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Southeastern Louisiana University Booster Club, Inc.

Audited Financial Statements
Year Ended June 30, 1999

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Release Date JAN 0 5 2000

Southeastern Louisiana University Booster Club, Inc.

**Audited Financial Statements
Year Ended June 30, 1999**

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BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Bruce C. Harrell, CPA

Warren A. Wool, CPA
Michael P. Estay, CPA
Dale H. Jones, CPA
Charles P. Hebert, CPA
James D. Rabalais, CPA

109 West Minnesota Park
Park Place Suite 7
Hammond, LA 70403
VOICE: (504) 542-6372
FAX: (504) 345-3156

KENTWOOD OFFICE
P.O. Box 45 - 602 Fifth St
Kentwood, LA 70444
VOICE: (504) 229-5955
FAX: (504) 229-5951

MEMBERS
American Institute of CPAs
Society of Louisiana CPAs

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Southeastern Louisiana University Booster Club, Inc.
Post Office Box 309
Hammond, Louisiana 70402

We have audited the accompanying statement of financial position of the Southeastern Louisiana University Booster Club, Inc. (a nonprofit organization) as of June 30, 1999, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Club's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Southeastern Louisiana University Booster Club, Inc. as of June 30, 1999, and the results of its activities and its cash flows for the year then ended in conformity with generally accepted accounting principles.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

October 5, 1999

Southeastern Louisiana University Booster Club, Inc.

Statement A

**Statement of Financial Position
June 30, 1999**

Assets

Current Assets:

Cash	\$	<u>105,242</u>
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Property and Equipment:

Vehicles		24,161
Office Furniture		4,245
Equipment		9,672
Accumulated Depreciation		<u>(23,303)</u>

Net Property and Equipment		<u>14,775</u>
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Total Assets	\$	<u><u>120,017</u></u>
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Liabilities and Net Assets

Current Liabilities:

Accrued Payroll Taxes	\$	60
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Accrued Interest Payable		9,854
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Short-Term Note Payable		<u>15,580</u>
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Total Current Liabilities		<u>25,494</u>
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Long-Term Debt, net of current maturities		<u>134,420</u>
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Total Liabilities		<u>159,914</u>
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Net Assets:

Unrestricted		(112,494)
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Temporarily Restricted		<u>72,597</u>
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Total Net Assets		<u>(39,897)</u>
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Total Liabilities and Net Assets	\$	<u><u>120,017</u></u>
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The accompanying notes are an integral part of these statements.

Southeastern Louisiana University Booster Club, Inc.

Statement B

Statement of Activities
Year Ended June 30, 1999

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Other Support			
Donations	\$ 27,085	\$ 68,047	\$ 95,132
Memberships	-	150	150
Sponsors	88,667	9,425	98,092
Baseball Stadium	-	26,266	26,266
Interest	1,538	-	1,538
Miscellaneous	75	161	236
Net Assets Released From Restrictions:			
Satisfaction of Program Restrictions	89,621	(89,621)	-
Total Revenue and Other Support	<u>206,986</u>	<u>14,428</u>	<u>221,414</u>
 Expenses			
General and Administrative	117,512	-	117,512
Supplies	16,357	-	16,357
Travel	22,175	-	22,175
Depreciation	6,934	-	6,934
Interest	14,112	-	14,112
Miscellaneous	2,128	-	2,128
Total Expenses	<u>179,218</u>	<u>-</u>	<u>179,218</u>
 Increase in Net Assets	27,768	14,428	42,196
Net Assets, Beginning of Year	<u>(140,262)</u>	<u>58,169</u>	<u>(82,093)</u>
Net Assets, End of Year	<u>\$ (112,494) \$</u>	<u>\$ 72,597 \$</u>	<u>(39,897)</u>

The accompanying notes are an integral part of these statements.

Southeastern Louisiana University Booster Club, Inc.

