

Lion Athletic Association

Financial Report

Years Ended June 30, 2013 And 2012

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PEDELAHORE & CO., LLP

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Lion Athletic Association
Hammond, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Lion Athletic Association (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013 and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lion Athletic Association as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2013, on our consideration of Lion Athletic Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lion Athletic Association's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Lion Athletic Association's 2012 financial statements, and our report dated November 29, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Pedellature & Co. U.A.

November 29, 2013
New Orleans, Louisiana

Lion Athletic Association
Statements Of Financial Position
June 30, 2013 And 2012

	<u>Assets</u>	
	<u>2013</u>	<u>2012</u>
Current Assets		
Cash	\$ 388,350	\$ 232,178
Accounts receivable	11,682	44,018
Promises to give	8,500	-
Prepaid expenses	-	712
Total current assets	<u>408,532</u>	<u>276,908</u>
Property, Plant And Equipment		
Facility improvements	578,516	578,516
Machinery and equipment	425,074	419,243
Office furniture and equipment	15,537	15,537
Automobiles and trucks	<u>10,921</u>	<u>10,921</u>
	1,030,048	1,024,217
Less accumulated depreciation	<u>243,052</u>	<u>155,130</u>
	<u>786,996</u>	<u>869,087</u>
	<u>\$ 1,195,528</u>	<u>\$ 1,145,995</u>
	<u>Liabilities And Net Assets</u>	
Current Liabilities		
Accounts payable and accrued expenses	\$ 25,757	\$ 156,048
Due to Southeastern Development Foundation, Inc.	11,274	33,821
Deferred income	108,269	34,850
Current maturities of long-term debt	<u>83,061</u>	<u>88,293</u>
Total current liabilities	<u>228,361</u>	<u>313,012</u>
Long-term liabilities		
Due to Southeastern Development Foundation, Inc.	22,547	-
Long-term debt, net of current maturities	<u>218,289</u>	<u>301,628</u>
	<u>240,836</u>	<u>301,628</u>
Net Assets		
Unrestricted	610,113	507,528
Temporarily restricted	<u>116,218</u>	<u>23,827</u>
	<u>726,331</u>	<u>531,355</u>
	<u>\$ 1,195,528</u>	<u>\$ 1,145,995</u>

The Notes to Financial Statement are an integral part of this statement.

Lion Athletic Association
Statements Of Activities And Changes In Net Assets
Years Ended June 30, 2013 And 2012

	Temporarily		Totals	
	<u>Unrestricted</u>	<u>Restricted</u>	<u>2013</u>	<u>2012</u>
Revenue And Other Support				
Donations	\$ 47,128	\$ 122,884	\$ 170,012	\$ 133,927
Sponsors	449,802	-	449,802	408,802
In-kind donations	134,576	72,280	206,856	218,631
Memberships	113,893	68,624	182,517	101,695
Special events/tournaments	32,944	29,050	61,994	85,531
Concession sales				
Net of cost of goods sold	71,275	-	71,275	60,810
Other revenue	9,627	99,631	109,258	48,357
Transfer from Foundation	12,180	-	12,180	122,629
Net assets released from restrictions	<u>300,078</u>	<u>(300,078)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>1,171,503</u>	<u>92,391</u>	<u>1,263,894</u>	<u>1,180,382</u>
Expenses				
Program Services	300,078	-	300,078	260,165
Support Services				
Management and general	733,999	-	733,999	827,820
Fundraising	<u>34,841</u>	<u>-</u>	<u>34,841</u>	<u>98,976</u>
	<u>1,068,918</u>	<u>-</u>	<u>1,068,918</u>	<u>1,186,961</u>
Other Revenue And Expenses				
Gain on sale of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
Changes in net assets	102,585	92,391	194,976	(4,579)
Net Assets - Beginning Of Year	<u>507,528</u>	<u>23,827</u>	<u>531,355</u>	<u>535,934</u>
Net Assets - End Of Year	<u>\$ 610,113</u>	<u>\$ 116,218</u>	<u>\$ 726,331</u>	<u>\$ 531,355</u>

The Notes to Financial Statements are an intergral part of these statements.

Lion Athletic Association
Statements Of Cash Flows
Years Ended June 30, 2013 And 2012

