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GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
GRAMBLING, LOUISIANA

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

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 6-30-99

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
GRAMBLING, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

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Hulsey, Harwood & Co.

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Grambling University Athletic Foundation
Grambling, Louisiana

We have audited the accompanying statement of financial position of Grambling University Athletic Foundation (a nonprofit organization) 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 Foundation'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 Grambling University Athletic Foundation 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information identified as Schedules in the accompanying Index 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 our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

HULSEY, HARWOOD AND CO., CPAs
A Professional Accounting Corporation

Hulsey, Harwood & Co.
December 14, 1998

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1998 AND 1997

ASSETS	Unrestricted	Temporarily Restricted	Total	
			1998	1997
Cash	\$ 117,471	\$ -	\$ 117,471	\$ 116,289
Certificates of deposit	-	2,442	2,442	2,365
Accounts receivable	-	-	-	5,000
Contributions receivable	-	1,640	1,640	1,350
Vehicles	3,511	-	3,511	3,511
Equipment	4,120	-	4,120	4,120
Accumulated depreciation	(4,998)	-	(4,998)	(4,396)
Due from unrestricted net assets (Note 3)	-	109,333	109,333	100,527
Investments	48,005	-	48,005	40,925
TOTAL ASSETS	\$ 168,109	\$ 113,415	\$ 281,524	\$ 269,691
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	\$ 8,306	\$ -	\$ 8,306	\$ 3,794
Accounts payable - Coaches	35,000	-	35,000	-
Due to restricted net assets (Note 3)	109,333	-	109,333	100,527
Total liabilities	152,639	-	152,639	104,321
Net Assets:				
Unrestricted:				
Designated by the board				
External relations account	12,593	-	12,593	3,725
GUAF Quasi-Endowment	48,005	-	48,005	40,925
Equipment	2,633	-	2,633	3,235
Undesignated	(47,761)	-	(47,761)	14,593
Total unrestricted net assets	15,470	-	15,470	62,478
Temporarily Restricted	-	113,415	113,415	102,892
Total Net Assets	15,470	113,415	128,885	165,370
TOTAL LIABILITIES AND NET ASSETS	\$ 168,109	\$ 113,415	\$ 281,524	\$ 269,691

The accompanying notes to financial statements
are an integral part of the statements.

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	Unrestricted	Temporarily Restricted	Total	
			1998	1997
Support and revenue:				
Contributions	\$ 18,217	\$ 144,927	\$ 163,144	\$ 191,740
Fund raisers:				
Concessions	2,542	-	2,542	5,636
Bayou Classic	-	-	-	17,959
Golf Classic	8,868	-	8,868	8,280
Interest	8,338	77	8,415	5,981
Miscellaneous	-	-	-	1,500
Gain on the sale of assets	-	-	-	775
Unrealized gains	2,303	-	2,303	6,355
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	134,481	(134,481)	-	-
Total support and revenue	174,749	10,523	185,272	238,226
Expenses				
Program services	\$ 138,108	\$ -	\$ 138,108	\$ 155,486
Supporting services:				
Management and general	21,533	-	21,533	11,978
Fund raising	62,116	-	62,116	20,452
Total supporting services	83,649	-	83,649	32,430
Total expenses	221,757	-	221,757	187,916
Excess (Deficiency) of support and revenue over expenses	(47,008)	10,523	(36,485)	50,310
Other sources and uses				
Transfer to other entities	-	-	-	43,320
Support, revenue, and other sources over expenses and other uses	(47,008)	10,523	(36,485)	6,990
Net Assets at Beginning of Year	62,478	102,892	165,370	158,380
NET ASSETS AT END OF YEAR	\$ 15,470	\$ 113,415	\$ 128,885	\$ 165,370

The accompanying notes to the financial statements
are an integral part of the these statements

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	Total	
	1998	1997
Cash flows from operating activities:		
Increase in Net Assets	\$ (36,485)	\$ 6,990
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	602	790
Unrealized gains on securities	(2,303)	(6,355)
(Increase) decrease in operating assets		
Accounts receivable	5,000	(5,000)
Pledges receivable	(290)	(1,350)
Increase (decrease) in operating liabilities		
Accounts payable	4,512	(4,038)
Accounts payable - coaches	35,000	-
Total adjustments	42,521	(15,953)
Net cash provided (used) by operating activities	6,036	(8,963)
Cash flows from investing activities:		
Payments for property and equipment	-	(3,008)
Purchase of investments	(4,777)	(3,123)
Net cash provided (used) by investing activities	(4,777)	(6,131)
Net increase (decrease) in cash and cash equivalents	1,259	(15,094)
Cash and cash equivalents, beginning of year	118,654	133,748
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 119,913	\$ 118,654

CASH AND CASH EQUIVALENTS ARE PRESENTED ON THE BALANCE SHEET AS:

Cash	\$ 117,471	\$ 116,289
Certificates of deposit	2,442	2,365
Total cash and cash equivalents	\$ 119,913	\$ 118,654

The accompanying notes to the financial statements
are an integral part of these statements

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
GRAMBLING, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

NOTE 1 - NATURE OF ACTIVITIES & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Grambling University Athletic Foundation (the Foundation) is an independent corporation organized and designed to work cooperatively in support of the athletic programs of Grambling State University in compliance with NCAA Regulations. Income is derived primarily from contributions and fund raising activities. The Foundation does not participate in the gate receipts from any athletic activity. These receipts belong to the University to defray the expenses of their athletic programs.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis.