Statement C

**Statement of Cash Flows
Year Ended June 30, 1999**

Cash Flows From Operating Activities	
Change in Net Assets	\$ 42,196
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:	
Depreciation	6,934
Change in Accrued Payroll Taxes	(92)
Change in Accrued Interest Payable	668
Net Cash Provided (Used) by Operating Activities	<u>49,706</u>
Cash Flows From Investing Activities	
Purchase of Fixed Assets	<u>(381)</u>
	<u>(381)</u>
Cash Flows From Financing Activities	
Principal Reduction - Notes Payable	<u>(27,701)</u>
Net Cash Provided (Used) by Financing Activities	<u>(27,701)</u>
Net Increase in Cash and Cash Equivalents	21,624
Cash and Cash Equivalents, Beginning of Year	83,618
Cash and Cash Equivalents, End of Year	\$ <u><u>105,242</u></u>

The accompanying notes are an integral part of these statements.

Southeastern Louisiana University Booster Club, Inc.

**Notes to Financial Statements
Year Ended June 30, 1999**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Southeastern Louisiana University Booster Club, Inc. (the Club) is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Club was formed to promote and support, on all levels, the Southeastern Louisiana University Program, including the solicitation and acceptance of donations, for the purpose of providing scholarships and other benefits for the university and its athletic program.

The Southeastern Louisiana University Booster Club, Inc. was incorporated March 18, 1982, under the provisions of Louisiana Revised Statutes 12:201 et seq as a non-profit corporation.

Basis of Accounting

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

Public Support and Revenue

The Southeastern Louisiana University Booster Club, Inc. receives the majority of its revenue from corporate sponsorships and contributions. Corporate Sponsorships are recorded as unrestricted revenue.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received.

Promises to Give

Unconditional promises to give, if applicable, less an allowance for uncollectible amounts, are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Southeastern Louisiana University Booster Club, Inc.

**Notes to Financial Statements
Year Ended June 30, 1999**

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Club considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Fixed Assets, Depreciation and Amortization

Fixed assets used by the Club are generally not recorded on the financial statements of the Club, since these assets are owned by Southeastern Louisiana University. For those assets purchased and owned by the Club, assets are recorded at cost, and depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the respective assets.

Donated Services and Supplies

A significant portion of the Southeastern Louisiana University Booster Club, Inc.'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 criteria for recognition under SFAS No. 116. Those donated services and supplies that do enhance a non-financial asset and services that require a specialized skill are recorded as an asset or expenditure depending on the nature of the donation and whether the value of the donation can be readily determined.

Use of Estimates

The preparation of financial statements in conformance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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 reported period. Actual results could differ from those estimates.

NOTE 2 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets, totaling \$72,597, at June 30, 1999, are available for the support of university and athletic programs.

Southeastern Louisiana University Booster Club, Inc.

**Notes to Financial Statements
Year Ended June 30, 1999**

NOTE 3 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs are summarized on a functional basis below:

Program	Operating Services	Supplies	Travel	Depr.	Interest	Scholarships.	Other	Total
General Fund	\$ 82,360	\$ 4,251	\$ 6,198	\$ 6,934	\$ 65	\$ -	\$ 2,008	\$ 101,816
Baseball	3,976	3,435	1,186	-	-	-	59	8,656
Stadium	-	-	-	-	14,047	-	-	14,047
Basketball (Men)	1,208	464	3,921	-	-	3,330	-	8,923
Basketball (Women)	2,017	995	2,780	-	-	1,000	-	6,792
Golf	6,153	9,010	761	-	-	-	1,132	17,056
Softball	4,879	5,862	694	-	-	-	-	11,435
Tennis (Men)	-	244	-	-	-	-	-	244
Track	-	-	1,028	-	-	-	80	1,108
Training Room	-	-	-	-	-	-	-	-
Women's Athletics	-	-	-	-	-	500	-	500
Volleyball	2,487	2,127	1,565	-	-	-	-	6,179
Cheerleaders	-	941	29	-	-	-	-	970
Soccer	-	782	710	-	-	-	-	1,492
Total	<u>\$ 103,080</u>	<u>\$ 28,111</u>	<u>\$ 18,872</u>	<u>\$ 6,934</u>	<u>\$ 14,112</u>	<u>\$ 4,830</u>	<u>\$ 3,279</u>	<u>\$ 179,218</u>

NOTE 4 - FIXED ASSETS

Property, plant, and equipment consist of the following:

Equipment	\$ 9,672
Furniture	4,245
Truck	24,161
Accumulated Depreciation	<u>(23,303)</u>
Net Property, Plant and Equipment	<u>\$ 14,775</u>

Southeastern Louisiana University Booster Club, Inc.