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 194,976	\$ (4,580)
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	87,920	35,947
(Gain) on sale of assets	-	(2,000)
Decrease (increase) in:		
Accounts receivable	32,338	(2,468)
Promises to give	(8,500)	-
Prepaid expenses	712	(712)
Increase (decrease) in:		
Accounts payable	(130,291)	152,782
Deferred revenue	<u>73,419</u>	<u>(17,578)</u>
Net cash provided by operating activities	<u>250,574</u>	<u>161,391</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	<u>(5,831)</u>	<u>(647,467)</u>
Net cash used by investing activities	<u>(5,831)</u>	<u>(647,467)</u>
Cash Flows From Financing Activities		
Proceeds from long-term debt	-	425,000
Payments on long-term debt	<u>(88,571)</u>	<u>(62,829)</u>
Net cash provided (used) by financing activities	<u>(88,571)</u>	<u>362,171</u>
Net (Decrease) Increase In Cash And Cash Equivalents	\$ 156,172	\$ (123,905)
Cash and cash equivalents at beginning of year	<u>232,178</u>	<u>356,083</u>
Cash and cash equivalents at end of year	<u>\$ 388,350</u>	<u>\$ 232,178</u>
Supplementary disclosures of cash flow information		
cash paid during the year for interest	<u>\$ 16,860</u>	<u>\$ 11,776</u>

The Notes to Financial Statements are an integral part of these statements.

Lion Athletic Association
Notes To Financial Statement
Years Ended June 30, 2013 And 2012

Note 1. Summary Of Significant Accounting Policies

Nature of Organization

Lion Athletic Association (“the Association”) was incorporated on March 18, 1982 under the provisions of Louisiana Revised Statute 12:201 as a non-profit corporation. The Association was formed to promote and support, on all levels, the Southeastern Louisiana University Athletics Programs. These programs include baseball, basketball, softball, football, golf, tennis, track, soccer, volley ball, cheerleading, athletic training and weight training. The Association is supported primarily through contributions from corporate sponsors and private donors.

Basis of Accounting

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

Basis of Presentation

Net assets of the Association and changes therein are classified and reported as follows:

- Unrestricted net assets are not subject to donor-imposed stipulations.
- Temporarily restricted net assets are subject to donor-imposed stipulations that can be fulfilled by actions of the Association and/or the passage of time.
- Permanently restricted net assets are subject to donor-imposed stipulations that must be maintained permanently by the Association. There were no permanently restricted net assets as of June 30, 2013 and 2012.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains or losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. During the years ended June 30, 2013 and 2012, \$300,078 and \$260,165 (respectively) of prior temporarily restricted net assets were released from donor restrictions.

Lion Athletic Association
Notes To Financial Statement
Years Ended June 30, 2013 And 2012

Cash and Cash Equivalents

The Association considers all short term investments with an original maturity of three months or less to be cash equivalents.

Promises to Give

Pursuant with the Association's policy and in conformity with Financial Accounting Standards Board (FASB) recommendations for not-for-profit entities, unconditional promises to give are recognized as revenues or gains in the period received, and as assets or decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

The Association uses the allowance method to determine uncollectible receivables. The allowance is based on prior years experience and managements analysis of specific promises made. At June 30, 2013 there is no allowance.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of asset and liabilities at the date of the financial statement and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Property, Plant and Equipment

Property, plant and equipment utilized by the Association are generally not recorded on the financial statement of the Association, as these assets are owned by Southeastern Louisiana University. For those assets owned by the Association, purchased property and equipment greater than \$1,000 is carried at cost; while donated property and equipment is recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over an estimated life between five and twenty-five years.

Depreciation expense for the years ended June 30, 2013 and 2012 was \$87,920 and \$35,947, respectively.

Lion Athletic Association
Notes To Financial Statement
Years Ended June 30, 2013 And 2012

Donated Services

A significant portion of the Association's functions are conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the requirement for recognition under FASB recommendations for not-for-profit entities.

Income Tax Status

Under provisions of the Internal Revenue Code, Section 501(c)(3), and the applicable income tax regulations of Louisiana, the Association is exempt from taxes on income other than unrelated business income. The association has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(VI). Since the Association had no unrelated business income during the years ended June 30, 2013 and 2012, no provision for income tax was made. Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustments for or disclosures in the financial statements.

Also, the Association's federal income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those returns. In general, both the federal and state income tax returns have a three year statute of limitations.

Accounts Receivable

Accounts receivable represent amounts due the Association. They are stated at amounts management expects to collect from outstanding balances. An allowance for doubtful accounts is recorded based on a combination of write-off history, ageing analysis and any specific known troubled account. It is the Association's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. The allowance account was \$0 at June 30, 2013 and 2012. At June 30, 2013 and 2012 accounts receivable consist of the following:

	<u>2013</u>	<u>2012</u>
Sponsorships	\$ -	\$ 41,168
Southeastern Louisiana University	7,853	-
Coaches/Staff	3,110	2,850
Other	<u>719</u>	<u>-</u>
	<u>\$ 11,682</u>	<u>\$ 44,018</u>

Lion Athletic Association
Notes To Financial Statement
Years Ended June 30, 2013 And 2012

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Association.

Deferred Income

Lion Athletic Association adopted FASB ASC 210, which notes that collections received in advance of the delivery of goods or performance of services are intended to be included in liabilities, known as deferred revenues, which consisted of sponsorships and memberships. Deferred income was \$108,269 and \$34,850 at June 30, 2013 and 2012, respectively.