Basis of Presentation

The Foundation is in conformity with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Foundation is required to present a statement of cash flows, as well as 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.

A description of the three net assets categories follows:

Unrestricted Net Assets - Net assets that are not subject to donor imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or by passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
GRAMBLING, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

NOTE 1 - NATURE OF ACTIVITIES & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment in excess of \$500 is capitalized at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Depreciation expense for the years ended June 30, 1998 and 1997 was \$602 and \$790, respectively.

Investments

The Foundation is reporting in conformity with SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations". Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Income Taxes

The Foundation qualified as a publicly-supported organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Contributions to the Foundation are tax deductible within the limitations prescribed by the Code.

Donated Services and Facilities

Personnel and occupancy are provided by Grambling State University to the Foundation as needed. The Foundation provides vehicles for use by the athletic departments. During the year ended June 30, 1998, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. The use of the facilities of the Foundation is donated by the University. The fair value of such use cannot be objectively determined.

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
GRAMBLING, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

NOTE 1 - NATURE OF ACTIVITIES & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

In accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made", contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by time by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a time restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Foundation uses the allowance method to determine uncollectible unconditional contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

NOTE 2 - ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 - BANK ACCOUNTS

The Foundation has one operating bank account through which all transactions are handled. The operating bank account is reported in Unrestricted Net Assets. The receivable in Restricted Net Assets represents cash due from Unrestricted Net Assets.

NOTE 4 - FUND RAISING ACCOUNTS

The major fund raisers for Grambling University Athletic Foundation are the Bayou Classic Pageant, Golf Classic, Orchesis (a dance camp), and other adjunct activities of the annual Bayou Classic football game. The Foundation has no role with the Bayou Classic Football event. It only receives an allocation of funds from the revenue produced.

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
GRAMBLING, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

NOTE 5 - QUASI-ENDOWMENT FUND

In September, 1994 the Board established The Eddie G. Robinson Education Endowment with an original investment of \$25,000. There are to be no withdrawals for five years after which 50 percent of the earnings will be available for scholarships and the remaining 50 percent added to the corpus. The endowment is invested with American Mutual Funds with the earnings reinvested for additional shares. As reflected in unrestricted net assets at June 30, 1998, the market value of this fund was \$48,004. Capital gains on the fund totaled \$2,303 for the year ended June 30, 1998.

In 1997, the market value of this fund was \$40,925. Capital gains on the fund totaled \$6,355 for the year ended June 30, 1997.

NOTE 6 - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

The Foundation's cash and cash investments are held in multiple financial institutions located in the same geographic region. The balances are insured by Federal Deposit Insurance Corporation coverage of up to \$100,000 at each institution. At June 30, 1998 and 1997, the Foundation has \$25,354 and \$38,370, respectively, of these cash and cash investments uninsured.

NOTE 7 - CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable consist of the following:

	<u>1998</u>	<u>1997</u>
Unconditional contributions receivable	\$ 2,990	\$ 1,375
Less unamortized discount	<u>-</u>	<u>-</u>
Net unconditional contributions receivable	<u>\$ 2,990</u>	<u>\$ 1,375</u>
Amounts due in:		
Less than one year	\$ 2,990	
One to five years	<u>-</u>	
Total	<u>\$ 2,990</u>	

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	Program Services	Supporting Services		Total	
		Management and General	Fund Raising	1998	1997
Awards	\$ 3,420	\$ -	\$ -	\$ 3,420	\$ -
Bad debt expense	-	-	5,000	5,000	-
Casual Labor	-	4,961	4,146	9,107	-
Departmental expenses	134,688	-	-	134,688	154,997
Miscellaneous	-	-	-	-	9,470
Office expenses	-	620	-	620	4,634
Professional fees	-	10,535	3,611	14,146	15,891
Promotional fees	-	2,212	24,410	26,622	-
Rental	-	-	15,600	15,600	-
Supplies	-	851	5,058	5,909	503
Travel	-	-	3,689	3,689	1,631
Vehicle expense	-	2,354	-	2,354	-
Total expenses before disposition of equipment	138,108	21,533	61,514	221,155	187,126
Depreciation	-	-	602	602	790
Total supporting services	-	-	602	602	790
Net assets released from restrictions					
TOTAL EXPENSES	\$ 138,108	\$ 21,533	\$ 62,116	\$ 221,757	\$ 187,916