**Notes to Financial Statements
Year Ended June 30, 1999**

NOTE 5 - DEBT

The Club has a note payable for construction of the baseball stadium at Southeastern Louisiana University. Construction of the Stadium, under the ownership of Southeastern Louisiana University, was completed in the fiscal year ending June 30, 1995. The note payable, at an annual interest rate of 8.500%, dated September 15, 1994, had an original loan amount of \$350,000, with a maturity date of September 1, 1999.

The loan balance of \$150,000 was re-financed under a note dated October 6, 1998. The promissory note requires:

An annual payment of \$29,000, which includes both principal and interest, shall be made on the 15th day of each November, beginning November 15, 1999. All outstanding principal and interest shall be due in full on November 15, 2005, the maturity date.

The note represents the same indebtedness as evidenced by the promissory note made by borrower on September 15, 1994. The original note required an assignment of revenue received from corporate sponsorship revenue, including but not limited to basketball, baseball, Strawberry Stadium, and summer camp packages for the year 1994, and for each successive year until the loan is paid in full.

The future maturities of the notes payable, including interest payments of \$53,566, are as follows:

Year Ending June 30	Stadium Note
2000	\$ 29,000
2001	29,000
2002	29,000
2003	29,000
2004	29,000
2005-2006	58,566
	<u>\$ 203,566</u>

NOTE 6 - DONATED SERVICES AND SUPPLIES

Donated services of \$21,700 consisting of loan underwriting services and donation of services and materials that the Club would normally have had to purchase were recorded for the fiscal year ending June 30, 1999. Per SFAS 116, loan underwriting services were recorded since a specialized service was provided, and the loan was provided at competitive market rates. The remaining donations met the criteria of enhancing non-financial assets. In addition, the value of the services and materials provided were readily determinable.

NOTE 7 - UNRESTRICTED NET ASSETS

Unrestricted net assets of the Club as of June 30, 1999 show a negative balance of \$112,494. The negative balance exists because the Club has assumed responsibility for payment of construction expenses of the Southeastern Louisiana

Southeastern Louisiana University Booster Club, Inc.

**Notes to Financial Statements
Year Ended June 30, 1999**

University Baseball Stadium by borrowing and repayment of the loan by the Club. As noted in Note 5 (DEBT), Southeastern Louisiana University owns the Baseball Stadium. Expenditures for the Stadium are recorded in financial records of the Club, with the liability for debt related to the Stadium to be repaid by a pledge of future revenues of the Club. The excess of stadium construction expenditures exceeded the current temporarily restricted revenues for the baseball stadium by \$158,601. Per SFAS 116, temporarily restricted net assets cannot be negative and must be recorded as unrestricted net assets, as detailed below:

Excess Expenditures for Baseball Stadium	\$ (158,601)
Available for Unrestricted Expenditures	<u>46,107</u>
Unrestricted Net Assets, June 30, 1999	<u><u>\$ (112,494)</u></u>

NOTE 8 - RELATED PARTY TRANSACTIONS

During the fiscal year ending June 30, 1999, the Southeastern Louisiana University Booster Club, Inc. occupied an office provided by Southeastern Louisiana University. Since the value of the facilities used by the Club was not readily determinable, no related donation income is recorded. In addition, and in accordance with Louisiana Revised Statutes 17:3390, the Club 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 Club by the University.

NOTE 9 - CONCENTRATION OF CREDIT RISK

Southeastern Louisiana University Booster Club, Inc. maintains several bank accounts at three banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash at one of these institutions exceeded Federally insured limits. The amount in excess of the FDIC limit totaled \$ 2,413.

NOTE 10 - YEAR 2000 DISCLOSURES (UNAUDITED)

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect Southeastern Louisiana University Booster Club as early as fiscal year 1999, and subsequent to December 31, 1999. Management of Southeastern Louisiana University Booster Club has asserted that they will take the necessary steps, before December 31, 1999 to achieve year 2000 compliance for its computer and software systems. However, because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Southeastern Louisiana University Booster Club is or will be year 2000 ready, or that parties with whom the Southeastern Louisiana University Booster Club does business will be year 2000 ready.