

**NORTHEAST  
LOUISIANA  
UNIVERSITY  
ATHLETIC  
SCHOLARSHIP  
FOUNDATION**

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Release Date APR 19 2000

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 1999

 Luffey  
Huffman  
& Monroe  
*(A Professional Accounting Corporation)*  
CERTIFIED PUBLIC ACCOUNTANTS

**NORTHEAST LOUISIANA UNIVERSITY  
ATHLETIC SCHOLARSHIP FOUNDATION**

**JUNE 30, 1999**

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Luffey  
Huffman  
& Monroe

(A Professional Accounting Corporation)  
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA  
Francis I. Huffman, CPA  
L. Fred Monroe, CPA  
Esther Alleberry, CPA  
Carolyn A. Clarke, CPA

## INDEPENDENT AUDITORS' REPORT

### **Board of Directors Northeast Louisiana University Athletic Scholarship Foundation**

We have audited the accompanying statements of financial position of **Northeast Louisiana University Athletic Scholarship Foundation** (the Foundation) as of June 30, 1999 and 1998 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits 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 the Foundation as of June 30, 1999 and 1998, and the changes in its net assets and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1, 2 and 3 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit 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.

(A Professional Accounting Corporation)

**December 14, 1999**

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MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

**NORTHEAST LOUISIANA UNIVERSITY  
ATHLETIC SCHOLARSHIP FOUNDATION  
STATEMENTS OF FINANCIAL POSITION**

	<b>June 30,</b>	
	<b>1999</b>	<b>1998</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 463,205	\$ 33,252
Accounts Receivable - ULM	250,000	-
Contributions Receivable	244,854	235,697
Prepaid Expenses	300	5,246
Bank Trust Funds:		
Cash and Cash Equivalents	41,966	112,812
Investments, at Market	167,509	168,762
Advance Deposits on Malone Stadium Suites, Net of Accumulated Amortization of \$62,846 in 1999 and \$0 for 1998 (Note 7)	565,618	655,000
Property and Equipment, Net of Accumulated Depreciation of \$57,924 in 1999 and \$54,437 in 1998	104,071	104,217
Cash Surrender Value of Life Insurance	132,850	101,768
<b>TOTAL ASSETS</b>	<b>\$ 1,970,373</b>	<b>\$ 1,416,754</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 364,768	\$ 1,647
Accounts Payable - ULM	548,288	179,082
Accrued Interest Payable	12,229	8,066
Note Payable	580,000	595,000
Deferred Income	16,000	43,102
<b>Total Liabilities</b>	<b>1,521,285</b>	<b>826,897</b>
<b>Net Assets</b>		
Unrestricted	(155,459)	38,529
Temporarily Restricted, Programs	363,457	367,189
Temporarily Restricted, Scholarships	31,455	25,841
Permanently Restricted	209,635	158,298
<b>Total Net Assets</b>	<b>449,088</b>	<b>589,857</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,970,373</b>	<b>\$ 1,416,754</b>

The accompanying notes are an integral part of these financial statements.

**NORTHEAST LOUISIANA UNIVERSITY  
ATHLETIC SCHOLARSHIP FOUNDATION**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998**

