

21

**OFFICIAL
FILE COPY**
DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

RECEIVED
LEGISLATIVE AUDITOR
98 SEP -1 AM 10:18

98901765
5262

INDEPENDENCE SPORTS FOUNDATION

SHREVEPORT, LOUISIANA

FEBRUARY 28, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 02 1998

INDEPENDENCE SPORTS FOUNDATION

SHREVEPORT, LOUISIANA

February 28, 1998

TABLE OF CONTENTS

AUDITED FINANCIAL STATEMENTS

Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements	6

OTHER REPORTS

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	9
Summary of Prior Year Findings	11

OTHER FINANCIAL INFORMATION

Accountant's Report on Other Financial Information	12
NCAA Form "Postseason Football Audited Financial Report"	13

D. L. Butler

CERTIFIED PUBLIC ACCOUNTANT

222 FLORIDA STREET, SUITE 101
SHREVEPORT, LOUISIANA 71105

Member
American Institute of CPAs
Society of Louisiana CPAs

Telephone (318) 797-1040
Fax (318) 797-8585

The Board of Directors
Independence Sports Foundation
Shreveport, Louisiana

Independent Auditor's Report

I have audited the accompanying statement of financial position of the Independence Sports Foundation at February 28, 1998, and the related statement of activities, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, and *Government Auditing Standards*, issued by the Controller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Independence Sports Foundation at February 28, 1998, and the changes in net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated March 31, 1998 on my consideration of the Foundation's internal controls and its compliance with laws and regulations.



03/31/98

AUDITED FINANCIAL STATEMENTS

INDEPENDENCE SPORTS FOUNDATION
STATEMENT OF FINANCIAL POSITION
FEBRUARY 28, 1998

ASSETS:

Current assets:

Cash and cash equivalents	\$ 225,126
Certificates of deposit-Note 3	<u>1,641,447</u>
Total current assets	<u>1,866,573</u>

Fixed assets:

Stadium bleachers	126,000
Less: accumulated depreciation	<u>(52,000)</u>
Net fixed assets	<u>74,000</u>

Total assets	<u><u>\$1,940,573</u></u>
--------------	---------------------------

LIABILITIES AND NET ASSETS:

Liabilities:

Accrued expenses	8,060
Due to participating teams-Poulan/Weed Eater Independence Bowl-Note 4	
Louisiana State University	533,108
Notre Dame University	<u>627,601</u>
Total liabilities	<u>1,168,769</u>

Net assets:

Unrestricted	<u>771,804</u>
--------------	----------------

Total liabilities and net assets	<u><u>\$1,940,573</u></u>
----------------------------------	---------------------------

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

INDEPENDENCE SPORTS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED FEBRUARY 28, 1998

<u>Income -Independence Bowl:</u>		
Ticket sales		\$1,395,860
Title sponsorship		250,000
Other sponsorships		416,888
Television revenue		310,000
Event and other revenue		<u>97,292</u>
Total income-Independence Bowl		2,470,040
<u>Expenses-Independence Bowl:</u>		
Advertising and promotion		37,178
Bowl events		59,091
Bowl related fees		20,000
Trophies, awards and souvenirs		77,476
Game day expenses		68,682
Depreciation		10,000
Allocated office and other expenses		<u>213,579</u>
Total expenses-Independence Bowl		<u>486,006</u>
<u>Change in net assets before team distributions:</u>		
Independence Bowl		1,984,034
<u>Distributions to participating teams-Notes 4 and 7</u>		
Current year		<u>1,827,586</u>
<u>Change in net assets-Independence Bowl</u>		156,448
<u>Other revenue and (expenses):</u>		
Independence Sports Foundation revenues	\$ 185,805	
Independence Sports Foundation expenses	<u>(114,146)</u>	
		<u>71,659</u>
<u>Change in net assets</u>		<u>\$ 228,107</u>

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

INDEPENDENCE SPORTS FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED FEBRUARY 28, 1998

<u>Net assets-February 28, 1997</u>	\$ 543,697
Change in net assets	<u>228,107</u>
<u>Net assets-February 28, 1998</u>	<u>\$771,804</u>

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

INDEPENDENCE SPORTS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED FEBRUARY 28, 1998

