

**GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
GRAMBLING, LOUISIANA**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
WITH SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2006**

BY

**BOBBY GRAY
CERTIFIED PUBLIC ACCOUNTANT**

**Post Office Box 1145
Grambling, Louisiana 71245**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 11/8/06

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
Grambling, Louisiana

Financial Statements
And
Independent Auditor's Report
With Supplemental Information
For the Year Ended June 30, 2006

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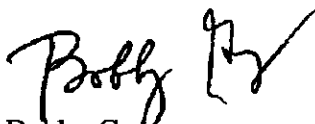
To the Board of Directors
Grambling University Athletic Foundation
Grambling, Louisiana

Independent Auditor's Report

I have audited the accompanying statement of financial position of Grambling University Athletic Foundation (a nonprofit organization) as of June 30, 2006, 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 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 auditing standards generally accepted in the United States of America. 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 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 aspects, the financial position of Grambling University Athletic Foundation as of June 30, 2006, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Bobby Gray
Certified Public Accountant
Grambling, Louisiana
October 10, 2006

FINANCIAL STATEMENTS

Statement A

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION, INCORPORATED
Statement of Financial Position
June 30, 2006

Assets	
Cash and cash equivalents	\$230,533
Accounts receivable	13,775
Investments	142,598
Property and equipment	620
Total assets	<u><u>\$387,526</u></u>
Liabilities	
Accrued liabilities	\$ -
Total liabilities	<u>-</u>
Net assets	
Unrestricted	
Board Designated	
GUAF Quasi-Endowment	81,983
Net assets invested in property and equipment	620
Total board-designated	<u>82,603</u>
Undesignated	<u>38,956</u>
Total unrestricted	121,559
Temporarily restricted	265,967
Total net assets	<u><u>387,526</u></u>
Total liabilities and net assets	<u><u>\$387,526</u></u>

See accompanying notes to the financial statements.

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2006

	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Contributions	\$ -	\$51,388	\$51,388
Fundraisers	-	12,350	12,350
Membership dues	21,985	-	21,985
Other revenue			
Interest income	362	2,468	2,830
Dividends	2,116	-	2,116
Gains (losses) on investments	48	-	48
Reclassifications of net assets			
Net assets released from restrictions:			
Restrictions satisfied by payments	164,697	(164,697)	-
Other reclassifications (Adm. Fees)	1,986	(1,986)	-
Total support, revenue, reclassifications, and releases from restrictions	191,194	(100,477)	90,717
Expenses			
General and administrative expenses	24,616	-	24,616
Fundraising expenses	2,963	-	2,963
Program expenses	190,813	-	190,813
Total expenses	218,392	-	218,392
Changes in net assets	(27,198.00)	(100,477.00)	(127,675.00)
Other changes in net assets			
Transfers in (out)	(2,865)	2,865	-
Total other changes in net assets	(2,865)	2,865	-
Total changes in net assets	(30,063)	(97,612)	(127,675)
Net assets at beginning of year	151,622	363,579	515,201
Net assets at end of year	\$121,559	\$265,967	\$387,526

See accompanying notes to the financial statements.

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
Statement of Cash Flows
For the Year Ended June 30, 2006

Cash flows from operating activities:	
Change in net assets	(\$127,675)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Provision for depreciation	620
(Increase) decrease in accounts receivable	75,098
Increase (decrease) in accounts payable/accrued liabilities	(5,973)
Total adjustments	<u>69,745</u>
Net cash used (provided) by operating activities	<u>(57,930)</u>
 Cash flows from investing activities:	
Reinvested dividends and interest	<u>(2,254)</u>
Net cash used by investing activities	<u>(2,254)</u>
 Net increase (decrease) in cash and cash equivalents	
	(60,184)
Cash and cash equivalents at beginning of year	<u>290,717</u>
Cash and cash equivalents at end of year	<u><u>\$230,533</u></u>

See accompanying notes to the financial statements.

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
Statement of Functional Expenses
For the Year Ended June 30, 2006

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Awards	\$ -	\$ -	\$ -	\$ -
Bad debt	-	22,000	-	22,000
Bank charges	-	291	-	291
Contributions	-	-	-	-
Courtesies	1,359	-	-	1,359
Departmental	110,884	-	662	111,546
Depreciation	-	620	-	620
Insurance	499	-	-	499
Miscellaneous	-	-	-	-
Office expenses	1,657	118	-	1,775
Printing and reproduction	248	-	-	248
Professional fees	31,008	-	-	31,008
Promotional fees	-	-	-	-
Radio broadcast	3,124	-	-	3,124
Rentals	252	-	-	252
Scholarships	22,900	-	-	22,900
Supplies	18,882	-	-	18,882
Travel	-	1,587	2,301	3,888
	<u>\$190,813</u>	<u>\$24,616</u>	<u>\$2,963</u>	<u>\$218,392</u>

See accompanying notes to the financial statements.

