temporarily restricted net assets	3,219,901 3,219,901	(5,684,224) (5,684,224)		
Change in permanently restricted net assets: Permanently Restricted Revenues:				
Contributions	3,713,593	529,372		
Investment earnings	33,514	31,715		
Total permanently restricted revenue	3,747,107	561,087		
Transfers to LSU Foundation Change in permanently restricted net assets	3,747,107	561,087		
Change in net assets	(13,274,684)	8,447,295		
Net assets at beginning of year	60,619,113	52,564,599		
Change in fair value of Interest Rate Swap Agreement	(1,079,099)	(392,781)		
Net assets at end of year	\$ 46,265,330	\$ 60,619,113		

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2007

**Program Services** Contributions **Contributions** to LSU to LSU Tiger Den Stadium Athletic Nonathletic Suites Club \$ Salaries and wages \$ \$ \$ Payroll taxes Employee benefits Contributions to LSU 32,449,583 320,836 Coaches' supplement 512,000 Scoreboard expenses 92,929 Marketing and publicity 16,894 Dues and subscriptions 1,528 Professional fees 178,487 960 Academic awards 120,000 LSU Campus Transportation and Development Fund 164,187 LSU System Transportation Fund 18,878 Tickets purchased Letter of credit and remarketing fees 448,603 110,792 1,869,087 3,965,319 Interest expense 611,854 701,538 Catering and other expenses Management fee 110,000 70,000 Occupancy 25,000 Parking 45,600 Repairs and maintenance 32,053 46,092 Travel and entertainment Membership Meeting expense Basketball Baseball Supplies and office equipment Printing Computer Bank charges Special events and other Insurance 153,958 124,515 Bad debts and other allowances Promotional expense Depreciation 286,844 461,283 1,501,968 Total expenses 33,521,371 623,901 3,750,292 6,545,224

	ipporting Services	Fund- Raising	Total
			- Aller and a second
Salaries and wages	\$ 1,033,937	\$ 548,782	\$ 1,582,719
Payroll taxes	106,508	-	106,508
Employee benefits	268,306	-	268,306
Contributions to LSU	-	-	32,770,419
Coaches' supplement	-	-	512,000
Scoreboard expenses	· <del>-</del>	-	92,929
Marketing and publicity	78,146	-	95,040
Dues and subscriptions	27,887	-	29,415
Professional fees	73,816	-	253,263
Academic awards	-	-	120,000
LSU Campus Transportation and Development Fund	-	-	164,187
LSU System Transportation Fund	-	-	18,878
Tickets purchased	54,647	-	54,647
Letter of credit and remarketing fees	-	-	559,395
Interest expense	_	-	5,834,406
Catering and other expenses	-	-	1,313,392
Management fee	-	-	180,000
Occupancy	166,118	-	191,118
Parking	37,263	-	82,863
Repairs and maintenance	10,910	-	89,055
Travel and entertainment	-	154,442	154,442
Membership	176,314	85,192	261,506
Meeting expense	16,758	-	16,758
Basketball	-	18,063	18,063
Baseball	-	1,021	1,021
Supplies and office equipment	42,831	-	42,831
Printing	11,020	-	11,020
Computer	64,837	-	64,837
Bank charges	216,871	-	216,871
Special events and other	14,381	291,229	305,610
Insurance	108,219	-	386,692
Bad debts and other allowances	_	(453,697)	(453,697)
Promotional expense	-	<b>-</b>	-
Depreciation	 		2,250,095
Total expenses	\$ 2,508,769	\$ 645,032	\$ 47,594,589

## STATEMENT OF FUCNTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2006

	Program Services							
	Contributions Contributions to LSU to LSU Athletic Nonathletic		Tiger Den Suites		Stadium Club			
Salaries and wages	\$	-	\$	_	\$	-	\$	-
Payroll taxes		-		-		_		_
Employee benefits		-		-		_		-
Contributions to LSU		6,581,429		13,720		_		_
Coaches' supplement		505,000		· -		-		_
Scoreboard expenses		95,055		_		-		_
Marketing and publicity		<b>-</b>		_		15,715		_
Dues and subscriptions		1,656		_		· -		_
Professional fees		181,659		_		-		-
Academic awards		_		93,000		-		-
LSU Campus Transportation and Development Fund		_		97,961		-		-
LSU System Transportation Fund		-		16,891		-		-
Tickets purchased		-		-		-		-
Letter of credit and remarketing fees		_		-		463,778		112,928
Interest expense		-		-		1,880,562		3,891,443
Catering and other expenses		-		-		622,630		718,861
Management fee		-		-		110,000		70,000
Occupancy		-		-		-		25,000
Parking		-		-		45,600		-
Repairs and maintenance		_		-		37,219		7,153
Travel and entertainment		_		-		-		-
Membership		-		-		-		-
Meeting expense		_		-		-		-
Basketball		-		-		-		-
Baseball		-		-		-		-
Supplies and office equipment		-		-		-		-
Printing		-		-		-		-
Computer		-		_		-		-
Bank charges		-		-		-		-
Special events and other		-		-		-		-
Insurance		-		-		165,552		43,690
Bad debts and other allowances		-		-		-		-
Promotional expense		-		-		-		-
Depreciation	D. Company	282,864		_		450,355		1,458,831
Total expenses	\$	7,647,663	\$	221,572	\$	3,791,411	\$	6,327,906

		ipporting Services	Na year ago year ann ann an ann an ann an ann ann an ann a	Fund- Raising		Total
Salaries and wages	\$	940,071	\$	395,970	\$	1,336,041
Payroll taxes	J	91,680	J	393,970	<b>J</b>	91,680
Employee benefits		233,966		_		233,966
Contributions to LSU		233,700		_		6,595,149
Coaches' supplement		_		_		505,000
Scoreboard expenses		_		_		95,055
Marketing and publicity		62,648		_		78,363
Dues and subscriptions		22,890		_		24,546
Professional fees		65,513		_		247,172
Academic awards		-		_		93,000
LSU Campus Transportation and Development Fund		_		_		97,961
LSU System Transportation Fund		_		_		16,891
Tickets purchased		54,458		_		54,458
Letter of credit and remarketing fees		-		_		576,706
Interest expense		_		_		5,772,005
Catering and other expenses		-		_		1,341,491
Management fee		-		_		180,000
Occupancy		151,402		_		176,402
Parking		42,362		_		87,962
Repairs and maintenance		20,030		_		64,402
Travel and entertainment		-		118,261		118,261
Membership		121,245		102,489		223,734
Meeting expense		13,133		-		13,133
Basketball		-		20,993		20,993
Baseball		-		1,957		1,957
Supplies and office equipment		50,762		_		50,762
Printing		9,304		-		9,304
Computer		77,677		-		77,677
Bank charges		167,039		-		167,039
Special events and other		11,780		271,745		283,525
Insurance		105,177		-		314,419
Bad debts and other allowances		-		402,732		402,732
Promotional expense		-		2,651		2,651
Depreciation				_		2,192,050
Total expenses	\$	2,241,137	\$	1,316,798	\$	21,546,487