<u>Cash flows from operating activities:</u>	
Change in net assets	\$ 228,107
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	10,000
(Increase) decrease in :	
Certificates of deposit	(357,370)
Accounts receivable	16,276
Increase (decrease) in:	
Accounts payable	(5,000)
Accrued liabilities	8,060
Due to participating teams	<u>159,680</u>
Total adjustments	<u>(168,354)</u>
Net cash provided by operating activities	59,753
<u>Cash flows from investing activities:</u>	
	<u>-0-</u>
<u>Net increase in cash and cash equivalents</u>	59,753
<u>Cash and cash equivalents-beginning of year</u>	<u>165,373</u>
<u>Cash and cash equivalents-end of year</u>	<u>\$225,126</u>

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

INDEPENDENCE SPORTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 1998

Note 1-Nature of Organization

The Independence Sports Foundation is a tax exempt nonprofit organization established for the purpose of advertising and promoting sports in the Shreveport-Bossier City, Louisiana area. The Independence Sports Foundation consists of numerous volunteer committees which carry out all functions of the Foundation. The Foundation is the sponsoring organization for the Poulan/Weed Eater Independence Bowl which is promoted and served through the Foundation's membership.

Note 2-Summary of Significant Accounting Policies

General

The summary of significant accounting policies of the Independence Sports Foundation is presented to assist in the understanding of the Foundation's financial statements. The financial statements and notes thereto are the representation of the Foundation's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Allowance for Doubtful Accounts

The Foundation uses the direct write-off method of accounting for uncollectible accounts, which are considered immaterial, by charging such losses to operations in the period in which uncollectability is determined. Members who fail to pay required dues are terminated from membership.

Fixed Assets

Fixed assets are recorded at cost. Depreciation for reporting purposes is computed using the straight-line method over the estimated useful life of the asset. Expenditures for major renewals or betterments which extend the useful lives of the assets are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Estimates and Assumptions

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 reported period. Actual results could differ from those estimates.

Financial Statement Presentation

In 1996-97, the Foundation adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by this statement, the Foundation has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the classes of net assets required. This reclassification had no effect on the change in net assets for the year ended February 28, 1998.

INDEPENDENCE SPORTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 1998
(continued)

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash equivalents are liquid assets with a maturity of three (3) months or less.

Note 3-Certificates of Deposit

Certificates of deposit consisted of the following as of February 28, 1998:

Certificate of deposit-Central Bank	\$101,671
Certificate of deposit-Regions Bank	100,722
Certificate of deposit-Deposit Guaranty National Bank	112,345
Certificate of deposit-Deposit Guaranty National Bank	82,347
Certificate of deposit-Deposit Guaranty National Bank	200,658
Certificate of deposit-Hibernia National Bank	127,477
Certificate of deposit-Hibernia National Bank	200,000
Certificate of deposit-Bank One	412,239
Certificate of deposit-Bank One	200,609
Certificate of deposit-City Bank and Trust	<u>103,379</u>
	<u><u>\$1,641,447</u></u>

Substantially all cash and certificates of deposit are pledged against the letter of credit.
(Refer to Note 5).

Note 4-Distributions to Participating Teams

	<u>Louisiana State</u> <u>University</u>	<u>Notre Dame</u> <u>University</u>	<u>Totals</u>
Calculated gross payout	\$913,793	\$913,793	\$1,827,586
Less: Value of game tickets allocated to and retained by participating institutions and other items	<u>380,685</u>	<u>286,192</u>	<u>666,877</u>
Balance-due to participating teams	<u>\$533,108</u>	<u>\$627,601</u>	<u>\$1,160,709</u>

Note 5-Letter of Credit

As required by the NCAA, the certification process may require a sponsoring agency to secure an irrevocable letter of credit issued by a United States financial institution to guarantee the minimum payoff required for each team participating in a postseason game. The Foundation is party to a letter of credit in the amount of \$1,500,000 which represents the guaranteed minimum payout for a domestic postseason bowl game. The letter of credit is issued by several local financial institutions and expires as of May 1, 1998; the termination date specified by the NCAA.

INDEPENDENCE SPORTS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 1998
(continued)

Note 6-Income Taxes

The Foundation is a nonprofit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3); therefore, there is no provision for income taxes for the year ended February 28, 1998.

Note 7 -Subsequent Event

Effective January 1, 1998, the title sponsorship contract between the independence Sports Foundation and the corporate title sponsor was terminated at the mutual consent of both parties. At such time, the Foundation began efforts to procure a new title corporate sponsor for the Independence Bowl. As of April 7, 1998, an agreement was signed and a contract executed to procure a new title corporate sponsor for the Bowl. The term of this agreement between the Foundation and the new title corporate sponsor is for a term of three (3) years, beginning with the 1998 bowl game.