1999

	1999				TOTAL 1999
	Unrestricted	Temporarily Restricted Departments & Scholarships	Temporarily Restricted Endowment Income	Permanently Restricted Endowment Principal	
<b>SUPPORT, REVENUES AND GAINS</b>					
<b>Support</b>					
Contributions-Cash	\$ 212,580	\$ 298,228	\$ -	\$ 35,293	\$ 546,101
Contributions - Noncash	290,656	-	-	-	290,656
Total Support	<u>503,236</u>	<u>298,228</u>	<u>-</u>	<u>35,293</u>	<u>836,757</u>
<b>Revenues and Gains</b>					
Investment Income	4,179	31,843	7,684	-	43,706
Other Income	64,675	183,163	-	16,044	263,882
Total Revenues and Gains	<u>68,854</u>	<u>215,006</u>	<u>7,684</u>	<u>16,044</u>	<u>307,588</u>
<b>Net Assets Released from Restrictions</b>					
Restrictions Satisfied by Payments	<u>519,036</u>	<u>(516,966)</u>	<u>(2,070)</u>	<u>-</u>	<u>-</u>
<b>Total Support, Revenues and Gains</b>	<u>1,091,126</u>	<u>(3,732)</u>	<u>5,614</u>	<u>51,337</u>	<u>1,144,345</u>
<b>EXPENSES</b>					
<b>Program Services</b>					
General Scholarships	82,070	-	-	-	82,070
University & Sports Promotion	596,036	-	-	-	596,036
Depreciation and Amortization	80,197	-	-	-	80,197
Total Program Services	<u>758,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>758,303</u>
<b>Supporting Services</b>					
Staff Support	113,826	-	-	-	113,826
Interest Expense	51,465	-	-	-	51,465
Miscellaneous Expense	8,378	-	-	-	8,378
Materials & Supplies	28,619	-	-	-	28,619
Professional Services	15,066	-	-	-	15,066
Departmental Expenses	248,969	-	-	-	248,969
Fund Raising	57,928	-	-	-	57,928
Transfers	810	-	-	-	810
Loss on Asset Disposition	1,750	-	-	-	1,750
Total Supporting Services	<u>526,811</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>526,811</u>
<b>Total Expenses</b>	<u>1,285,114</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,285,114</u>
<b>Change in Net Assets</b>	(193,988)	(3,732)	5,614	51,337	(140,769)
<b>Net Assets - Beginning of Year</b>	<u>38,529</u>	<u>367,189</u>	<u>25,841</u>	<u>158,298</u>	<u>589,857</u>
<b>Net Assets - End of Year</b>	<u>\$ (155,459)</u>	<u>\$ 363,457</u>	<u>\$ 31,455</u>	<u>\$ 209,635</u>	<u>\$ 449,088</u>

The accompanying notes are an integral part of these financial statements.

1998

Unrestricted	Temporarily Restricted		Permanently Restricted Endowment Principal	TOTAL 1998
	Departments & Scholarships	Endowment Income		
\$ 289,883	\$ 404,605	\$ -	\$ 495	\$ 694,983
298,786	-	-	-	298,786
<u>588,669</u>	<u>404,605</u>	<u>-</u>	<u>495</u>	<u>993,769</u>
38,315	-	10,825	-	49,140
42,232	173,273	7,615	-	223,120
<u>80,547</u>	<u>173,273</u>	<u>18,440</u>	<u>-</u>	<u>272,260</u>
250,565	(252,756)	(1,609)	3,800	-
<u>919,781</u>	<u>325,122</u>	<u>16,831</u>	<u>4,295</u>	<u>1,266,029</u>
192,565	-	-	-	192,565
385,662	-	-	-	385,662
19,234	-	-	-	19,234
<u>597,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>597,461</u>
98,451	-	-	-	98,451
43,332	-	-	-	43,332
7,922	-	-	-	7,922
22,948	-	-	-	22,948
10,278	-	-	-	10,278
264,177	-	-	-	264,177
63,246	-	-	-	63,246
-	-	-	-	-
-	-	-	-	-
<u>510,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>510,354</u>
<u>1,107,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,107,815</u>
(188,034)	325,122	16,831	4,295	158,214
226,563	42,067	9,010	154,003	431,643
<u>\$ 38,529</u>	<u>\$ 367,189</u>	<u>\$ 25,841</u>	<u>\$ 158,298</u>	<u>\$ 589,857</u>

