

RECEIVED  
JUN 30 1998

**OFFICIAL  
FILE COPY**  
**DO NOT SEND OUT**

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

99000321  
- 5846  
- 16

**NOKIA SUGAR BOWL**

**June 30, 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 10-21-98

**Audits of Financial Statements**

June 30, 1998  
and  
June 30, 1997

## CONTENTS

Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activities	3 - 4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 9
Independent Auditor's Report on Supplementary Information	10
Schedule I - Cash and Cash Equivalents	11
Schedule II - Summary of Football Admissions	12
Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13 - 14



Executive Committee  
Nokia Sugar Bowl

Independent Auditor's Report

We have audited the accompanying statements of financial position of **NOKIA SUGAR BOWL** as of June 30, 1998 and 1997, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **NOKIA SUGAR BOWL** as of June 30, 1998 and 1997, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 1998, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

As discussed in Note A to the financial statements, the Organization adopted Statement of Financial Accounting Standards (SFAS) No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations."

A handwritten signature in black ink, appearing to read 'LaPorte, Sehart, Romig &amp; Hand', is positioned above the firm's name.

A Professional Accounting Corporation

August 21, 1998

A Professional Accounting Corporation

800 Two Lakeway Center 3850 N. Causeway Blvd. Metairie, LA 70002 (504) 835-5522 FAX (504) 835-5535

724 E. Boston Street, Covington, LA 70433 (504) 892-5850 FAX (504) 892-5956

E-Mail Address: [laporte@laporte.com](mailto:laporte@laporte.com) Internet Address: <http://www.laporte.com/>

Member of AICPA Division for CPA Firms-Private Companies Practice Section and SEC Practice Section  
International Affiliation with Accounting Firms Associated, Inc.

**NOKIA SUGAR BOWL  
STATEMENTS OF FINANCIAL POSITION**

**ASSETS**

	June 30,	
	1998	1997
<b>CURRENT</b>		
Cash and Cash Equivalents	\$ 2,610,927	\$ 2,495,201
Accounts Receivable (Net of Allowance of \$9,200 in 1998 and \$9,200 in 1997)	30,475	8,811
Interest Receivable	25,508	36,061
Awards Inventory	10,309	26,595
Prepaid Expenses	5,325	16,048
Total	2,682,544	2,582,716
<b>PROPERTY AND EQUIPMENT</b>		
Leasehold Improvements	903,732	903,732
Furniture and Fixtures	182,652	182,652
Computer Equipment	30,000	30,000
	1,116,384	1,116,384
Less: Accumulated Depreciation and Amortization	714,823	635,853
Total	401,561	480,531
	\$ 3,084,105	\$ 3,063,247

**LIABILITIES AND UNRESTRICTED NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 22,070	\$ 6,932
Total Liabilities	22,070	6,932
<b>UNRESTRICTED NET ASSETS</b>		
	3,062,035	3,056,315
	\$ 3,084,105	\$ 3,063,247

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

**NOKIA SUGAR BOWL  
STATEMENTS OF ACTIVITIES**

	For The Years Ended	
	June 30,	
	1998	1997
<b>UNRESTRICTED REVENUE</b>		
TV and Radio Revenue	\$ 10,448,940	\$ 10,450,000
Ticket Sales - Football	5,654,280	6,238,185
State Assistance	1,000,000 --	1,000,000
Sponsorship Revenue	295,000	460,000
Contributions	275,000	-
Licensing Revenue	156,773	252,815
Hotel/Motel Commission	192,386	217,387
Program Revenue	71,142	75,622
Heritage Festival	50,700	58,050
Ticket Sales - Basketball	54,127	50,787
Fan Jam	23,900	21,515
Miscellaneous	4,504	9,428
Swimming	7,565	7,504
Tennis	3,810	3,330
Regatta Revenue	2,040	1,660
Gain on Video Cassette Sales (Net of Cost of \$250 for June 30, 1998 and \$1,245 for June 30, 1997)	180	995
Road Race	-	626
Interest	330,654	339,117
Total Unrestricted Revenue	18,571,001	19,187,021

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

**NOKIA SUGAR BOWL  
STATEMENTS OF ACTIVITIES (Continued)**

	For The Years Ended	
	June 30,	
	1998	1997
<b>EXPENSES</b>		
Program Expenses:		
Football		
Team Distribution/Alliance Payout	15,650,000	16,850,000
Other Expenses	933,497	936,107
Team Packages	523,952	523,803
Special Appropriation		
Sponsor Liaison	158,689	145,110
Other	69,739	115,674
Tennis	62,671	65,592
Basketball		
Team Distribution	25,000	50,000
Other Expenses	35,650	36,042
Program	15,293	25,936
Road Race	15,084	15,192
Pageant	10,178	13,099
Swimming	13,559	12,432
Regatta	11,035	11,105
Soccer	4,244	5,060
Fan Jam	5,677	7,500
City Relations	4,452	6,532
Total Program Expenses	17,538,720	18,819,184
General and Administrative Expenses	1,026,561	911,844
Total Expenses	18,565,281	19,731,028
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	5,720	(544,007)
<b>NET ASSETS - JULY 1</b>	3,056,315	3,600,322
<b>NET ASSETS - JUNE 30</b>	\$ 3,062,035	\$ 3,056,315

