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NOKIA SUGAR BOWL

June 30, 1999

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Release Date SEP 15 1999

Audits of Financial Statements

June 30, 1999

and

June 30, 1998



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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, 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 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 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 **NOKIA SUGAR BOWL** as of June 30, 1999 and 1998, 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 27, 1999, 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 Professional Accounting Corporation

August 27, 1999

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**NOKIA SUGAR BOWL
STATEMENTS OF FINANCIAL POSITION**

ASSETS

	June 30,	
	1999	1998
CURRENT		
Cash and Cash Equivalents	\$ 346,322	\$ 2,610,927
Investments	4,753,510	-
Accounts Receivable (Net of Allowance of \$9,200 in 1999 and \$9,200 in 1998)	29,164	30,475
Interest Receivable	56,238	25,508
DMI Receivable	33,461	-
Prepaid Expenses	70,719	5,325
Awards Inventory	-	10,309
	<u>5,289,414</u>	<u>2,682,544</u>
Total		
PROPERTY AND EQUIPMENT		
Leasehold Improvements	903,732	903,732
Furniture and Fixtures	182,652	182,652
Computer Equipment	30,000	30,000
	<u>1,116,384</u>	<u>1,116,384</u>
	1,116,384	1,116,384
Less: Accumulated Depreciation and Amortization	854,662	714,823
	<u>261,722</u>	<u>401,561</u>
Total		
OTHER ASSETS		
Investments	830,486	-
DMI Receivable	176,139	-
Interest Receivable	15,551	-
	<u>1,022,176</u>	<u>-</u>
	<u>\$ 6,573,312</u>	<u>\$ 3,084,105</u>

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

LIABILITIES AND UNRESTRICTED NET ASSETS

	June 30,	
	<u>1999</u>	<u>1998</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 9,709	\$ 22,070
Deferred Ticket Revenue	<u>975,735</u>	<u>-</u>
Total	<u>985,444</u>	<u>22,070</u>
OTHER LIABILITIES		
Deferred DMI Revenue	<u>176,139</u>	<u>-</u>
Total Liabilities	<u>1,161,583</u>	<u>22,070</u>
UNRESTRICTED NET ASSETS	<u>5,411,729</u>	<u>3,062,035</u>
	<u>\$ 6,573,312</u>	<u>\$ 3,084,105</u>

**NOKIA SUGAR BOWL
STATEMENTS OF ACTIVITIES**

	For The Years Ended	
	June 30,	
	1999	1998
UNRESTRICTED REVENUE		
Ticket Sales - Football	\$ 5,398,730	\$ 5,654,280
State Assistance	1,000,000	1,000,000
TV and Radio Revenue	974,000	10,448,940
Sponsorship Revenue	634,569	295,000
Hotel/Motel Commission	296,778	192,386
Licensing Revenue	177,212	156,773
Contributions	125,000	275,000
Program Revenue	86,643	71,142
Heritage Festival	72,765	50,700
Quarterback Club Revenue	38,575	-
Ticket Sales - Basketball	36,293	54,127
Road Race	10,386	-
Swimming	9,126	7,565
Fan Jam	4,464	23,900
Tennis	5,280	3,810
Regatta Revenue	2,120	2,040
Miscellaneous	-	4,504
Gain on Video Cassette Sales (Net of Cost of \$500 for June 30, 1999 and \$250 for June 30, 1998)	376	180
Interest	261,145	330,654
	9,133,462	18,571,001
Total Unrestricted Revenue		

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

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

	For The Years Ended June 30,	
	1999	1998
EXPENSES		
Program Expenses:		
Football		
Team Distribution/Alliance Payout	4,000,000	15,650,000
Other Expenses	918,368	933,497
Team Packages	74,058	523,952
Special Appropriation		
Sponsor Liaison	229,977	158,689
Other	50,492	69,739
Tennis	86,362	62,671
Basketball		
Team Distribution	25,000	25,000
Other Expenses	42,959	35,650
Quarterback Club	44,292	-
Program	32,061	15,293
Road Race	33,396	15,084
Pageant	10,586	10,178
Swimming	14,093	13,559
Regatta	11,993	11,035
Soccer	-	4,244
Fan Jam	2,700	5,677
City Relations	14,654	4,452
	5,590,991	17,538,720
Total Program Expenses		
General and Administrative Expenses	1,192,777	1,026,561
Total Expenses	6,783,768	18,565,281
INCREASE IN UNRESTRICTED NET ASSETS	2,349,694	5,720
NET ASSETS - BEGINNING OF YEAR	3,062,035	3,056,315
NET ASSETS - END OF YEAR	\$ 5,411,729	\$ 3,062,035

