

Lion Athletics Association

Financial Report

Year Ended June 30, 2020

Table Of Contents

	Page
Report of Certified Public Accountants	1
Financial Statements	
Statement Of Financial Position	3
Statement Of Activities And Changes In Net Assets	4
Statement Of Functional Expenses	5
Statement Of Cash Flows	7
Notes To Financial Statements	8

PEDELAHORE & CO., LLP

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Lion Athletics Association
Hammond, Louisiana

We have audited the accompanying financial statements of Lion Athletics Association (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 the audit 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lion Athletics Association as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Lion Athletics Association's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 19, 2019. In our opinion, the summarized information presented herein as of and for the year ended June 30, 2019, is consistent, in material respects, with the audited financial statements from which it has been derived.

Podell above Co, LA

Metairie, Louisiana
December 18, 2020

Lion Athletics Association
Statement Of Financial Position
June 30, 2020
(With Comparative Totals For 2019)

	<u>Assets</u>	
	<u>2020</u>	<u>2019</u>
Current Assets		
Cash	\$ 188,053	\$ 313,084
Accounts receivable	33,323	231,404
Total current assets	<u>221,376</u>	<u>544,488</u>
Property, Plant And Equipment		
Facility improvements	1,377,368	1,328,896
Machinery and equipment	312,008	312,008
Office furniture and equipment	15,537	15,537
	<u>1,704,913</u>	<u>1,656,441</u>
Less accumulated depreciation	936,639	809,910
	<u>768,274</u>	<u>846,531</u>
	<u>\$ 989,650</u>	<u>\$ 1,391,019</u>
 <u>Liabilities And Net Assets</u> 		
Current Liabilities		
Accounts payable and accrued expenses	\$ 52,259	\$ 60,261
Due to concessions	800	2,300
Deferred revenue	69,220	134,085
Current maturities of long-term debt	102,601	97,805
Total current liabilities	<u>224,880</u>	<u>294,451</u>
Long-term Liabilities		
Long-term debt, net of current maturities	<u>358,823</u>	<u>459,486</u>
Net Assets		
Without donor restrictions (deficit)	(74,211)	198,511
With donor restrictions	480,158	438,571
	<u>405,947</u>	<u>637,082</u>
	<u>\$ 989,650</u>	<u>\$ 1,391,019</u>

The Notes To Financial Statements are an integral part of these statements.

Lion Athletics Association
Statement Of Activities And Changes In Net Assets
Year Ended June 30, 2020
(With Comparative Totals For 2019)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			<u>2020</u>	<u>2019</u>
Revenue And Other Support				
Donations	\$ 37,961	\$ 46,574	\$ 84,535	\$ 137,086
Sponsors	1,045,329	10,833	1,056,162	1,296,929
Ticket fees	128,569	-	128,569	139,841
In-kind donations	11,882	84,798	96,680	135,456
Memberships	-	97,990	97,990	105,812
Special events/tournaments	-	67,603	67,603	101,411
Concession sales				
Net of cost of goods sold	48,127	-	48,127	72,505
Other revenue	<u>36,889</u>	<u>110,689</u>	<u>147,578</u>	<u>171,859</u>
	<u>1,308,757</u>	<u>418,487</u>	<u>1,727,244</u>	<u>2,160,899</u>
 Net Assets Released From Restrictions				
Satisfaction Of Program Restrictions	<u>376,900</u>	<u>(376,900)</u>	<u>-</u>	<u>-</u>
 Expenses				
Program Services	1,138,157	-	1,138,157	1,005,143
Management and general	516,169	-	516,169	871,562
Fundraising	<u>304,053</u>	<u>-</u>	<u>304,053</u>	<u>378,919</u>
	<u>1,958,379</u>	<u>-</u>	<u>1,958,379</u>	<u>2,255,624</u>
 Changes in net assets	(272,722)	41,587	(231,135)	(94,725)
 Net Assets - Beginning Of Year	<u>198,511</u>	<u>438,571</u>	<u>637,082</u>	<u>731,807</u>
 Net Assets - End Of Year	<u>\$ (74,211)</u>	<u>\$ 480,158</u>	<u>\$ 405,947</u>	<u>\$ 637,082</u>

The Notes To Financial Statements are an integral part of these statements.

