

**GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
GRAMBLING, LOUISIANA**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
WITH SUPPLEMENTAL INFORMATION
For The Year Ended June 30, 2003**

BY

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For The Year Ended June 30, 2003

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
Grambling, Louisiana
Financial Statements
and Independent Auditor's Report
with Supplemental Information
For the Year Ended June 30, 2003

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying statement of financial position of Grambling University Athletic Foundation (a nonprofit organization) as of June 30, 2003, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Organization'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. 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 Grambling University Athletic Foundation as of June 30, 2003, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information and schedules are 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.

Rosie D. Harper
Certified Public Accountant
Monroe, Louisiana
August 15, 2003

FINANCIAL STATEMENTS

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
Statement of Financial Position
June 30, 2003

Assets

Cash and Cash Equivalents	\$ 426,566
Accounts Receivable	33,510
Investments	65,465
Furniture and Equipment (Net, Note E)	<u>2,480</u>
Total Assets	<u><u>528,021</u></u>

Liabilities and Net Assets

Liabilities:

Accrued Liabilities	<u>-</u>
Total Liabilities	<u>-</u>

Net Assets:

Unrestricted

Designated by the Board	
GUAUF Quasi-Endowment	62,591
Equipment	2,480
Undesignated	<u>88,504</u>
Total Unrestricted:	<u>153,575</u>

Temporarily Restricted	<u>374,446</u>
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Total Net Assets	<u>528,021</u>
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Total Liabilities and Net Assets	<u><u>\$ 528,021</u></u>
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See Accompanying Auditors' Report and Notes to Financial Statements.

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
Statement of Activities and Changes in Net Assets
For the Year Ended
June 30, 2003

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue:			
Contributions	\$ 5,862	\$ 249,833	\$ 255,695
Fundraisers	17,294	25,084	42,378
Membership Dues (Tiger Club)	28,349	-	28,349
Other Revenue			
Interest	4,191	3,260	7,451
Dividends	1,086	-	1,086
Realized Gains (Losses)	8,086	-	8,086
Unrealized Gains (Losses)	(10,143)	-	(10,143)
Reclassifications of Net Assets:	8,345	(8,345)	-
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	262,035	(262,035)	-
	<u>325,105</u>	<u>7,797</u>	<u>332,902</u>
Total Support, Revenue, Reclassifications, and Releases from Restrictions	325,105	7,797	332,902
Expenses			
General and Administrative Expenses	16,364	-	16,364
Fundraiser Expenses	8,877	-	8,877
Program Expenses	269,482	-	269,482
Total Expenses	294,723	-	294,723
Changes in Net Assets	<u>30,382</u>	<u>7,797</u>	<u>38,179</u>
Other Changes in Net Assets			
Prior Period Adjustments	123,181	364,618	487,799
Total Other Changes in Net Assets	<u>123,181</u>	<u>364,618</u>	<u>487,799</u>
Total Change in Net Assets	<u>153,563</u>	<u>372,415</u>	<u>525,978</u>
Net Assets as of Beginning of Year	<u>12</u>	<u>2,031</u>	<u>2,043</u>
Net Assets as of End of Year	<u>\$ 153,575</u>	<u>\$ 374,446</u>	<u>\$ 528,021</u>

See Accompanying Auditors' Report and Notes to Financial Statements.

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
Statement of Cash Flows
For the Year Ended
June 30, 2003

Operating Activities	
Changes in Net Assets	\$ 38,179
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:	
Provision for Depreciation	620
Increase in Accounts/Pledges Receivable	(33,308)
Decrease in Accounts Payable/Accrued Liabilities	(10,337)
Unrealized Loss on Investment	10,143
Prior Period Adjustments	2,043
Total Adjustments	<u>(30,839)</u>
Net Cash Provided (used) by Operating Activities	<u>7,340</u>
Investing Activities	
Proceeds from Certificate of Deposit	50,000
Reinvested Dividends and Interest	<u>(9,242)</u>
Net Cash Provided (Used) by Investing Activities	<u>40,758</u>
Net Cash Increase (Decrease) for Period	48,098
Cash and Cash Equivalents as of Beginning of Year	<u>378,468</u>
Cash and Cash Equivalents as of the End of Year	<u><u>\$ 426,566</u></u>

See Accompanying Auditors' Report and Notes to Financial Statements.

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
Statement of Functional Expenses
For the Year Ended
June 30, 2003

	<u>Program Services</u>	<u>Supporting Service</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fund Raising</u>	
Awards	\$ 2,070	\$ -	\$ 1,200	\$ 3,270
Bank Charges	-	617	-	617
Courtesies	3,578	979	-	4,557
Departmental Expenses	154,274	-	1,134	155,408
Depreciation	-	620	-	620
Insurance	-	259	335	594
Member Relations	756	-	298	1,054
Miscellaneous	2,031	623	-	2,654
Office Expenses	146	1,029	-	1,175
Printing	617	-	-	617
Professional Fees	67,027	12,237	3,750	83,014
Promotional Fees	1,840	-	-	1,840
Rental	1,344	-	2,160	3,504
Scholarships	957	-	-	957
Supplies	24,172	-	-	24,172
Travel	10,464	-	-	10,464
Telephone	206	-	-	206
Total Functional Expenses	<u>269,482</u>	<u>16,364</u>	<u>8,877</u>	<u>294,723</u>

See Accompanying Auditors' Report and Notes to Financial Statements.