**NORTHEAST LOUISIANA UNIVERSITY  
ATHLETIC SCHOLARSHIP FOUNDATION  
STATEMENTS OF CASH FLOWS**

	<b>June 30,</b>	
	<b>1999</b>	<b>1998</b>
<b>Cash Flows From Operating Activities</b>		
Increase (Decrease) in Net Assets	\$ (140,769)	\$ 158,214
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	80,197	19,234
Loss on Disposal of Equipment	1,750	-
Change in:		
Contributions and Accounts Receivable	(259,158)	(230,696)
Interest Receivable	-	3,670
Prepaid Expenses	4,947	4,860
Cash Surrender Value of Life Insurance Policies	(31,081)	(28,128)
Deferred Income	(27,102)	(63,898)
Interest Payable	4,163	8,066
Accounts Payable	732,326	(236,288)
Total Adjustments	506,042	(523,180)
Net Cash Provided (Used) by Operating Activities	365,273	(364,966)
<b>Cash Flows From Investing Activities</b>		
Purchase of Equipment	(18,955)	(17,615)
Advance on Malone Stadium Suites	26,536	(605,000)
Bank Trust Funds	1,253	412,370
Lease Payments Received	-	6,280
Net Cash Provided (Used) by Investing Activities	8,834	(203,965)
<b>Cash Flows From Financing Activities</b>		
Bank Loan Repayment	(60,000)	(60,000)
Proceeds From Long-Term Financing	45,000	605,000
Net Cash Provided by Financing Activities	(15,000)	545,000
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	359,107	(23,931)
<b>Cash and Cash Equivalents at Beginning of Year</b>	146,064	169,995
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 505,171	\$ 146,064

(Continued)

**NORTHEAST LOUISIANA UNIVERSITY  
ATHLETIC SCHOLARSHIP FOUNDATION  
STATEMENTS OF CASH FLOWS (CONCLUDED)**

	<b>June 30,</b>	
	<b>1999</b>	<b>1998</b>
<b>CASH AND CASH EQUIVALENTS INCLUDED ON STATEMENT OF FINANCIAL POSITION:</b>		
Cash in Banks	\$ 463,205	\$ 33,252
Cash in Bank Trust Funds	41,966	112,812
	<u>505,171</u>	<u>146,064</u>
<b>TOTAL CASH AND CASH EQUIVALENTS AS INCLUDED ON STATEMENT OF FINANCIAL POSITION</b>	<b>\$ <u>505,171</u></b>	<b>\$ <u>146,064</u></b>
 <b>Cash Paid For Interest</b>	 <b>\$ <u>47,301</u></b>	 <b>\$ <u>35,266</u></b>

The accompanying notes are an integral part of these financial statements.



**NORTHEAST LOUISIANA UNIVERSITY  
ATHLETIC SCHOLARSHIP FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 1999 AND 1998**

**Note 1 - Organization**

Northeast Louisiana University Athletic Scholarship Foundation (the Foundation) is a legally autonomous fund-raising foundation that raises funds for the benefit of the University of Louisiana at Monroe (the University) student-athletes and to enhance the University's image through athletic excellence. The mission of the Foundation is to raise funds for athletic scholarships; help finance all support groups with travel, materials and supplies, and equipment; and to build, upgrade and maintain the University's athletic facilities.

The stated duties of the Foundation are to select and form an interested sports group to act as a 40-person Board of Directors and leaders of the annual fund drive; to keep and maintain up-to-date records on all donors, both present and past; to form, guide and direct various satellite clubs in north Louisiana towns so that interest in the University will be created and maintained; to create and act on special projects for extra funds; and to aid and assist with promoting and marketing the University's student-athletes.

The most visible products of the University are the athletic teams fielded by the University. Images are created by what people perceive you to be. Through local and national news media coverage it is the desire and commitment of the Foundation to make the University the best it can be, with the student-athletes leading the way.

***Basis of Presentation***

The financial statements have been prepared on an accrual basis and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its *Audit Guide for Not-For-Profit Organizations*.