OTHER REPORTS

D. L. Butler

CERTIFIED PUBLIC ACCOUNTANT

222 FLORIDA STREET, SUITE 101
SHREVEPORT, LOUISIANA 71105

Member
American Institute of CPAs
Society of Louisiana CPAs

Telephone (318) 797-1040
Fax (318) 797-8585

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Independence Sports Foundation
Shreveport, Louisiana

I have audited the financial statements of the Independence Sports Foundation (a nonprofit organization) as of and for the year ended February 28, 1998, and have issued my report thereon dated March 31, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Independence Sports Foundation's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Independence Sports Foundation's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

INDEPENDENCE SPORTS FOUNDATION

**Shreveport, Louisiana
Report on Compliance and on
Internal Control, etc.,
February 28, 1998**

This report is intended for the information of the audit committee, management, and the Office of the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Ly Butler".

**Shreveport, Louisiana
March 31, 1998**

SUMMARY OF PRIOR YEAR FINDINGS

There were no prior year findings and no management letter comments.

OTHER FINANCIAL INFORMATION

**The Board of Directors
Independence Sports Foundation
Shreveport, Louisiana**

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying other financial information NCAA Form "Postseason Football Audited Financial Report", is presented for purposes 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 my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script, appearing to read "H. Butler".

**March 31, 1998
Shreveport, Louisiana**

SCHEDULE OF GROSS RECEIPTS

Postseason Football Audited Financial Report

Name of Bowl POULAN/WEED EATER INDEPENDENCE BOWL Date of Game DECEMBER 28, 1997

1.	Ticket sales (from Schedule A, line 8).....		\$ <u>1,395,860</u>
2.	a. Gross membership fees	\$ <u>0</u>	
	b. Less approved deduction	(<u>0</u>)	
	c. Total		<u>0</u>
3.	Concessions		<u>6,409</u>
4.	Program sales.....		<u>0</u>
5.	Advertising		
	a. Programs	<u>34,621</u>	
	b. Radio	<u>0</u>	
	c. Television	<u>0</u>	
	d. Video	<u>0</u>	
	e. Tickets	<u>0</u>	
	f. Total.....		<u>34,621</u>
6.	a. Gross radio rights.....	<u>6,500</u>	
	b. Less all rights if participant originated broadcast	(<u>0</u>)	
	c. Total.....		<u>6,500</u>
7.	a. Gross television rights	<u>310,000</u>	
	b. Less unrelated third-party fees.....	(<u>0</u>)	
	c. Pay-per-view television rights.....	<u>0</u>	
	d. Total.....		<u>310,000</u>
8.	a. Gross title sponsorship rights	<u>250,000</u>	
	Less: b. Unrelated third-party fees.....	(<u>0</u>)	
	c. Entertainment expenses.....	(<u>0</u>)	
	d. Amount(s) allocated to other events	(<u>0</u>)	
	e. Other	(<u>0</u>)	
	f. Net title sponsorship rights.....		<u>250,000</u>

9. Merchandising sales.....		<u>15,269</u>
10. Film/movie/video rights.....		<u> </u>
11. Licensing fees.....		<u>15,000</u>
12. a. Gross corporate sponsors/ contributions.....	<u>416,888</u>	
Less: b. Restricted for direct benefit of competing institutions.....	<u>(33,458)</u>	
c. Restricted for pregame and half-time expenses.....	<u>(0)</u>	
d. Net corporate sponsors/contributions.....		<u>383,430</u>
13. Other revenues (please specify)		
a. SPECIAL EVENTS.....	<u>5,033</u>	
b. PARKING.....	<u>11,500</u>	
c. OTHER.....	<u>2,960</u>	
d. Total other revenue.....		<u>19,493</u>
14. Total receipts (add totals from lines 1-13).....		<u>2,436,582</u>
15. Awards.....	<u>(0)</u>	
16. Certification fee.....	<u>(12,000)</u>	
17. Letter-of-credit fee.....	<u>(8,000)</u>	
18. Other deductible expenses approved by the committee.....	<u>(4,016)</u>	
19. Deductible fees (add totals from lines 15-18).....		<u>(24,016)</u>
20. Net gross receipts before interest income (subtract line 19 from 14).....		<u>2,412,566</u>
21. Interest income		
a. Enter total from line 20.....	<u>1,799,041</u>	
b. Multiplied by U.S. Treasury bill rate.....	<u>96,069</u>	
c. Multiplied by days from game date to distribution date.....	<u>8,838,329</u>	
d. Divided by 365.....	<u>24,215</u>	
e. Interest income.....		<u>24,215</u>
22. Total gross receipts (add lines 20 and 21e).....		<u>2,436,781</u>