Grambling University Athletic Foundation
Grambling, Louisiana

Notes to the Financial Statement
For the Year Ended June 30, 2003

NOTE A. 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 activity. These receipts belong to the University to defray the expenses of their athletic programs.

Basis of Accounting

For the period ending June 30, 2003, the Foundation followed provisions of Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations*. Statement No. 117 requires the Foundation to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. The following is a description of the three net assets categories:

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.

Statement No. 117 also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. It establishes standards for general-purpose external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities, and a statement of cash flows.

Public Support and Revenue

Revenue and public support consists mainly of fundraising, and 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 contribution 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.

Grambling University Athletic Foundation
Grambling, Louisiana
Notes to the Financial Statements (Continued)

When a time restrictions 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.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Under state law, the agency may deposit funds in demand accounts, interest bearing accounts, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The Foundation had no cash equivalents during the audit period. On June 30, 2003, the Foundation had cash totaling \$426,566. Cash at June 30, 2003 was as follows:

Unrestricted	\$	53,438
Temporarily Restricted		373,128
Total Cash	\$	<u>426,566</u>

Depreciation

The Foundation follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$500. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Furniture and Equipment	7 years
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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.

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.

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

Grambling University Athletic Foundation
 Grambling, Louisiana
 Notes to the Financial Statements (Continued)

marketable securities with readily determinable fair market 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.

Donated Services and Facilities

Personnel and occupancy are provided by Grambling State University to the Foundation as needed. The Foundation is provided vehicles for use by the athletic departments. During the years ended June 30, 2003, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. The University donates the use of the facilities to the Foundation. The fair value of such use cannot be objectively determined.

NOTE B. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE C. ACCOUNTS RECEIVABLES

At June 31, 2003, the Foundation had accounts receivables totaling \$33,510 consisting of the following:

Concession Receivable	\$ 10,952
Radio Broadcast Receivable	22,000
Pledges Receivable	558
Total Accounts Receivable	<u>\$ 33,510</u>

NOTE D. INVESTMENTS

All investments consist of board designated net assets as of June 30, 2003 and are solely for scholarship purposes. They are summarized as follows:

	<u>Carrying Value</u>	<u>Fair Value</u>
Certificate of Deposits	\$ 2,874	\$ 2,874
Quasi-Endowment Fund	62,591	62,591
Total Investments	<u>\$ 65,465</u>	<u>\$ 65,465</u>

In September 1994 the Board established the Eddie Robinson Education Endowment with an original investment of \$25,000. There were 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 the American Mutual Funds with the earnings

Grambling University Athletic Foundation
 Grambling, Louisiana
 Notes to the Financial Statements (Continued)

reinvested for additional shares. As reflected in unrestricted net assets under the caption "GUAF Quasi-Endowment" at June 30, 2003, the market value of this fund was \$62,591 with an unrealized loss of \$10,143 and a distributed capital gain of \$8,086.

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2003:

Interest	\$ -
Dividends	1,086
Distributed Capital Gains	8,086
Unrealized Gain (Losses)	<u>(10,143)</u>
Total Investment Return	<u>\$ (971)</u>

NOTE E. FURNITURE AND EQUIPMENT

At June 30, 2003, The Foundation had the following fixed assets:

Furniture and Equipment	\$ 4,341
Less Accumulated Depreciation	<u>(1861)</u>
Total Furniture and Equipment	<u>\$ 2,480</u>

NOTE F. FUND RAISING ACCOUNTS

The major fundraisers 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 raised during the Bayou Classic. For the year ended June 30, 2003, the Organization received an allocation of \$24,329 from the Bayou Classic Committee.

NOTE G. PRIOR PERIOD ADJUSTMENTS

To correct the beginning balances of unrestricted net assets, the following prior period adjustments were made:

Voided Checks	<u>\$ 2,043</u>
Total Prior Period Adjustments	<u>\$ 2,043</u>

NOTE H. TEMPORARILY RESTRICTED NET ASSETS

The following temporarily restricted net assets were reclassified as unrestricted net assets for the following purposes:

Reclassification of Net Assets	
3% Administration Fee	7,632
Total Reclassifications	<u>\$ 7,632</u>

SUPPLEMENTAL INFORMATION

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
 Schedule of Account Activity and Balances
 July 1, 2002 through June 30, 2003