***Financial Statement Classification***

The net assets of the Foundation are reported in three classes as follows:

1. Unrestricted - includes all resources received without donor restrictions to be used in support of the Foundation's operations at the sole discretion of the Foundation.
2. Temporarily Restricted - includes amounts that have been donated subject to donor-imposed stipulations that will or will not be met by action of the Foundation and/or the passage of time.
3. Permanently Restricted - represents amounts contributed to the Foundation that are subject to restrictions imposed by the gift instruments. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on the

**NORTHEAST LOUISIANA UNIVERSITY  
ATHLETIC SCHOLARSHIP FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 1999 AND 1998**

related investments for general or specific purposes as may be expressed by the donor.

***Contributions***

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor-imposed restrictions. Contributions are recognized as support when received or when an unconditional promise to give is received.

***Donated Services and Materials***

Noncash donations include both materials and services. These donations are recorded at their fair market value on the date of donation. Donated services are recognized only when they create or enhance a nonfinancial asset, or when they are specialized skills provided by entities or persons possessing those skills that would be purchased if they were not donated. For the years ended June 30, 1999 and 1998, the Foundation received various donations of materials and/or services in the amount of \$290,656 and \$298,786, respectively, which enhanced the Foundation as a whole.

***Investment Policies***

Marketable equity securities for which a fair market value is not readily determinable are recorded at cost. Investments in debt securities and marketable equity securities for which fair market value is readily determinable are reported at fair value. Gains and losses on all investments are recorded as increases or decreases (as appropriate) in net assets in the accompanying Statement of Activities.

For the year ended June 30, 1999 and 1998, interest, dividends and royalties are reported net of trustee fees of \$1,169 and \$3,269 respectively.

***Income Tax Status***

The Foundation is a nonprofit corporation exempted from Federal income taxes as other than a private foundation under Section 501(c)(3) of the Internal Revenue Code.

***Cash Equivalents***

For purposes of the Statement of Cash Flows, the Foundation considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

**NORTHEAST LOUISIANA UNIVERSITY  
ATHLETIC SCHOLARSHIP FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 1999 AND 1998**

*Accounting Estimates*

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

*Reclassifications*

Certain prior year amounts were reclassified to conform with current year presentation.

**Note 2 - Property and Equipment**

Property and equipment are recorded at cost on the date of purchase or fair market value on the date of donation. Capitalization policies of the Foundation are in accordance with the threshold as prescribed by the Louisiana Legislature. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets ranging from 3 to 15 years. The balances of equipment owned by the Foundation by major category are as follows at June 30, 1999 and 1998:

	<u>1999</u>	<u>1998</u>
Ski Boat	\$ 24,298	\$ 24,298
Van for golf team	16,131	14,969
Weight equipment	73,896	73,896
Other	11,321	14,344
Computer equipment	7,957	7,151
Furniture and fixtures	8,907	8,907
Camera and video equipment	6,712	6,712
Ice Machine	-	3,692
Equipment	4,685	4,685
Accessories - Malone Suites	8,088	-
Total	<u>161,995</u>	<u>158,654</u>
Less: Accumulated depreciation	<u>(57,924)</u>	<u>(54,437)</u>
Net	<u>\$ 104,071</u>	<u>\$ 104,217</u>

**NORTHEAST LOUISIANA UNIVERSITY  
ATHLETIC SCHOLARSHIP FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 1999 AND 1998**

**Note 3 - Bank Trusts**

The investments held at June 30, 1999 and 1998 include the following which are stated at their fair values as determined by the various banks that maintain the trust accounts. The types of investments are as follows at June 30,

	<u>1999</u>	<u>1998</u>
Cash Equivalents	\$ 41,966	\$ 112,812
Mortgage-backed securities	-	157,519
Bond Funds	8,630	-
Equity Funds	9,106	11,243
Mutual Funds	<u>149,773</u>	<u>-</u>
<b>TOTAL BANK TRUST FUNDS</b>	<b>\$ <u>209,475</u></b>	<b>\$ <u>281,574</u></b>