Note 2. Donated Services And Supplies

In-kind donations of \$206,856 and \$218,631 for 2013 and 2012, respectively for donated services and supplies that the Association would normally have had to purchase were recorded because the donations met the criteria of enhancing non-financial assets and the value of the services and materials provided were readily determinable.

Note 3. Debt

During 2011 the Association entered into a note payable for the purchase of a communication system. The original loan amount was \$37,000 with a maturity date of December 15, 2012 and zero interest. The loan balance at June 30, 2013 and 2012 was \$0 and \$9,250, respectively.

During 2012 the Association entered into a note payable for the purchase and installation of a football field. The original loan amount was \$425,000 with a maturity date December 2016 and a fixed interest rate of 4.9%. The loan balance at June 30, 2013 and 2012 was \$301,350 and \$380,671, respectively.

Interest expense paid and incurred was \$16,860 and \$11,776 in 2013 and 2012 respectively.

Lion Athletic Association
Notes To Financial Statement
Years Ended June 30, 2013 And 2012

The future maturities of these notes payable as of June 30, 2012 are as follows:

<u>Year Ending</u>	
2014	\$ 83,061
2015	87,282
2016	91,708
2017	<u>39,299</u>
	<u>\$ 301,350</u>

Note 4. Concentration Of Risk

Concentration of credit risk arising from cash deposits

The Association maintains its cash balances at banks that are insured by the Federal Deposit Insurance Corporation. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2013 the balance in the bank exceeded the limit by approximately \$206,000.

Concentration of credit risk due to accounts receivable

Credit risk for accounts receivable can be concentrated if substantially all of the balances are receivable from entities located within the same geographic region. As of June 30, 2013 and 2012, accounts receivable was \$20,182 and \$44,018, respectively and allowance for doubtful accounts was \$-0-. At June 30, 2013 \$7,500 is due from one party.

Note 5. Related Party Transactions

The Association occupies an office provided by Southeastern Louisiana University. Since the value of the facilities used by the Association is not readily determinable, no related donation income or rent expense is recorded. In addition, and in accordance with Louisiana Revised Statutes 17:3390, the Association is of the opinion that all expenditures and in-kind services, except unrestricted funds used for administration, benefit the University. These amounts greatly exceed the cost of housing, personnel, and other support furnished to the Association by the University.

Lion Athletic Association
Notes To Financial Statement
Years Ended June 30, 2013 And 2012

As of June 30, 2013 and 2012 the Association owed \$33,821 to the Southeastern Development Foundation, Inc. for the assumption of debt relating to capital renovations and for uniforms purchased for the sports program.

Financial services for the Association are performed by Southeastern Louisiana University Development Foundation employees. The Association paid \$34,066 to the Foundation for the year ended June 30, 2013 for these services; for the year ended June 30, 2012 no amounts were paid or billed for these services.

Note 6. Contingencies

The Association is occasionally involved in litigation and regulatory investigations arising in the ordinary course of operations. While the ultimate outcome of these matters is not presently determinable, it is the opinion of management that the resolution of outstanding claims will not have a material adverse effect on the financial position or results of operations of the Association.

Note 7. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 29, 2013.

**Other Reports And
Supplemental Information**

PEDELAHORE & CO., LLP

Certified Public Accountants

Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

To the Board of Directors
Lion Athletic Association
Hammond, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial suits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lion Athletic Association (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 29, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lion Athletic Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lion Athletic Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Lion Athletic Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contract, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the management of Lion Athletic Association the Board of Directors, others within the Association, the Louisiana Legislative Auditor and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Podolabre & Co, LPA

November 29, 2013
New Orleans, Louisiana

Lion Athletic Association
Schedule Of Findings And Questioned Costs
Year Ended June 30, 2013

Section I – Summary Of Auditor’s Results

Financial Statements

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified?	_____ Yes <u> X </u> No
Significant deficiencies not considered to be material weakness?	_____ Yes <u> X </u> None Reported
Noncompliance material to financial statements noted?	_____ Yes <u> X </u> No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	Not Applicable
Significant deficiencies not considered to be material weakness?	Not Applicable
Type of auditors’ report issued on compliance for major programs:	Not Applicable
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	Not Applicable

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

Not Applicable

Dollar threshold used to distinguish between Type A and Type B programs:	Not Applicable
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Auditee qualified as low-risk audit?	Not Applicable
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Section II – Internal Control And Compliance

No reported findings for the year ended June 30, 2013

Section III – Management Letter Comments

No reported findings for the year ended June 30, 2013

Lion Athletic Association
Summary Schedule Of Prior Audit Findings
Year Ended June 30, 2013

Section I – Compliance And Internal Control Material To The Financial Statements

No reported findings for the year ended June 30, 2012

Section II – Internal Control And Compliance

No reported findings for the year ended June 30, 2012

Section III – Management Letter

No reported findings for the year ended June 30, 2012