	EXPENSES										June 30, 2003	
	Balance June 30, 2002	Support				Fund		Interfund Transfers		Total Transfers		
		Revenue	Program	Management and General	Raising	Expenditures	3% Fee	Other Transfers				
Athletic Advisory	\$ 1,563	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,563
Athletic Auxiliary	24,894	13,853	29,752	488	820	-	(416)	-	(416)	-	-	7,271
Baseball	(312)	-	-	-	-	-	-	-	-	-	-	(312)
Basketball Special Project	1,557	-	-	-	-	-	-	-	-	-	-	1,557
Basketball-Women's	1,943	-	-	-	-	-	-	-	-	-	-	1,943
Bowling	316	125	-	-	-	-	(4)	-	(4)	-	-	437
Cheerleaders	0	-	-	-	-	-	-	-	-	-	-	0
Culverhouse-Football Operations	44,000	74,123	16,000	440	-	-	(6,189)	-	(6,189)	-	-	95,494
Culverhouse-Scholarships	75,129	71,229	24,558	139	-	-	-	-	-	-	-	121,661
Culverhouse-Supplemental Pay	75,129	60,942	79,100	305	-	-	-	-	-	-	-	56,666
External Relations (Golf Tournament)	6,187	2,380	2,057	-	3,695	-	(71)	-	(71)	-	-	2,744
Football-Banquet	-	3,860	8,486	-	-	-	(116)	-	(116)	-	-	(4,742)
Football	45,601	26,969	53,581	-	3,866	-	(809)	-	(809)	-	-	14,314
Fred Hobby Scholarship	287	-	-	-	-	-	-	-	-	-	-	287
Golf	1,072	100	-	-	-	-	(3)	-	(3)	-	-	1,169
GSU Band	(2,478)	-	-	-	-	-	-	-	-	-	-	(2,478)
GSU Middle School	180	-	-	-	-	-	-	-	-	-	-	180
Leonard Griffin	2,804	71	-	-	-	-	(2)	-	(2)	-	-	2,873
Mathew Latson Fund	97	-	-	-	-	-	-	-	-	-	-	97
Orchestra Dance	25,565	-	23,537	-	-	-	-	-	-	-	-	2,028
Radio Broadcast	7,187	22,000	-	-	-	-	(660)	-	(660)	-	-	28,527
Robert Piper Scholarship	485	-	-	-	-	-	-	-	-	-	-	485
Softball	1,493	-	-	-	-	-	-	-	-	-	-	1,493
Sports Information	4,188	1,900	5,655	-	198	-	(57)	-	(57)	-	-	178
Sports Marketing/Promotion	33,136	-	7,877	-	-	-	-	-	-	-	-	25,259
Slate Farm Life Season Book	9,383	-	348	-	-	-	-	-	-	-	-	9,035
Summer Scholarships	970	-	-	-	-	-	-	-	-	-	-	970
Tennis	177	-	-	-	-	-	-	-	-	-	-	177
Track	1,793	-	-	-	-	-	-	-	-	-	-	1,793
Volleyball	4,304	625	1,057	76	-	-	(19)	-	(19)	-	-	3,777
Total Temporarily Restricted Net Assets	366,649	278,177	252,008	1,448	8,579	262,035	(8,345)	-	(8,345)	-	-	374,446
Unrestricted Net Assets												
Operating (includes net investment in equipment)	(49,385)	24,206	7,065	14,916	-	-	8,345	-	8,345	-	-	(38,815)
Football Concession	-	148	518	-	-	518	-	-	-	-	-	(370)
Scarves & Ties	399	-	-	-	-	-	-	-	-	-	-	399
Tiger Club	14,784	29,363	9,891	-	298	10,189	-	-	-	-	-	33,958
Board Designated												
Eddie Robinson Educational Fund	64,092	(972)	-	-	-	-	-	-	-	-	-	63,120
Doug Williams Escrow	93,303	1,980	-	-	-	-	-	-	-	-	-	95,283
Total Unrestricted Net Assets	123,193	54,725	17,474	14,916	298	32,688	8,345	-	8,345	-	-	153,575
Total Net Assets	\$ 489,842	\$ 332,902	\$ 269,482	\$ 16,364	\$ 8,877	\$ 294,723	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 528,021

Grambling University Athletic Foundation
Schedule of Payments to Grambling State University (GSU) Employees
FY June 30, 2003

Employees	Payments
Barnette, Joe	\$ 3,318
Broussard, Donald	2,000
Currie, Wanda	1,000
Dawson, Leslie	1,300
Hayes, Marshall	3,000
Lewis, Charlie	2,000
Lilly, Terry	550
Maroney-Grigsby, Dianne	850
Mosley, Roderick	220
Northern, Gabe	3,300
Northern, Heishma	3,000
Paul, Richard	2,000
Ponton, David Jr.	16,000
Roach, Michael	4,000
Scott, Christopher	600
Simmons, Patricia	500
Smallwood, Gloria	6,196
Spears, Melvin	4,000
Torbor, Ray	3,300
Turner, Melva Kristi	1,000
White, Sammy	3,000
Williams, Douglas	59,000
Willis, Brandon	600
Total Payments to GSU Employees	\$ 120,734