Bank trust fund investment return is summarized as follows for June 30,

	<u>1999</u>	<u>1998</u>
Interest and dividend income	\$ 10,060	\$ 33,455
Net realized and unrealized gains	<u>(5,785)</u>	<u>15,685</u>
<b>TOTAL</b>	<b>\$ <u>4,275</u></b>	<b>\$ <u>49,140</u></b>

**Note 4 - Insurance Program**

During fiscal 1991, the Foundation began an insurance program whereby boosters could make their contributions in the form of life insurance policies. Each contributor's life insurance is funded by the insured with the Foundation as the owner and beneficiary.

For the year ended June 30, 1999, contributions in the form of premiums of \$22,829 were made. The cash value of these policies increased by \$31,082 which reduced insurance expense. The value of \$132,850 is reported in the statement of financial position as other assets.

For the year ended June 30, 1998, contributions in the form of premiums of \$32,548 were made. The cash value of these policies increased by \$28,128 which reduced insurance expense to \$4,420. The value of \$101,768 is reported in the statement of financial position as other assets.

**NORTHEAST LOUISIANA UNIVERSITY  
ATHLETIC SCHOLARSHIP FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 1999 AND 1998**

**Note 5 - Funds Available**

Included in the Statements of Financial Position under temporarily restricted net assets are funds available for scholarships. These consist of earnings from invested endowment funds. Changes in funds available during the year ended June 30, 1999 and 1998, were as follows:

	1999	1998
Funds available – Beginning of Year	\$ 25,841	9,010
Earnings	7,684	10,825
Special events, net	-	7,615
Scholarships and support	<u>(2,070)</u>	<u>(1,609)</u>
Funds available – End of Year	<u>\$ 31,455</u>	<u>25,841</u>

**Note 6 - Contributions Receivable**

Contributions Receivable represents the net present value of amounts committed to be paid to the Foundation over a ten-year period by benefactors granted rights to use the Malone Stadium Suites. The receivables are anticipated to be collected in the following time periods:

Year Ending June 30,	Total Due	Premium	Net Contribution	Anticipated Costs	Net Receivable
2000 – 2004	430,000	70,805	359,195	(179,200)	179,995
2005 – 2008	258,000	49,781	208,219	(143,360)	64,859
Totals	<u>\$ 688,000</u>	<u>\$ 120,586</u>	<u>\$ 567,414</u>	<u>\$ (322,560)</u>	<u>\$ 244,854</u>

Anticipated costs are tickets to football and basketball games and food for the occupants of the suites during the football games. The premium represents an 8% discount of the net annual contributions.

**Note 7 - Advance Deposits on Malone Stadium Suites**

The Foundation paid the State of Louisiana for the Malone Stadium Suites as costs were incurred. In return for payment for the suites, the Foundation received the right to use the suites to further the mission of the Foundation. Since the Foundation does not own the suites, the amounts paid for these rights are to be amortized over the ten-year life of the initial agreements entered into with the contributors. Such

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amortization of \$62,846 is included in the accompanying financial statements for the year ending June 30, 1999.

**Note 8 - Notes Payable and Long-term Debt**

On February 3, 1997, the Foundation entered into a multiple-draw loan agreement with a local financial institution to finance the construction of the Malone Stadium Suites. On March 20, 1998 this agreement was converted into a fixed loan agreement bearing an annual interest rate of 8% payable quarterly and annual principal reductions of \$60,000 due on February 1 of each year with a final payment of \$415,000 due on February 1, 2002.

Additionally, the Foundation entered into a long-term financing agreement with Daktronics, Inc. on September 30, 1998 for the payment of an additional \$45,000 for certain scoreboards. The payments are financed over a period of five years at an annual interest rate of 8% with the first payment being due on January 1, 1999.