Lion Athletics Association
Statement Of Functional Expenses
Year Ended June 30, 2020
(With Comparative Totals For 2019)

2020

	Program							
	<u>Baseball</u>	<u>Men's Basketball</u>	<u>Women's Basketball</u>	<u>Football</u>	<u>Golf</u>	<u>Soccer</u>	<u>Softball</u>	<u>Tennis</u>
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Signs	-	-	-	-	-	-	-	-
Bank fees	-	-	-	-	-	-	-	-
Broadcasting	2,125	4,600	2,600	8,375	-	-	-	-
Hospitality/marketing	4,145	2,170	2,058	22,265	73	318	1,511	-
Operating expenses	35	191	16	3,848	-	-	-	-
Sponsorship expenses	-	-	-	-	-	-	-	-
Printing	6,117	7,738	4,983	33,772	-	688	5,448	732
Recruiting	-	-	-	-	-	-	-	-
Supplies/equipment/uniforms	-	85	-	54	-	-	-	-
Facility Improvements	-	-	-	12,694	-	194	-	-
Fundraising	-	-	-	-	-	-	-	-
In kind expense	11,615	5,976	13,876	38,326	-	5,551	383	-
Depreciation	66,522	5,760	7,200	2,642	-	1,414	-	1,314
Insurance	-	-	-	-	-	-	-	-
Salary and benefits	56,434	14,153	13,998	114,001	249	13,631	27,142	-
Telephone	-	-	-	-	-	-	-	-
Transfers to Southeastern	18,130	11,894	6,064	108,026	14,000	84	-	-
Transfers to Southeastern Facilities	2,000	19,963	-	-	-	-	-	-
Travel	-	502	-	-	-	-	-	-
Team travel	-	595	-	1,896	-	-	-	-
Training	-	-	-	-	-	-	-	-
	<u>\$ 167,123</u>	<u>\$ 73,627</u>	<u>\$ 50,795</u>	<u>\$ 345,899</u>	<u>\$ 14,322</u>	<u>\$ 21,880</u>	<u>\$ 34,484</u>	<u>\$ 2,046</u>

2020					2019			
Program					Supporting Activities			
Track	Volleyball	Cheer	All Other Funds	Total Program Expenses	Management and General	Fundraising	Total Expenses	Total Expenses
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,494	\$ -	\$ 26,494	\$ 34,447
-	-	-	-	-	10,638	-	10,638	13,742
-	-	-	-	-	4,942	7,692	12,634	15,058
-	-	-	-	17,700	-	-	17,700	23,795
-	981	-	1,075	34,596	131,993	-	166,589	209,505
-	-	-	202	4,292	35,663	-	39,955	41,705
-	-	-	-	-	-	246,117	246,117	300,337
-	1,471	-	-	60,949	-	-	60,949	59,426
-	-	-	-	-	-	-	-	5,565
-	-	2,476	-	2,615	-	-	2,615	2,758
-	-	-	-	12,888	810	-	13,698	4,205
-	-	-	-	-	-	50,244	50,244	68,918
-	441	-	530	76,698	19,982	-	96,680	135,456
-	-	-	1,858	86,710	40,018	-	126,728	146,547
-	-	-	-	-	7,895	-	7,895	5,568
11,485	250	-	-	251,343	216,364	-	467,707	406,680
-	-	-	-	-	20,876	-	20,876	24,050
7,449	24,515	25,964	341,483	557,609	-	-	557,609	587,135
-	-	-	-	21,963	-	-	21,963	154,945
2,801	-	-	-	3,303	494	-	3,797	4,809
-	-	-	-	2,491	-	-	2,491	3,298
-	-	5,000	-	5,000	-	-	5,000	7,675
<u>\$ 21,735</u>	<u>\$ 27,658</u>	<u>\$ 33,440</u>	<u>\$ 345,148</u>	<u>\$ 1,138,157</u>	<u>\$ 516,169</u>	<u>\$ 304,053</u>	<u>\$ 1,958,379</u>	<u>\$ 2,255,624</u>

The Notes To Financial Statements are an intergal part of these statements.