## STATEMENTS OF CASH FLOWS YEAR ENDED DECEMBER 31, 2007 and 2006

	2007	2006
Operating activities		
Change in net assets	\$ (13,274,684)	\$ 8,447,295
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	2,250,095	2,192,050
Change in allowance for unconditional promises to give	(172,400)	598,190
Change in fair value of interest rate swap agreement	1,079,099	392,781
Unrealized gain on investment	(1,403)	572,701
Transfer to LSU	25,593,284	_
(Increase) Decrease in operating assets:	23,373,204	_
Receivables, deferred charges, and other prepaid assets	(328,284)	(563,140)
Unconditional promises to give	(1,187,736)	428,690
Other assets	7,222,501	9,217,079
Increase (Decrease) in operating liabilities:	, 7,222,301	7,217,077
Accounts payable	(725,487)	893,621
Accounts payable - construction in progress	(2,253,972)	424,740
Deferred revenues	(4,153,798)	152,412
Other current liabilities	1,969,799	96,153
Other noncurrent liabilities	(8,498,757)	(12,039,520)
Amounts held in custody for others	353,918	135,717
Net cash (used in) provided by operating activities	7,872,175	10,376,068
rect cash (asea in) provided by operating activities	7,072,173	10,570,000
Investing activities		
Net change in restricted cash and cash equivalents	(1,447,157)	1,288,556
Purchase of investments	(3,629,904)	-
Purchase of property and equipment	(942,548)	(5,751,145)
Net cash provided by (used in) investing activities	(6,019,609)	(4,462,589)
· · · · · · · · · · · · · · · · · ·		
Financing activities		(A DAT TOT)
Net payments on the line-of-credit agreement	- (4.200.000)	(2,927,707)
Principal payments on borrowings	(1,300,000)	(3,574,000)
Net cash used in financing activities	(1,300,000)	(6,501,707)
Net change in cash and cash equivalents	552,566	(588,228)
Cash and cash equivalents, beginning of year	1,000,662	1,588,890
Cash and cash equivalents, end of year	\$ 1,553,228	\$ 1,000,662

### **Notes to Financial Statements**

## 1. Summary of Significant Accounting Policies

#### **Nature of Activities**

Tiger Athletic Foundation (TAF or the Foundation) was organized on May 17, 1983, under the name The LSU Tigers Unlimited Corporation, as a nonprofit corporation under Louisiana R.S. 12:201 (7). The corporation's name was changed to Tiger Athletic Foundation on April 17, 1987.

The Foundation's primary objective is to encourage support and raise funds for the Louisiana State University and Agricultural and Mechanical College (LSU) located in Baton Rouge, Louisiana, and its intercollegiate athletic program. Funds attracted by this private, nonprofit corporation are primarily used to defray the cost of scholarships of more than 450 student athletes, to help maintain and improve LSU athletic facilities, and to retire present indebtedness. The Foundation is governed by a board of directors who are elected from the membership.

#### **Net Assets**

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. 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.

## Cash and Cash Equivalents

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

#### **Investments**

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

## **Investment Income and Gains**

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

## **Notes to Financial Statements**

## 1. Summary of Significant Accounting Policies (continued)

#### **Unconditional Promises to Give**

Contributions that are expected to be collected within one year are recorded at net realizable value. Contributions that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Changes to the estimate of the present value of the contributions will be reported in the period the changes are made. The Foundation establishes an allowance for unfulfilled pledges based on a specific analysis of the remaining contribution balance due for contributions that were not made in accordance with the donor's pledged timeline. Decreases in temporarily and permanently restricted contributions because of changes in the amounts of assets expected to be received are recorded as a loss and are reported net of contribution revenue on the Statement of Activities.

#### **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 temporarily or permanently restricted revenue. It is TAF's policy to capitalize all fixed asset purchases greater than \$500. Property and equipment is depreciated using the straight-line method over estimated useful lives of 5 to 50 years.

Construction in progress and other additions are stated at cost and represent costs of construction. During the construction period, interest will be capitalized on all qualifying expenditures.

## **Impairment of Long-Lived Assets**

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the event that the undiscounted cash flows resulting from the use of the asset group is less than the carrying amount, an impairment loss equal to the excess of the asset's carrying amount over its fair value is recorded. The Foundation did not record any impairment loss during the years ended December 31, 2007 and 2006.

## **Other Noncurrent Assets**

Other assets include deferred financing costs, associated with the Revenue Bonds Series 2004, that are being amortized over the life of the bond agreement, which is 30 years. Amortization of the costs is recorded as a component of interest expense. These costs totaled \$1,193,794 and are presented net of accumulated amortization of \$149,220 and \$109,428, as of December 31, 2007 and 2006, respectively. Also included in other assets, is \$4,200,000 of financing costs associated with the construction of the new Alex Box baseball stadium. These costs will be amortized over the life of the stadium and will be offset by the revenue that the Foundation will be receiving from their rights to certain seating in the stadium's suites.

## **Notes to Financial Statements**

### 1. Summary of Significant Accounting Policies (continued)

### **Amounts Held in Custody for Others**

The amounts held in custody for others represent the coaches' escrow accounts and affiliated chapters' account, which were established as a custodial fund at the request of LSU. This fund was created in order for TAF to act as a nonaffiliated party in overseeing the revenue generated by the coaches and affiliated booster club chapters of LSU and to provide institutional control as required by NCAA rules. The Foundation has included the \$1,529,598 and \$1,175,680, in amounts held in custody for others as restricted cash, within current assets as of December 31, 2007 and 2006, respectively. This amount is offset by a current liability in the same amount.

#### **Contributions**

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. 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 contributions are recognized as changes in unrestricted net assets.

#### **Functional Expenses**

Functional expenses are allocated between program services and supporting activities, which include fundraising, and general and administrative activities. General and administrative 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 years ended December 31, 2007 and 2006, the value of contributed services meeting the requirements for recognition in the financial statements was not considered material and has not been recorded.

#### **Scoreboards**

The Foundation owns scoreboards and related equipment installed at various athletic venues on the LSU campus. Contract revenues associated with these scoreboards are more fully described in Note 12.

## **Notes to Financial Statements**

#### 1. Summary of Significant Accounting Policies (continued)

#### Rents - LSU and University Club

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 Tiger Stadium at LSU. The bond agreement stipulates that LSU shall pay \$2,000,000 to the Foundation as annual rent for the facilities.

In 2004, the Foundation issued \$90,000,000 in revenue bonds, for the purpose of financing or reimbursing a portion of the cost of certain improvements and renovations to the West Side Upper Deck (WSUD) at LSU's Tiger Stadium, construction of a football operations center and miscellaneous improvements to Tiger Stadium. The bond agreement stipulates that LSU shall pay \$2,500,000 to the Foundation as annual rent for these facilities.

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

#### **Tax Status**

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

#### **Use of Estimates**

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

## 2. Concentration of Credit Risk for Cash Held in Bank

The Tiger Athletic Foundation maintains several bank accounts at various financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. TAF's bond agreement requires certain funds to be maintained at these financial institutions. The amount in excess of the FDIC limit totaled approximately \$41,034,000 and \$38,472,000, at December 31, 2007 and 2006, respectively.

## **Notes to Financial Statements**

## 3. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are available for the following purposes:

	December 31, 2007	December 31, 2006
Bond restrictions		
Maintenance reserve and escrow accounts	\$ 11,597,887	\$ 9,649,300
Tiger Den Suites tower account	207,734	1,446,299
West Side Upper Deck Stadium Club deposits	37,433	1,249,886
West Side Upper Deck Capital One construction account	1,959,081	3,977,181
Academic Center Trust Funds	50,925	51,096
By Board for designated purposes	16,438,556	14,746,078
Donor restrictions	7,367,480	4,504,910
Amounts held in custody for others	1,529,598	1,175,680
Endowment funds	98,250	1,039,357
	\$ 39,286,944	\$ 37,839,787

Of the above total, \$39,188,694 is classified as current while \$98,250 is classified as noncurrent due to it being restricted as of December 31, 2007.

As of December 31, 2006, \$36,800,430 of restricted cash is classified as current while \$1,039,357 is classified as noncurrent due to it being restricted.

## **Notes to Financial Statements**

## 4. Investments

Investments at December 31, 2007 consist of the following:

		Cost	Tair Value	Unrealized Gain (Loss)		
LSU Foundation Investment Pool	_\$_	3,629,904	\$	3,631,307	\$	1,403
	\$	3,629,904	\$	3,631,307	\$	1,403

Investments with the LSU Foundation investment pool consist primarily of equity funds, corporate bonds, collateralized mortgage obligations, and government agency securities and are stated at fair value. The investments are classifies as noncurrent due to being restricted as of December 31, 2007.