Maturities for the above debt over the next four years are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Hibernia</u>	<u>Daktronics</u>	<u>Total</u>
2000	\$ 60,000	\$ 15,814	\$75,814
2001	60,000	8,868	68,868
2002	415,000	9,577	424,577
2003	0	10,741	10,741
Total	<u>\$535,000</u>	<u>\$45,000</u>	<u>\$580,000</u>

Interest expense for the year ended June 30, 1999 and 1998 was \$46,274 and \$43,332 respectively.

**Note 9 - Disclosures About Risk and Concentrations**

The Foundation's financial instruments consist primarily of cash, investments in bank trust funds, cash surrender value of life insurance policies and contributions receivable. Cash held by financial institutions is insured through the FDIC. However, the Foundation faces credit risk with the investments held in the bank trust funds and the cash surrender value of life insurance policies. This risk is mitigated as much as possible through the utilization of high-quality, credit-worthy financial institutions and insurance carriers. Market risk faced with the investments held in the

**NORTHEAST LOUISIANA UNIVERSITY  
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NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 1999 AND 1998**

bank trust funds is mitigated through diversification. Contributions receivable are stated at their net present value using a discount rate of 8%, which is a reasonable estimate of the fair value of these receivables. No collateral is required on contributions receivable.

**Note 10 - Deferred Income**

Deferred income at June 30, 1999 and 1998 was related to the following:

	<u>1999</u>	<u>1998</u>
Hole-In-One Competition	\$ -	\$ 11,102
Affinity Card Program	<u>16,000</u>	<u>32,000</u>
Total	<u>\$ 16,000</u>	<u>\$ 43,102</u>

The income related to the Hole-In-One Competition was recognized in July 1998 when that event was held. The Affinity Card Program is amortized on a straight-line basis over the five-year period for which the initial payment received in 1996 applies. Income recognized for each year ended June 30, 1999 and 1998 was \$16,000.

**Note 11 - Uncertainties**

The Foundation has suffered losses from operations in fiscal 1999 and 1998 of \$193,988 and \$188,034, respectively, in its unrestricted operating fund. This trend has caused a deficit in unrestricted net assets of \$155,459 at June 30, 1999. The increase in the deficit is largely due to an increase in support expenditures for which there has not been an increase in unrestricted revenues. In addition, the Foundation owes the University approximately \$550,000 (an increase of \$369,000 over June 30, 1998) on open account for scholarships and other items. The increase is primarily attributable to the Foundation making no payments to the University since October, 1998. The University has the right at any time to demand payment of this liability, although it may choose not to exercise this right. It is uncertain whether the Foundation can change its financial operations to be able to restore the unrestricted net assets to a positive balance and repay the University in a timely manner, thus the financial statements contain no adjustment for the eventual outcome of these matters.

**Supplementary Information**



**NORTHEAST LOUISIANA UNIVERSITY ATHLETIC SCHOLARSHIP FOUNDATION**  
**ANALYSIS OF TEMPORARILY RESTRICTED ASSETS, PROGRAMS**