Lion Athletics Association
Statement Of Cash Flows
Year Ended June 30, 2020
(With Comparative Totals For 2019)

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (231,135)	\$ (94,725)
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	126,728	146,547
(Increase) decrease in:		
Accounts receivable	198,081	(89,045)
Promises to give	-	100,000
Increase (decrease) in:		
Accounts payable	(9,502)	(29,974)
Deferred revenue	<u>(64,865)</u>	<u>15,402</u>
Net cash provided (used) by operating activities	<u>19,307</u>	<u>48,205</u>
Support Services		
Purchase of property and equipment	<u>(48,471)</u>	<u>(52,424)</u>
Net cash provided (used) by investing activities	<u>(48,471)</u>	<u>(52,424)</u>
Cash Flows From Financing Activities		
Proceeds from long-term debt	-	152,500
Payments on long-term debt	<u>(95,867)</u>	<u>(81,323)</u>
Net cash provided (used) by financing activities	<u>(95,867)</u>	<u>71,177</u>
Net Increase (Decrease) In Cash And Cash Equivalents	(125,031)	66,958
Cash and cash equivalents at beginning of year	<u>313,084</u>	<u>246,126</u>
Cash and cash equivalents at end of year	<u>\$ 188,053</u>	<u>\$ 313,084</u>
Supplementary disclosures of cash flow information:		
Cash paid during the year for interest	<u>\$ 26,494</u>	<u>\$ 34,447</u>

The Notes To Financial Statements are an integral part of these statements.

Lion Athletics Association
Notes To Financial Statement
Year Ended June 30, 2020

Note 1. Summary Of Significant Accounting Policies

Nature of Organization

Lion Athletics Association (the Association) was incorporated on March 18, 1982, under the provisions of Louisiana Revised Statute 12:201 as a nonprofit corporation. The Association was formed to promote and support, on all levels, the Southeastern Louisiana University Athletics Programs. These programs include baseball, basketball, softball, football, golf, tennis, track, soccer, volley ball, cheerleading, athletic training and weight training. The Association is supported primarily through contributions from corporate sponsors and private donors.

Basis of Accounting

The accompanying financial statements of the Association have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, the Association is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions. The governing board may designate, from net assets without donor restrictions net assets for an operating reserve or board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature: those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Lion Athletics Association
Notes To Financial Statement
Year Ended June 30, 2020

Note 1. Summary Of Significant Accounting Policies (continued)

Revenue Recognition

Revenues are reported as increases in net asset with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains or losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Cash and Cash Equivalents

The Association considers all short term investments with an original maturity of three months or less to be cash equivalents.

Promises to Give

Contributions are recognized when the donor makes a promise to give the Association that is, in substance, unconditional. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Lion Athletics Association
Notes To Financial Statement
Year Ended June 30, 2020

Note 1. Summary Of Significant Accounting Policies (continued)

Property, Plant and Equipment

Property, plant and equipment utilized by the Association are generally not recorded on the financial statement of the Association, as these assets are owned by Southeastern Louisiana University. For those assets owned by the Association, purchased property and equipment greater than \$1,000 is carried at cost; while donated property and equipment is recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over an estimated life between five and twenty-five years.

Depreciation expense for the year ended June 30, 2020, was \$126,728.

Donated Services

A significant portion of the Association's functions are conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the requirement for recognition under FASB recommendations for not-for-profit entities.

Income Tax Status

Under provisions of the Internal Revenue Code, Section 501(c)(3), and the applicable income tax regulations of Louisiana, the Association is exempt from taxes on income other than unrelated business income. The Association has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(VI). Since the Association had no unrelated business income during the year ended June 30, 2020, no provision for income tax was made. Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustments for or disclosures in the financial statements.

Also, the Association's federal income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those returns. In general, federal income tax returns have a three year statute of limitations.

Lion Athletics Association
Notes To Financial Statement
Year Ended June 30, 2020

Note 1. Summary Of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable represent amounts due the Association. They are stated at amounts management expects to collect from outstanding balances. An allowance for doubtful accounts is recorded based on a combination of write-off history, ageing analysis and any specific known troubled account. It is the Association's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. The allowance account was \$-0- at June 30, 2020. At June 30, 2020, accounts receivable consist of the following:

Sponsorships	\$ 13,291
Southeastern Louisiana University	19,032
Others	<u>1,000</u>
	<u>\$ 33,323</u>

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort.