Investment return is summarized as follows:

Interest and Dividend Income	\$	1,431,614
Net Realized and Unrealized Gains		1,403
Total Investment Return	_\$_	1,433,017

Included in interest and dividend income, above, is unrestricted income derived from interest bearing cash accounts and certificates of deposits, which are classified as cash for reporting purposes.

There were no investments held by the Foundation as of December 31, 2006.

## **Notes to Financial Statements**

## 5. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	December 31, 2007	December 31, 2006
Donor restrictions		
Make Your Pitch	\$ 2,579,899	\$ -
Capital program	2,262,224	1,670,516
Baseball building	478,288	384,240
Academic Center	380,410	862,956
Capital One	335,770	158,246
Tiger Den	282,990	7,657
AD's Annual Fund	264,891	420,709
Football	241,045	529,598
Band Hall	135,026	=
Baseball	118,457	100,000
Softball complex	82,042	75,954
Women's basketball	56,104	63,144
Miscellaneous memorials	32,353	34,193
LSU Golf Facility	28,308	44,507
Athletic trainer's equipment	18,900	2,500
L Club	15,083	-
Sue Gunter Fund	15,023	15,023
PMAC restoration	12,139	30,867
Al Moreau	9,525	9,525
Jeff Boss Honorarium	8,035	7,385
Hall of Fame	5,317	5,050
ACSA	3,500	-
Basketball	2,500	1,624
Gymnastics	2,000	-
Track and Field	100	-
Swimming	50	50
Duel under the oaks	-	61,349
Operation Rebound	-	14,567
Top 100 Tigers	-	5,000
Band uniforms		250
	7,369,979	4,504,910
Restricted contributions receivable	7,087,093	6,887,092
Restricted accounts payable	(46,105)	(200,936)
Total temporarily restricted funds	\$ 14,410,967	\$ 11,191,066

## **Notes to Financial Statements**

## 6. Unconditional Promises to Give

Unconditional promises to give at December 31, 2007 and 2006 were as follows:

	2007	2006			
Receivable in less than one year	\$ 3,233,091	\$	2,618,281		
Receivable in one to ten years	7,593,450		7,129,779		
Total contributions receivable	10,826,541	-	9,748,060		
Less discount to net present value (discount rate was					
5.7% and 6.45% as of December 31, 2007					
and 2006, respectively)	(1,389,721)		(1,498,976)		
Less allowance for unfulfilled pledges	(807,600)		(980,000)		
Net contributions receivable	\$ 8,629,220	\$	7,269,084		

## 7. Property and Equipment

The Foundation's investment in property and equipment consisted of the following at December 31, 2007:

	Beginning	Pr	ior Period							Ending	
	Balance	Adjustment		Additions		Ret	irements	Transfers	Balance		
Land	\$ 3,090,000	\$	-	\$	-	\$	-	\$ -	\$	3,090,000	
Leaseholds and other											
improvements	1,612,507		-		-		-	7,651		1,620,158	
Stadium expansion and											
scoreboard	129,008,980		213,087		767,212		-	-		129,989,279	
Furniture and equipment	395,213		-		55,882		-	-		451,095	
Vehicles	-		-		25,580		-	-		25,580	
	134,106,700		213,087		848,674		-	7,651		135,176,112	
Less accumulated depreciation	(6,363,276)		-		(2,250,095)		-	-		(8,613,371)	
Construction in process	25,796,736		(213,087)		93,874		-	(25,600,935)		76,588	
Property and equipment, net	\$ 153,540,160	\$	-	\$	(1,307,547)	\$	-	\$ (25,593,284)	\$	126,639,329	

#### **Notes to Financial Statements**

## 7. Property and Equipment (continued)

The Foundation's investment in property and equipment consisted of the following at December 31, 2006:

	Beginning Balance	 Prior Period Adjustment Additions Retirements Tr			Additions Retirements Transfers			Transfers		Ending Balance
Land	\$ 3,090,000	\$ -	\$	_	\$	-	\$	-	\$	3,090,000
Leaseholds and other										
improvements	1,558,658	-		53,849		-		-		1,612,507
Stadium expansion and										
scoreboard	126,136,455	-		2,872,525		-		-		129,008,980
Furniture and equipment	341,404	-		53,809		-		-		395,213
Vehicles	-	-		_		-		-		_
	131,126,517	-		2,980,183		-		_		134,106,700
Less accumulated depreciation	(4,171,226)	-		(2,192,050)		-		-		(6,363,276)
Construction in process	23,025,774	-		2,770,962		-		-		25,796,736
Property and equipment, net	\$ 149,981,065	\$ -	\$	3,559,095	\$	-	\$	-	\$	153,540,160

Depreciation expense totaled \$2,250,095 and \$2,192,050 for the years ended December 31, 2007 and 2006, respectively.

## 8. Line-of-Credit

On January 26, 2006, the Foundation established a \$6,500,000 line-of-credit with Capital One for the purpose of financing additional construction costs associated with the West Side stadium expansion above and beyond what was originally budgeted for. The line-of-credit is secured by a pledge of all existing and future cash, current and future pledges and proceeds thereof in the Capital Programs Donor Restricted Fund and the University Club Reserve Account; accordingly, the cash and pledges in these funds must equal 100% of the commitment amount on the proposed facility at all times. The line-of-credit bears interest at 30-day LIBOR plus 110 basis points and expires in March of 2008; however, the Foundation has the intent to extend the line of credit until June of 2008. As of December 31, 2007 and 2006, there was no outstanding balance associated with this line-of-credit.

## **Notes to Financial Statements**

#### 9. Note and Bonds Payable

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

	D	ecember 31, 2007	December 31, 2006		
Note payable, with annual principal and interest payments through					
September 1, 2009	\$	1,736,336	\$	1,736,336	
Revenue Bonds Series 1999		43,575,000		43,575,000	
Revenue Bonds Series 2001		700,000		2,000,000	
Revenue Bonds Series 2004		87,000,000		87,000,000	
	\$	133,011,336	\$	134,311,336	
	-		-		

The note payable includes a term loan bearing interest at one-month LIBOR plus 110 basis points. At December 31, 2007 that rate was 6.35%. Principal and interest payments are due annually through September 1, 2009. The note is secured by a lien on pledged revenues. On March 15, 2007, an amendment was made to the original loan agreement which waived the principal payment due on September 1, 2007 and amended the payment schedule so that this 2007 principal payment will be paid on September 1, 2008 and 2009, in addition to the already scheduled principal payment.

Revenue Bonds Series 1999 consist of debt issued by Tiger Athletic Foundation primarily for the purpose of certain improvements and renovations to the East Side Upper Deck of Tiger Stadium at LSU. Revenue derived from the sale of certain tickets for the East Side Upper Deck are pledged for the payment of the debt service. Bond indentures contain requirements for annual debt service and flow for funds through various restricted accounts. The bonds have a floating interest rate that is established through weekly remarketing. The rate was approximately 3.43% at December 31, 2007, and the bonds are due in annual payments beginning December 31, 2010, with a final payment due December 31, 2028.

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 interest 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 FIFMA Index, formally referred to as the BMA Municipal Swap Index, as defined in the agreement.

The Foundation accounts for the interest rate swap as a fair value hedge as directed by Financial Accounting Standard (FAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities*. Since the Foundation does not report earnings as a separate caption in a statement of financial performance, both the swap agreement and the hedged item, the Series 1999 Bonds, are accounted for at fair value with the change in fair value reported as a change in net assets.