Schedule 1

**FOR THE YEAR ENDED JUNE 30, 1999**

Restricted Funds	Balance June 30, 1998	Contributions			Other Revenue		Transfers From (To) Other Funds		Scholarships		Other Expenses		Balance June 30, 1999
		\$	15,545	\$	16,624	\$	(9,900)	\$	-	\$	(33,202)		
Baseball	\$14,088											\$ 3,155	
Men's Basketball	125	1,062	-	-	-	-	-	-	-	-	(1,187)	-	
Coaches Media - Football	-	-	-	42,400	-	-	-	-	-	-	(42,400)	-	
Coaches Media - Basketball	2,325	-	-	16,667	-	-	-	-	-	-	(17,270)	1,722	
Coaches Media - Baseball	7,967	-	-	6,583	-	-	-	-	-	-	(7,636)	6,914	
Football	-	6,190	-	-	-	-	-	-	-	-	(4,915)	1,275	
Golf	5,113	12,649	-	90,413	-	-	-	-	-	-	(90,677)	17,498	
Men's Tennis	413	525	-	844	-	-	-	-	-	-	(1,782)	-	
Men's Track	1,207	3,365	-	5,647	-	-	-	-	-	-	(6,859)	3,360	
National Youth Sports Prg.	357	520	-	-	-	-	-	-	-	-	(731)	146	
Scoreboard	-	200,000	-	-	9,900	-	-	-	-	-	(209,900)	-	
Soccer	-	500	-	180	-	-	-	-	-	-	-	680	
Softball	560	815	-	2,250	-	-	-	-	-	-	(1,336)	2,289	
Swimming	-	9,682	-	1,554	-	-	-	-	-	-	(9,732)	1,504	
Volleyball	-	735	-	-	-	-	-	-	-	-	(333)	402	
Women's Athletics	273	200	-	-	-	-	-	-	-	-	(169)	304	
Women's Basketball	564	550	-	-	-	-	-	-	-	-	(730)	384	
Women's Tennis	-	75	-	-	-	-	-	-	-	-	(75)	-	
Malone Stadium Suites Licensing	334,197	45,815	-	31,844	-	-	-	-	-	-	(88,032)	323,824	
<b>TOTAL</b>	<b>\$ 367,189</b>	<b>\$ 298,228</b>	<b>\$ 215,006</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (516,966)</b>	<b>\$ 363,457</b>	

**NORTHEAST LOUISIANA UNIVERSITY ATHLETIC SCHOLARSHIP FOUNDATION  
ANALYSIS OF TEMPORARILY RESTRICTED NET ASSETS, SCHOLARSHIPS  
FOR THE YEAR ENDED JUNE 30, 1999**

**FUNDS AVAILABLE**

<b>Endowment</b>	<b>Balance June 30, 1998 Funds Available</b>	<b>Earnings</b>	<b>Special Events (Net)</b>	<b>Scholarships &amp; Support</b>	<b>Balance June 30, 1999 Funds Available</b>
Buchanan	\$ -	\$ 598	\$ -	\$ -	\$ 598
Burroughs	369	539	-	-	908
Druhan	20	8	-	-	28
Fant	-	129	-	-	129
Huffman	520	269	-	-	789
Huntsman	2,260	1,451	-	-	3,711
Malone	2,000	1,244	-	-	3,244
Martin	16,912	1,793	-	(2,070)	16,635
Myers	80	33	-	-	113
Parker	2,580	899	-	-	3,479
Shows	1,100	721	-	-	1,821
<b>TOTAL</b>	<b>\$ 25,841</b>	<b>\$ 7,684</b>	<b>\$ -</b>	<b>\$ (2,070)</b>	<b>\$ 31,455</b>

**NORTHEAST LOUISIANA ATHLETIC SCHOLARSHIP FOUNDATION  
ANALYSIS OF PERMANENTLY RESTRICTED NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 1999**

**ENDOWMENT PRINCIPAL**

<b>Endowment</b>	<b>Balance June 30, 1998 Endowment Principal</b>	<b>Contributions</b>	<b>Special Events</b>	<b>Balance June 30, 1999 Endowment Principal</b>
Buchanan	\$ -	\$ 22,720	\$ -	\$ 22,720
Burroughs	11,812	280	-	12,092
Druhan	179	-	-	179
Fant	-	11,443	-	11,443
Huffman	5,983	-	-	5,983
Huntsman	32,289	-	-	32,289
Malone	27,661	50	-	27,711
Martin	39,906	-	3,195	43,101
Myers	731	-	-	731
Parker	21,793	500	6,425	28,718
Shows	17,944	300	6,424	24,668
<b>TOTAL</b>	<b>\$ 158,298</b>	<b>\$ 35,293</b>	<b>\$ 16,044</b>	<b>\$ 209,635</b>



John L. Luffey, MBA, CPA  
Francis I. Huffman, CPA  
L. Fred Monroe, CPA  
Esther Alleberry, CPA  
Carolyn A. Clarke, CPA

**Board of Directors  
Northeast Louisiana University Athletic Scholarship Foundation**

In planning and performing our audit of the financial statements of the **Northeast Louisiana University Athletic Scholarship Foundation** (the Foundation), as of June 30, 1999, and for the year then ended, certain matters came to our attention which we believe should be conveyed to the Board. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated December 14, 1999, on the financial statements.