Deferred Revenue

Lion Athletics Association adopted FASB ASC 210, which states that collections received in advance of the delivery of goods or performance of services are to be included in liabilities, known as deferred revenues, which consisted of sponsorships, memberships, ticket fees and a la carte items. Deferred income was \$69,220 at June 30, 2020. The revenue from these contracts will be recognized in the year the athletic season associated with the item is completed.

Advertising

The Association's policy is to expense advertising costs as the costs are incurred.

Lion Athletics Association
Notes To Financial Statement
Year Ended June 30, 2020

Note 2. Donated Services And Supplies

In-kind donations of \$96,680 are for donated services and supplies that the Association would normally have had to purchase. They were recorded because the donations met the criteria of enhancing non-financial assets and the value of the services and materials provided were readily determinable.

Note 3. Net Assets With Donor Restrictions

Net assets with donor restrictions are for the following programs or purpose at June 30, 2020:

Baseball and baseball facility	\$ 48,429
Men's basketball	30,415
Women's basketball	21,004
Football	143,843
Golf	(1,548)
Soccer and soccer facility	14,771
Softball	48,300
Tennis	6,167
Track and track facility	16,483
Athletic training	2,304
Volleyball	17,364
Cheerleading	20,902
Student athletic advisory committee	3,469
Weight training program	74,954
All other general funds	<u>33,301</u>
	<u>\$ 480,158</u>

Changes in Net Assets with donor restrictions for the fiscal year ended June 30, 2020 are as follows:

Net Assets With Donor Restrictions at July 1, 2019	\$ 438,571
Increase in Net Assets With Donor Restrictions	418,487
Net Assets Released from Restrictions	<u>(376,900)</u>
Net Assets With Donor Restrictions at June 30, 2020	<u>\$ 480,158</u>

Lion Athletics Association
Notes To Financial Statement
Year Ended June 30, 2020

Note 4. Long-term Debt

The Association has a note payable, dated March 17, 2017, to pay for turf on the baseball field and for the baseball scoreboard. Monthly payments are \$7,999.58, including interest and principal. The interest rate on this note is subject to change from time to time based on changes in an independent index. The Index currently is 3.75% per annum. The loan has a maturity date of March 17, 2022 with a balloon payment of the entire unpaid balance of principal and interest due at that time. The loan balance at June 30, 2020, was \$341,638.

The Association has a note payable, dated September 14, 2018, to pay for turf on the softball field. Monthly payments are \$2,197.13, including interest and principal. The interest rate on this note is subject to change from time to time based on changes in an independent index. The Index currently is 3.75% per annum. The loan has a maturity date of September 14, 2023 with a balloon payment of the entire unpaid balance of principal and interest due at that time. The loan balance at June 30, 2020, was \$119,786.

Interest expense paid and incurred was \$26,494 in 2020.

The future maturities of these notes payable as of June 30, 2020, are as follows:

<u>Year Ending</u>	
2021	\$ 102,601
2022	280,168
2023	22,404
2024	<u>56,251</u>
	<u>\$ 461,424</u>

Lion Athletics Association
Notes To Financial Statement
Year Ended June 30, 2020

Note 5. Concentration Of Risk

Concentration of credit risk arising from cash deposits

The Association maintains its cash balances at banks that are insured by the Federal Deposit Insurance Corporation. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2020, the balance in the bank exceeded the limit by approximately \$219,000.

Concentration of credit risk due to accounts receivable

Credit risk for accounts receivable can be concentrated if substantially all of the balances are receivable from entities located within the same geographic region. As of June 30, 2020, accounts receivable was \$33,323 and allowance for doubtful accounts was \$-0-. At June 30, 2020, approximately 57% or \$19,032 of the accounts receivables is due from Southeastern Louisiana University.

Note 6. Related Party Transactions

The Association occupies an office provided by Southeastern Louisiana University. Since the value of the facilities used by the Association is not readily determinable, no related donation income or rent expense is recorded. In addition, and in accordance with Louisiana Revised Statutes 17:3390, the Association is of the opinion that all expenditures and in-kind services, except unrestricted funds used for administration, benefit the University. These amounts greatly exceed the cost of housing, personnel, and other support furnished to the Association by the University.