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
Grambling, Louisiana

Notes to the Financial Statements
For the Year Ended June 30, 2006

NOTE A:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Grambling University Athletic Foundation (the Foundation) is an independent, nonprofit corporation organized for the purpose of improving and expanding the athletic programs at Grambling State University in compliance with National Collegiate Athletic Association (NCAA) regulations. Support for the Foundation's efforts is funded primarily from contributions and fundraising activities. The Foundation is not focused on financial gain but rather the enhancement of Grambling State University, particularly its athletic program.

Basis of Accounting

For the period ending June 30, 2006, the Foundation adhered to 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 asset 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.

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

Public Support and Revenue

Revenue and public support consists primarily of fundraisers and contributions. In accordance with Statement of Financial Accounting Standard No. 116, "Accounting for Contributions Received and Contributions Made", contributions are recognized when the donor makes a promise to give 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 restricted 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, based on prior years' experience and the judgment of management regarding specific promises made, to assess the value of unconditional contributions receivable.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a 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 period under audit. At June 30, 2006, the Foundation had cash totaling \$230,533 categorized as follows:

Unrestricted	\$ 42,039
Temporarily Restricted	<u>\$ 188,494</u>
Total Cash	\$ 230,533

Depreciation

The Foundation capitalizes, at cost, all expenditures for fixed assets that meet its capitalization threshold of \$5,000 or more. Depreciation is computed on the straight-line method over the useful life of the assets. In the case of furniture and fixtures, the Foundation utilizes a useful life of 7 years and the straight-line depreciation.

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

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires that management to make estimates and assumptions that affect certain reported amounts and disclosures. 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 marketable securities with readily determinable fair market values and all investments in debt securities are reported at their fair market 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 office space are provided by Grambling State University to the Foundation as needed. During the year ended June 30, 2006, the value of contributed services meeting the requirements for recognition in the financial statements were not material and therefore were not recorded in the financial statements. The University donates the use of 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 and changes in net assets. A detailed breakdown of expenses by function is included in the statement of account activity under supplemental information. Certain costs have been allocated among the programs and supporting services benefited.

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

NOTE C. RECEIVABLES

Receivables at June 30, 2006 that are considered valid and collectible include:

Pledges Receivable	\$ 2,825
Concessions Receivable	<u>10,950</u>
Total Receivables	\$13,775

NOTE D. INVESTMENTS

All investments consist of board-designated net assets as of June 30, 2006. The investments of the Foundation as of June 30, 2006 are summarized as follows:

	Carrying Value	Fair Value
Certificate of Deposit	\$ 3,043	\$ 3,043
Mutual Funds	<u>139,555</u>	<u>139,555</u>
Total Investments	\$142,598	\$ 142,598

NOTE E. PROPERTY AND EQUIPMENT

As of June 30, 2006, the Foundation listed fixed assets as follows:

Property and Equipment, at cost	\$ 4,341
Less: Accumulated Depreciation	<u>(3,721)</u>
Total Property and Equipment	\$ 620

NOTE F. FUND RAISING ACCOUNTS

Primary fundraisers for the year ended June 30, 2006 included Orchestis Dance Camp and radio broadcasts. In addition, to these there were several sources though not as significant.

NOTE G. TEMPORARILY RESTRICTED NET ASSETS

For the year ended June 30, 2006, the Foundation reclassified \$164,697 to unrestricted net assets due to restrictions being satisfied by payment. The temporarily restricted net assets include contributions received to benefit various student activities at Grambling State University. The Foundation operates a separate temporarily restricted fund for each student activity. All unrestricted funds are maintained in a General Fund account.

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

NOTE H. CONTINGENCIES

The Foundation has retained legal counsel and for the period ended June 30, 2006 only one outstanding issue is reported. The attorney indicates that it involves a demand against Delta Sports Network. No legal action was filed in the matter as of June 30, 2006 and no fees or costs have been calculated or billed to the Foundation.

SUPPLEMENTAL INFORMATION

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
 Schedule of Account Activity and Balances
 For the Year Ended June 30, 2006