## **Notes to Financial Statements**

## 9. Note and Bonds Payable (continued)

The fair market value of the swap agreement and the hedged item as of December 31, 2007 and 2006, was a liability of approximately \$1,828,000 and \$749,000, respectively, which represents a change from the prior year of \$1,079,099 in 2007 and \$392,781 in 2006, and is presented as a change of net assets on the Statement of Activities.

Revenue Bonds Series 2001 was issued for the purpose of certain improvements and renovations to the Gym Armory at LSU. Unconditional promises to give are pledged for payment of the debt service. The bonds have a floating interest rate that is established through weekly remarketing. The rate was approximately 3.81% at December 31, 2007, and the bonds are due in annual payments through December 31, 2011.

In March 2004, the Foundation issued Revenue Bonds Series 2004 for a principal amount of \$90,000,000. The proceeds of the loan are being used to finance or reimburse a portion of the costs of the acquisition and construction of certain improvements and renovations to Tiger Stadium and a football operations center at LSU, including funding the interest and costs associated with the project. The bonds are secured by the pledged revenues on a parity with the Series 1999 and 2001 bonds. The bonds have a floating interest rate based on the BMA index, which was approximately 3.46% at December 31, 2007. Annual payments began on September 1, 2005, and will continue through September 1, 2034. On March 15, 2007, an amendment was made to the original loan agreement which waived the principal payment due on September 1, 2007 and extended the payment schedule an additional year, through 2034, with the intent that the 2007 principal payment will be paid on September 1, 2034.

Under the provisions of the above revenue bond agreements, the Foundation is required to maintain a minimum debt service coverage ratio. The Foundation was in compliance with its debt service coverage calculation loan covenant at December 31, 2007 and 2006.

The debt service requirements on the note and bonds payable are as follows:

			Bonds	Total
	_ No	te Payable	Payable	Principal
2008	\$	868,168	\$ 2,390,000	\$ 3,258,168
2009		868,168	1,775,000	2,643,168
2010		-	3,335,000	3,335,000
2011		-	3,490,000	3,490,000
2012		-	3,660,000	3,660,000
2013 - 2017		-	21,135,000	21,135,000
2018 - 2022		-	26,725,000	26,725,000
2023 - 2027		-	33,820,000	33,820,000
2028 - 2032		-	27,720,000	27,720,000
2033 - 2034		_	7,225,000	7,225,000
Total	\$	1,736,336	\$ 131,275,000	\$ 133,011,336

### **Notes to Financial Statements**

## 9. Note and Bonds Payable (continued)

The Revenue Bonds Series 1999, 2001 and Series 2004 are subject to a remarketing agreement whereby the Foundation obtained a remarketing agent which shall offer for sale and use its best efforts to find purchasers for all bonds or portions thereof for which notice of tender has been received at a price equal to the principal amount thereof plus accrued interest to the purchase date. To provide for the payment of the bonds, in the event a purchaser is not found for the full amount of the outstanding bonds or default, the Foundation has entered into letter of credit agreements with Regions and Hancock Bank. The letter of credit agreements authorize Trustees, on behalf of holders of bonds, to make draws on the letters of credit, subject to the terms and conditions thereof, to pay the outstanding principal of and up to 45 days interest on the bonds. Draws on a letter of credit must be promptly reimbursed by the Foundation. Annual fees on the Regions letters of credit are 0.90% of the outstanding principal balance. Annual fees on the Hancock letter of credit issued in connection with the Revenue Bond Series 2001 are 1.27% of the outstanding principal. There were no outstanding amounts under the letters of credit at December 31, 2007 and 2006.

## 10. Commitments and Contingencies

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.

In January 2004, the Foundation executed a contract for the LSU Tiger Stadium Westside Expansion. This contract is a cost-plus contract with a guaranteed maximum price, as defined. As of the date of the auditor's report, the Foundation has received requests from the contractor to increase the guaranteed maximum price. Of the requests for contract increases, some have been approved, some have been rejected by the Foundation, while some remain open pending receipt of additional information from the contractor. On September 17, 2007, the contractor filed a demand for arbitration. Currently the parties to the arbitration are in the process of selecting an arbitration panel.

#### **Notes to Financial Statements**

#### 11. Retirement Savings Plan

The Foundation established a 401(k) plan (the Plan) effective February 1, 2002, to replace an existing Section 403(b) tax shelter annuity plan. The Plan covers all employees who complete applications to participate in the Plan and agree to the terms of the Plan. The Foundation amended and restated the Plan effective January 1, 2006.

Under the Plan, the Foundation will make matching contributions in an amount equal to the sum of 100 percent of the participants' elective deferrals that do not exceed 6 percent of the participants' compensation as an Employer Safe Harbor Matching Contribution. In addition, the Foundation shall contribute an amount equal to the sum of 1.5 percent of the participants' annual compensation as an Employer Discretionary Contribution. Employees are vested in the Employer Safe Harbor Matching Contributions at a rate of 20 percent per year after first having reached one year of service, as defined. Employees are 100 percent vested in the Employer Discretionary Contribution after reaching one year of service, as defined.

The Foundation made matching contributions of approximately \$98,000 and \$85,000 for the years ended December 31, 2007 and 2006, respectively.

## 12. Scoreboard Sponsorships

In 1999, the Foundation entered into a Cooperative Endeavor Agreement with LSU that obligated the Foundation to acquire, construct and maintain new scoreboards in LSU athletic venues at a total cost of approximately \$5.2 million. In return for its fulfillment of this obligation, the Foundation was given an eight year license to solicit certain qualified corporate sponsorship contracts. In connection with its issuance of the Series 2004 Revenue Bonds, LSU extended the Foundation's rights to solicit qualified corporate sponsorship contracts for a period of approximately 35 years. Effective July 1, 2005, the Foundation, with approval of LSU, entered into a ten year lease agreement with Viacom Outdoor Advertising, Inc., d/b/a LSU Sports Properties, whereby the Foundation leased its rights to the scoreboards to Viacom in return for an annual guaranteed rental payment. The rent payment, which was \$1.4 million in year one and year two, and will increase by \$25,000 annually each year during the life of the lease agreement, is due in two equal installments payable in July and October of each year.





## Independent Auditor's Report on Other Financial Information

The Executive Committee of the Board of Directors Tiger Athletic Foundation

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying forms were prepared in conformity with accounting principals generally accepted in the United States. These forms are required by the Office of Statewide Reporting and Accounting Policy for the State of Louisiana, and are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Farlite, feld, franzie Heal

A Professional Accounting Corporation

Metairie, LA March 20, 2008

## STATEMENTS OF NET ASSETS DECEMBER 31, 2007 and 2006

	2007	2006
Assets	Wilders (1997) Commission Commiss	
Current assets:		
Cash and cash equivalents	\$ 1,553,228	\$ 1,000,662
Restricted cash	39,188,694	36,800,430
Investments	-	-
Accounts receivable, net	1,527,466	1,229,425
Pledges receivable	3,233,091	2,618,281
Due from other campuses	-	-
Due from State Treasury	-	-
Inventories	-	-
Deferred charges and prepaid expenses	577,208	571,030
Notes receivable	-	-
Other current assets	7,216,250	11,223,287
Total current assets	53,295,937	53,443,115
Noncurrent assets		
Restricted assets:		
Cash and cash equivalents	98,250	1,039,357
Investments	3,631,307	-
Accounts receivable, net	-	-
Notes receivable	-	-
Other	-	-
Investments	-	-
Pledges receivable	5,396,129	4,650,803
Notes receivable	-	-
Capital assets, net	126,639,329	153,540,160.00
Assets under capital leases, net	-	-
Other noncurrent assets	12,454,271	15,645,670
Total noncurrent assets	148,219,286	174,875,990
Total assets	\$ 201,515,223	\$ 228,319,105