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

**NOKIA SUGAR BOWL  
STATEMENTS OF CASH FLOWS**

	For The Years Ended June 30,	
	1998	1997
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Unrestricted Net Assets	\$ 5,720	\$ (544,007)
Adjustments to Reconcile Changes in Unrestricted Net Assets to Net Cash Provided by (Used in) Operating Activities	-	
Depreciation and Amortization	78,971	77,301
Bad Debt Expense	380	-
Loss on Disposal of Fixed Assets	-	12,000
(Increase) Decrease in Accounts Receivable	(22,044)	104,229
Decrease in Awards Inventory	16,286	-
(Increase) Decrease in Prepaid Items	10,722	(9,497)
Decrease in Interest Receivable	10,553	9,171
Increase (Decrease) in Accounts Payable	15,138	(6,283)
(Decrease) in Deferred Revenue	-	(1,198,775)
	<u>115,726</u>	<u>(1,555,861)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital Expenditures	-	(30,000)
	<u>-</u>	<u>(30,000)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	115,726	(1,585,861)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>2,495,201</u>	<u>4,081,062</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 2,610,927</u>	<u>\$ 2,495,201</u>

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

**NOKIA SUGAR BOWL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A**

**ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**ORGANIZATION**

NOKIA SUGAR BOWL (the "Organization") is a non-profit organization established to conduct the annual Sugar Bowl Classic.

**BASIS OF ACCOUNTING**

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

**BASIS OF PRESENTATION AND CHANGES FOR NEW PRONOUNCEMENTS**

The Organization adopted Statement of Financial Accounting Standard (SFAS) No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations. The effect to the financial statements is insignificant as the Organization carried its investments at fair value in prior years.

**DONATED GOODS AND SERVICES**

Under SFAS No. 116, Organizations are required to recognize as revenue and related expense, services received if the Organization would typically need to purchase the services if not received as donations. No amounts have been reflected in the financial statements of the Organization for donated goods and services because there was either no objective basis available to measure their value or the value given was immaterial to the financial statements taken as a whole.

**DESIGNATED NET ASSETS**

In accordance with SFAS No. 117, Financial Accounting of Not-for-Profit Organizations, the Organization reports 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. The majority of the Organization's revenues are classified as unrestricted. Revenues are classified as temporarily or permanently restricted when they are received as donations with a donor stipulated restriction.

As of June 30, 1998 and 1997, all assets owned by the Organization are unrestricted.

The Executive Committee and the Finance Committee have authorized a maximum accumulation of Unrestricted Net Assets of \$4,000,000.



**NOKIA SUGAR BOWL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost. Depreciation is computed using primarily the straight-line method, over either 5 year to 10 year life.

Depreciation expense charged to operations totaled \$78,971 and \$77,301 in 1998 and 1997, respectively.

**INCOME TAXES**

The Organization had previously qualified as a not-for-profit organization under Section 501(c)(4) of the Internal Revenue Code and was exempt from Federal and state income taxes; however, the Organization has applied to file as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and will remain exempt from Federal and state income taxes.

**CONCENTRATION OF CREDIT RISK**

The Organization's receivables are primarily related to its contracts for licensing and sponsorship. These contracts have been made with companies located within the continental United States.

**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 reporting period. Actual results could differ from those estimates.

**CASH EQUIVALENTS**

For purposes of the statement of cash flows, cash equivalents include time deposits and all U.S. Treasury instruments with original maturities less than three months.

**RECLASSIFICATIONS**

Certain reclassifications of previously reported amounts have been made to conform with the 1998 presentation. Such reclassifications had no effect on previously reported change in net assets.

**NOTE B**

**LEASE COMMITMENTS**

During the year ended June 30, 1996, the Organization and Facility Management of Louisiana (the "Superdome") entered into a lease agreement for stadium rental for the annual football and basketball games. The lease guarantees an annual rental of \$40,000. In addition, the "Superdome" will receive 5% of gross ticket sales for the football and basketball games over \$700,000; however, this cannot exceed \$200,000.

**NOKIA SUGAR BOWL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE B**

**LEASE COMMITMENTS (Continued)**

Minimum future rental payments under this operating lease as of June 30, 1998 are as follows:

<u>Year Ended June 30,</u>	
1999	\$ 40,000
2000	<u>40,000</u>
Total Minimum Future Rental Payments	<u>\$ 80,000</u>

For each of the years ended June 30, 1998 and 1997, the "Superdome's" rental fee for the football and basketball games totaled \$240,000.