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

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
ANALYSIS OF TEMPORARILY RESTRICTED NET ASSETS
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	Balance July 1, 1997	Support Income	Expenses		Transfers Balance June 30, 1998
			Awards	Other Expenses	
Temporarily Restricted Net Assets					
Athletic Auxiliary	\$ 61,192	\$ 62,422	\$ -	\$ 73,953	\$ 49,661
Baseball Fund	281	1,155	30	670	736
Broadcast	13	-	-	-	13
Cheerleaders	854	-	-	572	282
Eddie Robinson	1,376	108	-	2	1,482
Football Camp	-	1,070	-	32	1,038
Football Fund	440	20,000	-	1,693	18,747
Golf Fund	5,547	1,059	248	2,897	3,461
Grambling Middle School	180	-	-	-	180
Leonard Griffin	2,365	77	-	-	2,442
Lifetime Season Pass	-	3,500	-	105	3,395
Men's Basketball Fund	(348)	-	-	712	(1,060)
Orchasis Dance	19,945	7,161	995	2,571	23,540
Sports Information	3,746	47,427	-	49,755	1,418
Tennis Fund	417	90	-	1	506
Track	1,135	90	-	1	1,224
Volleyball	62	21	-	1	82
Women's Sports	5,687	824	2,115	1,516	2,880
Totals	<u>\$ 102,892</u>	<u>\$145,004</u>	<u>\$ 3,388</u>	<u>\$ 134,481</u>	<u>\$ 110,027</u>

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



Hulsey, Harwood & Co.

A Professional Accounting Corporation

Certified Public Accountants

May 18, 1999

The Board of Directors
Grambling University Athletic Foundation
Grambling, LA

In planning and performing our audit of the financial statements of Grambling University Athletic Foundation as for the year ended June 30, 1998, we considered the Foundation's internal control structure 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 structure.

However, we noted certain matters involving internal control and its operation that we have presented for your consideration.

Inaccurate Books and Records

We noted several balance sheet accounts were not reconciled at year-end. These accounts included accounts receivable, contributions receivable, coaches payable and accounts payable. In addition, numerous audit adjusting journal entries were required. As a result, the actual increase in net assets of the Foundation was lower than anticipated. Due to these deficiencies, any interim financial statements may not have been reliable.

We also received a spreadsheet on the revenue and expenses of the concession. This spreadsheet was inaccurate and had to be corrected.

We recommend that mandatory procedures be implemented so that interim financial statements can be relied on. The immediate implementation of the new software Peach Tree is encouraged to help alleviate some of the inaccuracies. Our firm would be happy to help you in this conversion.

Concentration of Cash

The Foundation maintains its unrestricted cash in one commercial bank. At year-end, the amount of deposit exceeded the federally insured limits by approximately \$25,354.

Because the Foundation has a high volume of cash inflows and outflows, most of its cash will need to be maintained at one institution. The Foundation needs to feel comfortable that this bank is financially sound, whether it be by inquiries or some other means.

Failure to Comply with State Law

In order to comply with state law, an audit report should have been submitted to the Office of Legislative Auditors within six months of year-end. Hulseley, Harwood & Co. did not engage in the audit until December 9, 1998, almost six months after year-end. Due to a delay by the foundation in replying to a request for a detail of the balance sheet (requested on January 5th and received March 19th), the audit was stretched over five months. This matter of noncompliance should be corrected before fiscal year June 30, 1999's deadline arrives. *Earlier engagement acceptance is encouraged.*

In the prior year auditor's management letter, improvements in internal controls were suggested in the same three areas as this year. No changes were made in those areas during the year ended June 30, 1998 due to the fact that the delay in the audit of the prior year caused the management letter to not be released until August 3, 1998.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Foundation.

HULSEY, HARWOOD & CO., CPAs
A Professional Accounting Corporation

Monroe, Louisiana

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**GRAMBLING UNIVERSITY ATHLETIC FOUNDATION***P. O. Box 913**Grambling, Louisiana 71245*

318-74-2627

June 16, 1999

Hulsey, Harwood & Co.
1900 N. 18th Street, 5th Floor
Monroe, LA 71201

Dear Sir:

Here with is our response to the management letter presented regarding the year-end June 30, 1998 audit of the Grambling University Athletic Foundation, Inc.

Inaccurate Books and Records

Management agrees with the finding and have taken steps to reconcile year end balances. Although not material, they are important in presenting the financial statements of the Foundation. A new accounting system is expected to be implemented. The Treasurer and the Account Manager have been instructed to take the necessary steps to convert to the new system for the 2000 Fiscal Year.

Concentration of Cash

Management agrees with the finding and has established a second bank account at a different banking institution, the Grambling Branch of the Shreveport Federal Credit Union. This new account will house restricted funds for the Athletic Auxiliary and Golf Classic funds, which would remove our exposure of having funds uninsured.

Failure to Comply with State Law

Management agrees with the finding and would like to begin the audit for year-end June 30, 1999 within 30 days from that date. Therefore, please provide us with an engagement letter prior to June 30, 1999, so that it can be executed in a timely manner.

If you have any questions, please let me know.

Sincerely,


Russell LeDay

Account Manager