## STATEMENTS OF NET ASSETS (CONTINUED) DECEMBER 31, 2007 and 2006

	2007	2006		
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 308,275	\$ 1,033,762		
Accounts payable - construction in progress	1,364,952	3,618,924		
Due to other campuses	-	-		
Due to State Treasury	-	-		
Deferred revenues	7,397,560	11,551,358		
Amounts held in custody for others	1,529,598	1,175,680		
Compensated absences payable	-	-		
Capital lease obligations	-	-		
Line-of-credit	-	-		
Note payable	868,168	1,329,000		
Contracts payable	-	-		
Bonds payable	2,390,000	2,745,000		
Other current liablities	2,481,849	512,050		
Total current liabilities	16,340,402	21,965,774		
Noncurrent liabilities:				
Amounts held in custody for others	_	-		
Compensated absences payable	_	-		
Capital lease obligations	-	_		
Note payable	868,168	407,336		
Contracts payable	-	-		
Bonds payable	128,885,000	129,830,000		
Other noncurrent liabilities	9,156,323	15,496,882		
Total noncurrent liabilities	138,909,491	145,734,218		
Total liabilities	155,249,893	167,699,992		
Net assets				
Invested in capital assets, net of related debt	(6,372,007)	19,228,824		
Restricted for:				
Nonexpendable	5,168,456	1,421,349		
Expendable	14,410,967	11,191,066		
Unrestricted	33,057,914	28,777,874		
Total net assets	46,265,330	60,619,113		
Total liabilities and net assets	\$ 201,515,223	\$ 228,319,105		

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
Operating revenues:		
Student tuition and fees	-	-
Less scholarship allowances	-	-
Net student tuition and fees	-	-
Gifts received by the Foundation	22,591,715	21,614,069
Earnings on Foundation endowments	33,514	39,445
Federal appropriations	-	-
Federal grants and contracts	-	-
State and local grants and contracts	-	-
Nongovernmental grants and contracts	-	-
Sales and services of educational departments	-	-
Hospital income	-	-
Auxiliary enterprise revenues, including revenues pledged as security		
for bond issues	-	-
Less scholarship allowances	-	-
Net auxiliary revenues	-	-
Other operating revenues	6,581,580	6,457,852
Total operating revenues	29,206,809	28,111,366
Operating expenses:		
Educational and general		
Instruction	_	_
Research	_	_
Public service	_	_
Academic support	_	·
Student services	_	_
Institutional support	_	_
Operation and maintenance of plant	_	_
Scholarships and fellowships	_	_
Auxiliary enterprises	_	_
Hospital	_	_
Other operating expenses	7,614,911	7,512,468
Total operating expenses	7,614,911	7,512,468
Operating income	21,591,898	20,598,898
Operating meonic	21,371,070	20,570,070

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (CONTINUED)

## YEARS ENDED DECMBER 31, 2007 and 2006

	2007	2006			
Nonoperating revenues and (expenses):					
State appropriations	\$ -	\$	-		
Gifts	-		-		
Net investment income	1,399,503	1	,353,044		
Interest expense	(5,834,406)	(6	5,164,784)		
Payments to or on behalf of the university	(34,145,272)	(7	,869,235)		
Other nonoperating revenues (expenses)	-		-		
Net nonoperating revenues (expenses)	 (38,580,175)	(12	2,680,975)		
Income before other revenues, expenses, gains, and losses	 (16,988,277)		7,917,923		
Capital appropriations	-		-		
Capital gifts and grants	-		-		
Additions to permanent endowments	3,713,593		529,372		
Other additions, net	-		-		
(Decrease) increase in net assets	(13,274,684)		3,447,295		
Net assets, beginning of year	60,619,113	52	2,564,599		
Change in fair value of Interest Rate Swap Agreement	(1,079,099)		(392,781)		
Net assets, end of year	\$ 46,265,330	\$ 60	0,619,113		

### **Component Unit Description**

#### **Component Unit Description**

The Tiger Athletic Foundation is a legally separate, tax-exempt organization supporting the LSU System, specifically the following campus: Louisiana State University – Baton Rouge. This Foundation was included in the University's financial statements because its assets equaled 3% or more of the assets of the university system it supports.

During the year ended December 31, 2007, the Tiger Athletic Foundation made distributions to or on behalf of the University for both restricted and unrestricted purposes in the amount of \$34,145,272, \$1,084,019 from booster clubs, and \$391,782 from affiliated chapters. During the year ended December 31, 2006, the Tiger Athletic Foundation made distributions to or on behalf of the University for both restricted and unrestricted purposes in the amount of \$7,869,235, \$1,187,560 from booster clubs, and \$306,673 from affiliated chapters. The booster club and affiliated chapter accounts are maintained by Tiger Athletic Foundation.

Complete financial statements for the Tiger Athletic Foundation can be obtained from:

Tiger Athletic Foundation P.O. Box 711 Baton Rouge, Louisiana 70821

Or from the foundation's website at: www.lsutaf.org

The Tiger Athletic Foundation is a nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the Foundation's financial information in the University's financial report for these differences.

## SCHEDULE OF CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2007

				Prior Period djustment	Restated Balance 12/31/2006			Additions	Transfers	Retirements			Balance 12/31/2007	
Capital assets not being depreciated  Land  Capitalized collections	\$	3,090,000	\$	-	\$	3,090,000	\$	-	\$	_	\$	-	\$	3,090,000
Livestock		-		-		-		<u>-</u>		-		-		-
Construction in progress		25,796,736		(213,087)		25,583,649		93,874		(25,600,935)		-		76,588
Total capital assets not being depreciated	\$	28,886,736	\$	(213,087)	\$	28,673,649	\$	93,874	\$	(25,600,935)	\$		\$	3,166,588
Other capital assets Infrastructure	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Less accumulated depreciation Total infrastructure		<del>-</del>		<del></del>		<u>-</u>				<del>-</del>				<del>-</del>
Land improvements		1,612,507		-		1,612,507		-		7,651		-		1,620,158
Less accumulated depreciation Total land improvements		(272,319) 1,340,188		-		(272,319) 1,340,188		(58,587) (58,587)		7,651		-		(330,906) 1,289,252
Buildings Less accumualted depreciation		129,008,980 (5,827,389)		213,087		129,222,067 (5,827,389)		767,212 (2,155,534)		- -		-		129,989,279 (7,982,923)
Total buildings		123,181,591		213,087		123,394,678		(1,388,322)		=		-		122,006,356
Equipment		395,213		-		395,213		55,882		-		-		451,095
Less accumulated depreciation		(263,568)		-		(263,568)		(35,974)		-		-		(299,542)
Total equipment		131,645		-		131,645		19,908		-		-		151,553
Vehicles Less accumulated depreciation		-		-		-		25,580		-		-		25,580
Total vehicles		-						25,580		<del>-</del>				25,580
Library books Less accumulated depreciation		-		-		-		-		-		-		-
Total library books		-		-		-		-		-		-		-
Total other capital assets	\$	124,653,424	\$	213,087	\$	124,866,511	\$	(1,401,421)	\$	7,651	\$		\$	123,472,741
Capital asset summary:														
Capital assets not being depreciated	\$	28,886,736	\$	(213,087)	\$	28,673,649	\$	93,874	\$	(25,600,935)	\$	-	\$	3,166,588
Other capital assets, at cost		131,016,700		213,087		131,229,787		848,674		7,651		-		132,086,112
Total cost of capital assets		159,903,436		-		159,903,436		942,548		(25,593,284)		-		135,252,700
Less accumulated depreciation Capital assets, net	\$	(6,363,276) 153,540,160	\$		\$	(6,363,276) 153,540,160	\$	(2,250,095) (1,307,547)	\$	(25,593,284)	\$		\$	(8,613,371)
Capital assets, net	<u> </u>	133,340,100	Þ		Þ	133,340,100	D.	(1,307,347)	<b>D</b>	(23,393,284)	Ф		Φ	120,039,329