**1. Stewardship and Accountability**

**Finding:**

At June 30, 1999 the Foundation had a deficit in its unrestricted net assets of \$136,304. This deficit in the operating net assets of the Foundation was caused by consecutive years of operating losses in the unrestricted net asset category totaling \$362,867. This deficit situation leads to the appearance that temporarily restricted net assets have been employed to finance the unrestricted operations of the Foundation. The Foundation receives significant funding from donors which are to be used for purposes specified by the donor; the existence of such restrictions requires these funds to be held as temporarily or permanently restricted net assets depending upon the nature of the restriction. It is imperative that the Foundation exercise proper stewardship of the assets entrusted to it by donors so that the donors will have reasonable assurance that their wishes are carried out by management of the Foundation.

**Recommendation:**

Management of the Foundation should closely examine its operations to determine how best to accomplish its primary mission, support of student-athletes of the University of Louisiana at Monroe. Fiscal stewardship and accountability is critical for maintaining the confidence of alumni and other providers of financial resources. Management should formulate a plan of action which will allow them to return the unrestricted net assets to a positive position and put in place procedural safeguards to prevent the possibility of diversion of restricted assets to unrestricted operations.

**Board of Directors  
Northeast Louisiana University  
Athletic Scholarship Foundation  
Management Letter  
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**Management's Corrective Action Plan:**

Management of the Foundation is looking into additional programs to generate revenue and will be scrutinizing present expenditures to determine where costs can be cut. Management is making provisions to closely monitor the financial books and records of the Foundation, and will act quickly to make any changes required to safeguard the funds entrusted to us.

**2. Failure to record adjusting entries and reconcile Net Asset balances to audited financial statements**

***Finding:***

None of the adjusting journal entries resulting from the June 30, 1998 audit of the Foundation's financial statements have been recorded on the general ledger. Therefore, the books have not been corrected to agree with the audited financial statements resulting in certain account balances being significantly misstated. Additionally, Net Asset balances were not reconciled to the prior year audit report.

***Recommendation:***

The Foundation should record all of the adjusting journal entries resulting from both the June 30, 1998 and 1999 audits and reconcile all Net Asset balances to the Foundation's financial statements.

***Management's Corrective Action Plan:***

All adjusting entries will be recorded and the Net Asset balances will be reconciled to the audited financial statements.

**3. Significant entries not being booked**

***Finding:***

Significant adjustments and entries as follows were omitted from the general ledger of the Foundation during the year.

**Board of Directors  
Northeast Louisiana University  
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Management Letter  
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1. Contributions Receivable from the Malone Stadium Suites and the related discount earned relative thereto were not properly recorded.
2. Depreciation or Amortization were not recorded.
3. Non-cash contributions received by the Foundation were not recorded.
4. Significant debt owed for the scoreboard in Malone Stadium was not recorded.

***Recommendation:***

The Foundation should make every effort to record all entries and adjustments necessary to produce accurate interim and annual financial statements. Such efforts will produce account balances and financial statements that are more relevant and reliable on which financial decisions may be based. Additionally, the amount of time required to audit the Foundation's financial statements could be significantly reduced.

***Management's Corrective Action Plan:***

Management is in the process of reassigning the responsibility for recording its financial transactions and preparing financial statements. The recommendation as outlined above will be implemented timely, effectively and efficiently.



(A Professional Accounting Corporation)

**December 14, 1999**