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

**NOKIA SUGAR BOWL
STATEMENTS OF CASH FLOWS**

	For The Years Ended	
	June 30,	
	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Unrestricted Net Assets	\$ 2,349,694	\$ 5,720
Adjustments to Reconcile Changes in Unrestricted Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	139,839	78,971
Bad Debt Expense	-	380
Decrease (Increase) in Accounts Receivable	1,311	(22,044)
(Increase) in DMI Receivable	(33,461)	-
Decrease in Awards Inventory	10,309	16,286
(Increase) Decrease in Prepaid Items	(65,394)	10,722
(Increase) Decrease in Interest Receivable	(46,281)	10,553
Increase (Decrease) in Accounts Payable	(12,361)	15,138
Increase in Deferred Revenue	975,735	-
	<u>3,319,391</u>	<u>115,726</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(5,583,996)	-
	<u>(5,583,996)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,264,605)	115,726
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,610,927</u>	<u>2,495,201</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 346,322</u>	<u>\$ 2,610,927</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

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, 1999 and 1998, all assets owned by the Organization are unrestricted.

INVESTMENTS

The Organization accounts for its Investments in accordance with Statement of Financial Accounting Standard (SFAS) No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations".

As of June 30, 1999, the Organization's investments are in U. S. Treasury Bills with maturities of fifteen months or less. The market values of these investments approximate their book value at June 30, 1999.

PROPERTY AND EQUIPMENT

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

Depreciation expense charged to operations totaled \$139,839 and \$78,971 in 1999 and 1998, respectively.

**NOKIA SUGAR BOWL
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 of less than three months.

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 game. The lease guarantees a minimum annual rental of \$40,000. In addition, the "Superdome" will receive 5% of the gross football ticket sales in excess of \$700,000; however, the total rent cannot exceed \$200,000.

Minimum future rental payments under this operating lease as of June 30, 1999 are as follows:

<u>Year Ended June 30,</u>	
2000	<u>\$ 40,000</u>

For each of the years ended June 30, 1999 and 1998, the "Superdome's" rental fee for the football games totaled \$200,000.

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.

**NOKIA SUGAR BOWL
NOTES TO FINANCIAL STATEMENTS**

NOTE B

LEASE COMMITMENTS (Continued)

Minimum future rental payments under this operating lease as of June 30, 1999 are as follows:

Year Ended June 30,

2000	<u>\$ 98,587</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, 1999 and 1998 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. The total dollar amount of the transaction are immaterial to the financial statements taken as a whole.

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, 1999 and 1998 were \$36,998 and \$34,370, respectively.

NOTE E

COMMITMENTS AND CONTINGENCIES

The Organization has employment agreements with its Executive Director and Associate Executive Director, which extend through February 28, 2002. The aggregate commitment under these agreements totals \$660,270 at June 30, 1999.

Also associated with the employment contracts is an obligation to contribute 10% of the above mentioned salaries to the Simplified Employee Pension Plan mentioned in Note D. As of June 30, 1999, the aggregate total of all future contributions was \$66,027.

**NOKIA SUGAR BOWL
NOTES TO FINANCIAL STATEMENTS**

NOTE E

COMMITMENTS AND CONTINGENCIES (Continued)

Under its contract as a participant in the Bowl Championship Series (BCS), the Organization is committed to paying \$4,000,000 annually, for the football games to be played on January 4, 2000, January 2, 2001, and January 1, 2002.



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, 1999 and 1998 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.

LaPorte, Sehart, Romig & Hand

A Professional Accounting Corporation

August 27, 1999

**NOKIA SUGAR BOWL
SUPPLEMENTARY INFORMATION**

**SCHEDULE I
CASH AND CASH EQUIVALENTS**

	For The Years Ended June 30,	
	1999	1998
CASH AND CASH EQUIVALENTS		
On Deposit:		
Bank One - Operating	\$ 41,002	\$ 41,089
Bank One - Money Market	12,907	15,059
Hibernia National Bank - Operating	26,949	23,983
Hibernia National Bank - Tower	14,964	22,770
Hibernia - Federated Government Money Market Fund	250,000	-
United States Treasury Instruments	-	2,507,526
Total	345,822	2,610,427
On Hand:		
Office Petty Cash Fund	500	500
Total	500	500
Total Cash and Cash Equivalents	\$ 346,322	\$ 2,610,927

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, 1999**

<u>Ticket Price</u>	<u>Tickets Sold</u>	<u>Gross Admissions</u>
\$ 75.00	22,513	\$ 1,688,475
95.00	17,658	1,677,510
65.00	31,199	2,027,935
10.00	<u>481</u>	<u>4,810</u>
	<u>71,851</u>	<u>\$ 5,398,730</u>

See independent auditor's report on supplementary information.

This report is intended for the information of the audit committee, management, and State of Louisiana, Department of Economic Development and is not intended to be and should not be used by anyone other than these specified parties.

Sabate, Sekit, Longje, Head

A Professional Accounting Corporation

August 27, 1999