## SCHEDULE OF CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2006

	Balance 12/31/2005	Prior Period Adjustment	Restated Balance 12/31/2005	Addit	tions	Transfe	ers	Retii	ements	Balance 12/31/2006
Capital assets not being depreciated		_								
Land	\$ 3,090,000	\$ -	\$ 3,090,000	\$	-	\$	-	\$	-	\$ 3,090,000
Capitalized collections  Livestock	-	-	-		-		-		-	-
Construction in progress	94.924.415	(71.898.641)	23.025.774	2.77	70.962		_		_	25,796,736
Total capital assets not being depreciated	\$ 98,014,415	\$(71,898,641)	\$ 26,115,774		70,962	\$	_	\$	-	\$ 28,886,736
Other capital assets										
Infrastructure	\$ -	\$ -	\$ -	\$	-	\$	-	\$	-	\$ -
Less accumulated depreciation		-	_		-		-			
Total infrastructure	-	-	-		-		-		-	-
Land improvements	1,558,658	_	1,558,658	5	53,849		_		_	1,612,507
Less accumulated depreciation	(215,101)	_	(215,101)		57,218)		_		_	(272,319)
Total land improvements	1,343,557		1,343,557		(3,369)		_		-	1,340,188
•				,	. ,					
Buildings	54,237,814	71,898,641	126,136,455	2,87	72,525		-		-	129,008,980
Less accumulated depreciation	(3,376,072)	(349,848)	(3,725,920)		1,469)		-	_	-	(5,827,389)
Total buildings	50,861,742	71,548,793	122,410,535	77	1,056		-		-	123,181,591
Equipment	341,404		341,404	5	3,809		_		_	395,213
Less accumulated depreciation	(230,204)	(1)	(230,205)		3,363)		_		_	(263,568)
Total equipment	111,200	(1)	111,199		20,446		-		-	131,645
Vehicles	-	-	-		-		-		-	-
Less accumulated depreciation			-				-			<del>-</del>
Total vehicles	-	-	-		-		-		-	-
Library books	_	-	-		_		_		_	_
Less accumulated depreciation	-	-	-		-		_		-	-
Total library books	-	-	-		-		-		-	-
Total other capital assets	\$ 52,316,499	\$ 71,548,792	\$123,865,291	\$ 78	8,133	\$		\$	_	\$ 124,653,424
Total offici capital assets	\$ 52,510,477	\$ 71,346,772	\$125,805,271	<del>- 70</del>	10,133	Ψ		Ψ		\$ 12 <del>4</del> ,033, <del>424</del>
Capital asset surnmary:										
Capital assets not being depreciated	\$ 98,014,415	\$(71,898,641)	\$ 26,115,774	\$ 2,77	0,962	\$	-	\$	-	\$ 28,886,736
Other capital assets, at cost	56,137,876		128,036,517		0,183				-	131,016,700
Total cost of capital assets	154,152,291	(71,898,641)	154,152,291		1,145		-		-	159,903,436
Less accumulated depreciation	(3,821,377)	(349,848)	(4,171,226)		2,050)		-		_	(6,363,276)
Capital assets, net	\$150,330,914	\$(72,248,489)	\$149,981,065	\$ 3,55	9,095	\$	-			\$ 153,540,160

## SCHEDULE OF BONDS AND NOTES PAYABLE AND CAPITAL LEASES

## December 31, 2007

	Balance at December 31, 2006		Additions		Reductions		Balance at December 31, 2007		Amounts Due Within One Year	
Bonds and notes payable and capital leases:										
Bonds payable	\$	132,575,000	\$	-	\$	1,300,000	\$	131,275,000	\$	2,390,000
Note payable		1,736,336		-		-		1,736,336		868,168
Capital lease obligations						-				
Total bonds, notes, and capital leases	\$	134,311,336	\$	-	\$	1,300,000	\$	133,011,336	\$	3,258,168
Other liabilities: Amounts held in custody for others Compensated absences payable Contracts payable Deferred revenue	\$	1,175,680 - - 26,299,055	\$	532,498 - - 105,520	\$	178,580 - - 11,678,976	\$	1,529,598 - - - 14,725,599	\$	1,529,598 - - - 7,397,560
Other liabilities		5,913,921	-	32.839.476		32,770,037		5,983,360		4,155,076
Total other liabilities	\$	33,388,656		33,477,494	_	44,627,593	\$	22,238,557	\$	13,082,234

### SCHEDULE OF BONDS AND NOTES PAYABLE AND CAPITAL LEASES

	Balance at December 31, 2005		Additions			Reductions	Balance at ecember 31, 2006	D	Amounts Oue Within One Year
Bonds and notes payable and capital leases:									
Bonds payable	\$	134,910,000	\$	-	\$	2,335,000	\$ 132,575,000	\$	2,745,000
Note payable		2,975,336		-		1,239,000	1,736,336		1,329,000
Capital lease obligations		-		-		-	-		-
Total bonds, notes, and capital leases	\$	137,885,336	\$	_	\$	3,574,000	\$ 134,311,336	\$	4,074,000
Other liabilities:									
Amounts held in custody for others	\$	1,039,963	\$	1,629,950	\$	1,494,233	\$ 1,175,680	\$	1,175,680
Compensated absences payable		_		-		-	-		-
Contracts payable		-		-		-	-		-
Deferred revenue		38,186,161		402,813		12,289,919	26,299,055		11,551,358
Other liabilities		7,034,333		28,086,260		29,206,672	5,913,921		5,164,736
Total other liabilities	\$	46,260,457	\$	30,119,023	\$	42,990,824	\$ 33,388,656	\$	17,891,774

# SCHEDULE OF BONDS PAYABLE <u>December 31, 2007</u>

Issue	Date of Issue	Original Issue		6 \				(	Principal Outstanding 12/31/2007	Interest Rates	Interest Outstanding 12/31/2007	
	July 26,											
Series 2001 Bonds	2001	\$	10,200,000	\$	2,000,000	\$	(1,300,000)	\$	700,000	Variable	\$	-
	March 4,											
Series 1999 Bonds	1999		43,575,000		43,575,000		-		43,575,000	Variable		-
	March 23,											
Series 2004 Bonds	2004		90,000,000		87,000,000		-		87,000,000	Variable		
		\$	143,775,000	\$	132,575,000	\$	(1,300,000)	\$	131,275,000		\$	-

### SCHEDULE OF BONDS PAYABLE

Issue	Date of Issue	Original Issue		 Principal Outstanding 12/31/2005	(	Redeemed) Issued	Principal Outstanding 12/31/2006	Interest Rates	Ou	nterest estanding /31/2006
Series 2001 Bonds	July 26, 2001	\$	10,200,000	\$ 2,800,000	\$	(800,000)	\$ 2,000,000	Variable	\$	-
Series 1999 Bonds	March 4, 1999 March 23,		43,575,000	43,575,000		-	43,575,000	Variable		-
Series 2004 Bonds	2004	\$	90,000,000 143,775,000	\$ 88,535,000 134,910,000	\$	(1,535,000) (2,335,000)	\$ 87,000,000 132,575,000	Variable		-

### SCHEDULE OF NOTE PAYABLE

	Date of	О	Principal utstanding	(R	Redeemed)	O	Principal utstanding	Interest	Outsta	J
Issue	Issue	1	2/31/2006		Issued	1	2/31/2007	Rate	12/31	/2007
Capital One Term and	July 26,									
Revolver Loan	2001	_\$_	1,736,336	\$	-	\$	1,736,336	Variable	\$	-