Schedule A - Ticket Sales

1. Ticket sales.....No.	1a. <u>6,212</u>	@	1b. \$ <u>25.00</u>	Total 1c. \$ <u>155,300</u>
	2a. <u>1,528</u>		2b. <u>25.00</u>	2c. <u>38,200</u>
	3a. <u>9,719</u>		3b. <u>15.00</u>	3c. <u>145,785</u>
	<u>180</u>		<u>125.00</u>	<u>22,500</u>
	4a. <u>2,788</u>		4b. <u>25.00</u>	4c. <u>69,700</u>
	<u>12,683</u>		<u>35.00</u>	<u>443,905</u>
	5a. <u>17,349</u>		5b. <u>30.00</u>	5c. <u>520,470</u>
6. Gross ticket sales (add amounts in column c, lines 1-5).....				\$ <u>1,395,860</u>
7. Less — Taxes				(<u> </u>)
8. Net ticket sales				<u>1,395,860</u>
9. a. Stadium capacity <u>50,459</u>		b. Gross attendance		<u>50,459</u>
10. Number of tickets sold by:				
11a. <u>LSU</u>				11b. <u>12,002</u>
		(institution)		(number)
12a. <u>NOTRE DAME</u>				12b. <u>8,424</u>
		(institution)		(number)
13a. Over-the-counter by sponsoring agency				13b. <u>30,033</u>
				(number)
14a. Over-the-counter by third party				14b. <u> </u>
				(number)
15. Total number of tickets sold (add amounts in lines 11-14)				<u>50,459</u>

Schedule B - Distribution of Total Gross Receipts

16a. Institution <u>LSU</u>	16b. Percent <u>37.5</u>	16c. Amount \$ <u>913,793</u>
17a. Institution <u>NOTRE DAME</u>	17b. Percent <u>37.5</u>	17c. Amount \$ <u>913,793</u>
18. Total distribution to institutions (lines 16c plus 17c)		\$ <u>1,827,586</u>
19a. Gross receipts retained by sponsoring agency or organization.....		19b. Percent <u>25.0</u> 19c. Amount \$ <u>609,195</u>
20. Total gross receipts (lines 18 plus 19c)		\$ <u>2,436,781</u>
21. Date of distributions to institutions <u>MARCH 30, 1998</u>		

Note: Please submit a copy of TV and title sponsorship contracts, along with supporting schedules or attachments pertaining to the auditing of all items of income. In addition, all gifts-in-kind and corporate sponsorships should be provided on a separate page.

Report of Independent Accountants

TO: The National Collegiate Athletic Association.

We have audited the accompanying schedule of gross receipts of the POULAN/WEED EATER INDEPENDENCE BOWL (name of game)

played between LSU (institution) and NOTRE DAME (institution)

on DECEMBER 28, 1997 (date), SHREVEPORT, LA (city and state)

This schedule is the responsibility of the INDEPENDENCE SPORTS FOUNDATION (sponsoring organization) management.

Our responsibility is to express an opinion on this schedule 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 schedule of gross receipts is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule of gross receipts. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedule of gross receipts audited by us presents fairly, in all material respects, the gross receipts derived from the above described game and the amounts due to the two participating institutions and the sponsoring organization in accordance with NCAA Bylaw 30.9 and Executive Regulation 31.5.

This report is intended solely for the information and use of the INDEPENDENCE SPORTS FOUNDATION (sponsoring agency) and the National Collegiate Athletic Association.

SIGNED *D.L. Butler* DATE MARCH 31, 1998
TITLE *CPA*

NAME OF FIRM D.L. BUTLER, JR CITY, STATE SHREVEPORT, LA

RETURN BY APRIL 1 TO:
David E. Cawood
The National Collegiate Athletic Association
6201 College Boulevard
Overland Park, Kansas 66211-2422
913/339-1906