Financial services for the Association are performed by Southeastern Louisiana University Foundation employees. The Association paid \$14,216 to the Foundation for the year ended June 30, 2020, for these services.

Note 7. Fundraising Expense Ratio

The following represents the entity's fund raising expense ratio for the year ended June 30, 2020:

Total support generated in the statement of activities	\$ 1,237,377
Fund raising expense	\$ 304,053
Fund raising expense ratio	25%

Lion Athletics Association
Notes To Financial Statement
Year Ended June 30, 2020

Note 8. Contingencies

The Association is occasionally involved in litigation and regulatory investigations arising in the ordinary course of operations. While the ultimate outcome of these matters is not presently determinable, it is the opinion of management that the resolution of outstanding claims will not have a material adverse effect on the financial position or results of operations of the Association.

The Association is liable to some Athletic coaches in the event the coach is terminated. The amounts vary by contract. The ultimate outcome of these matters is uncertain. It is the opinion of management such matters will not have a material effect upon the financial position of the Association.

Note 9. Comparative Totals For 2019

The financial statements include certain prior year summarized comparative information in total but not by fund. 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 financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Note 10. Liquidity And Availability Of Financial Assets

The following reflects the Association's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Cash and equivalents	\$ 188,053
Accounts receivable	<u>33,323</u>
Total financial assets at year-end	221,376
Less those unavailable for general expenditures within one year:	<u>-</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 221,376</u>

As part the Association's liquidity management, the Association invests cash in excess of daily requirements in short term investments, typically savings accounts.

Lion Athletics Association
Notes To Financial Statement
Year Ended June 30, 2020

Note 11. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 18, 2020.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to impact the contributions and revenue for the Organization. At this time the financial impact is unknown.

PEDELAHORE & CO., LLP

Certified Public Accountants

ROBERT J. MORA, CPA
MARY H. VALIGOSKY, CPA
MILTON B. CAVALIER, CPA
JENNIFER L. DORAN, CPA

MEMBER
AMERICAN INSTITUTE OF CPA'S
SOCIETY OF LOUISIANA CPA'S

December 18, 2020

To the Trustees of
Lion Athletics Association

Ladies and Gentlemen:

In planning and performing our audit of the financial statements of Lion Athletics Association as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered Lion Athletics 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 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.

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 Association's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 following deficiencies in Lion Athletics Association's internal control to be significant deficiencies:

In preparing the financial statements of the Association it was noted that one sport has a negative balance in its' restricted fund balance at year end as well as unrestricted net assets carries a negative balance. This occurs in a "fund" when more monies have been spent than accumulated in an account balance. Balances are maintained for all accounts; we recommend indicating the available account balance on the expense sheet when expenditures are requested. Expenditures should only be approved for funds currently available. We noted that currently, the account balances in question are now positive; however, we feel this policy is beneficial in preventing negative balances.

To the Trustees of
Lion Athletics Association
Page 2

During our audit, we also became aware of deficiencies in internal control other than significant deficiencies or material weaknesses. The following other matters are opportunities for strengthening internal controls and operating efficiency:

We recommend establishing the following additions to your credit card policies. Management should assign an employee to prepare and maintain a master listing of credit cards to include, issuer name and telephone number, account name on card, card account number, expiration date, credit limit, person responsible of securing the card, person allowed to use the card and status of the card.

Documentation for credit card use should include itemized receipts for all purchases, documenting the vendor and business purpose of the purchase on the receipt/voucher. Receipts for meals and entertainment charges should contain full names of all persons participating and the business discussed. Credit card bills should be approved and authorized by someone other than the credit card holder.

We believe part of our responsibility as your independent certified public accountants is to bring to your attention our observations and suggestions concerning financial and administrative matters we noted during the course of the audit. We would also like to take this opportunity to express our sincere appreciation to all personnel with whom we came in contact for their cooperation and assistance during the performance of our audit.

During the performance of our procedures the Association personnel extended us every courtesy and their assistance was helpful in achieving the efficient completion of our work. The accompanying information is submitted as part of the reporting process to the Board of Directors and we will be please to discuss these items further at your convenience.

This letter is intended solely for the information and use of Association management and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Pedelahore & Co., LLP
Certified Public Accountants