# SCHEDULE OF NOTE PAYABLE

			Principal				Principal		Inte	rest
	Date of	O	utstanding	(I	Redeemed)	O	utstanding	Interest	Outsta	ınding
Issue	Issue	1	2/31/2005		Issued	1	2/31/2006	Rate	12/31.	/2006
a 1, 10 m	T 1 06									
Capital One Term and	July 26,									
Revolver Loan	2001		2,975,336	\$	(1,239,000)	\$	1,736,336	Variable	\$	-

# SCHEDULE OF BONDS PAYABLE AMORTIZATION

Year Ended December 31, 2007

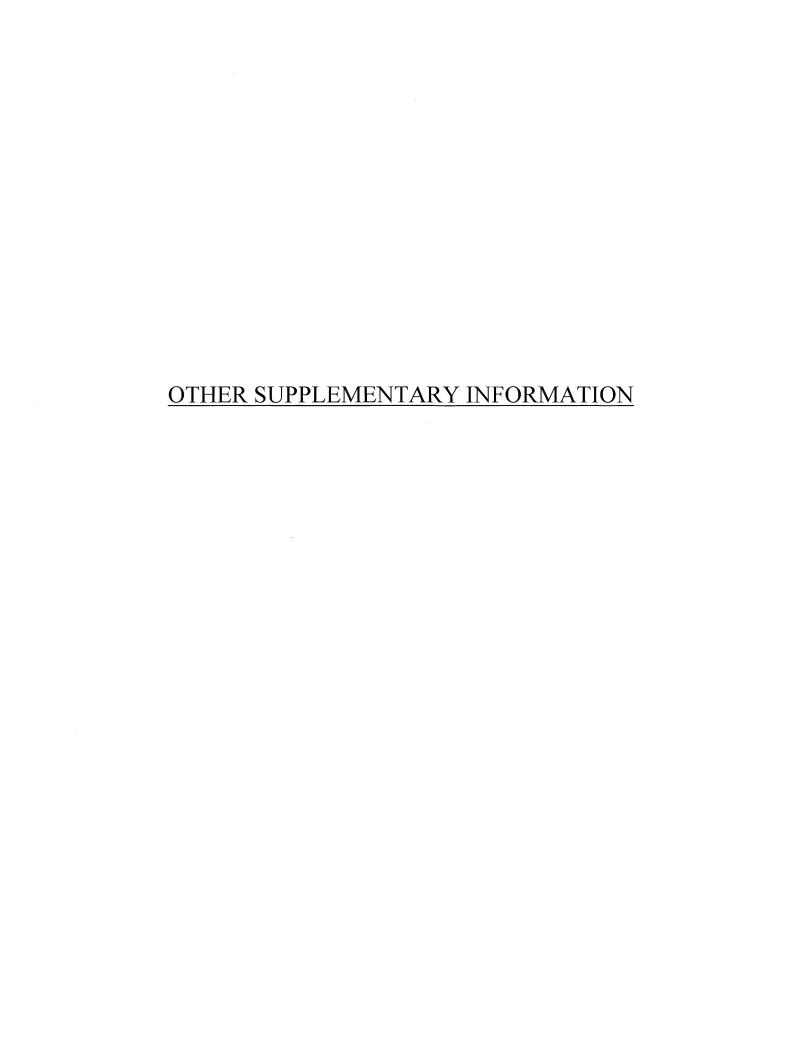
Fiscal Year		ъ	<b>T</b>		7D ( )
Ending		Principal	Interest		Total
2008	\$	2,390,000	Variable	\$	2,390,000
2009	*	1,775,000	Variable	•	1,775,000
2010		3,335,000	Variable		3,335,000
2011		3,490,000	Variable		3,490,000
2012		3,660,000	Variable		3,660,000
2013		3,840,000	Variable		3,840,000
2014		4,025,000	Variable		4,025,000
2015		4,215,000	Variable		4,215,000
2016		4,420,000	Variable		4,420,000
2017		4,635,000	Variable		4,635,000
2018		4,855,000	Variable		4,855,000
2019		5,085,000	Variable		5,085,000
2020		5,335,000	Variable		5,335,000
2021		5,590,000	Variable		5,590,000
2022		5,860,000	Variable		5,860,000
2023		6,140,000	Variable		6,140,000
2024		6,440,000	Variable		6,440,000
2025		6,750,000	Variable		6,750,000
2026		7,075,000	Variable		7,075,000
2027		7,415,000	Variable		7,415,000
2028		7,770,000	Variable		7,770,000
2029		4,635,000	Variable		4,635,000
2030		4,860,000	Variable		4,860,000
2031		5,100,000	Variable		5,100,000
2032		5,355,000	Variable		5,355,000
2033		5,615,000	Variable		5,615,000
2034		1,610,000	Variable		1,610,000
Total	\$	131,275,000		\$	131,275,000

#### SCHEDULE OF NOTE PAYABLE AMORTIZATION

#### Year Ended December 31, 2007

Figoal	Voor
Fiscal	Year

- 10 - 11 - 1 - 11									
Ending	ng Principal		Principal Interest				Total		
2008	\$	868,168	Variable	\$	868,168				
2009		868,168	Variable		868,168				
Total	\$	1,736,336		\$	1,736,336				



# STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2007

		emporarily		ermanently	Total
	 nrestricted	 Restricted	I	Restricted	 2007
Revenues and gains:					
Donations - TAF members	\$ 16,712,660	\$ 5,879,055	\$	3,713,593	\$ 26,305,308
Restricted revenue	-	_		-	-
Scoreboard sponsorships	1,425,000	-			1,425,000
Rents - University Club and LSU	4,710,983	-		-	4,710,983
Investment income	1,399,503	-		33,514	1,433,017
Net realized and unrealized gains	-	-		-	-
Merchandise revenue	-	-		-	-
Other revenue	445,597	-		-	445,597
Total revenues and gains	24,693,743	 5,879,055		3,747,107	34,319,905
Net assets realized from restrictions	2,659,154	(2,659,154)		-	-
Expenses:					
Program services:					
Contribution to LSU - athletic					
department	33,521,371	-		-	33,521,371
Contribution to LSU - non-athletic	623,901	-		-	623,901
Tiger Den suites	3,750,292	-		-	3,750,292
Stadium Club	6,545,224	-		-	6,545,224
Supporting activities:					
General and administrative	2,508,769	-		-	2,508,769
Fundraising	645,032	-		-	645,032
Total expenses	 47,594,589	 -		_	47,594,589
Increase (decrease) in net assets	\$ (20,241,692)	\$ 3,219,901	\$	3,747,107	\$ (13,274,684)

# STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2006

	<u>U</u>	nrestricted		emporarily Restricted	rmanently estricted	<b>ESSENSION PROPERTY</b>	Total 2006
REVENUES AND GAINS							
Donations - TAF members	\$	16,620,940	\$	5,000,859	\$ 529,372	\$	22,151,171
Restricted revenue		-		-	-		-
Scoreboard sponsorships		1,400,000		-	-		1,400,000
Rents - University Club and LSU		4,718,635		-	-		4,718,635
Investment income		1,353,044		-	31,715		1,384,759
Net realized and unrealized gains		-		-	-		-
Merchandise revenue		-		-	-		-
Other revenue		339,217		-	-		339,217
Total revenues and gains		24,431,836		5,000,859	561,087		29,993,782
Net assets realized from restrictions		10,685,083	(	(10,685,083)	-		-
EXPENSES							
Program services:							
Contribution to LSU - athletic							
department		7,647,663		-	-		7,647,663
Contribution to LSU - non-athletic		221,572		-	-		221,572
Tiger Den suites		3,791,411		-	-		3,791,411
Stadium Club		6,327,906		-	-		6,327,906
Supporting activities:							
General and administrative		2,241,137		-	-		2,241,137
Fundraising		1,316,798		_	-		1,316,798
Total expenses		21,546,487			_		21,546,487
Increase (decrease) in net assets	\$	13,570,432	\$	(5,684,224)	\$ 561,087	\$	8,447,295