	Balance at June 30, 2005	Support Revenue	Program	Management and General	Fundraising	Total Expenses	3% Fee	Other Transfers	Total Transfers	Balance June 30, 2006
Athletic Advisory	\$1,563									\$1,563
Athletic Auxiliary	28,076	562	41,052		449	41,501	(17)		(17)	(11,878)
Basketball	2,021									2,021
Basketball-men's	1,870									1,870
Basketball-women's	1,753	500	217			217	(15)		(15)	2,021
Bowling	437									437
Cheerleaders	9,666		14,132			14,132				(4,164)
Culvethouse-football operations	205,860	2,430	22,900			22,900	(73)		(73)	185,307
Culvethouse-scholarships	6,910	88								6,998
Culvethouse-supplemental pay	2,790									2,790
External relations(golf tournament)	21,069	9,296	25,061		2,314	27,375	(278)	500	500	3,290
Football	287							700	700	3,441
Fred Hobby scholarship	1,448									287
Golf	180								(3)	1,448
GSU Middle School	2,835	40								180
Leonard Griffin	11,493	19,578	26,885	1,987	200	28,652	(857)		(1)	2,974
Orchestra concert	28,005	19,000	23,309			23,309	(570)		(570)	822
Radio broadcast	485	330								23,128
Robert Piper Scholarship	185								(10)	805
Soccer	29	528								185
Softball	4,761	4,395	3,494			3,494	(132)	1,685	(16)	541
Sports Information	368								1,533	7,215
Sports Medicine	13,468		2,687			2,687				368
Student Affairs	8,713									10,789
State Farm Life Season Book	4,877	273								818
Tennis	2,588	192	420			420	(6)		(6)	4,942
Track										2,354
Volleyball										
Total temporarily restricted net assets	953,576	59,210	160,147	1,587	2,963	164,937	(1,887)	2,885	1,178	258,269
Unrestricted net assets										
Operating (including net investment in equipment)	(26,786)	1,307	19,134	23,029		42,163	1,987	(1,700)	287	(68,355)
Football concessions	38,292									38,292
Savings (former account)	6,090									9,080
Scavies & fee	369									369
Tiger Club	61,900	21,985	11,532			11,532		(1,165)	(1,165)	61,168
Ruskin Lincoln OVE		10,000					(300)		(300)	9,700
Board designated	80,788	1,217								81,983
Eddie Robinson Educational Fund	151,821	34,509	30,666	23,029		53,685	1,687	(2,855)	(1,178)	131,257
Total unrestricted net assets	\$515,188	\$90,719	\$180,813	\$24,616	\$2,963	\$218,362	\$	\$	\$	\$387,558

Grambling University Athletic Foundation
Schedule of Payments Made to Grambling State University Employees
For the Fiscal Year Ended June 30, 2006

Employees	Payments
Hicks, Dennis	\$90
Moss, Larry	\$90
Total Payments	\$180

Bobby Gray

Certified Public Accountant

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American Institute of Certified Public Accountants Society of Louisiana Certified Public Accountants

October 9, 2006

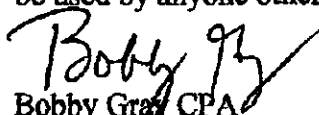
To the Board of Directors
Grambling University Athletic Foundation
Grambling, Louisiana

In planning and performing my audit of the financial statements of the Grambling University Athletic Foundation for the year ended June 30, 2006, I considered the Foundation's internal control structure in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. However, I noted certain matters involving internal control and its operation that I consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of internal control that, in my judgment, could adversely affect the Foundation's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Inaccurate Revenue and Expenditures

Based on review and on information provided by management, a significant revenue item was duplicated in successive years and was not corrected in a timely manner. The revenue was recorded in one fiscal year with a corresponding receivable and, once received in the following year, was duplicated rather than clearing the receivable. Though this was discovered and corrected, it led management to believe that it had more funds available than it did. As a result, expenditures exceeded revenue causing a deficit. In addition, I noted that some expenditures that were not classified correctly. I recommend that a procedure calling for mandatory supervisory review be implemented in order to detect such occurrences in a timely manner.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Foundation and is not intended to be and should not be used by anyone other than these specified parties.


Bobby Gray, CPA
Grambling, Louisiana



GRAMBLING UNIVERSITY ATHLETIC FOUNDATION

P.O. Box 913 • GRAMBLING, LOUISIANA 71245

October 25, 2006

Steps Taken by The Executive Committee for All Financial Transactions

The Grambling University Athletic Foundation Executive/Financial Screening Committee meets the second Thursday of each month to approve checks.

Receivables

When a check is received, it is receipted and deposited by a designated board member. A copy of the check, the receipt and a copy of the deposit slip are passed on to the administrative assistant. The administrative assistant mails the original receipt to the donor and a duplicate receipt as well as a copy of the check are filed in the donor's folder. The deposit slip and receipts for that deposit are faxed to the bookkeeper to be placed in the books.

Payables - Restricted Accounts

When a check is requested, the following procedures are followed:

- 1) A Request for Funds form is generated by the initiator. This form includes the name of the payee, the amount the check is to be written, the purpose for the request, the account the funds are to come from.
- 2) The Request for Funds form is signed by the initiator, the account director, the appropriate vice president (Finance/Student Affairs), as well as the university president.

Payables - Unrestricted Account

The same procedure is followed for Restricted Accounts except the Request for Funds form is signed by the initiator and the president of the board.

The Requests for Funds are presented to the bookkeeper whereby the checks, a screening report-general fund, and a schedule of disbursements are prepared prior to the Executive/Financial Screening Committee meeting. The Committee meets and approves the checks by signature of the president and/or the treasurer or the secretary (in the absence of the treasurer). If a request is not approved, the check is voided and the administrative assistant informs the initiator of the disapproval of the request.

A Monthly Financial Reconciliation

For the monthly checking account, the administrative assistant compiles all of the documents and distributes them in a package to the executive committee members. The executive committee members using the previous month's statement and a record of deposits for the month review the current month's statement looking for any discrepancies. If none are discovered, a notation is made by the secretary that the accounts were reviewed and found to be in good order.

For investments and certificate of deposits which are quarterly reported, the same procedure is followed.