The Organization entered into a separate lease agreement with the same lessor as above for the use of office space within the "Superdome" through December 31, 2004.

Minimum future rental payments under this operating lease as of June 30, 1998, are as follows:

<u>Year Ended June 30,</u>	
1999	\$ 98,587
2000	<u>98,587</u>
Total Minimum Future Rental Payments	<u>\$ 197,174</u>

The minimum rental for the remainder of the lease term, the years ended June 30, 2001 through 2004, will be negotiated at a later date. At the time of this report, it is not possible to determine what the future minimum rental payments will be after the year ended June 30, 2000.

Rent expense for each of the years ended June 30, 1998 and 1997 was \$98,587.

**NOTE C**

**RELATED PARTY TRANSACTIONS**

Members of the Organization are involved with the companies supplying goods and services to the Organization. In such instances where "related parties" conduct business with the Organization, due care is taken to assure that the services and/or goods are purchased at normal competitive rates.

**NOKIA SUGAR BOWL  
NOTES TO FINANCIAL STATEMENTS**

**NOTE D**

**SIMPLIFIED EMPLOYEE PENSIONS**

The Organization is committed to a simplified employee pension plan for all full-time, non-contractual employees of the Organization with a minimum of 1 year of service. The annual contribution shall be equal to 10% of each eligible employee's annual wages.

The contributions for the years ended June 30, 1998 and 1997 were \$34,370 and \$33,640, respectively.

**NOTE E**

**COMMITMENTS AND CONTINGENCIES**

The Organization has an employment agreement with its Executive Director which extends through March 1, 1999. The aggregate commitment under this agreement was approximately \$100,000 at June 30, 1998.

Also associated with the employment contract is an obligation to contribute 10% of the executive director's annual salary to the Simplified Employee Pension Plan mentioned in Note D. As of June 30, 1998, the aggregate total of all future contributions was \$10,000. The contributions for the years ended June 30, 1998 and 1997 are included in the contributions mentioned above in Note D.



Executive Committee  
**NOKIA SUGAR BOWL**

Independent Auditor's Report  
on Supplementary Information

Our report on our audits of the basic financial statements of the **NOKIA SUGAR BOWL** for the years ended June 30, 1998 and 1997, appears on Page 1. These audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information contained in Schedules I and II is presented for the 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 our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A Professional Accounting Corporation

August 21, 1998

**NOKIA SUGAR BOWL  
SUPPLEMENTARY INFORMATION**

**SCHEDULE I  
CASH AND CASH EQUIVALENTS**

	For The Years Ended	
	June 30,	
	1998	1997
<b>CASH AND CASH EQUIVALENTS</b>		
On Deposit:		
First National Bank of Commerce - Operating	\$ 41,089	\$ 41,176
First National Bank of Commerce - Money Market Fund	15,059	16,432
Hibernia National Bank - Operating	23,983	16,046
Hibernia National Bank - (Tower) Money Market Fund	22,770	62,231
United States Treasury Instruments	<u>2,507,526</u>	<u>2,357,866</u>
Total	<u>2,610,427</u>	<u>2,493,751</u>
On Hand:		
Executive Director's Petty Cash Fund	-	300
Office Petty Cash Fund	<u>500</u>	<u>1,150</u>
Total	<u>500</u>	<u>1,450</u>
Total Cash and Cash Equivalents	<u>\$ 2,610,927</u>	<u>\$ 2,495,201</u>

See independent auditor's report on supplementary information.

**NOKIA SUGAR BOWL  
SUPPLEMENTARY INFORMATION**

**SCHEDULE II  
SUMMARY OF FOOTBALL ADMISSIONS  
For The Year Ended June 30, 1998**

<u>Ticket Price</u>	<u>Tickets Sold</u>	<u>Gross Admissions</u>
\$ 75.00	52,348	\$ 3,926,100
95.00	15,749	1,496,155
125.00	1,811	226,375
10.00	<u>565</u>	<u>5,650</u>
	<u>70,473</u>	<u>\$ 5,654,280</u>

See independent auditor's report on supplementary information.

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

Executive Committee  
**Nokia Sugar Bowl**

We have audited the financial statements of the **NOKIA SUGAR BOWL** as of and for the year ended June 30, 1998, and have issued our report thereon dated August 21, 1998. We conducted our 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 **NOKIA SUGAR BOWL's** financial statements are free of material misstatement, we 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 the compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **NOKIA SUGAR BOWL's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our 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. We noted no matters involving internal control structure and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, and State of Louisiana, Department of Economic Development. However, this report is a matter of public record and its distribution is not limited.

*LeBlanc, LeBlanc, Long & Neal*  
A Professional Accounting Corporation

August 21, 1998