**Tiger Athletic Foundation** 

# STATEMENT OF REVENUE AND EXPENSES IN SUPPORT OF INTERCOLLEGIATE ATHLETICS YEAR ENDED DECEMBER 31, 2007

		Football	Men's Basketball		Vomen's asketball	Other Sports		Non-Program Specific		Total	
Revenues											
Contributions Compensations and benefits provided	\$	23,255,877	\$	81,409	\$ 312,437	\$	779,098	\$	10,680,248	\$ 35,109,069	
by a third party		512,000		<del>-</del>			-		-	 512,000	
Total revenues	\$	23,767,877	\$	81,409	\$ 312,437	\$	779,098	\$	10,680,248	\$ 35,621,069	
Expenses											
Coaching other compensation & benefits	\$	512,000	\$	-	\$ -	\$	-	\$	-	\$ 512,000	
Severence Payments		-		-	85,000		-		-	85,000	
Support staff/administrative other		-		-	-		-		-	-	
Compensation and benefits		-		-	-		-		-	-	
Recruiting		41,910		3,509	8,466		24,808		45,000	123,693	
Team travel		234		302	3,078		12,380		1,512	17,506	
Equipment, uniforms, and supplies		12,808		770	-		48,496		1,875	63,949	
Game expenses		48,371		-	710		49,782		2,555	101,418	
Fundraising, marketing, and promotion		119,817		5,208	75,948		147,596		349,586	698,155	
Direct facilities, maintenance, and rental		-		-	-		-		-	-	
Spirit groups		-		-	-		12		48,977	48,989	
Membership and dues		26,857		-	1,628		4,517		3,509	36,511	
Other operating expenses		23,005,880		71,620	 137,607		491,507		10,227,234	33,933,848	
Total expenses	_\$	23,767,877	\$	81,409	\$ 312,437	\$	779,098	\$	10,680,248	\$ 35,621,069	

During the year ended December 31, 2007, the Tiger Athletic Foundation made distributions to or on behalf of the University for both restricted and unrestricted purposes in the amount of \$34,145,272; \$1,084,019 from booster clubs; and \$391,782 from affiliated chapters. The booster club and affiliated chapter accounts are maintained by Tiger Athletic Foundation.

**Tiger Athletic Foundation** 

# STATEMENT OF REVENUE AND EXPENSES IN SUPPORT OF INTERCOLLEGIATE ATHLETICS YEAR ENDED DECEMBER 31, 2006

			Men's Women's Basketball Basketball					Non-Program ts Specific		Total	
Revenues											
Contributions	\$	2,078,524	\$	108,906	\$	110,797	\$	718,171	\$	6,042,070	\$ 9,058,468
Compensations and benefits provided by a third party		305,000									305,000
Total revenues	\$	2,383,524	\$	108,906	\$	110,797	\$	718,171	\$	6,042,070	\$ 9,363,468
Expenses											
Coaching other compensation & benefits	\$	305,000	\$	-	\$	-	\$	150,000	\$	-	\$ 455,000
Severence Payments		-		-		-		-		-	-
Support staff/administrative other		-		-		-		-		-	-
Compensation and benefits		-		-		-		-		_	-
Recruiting		32,573		6,784		3,202		10,047		-	52,606
Team travel		189,900		3,620		1,203		6,519		661	201,903
Equipment, uniforms, and supplies		30,930		7,160		5,310		21,214		6,083	70,697
Game expenses		-		-		31		56,916		15,829	72,776
Fundraising, marketing, and promotion		79,521		50,880		53,808		94,748		933,532	1,212,489
Direct facilities, maintenance, and rental		-		-		-		-		-	-
Spirit groups		-		-		-		-		29,684	29,684
Membership and dues		23,788		-		-		5,291		3,102	32,181
Other operating expenses		1,721,812		40,462		47,243		373,436		5,053,179	 7,236,132
Total expenses	\$_	2,383,524	\$_	108,906	\$	110,797	\$	718,171	\$	6,042,070	\$ 9,363,468

During the year ended December 31, 2006, the Tiger Athletic Foundation made distributions to or on behalf of the University for both restricted and unrestricted purposes in the amount of \$7,869,235; \$1,187,560 from booster clubs; and \$306,673 from affiliated chapters. The booster club and affiliated chapter accounts are maintained by Tiger Athletic Foundation.



#### INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Executive Committee of the Board of Directors Tiger Athletic Foundation

We have audited the financial statements of the Tiger Athletic Foundation (a nonprofit organization) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated March 20, 2008. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

In planning and performing our audits we considered the Tiger Athletic Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

110 Veterans Memorial Boulevard, Suite 200, Metairie, LA 70005-4958 · 504.835.5522 · Fax 504.835.5535 5100 Village Walk, Suite 202, Covington, LA 70433-4012 · 985.892.5850 · Fax 985.892.5956 5153 Bluebonnet Boulevard, Suite B, Baton Rouge, LA 70809 · 225.296.5150 · Fax 225.296.5151 Www.laporte.com

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 grant agreements, 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*.

This report is intended for the information of the audit committee, management, others within the organization and the State of Louisiana, Department of Economic Development, and is not intended to be, and should not be, used by anyone other than these specified parties.

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A Professional Accounting Corporation

March 20, 2008



#### Report of Independent Accountants on Schedule of Debt Service Coverage Ratio

The Executive Committee of the Board of Directors Tiger Athletic Foundation

We have reviewed the accompanying Schedule of Debt Service Coverage Ratio for the year ended December 31, 2007 of Tiger Athletic Foundation (the Foundation) in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in this schedule is the representation of the management of the Foundation.

A review consists principally of inquiries of Foundation personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States, the objective of which is the expression of an opinion regarding the schedule taken as a whole. Accordingly, we do not express such an opinion.

The Schedule of Debt Service Coverage Ratio is prescribed by the Revenue Bond Resolution relating to the \$90,000,000 Revenue Bonds (Series 2004) reflecting the provisions of resolutions adopted by Tiger Athletic Foundation on March 1, 2004.

Based on our review, we are not aware of any material modification that should be made to the accompanying *Schedule of Debt Service Coverage Ratio* in order for it to be in conformity with accounting principles generally accepted in the United States.

This report is intended solely for the information and use of the Executive Committee of the Board of Directors, management, and the bond trustee, and is not intended to be and should not be used by anyone other than these specified parties.

A Professional Accounting Corporation

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March 20, 2008

#### **Schedule of Debt Service Coverage Ratio**

### Year Ended December 31, 2007

Available Revenues		
Total revenues (\$24,693,743) less total expenses (\$41,459,059 minus		
discretionary expenses of \$32,186,413)	\$	15,420,497
Debt Service Requirements		
Debt service requirement including remarketing fees of \$118,075 and		
letter of credit fees of \$1,206,591	\$	6,393,801
Debt Service Coverage Ratio		2.41
	-	
Minimum required debt service coverage. If in default, TAF will		
incur an increased interest rate of Prime plus 2%		1.25
Minimum required debt service coverage ratio to maintain		
current letter of credit fees.		1.50
current letter of credit rees.		1.50
Minimum required debt service severage ratio to incur		
Minimum required debt service coverage ratio to incur		1 75
additional debt.		1.75

#### Note to Schedule of Debt Service Coverage Ratio

#### 1. Basis of Presentation

The computation in the *Schedule of Debt Service Coverage Ratio*, is prescribed by the Revenue bond Resolution relating to the \$90,000,000 revenue Bonds (Series 2004) reflecting the provisions of Resolutions adopted by Tiger Athletic Foundation on March 1, 2004.