INDEPENDENCE BOWL FOUNDATION, INC.

(Audited Financial Statements and Related Notes)

SHREVEPORT, LOUSIANA

FEBRUARY 29, 2020 AND FEBRUARY 28, 2019

MARSHA O. MILLICAN
A PROFESSIONAL ACCOUNTING CORPORATION
SHREVEPORT, LOUISIANA

INDEPENDENCE BOWL FOUNDATION , INC.

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Marsha O. Millican
A PROFESSIONAL ACCOUNTING CORPORATION

Independent Auditor's Report

To the Board of Directors
Independence Bowl Foundation, Inc.
Shreveport, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the Independence Bowl Foundation, Inc.(a non-profit organization) which comprise the statements of financial position, as of February 29, 2020 and February 28, 2019 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 the 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

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 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, I 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.

I believe that the audit evidence I have obtained is sufficient to provide a basis for my audit opinion.

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Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Independence Bowl Foundation, Inc., as of February 29, 2020 and December 28, 2019, and the changes in its net assets and cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated July 20, 2020 on my consideration of the Independence Bowl Foundation, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contract, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Independence Bowl Foundation, Inc.'s internal control over financial reporting and compliance.

Marsha O. Millican

Certified Public Accountant
July 20, 2020

INDEPENDENCE BOWL FOUNDATION, INC.

Statement of Financial Position

February 29, 2020 and February 28, 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 493,987	$ 724,321
Certificates of deposit	45,844	45,797
Accounts receivable	679,170	366,393
Prepaid expenses	46,762	65,791
Total Current Assets	1,265,763	1,202,302
Fixed assets:		
Leasehold improvements/renovations	1,684,059	1,684,059
Less accumulated depreciation	(842,030)	(673,624)
Net fixed assets	842,029	1,010,435
Deposits	7,015	7,015
Total Assets	$2,114,807	$2,219,752
LIABILITIES AND UNRESTRICTED NET ASSETS		
Current liabilities:		
Due to participating teams	1,298,538	$ 1,312,964
Accounts payable	211,315	147,911
Line of credit payable	688,446	688,446
Accrued interest payable	2,666	3,883
Payroll withholding payable	1,186	-
Current portion of long-term debt	189,414	163,666
Total Current Liabilities	2,391,565	2,316,870
Long-term liabilities:		
Notes payable, less current portion	717,262	909,671
Total long-term liabilities	717,262	909,671
Total liabilities	3,108,827	3,226,541
Unrestricted net assets:		
Unrestricted	(994,020)	(1,006,789)
Total unrestricted net assets	(994,020)	(1,006,789)
Total liabilities and unrestricted net assets	$2,114,807	$2,219,752

The accompanying notes are an integral part of these statements.

INDEPENDENCE BOWL FOUNDATION, INC.

Statement of Activities and Changes in Net Assets

For the Year Ended February 29, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Support:			
Contributions	$ -	$ 1,209,431	$ 1,209,431
Grants - state and local governments	-	400,000	400,000
Total Support	-	1,609,431	1,609,431
Revenues:			
Program Service Fees	1,627,899	-	1,627,899
Hotel Occupancy Tax	-	642,810	642,810
Memberships	-	36,025	36,025
Settlement Trust Recovery	-	-	-
Miscellaneous	2,233	-	2,233
Total Revenues	1,630,132	678,835	2,308,967
Total Support and Revenue	1,630,132	2,288,266	3,918,398
Net Assets Released from Restrictions:			
Satisfaction of Usage Restrictions	2,288,266	(2,288,266)	-
Total Support and Revenues	3,918,398	-	3,918,398
Expenses:			
Program Expenses	3,568,316	-	3,568,316
Management and General	337,313	-	337,313
Total Expenses	3,905,629	-	3,905,629
Change in Net Assets	12,769	-	12,769
Net assets, beginning of year	(1,006,789)	-	(1,006,789)
Net assets, end of year	$ (994,020)	$ -	$ (994,020)

The accompanying notes are an integral part of this statement.

INDEPENDENCE BOWL FOUNDATION, INC.

Statements of Activities and Changes in Net Assets

For the Year Ended February 28, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Support:			
Contributions	$ -	$ 996,350	$ 996,350
Grants - state and local governments	-	360,000	360,000
Total support	-	1,356,350	1,356,350
Revenues:			
Program Service Fees	1,807,803	-	1,807,803
Hotel Occupancy Tax	-	662,765	662,765
Memberships	-	44,800	44,800
Settlement Trust Recovery	211,554	-	211,554
Miscellaneous	2,814	-	2,814
Total revenue	2,022,171	707,565	2,729,736
Total support and revenue	2,022,171	2,063,915	4,086,086
Net Assets Released from Restrictions:			
Satisfaction of Usage Restrictions	2,063,915	(2,063,915)	-
Total Support and Revenues	4,086,086	-	4,086,086
Expenses:			
Program Expenses	3,400,262	-	3,400,262
Management and General	377,736	-	377,736
Total Expenses	3,777,998	-	3,777,998
Change in Net Assets	308,088	-	308,088
Net assets, beginning of year	(1,314,877)	-	(1,314,877)
Net assets, end of year	$ (1,006,789)	$ -	$ (1,006,789)

The accompanying notes are an integral part of this statement.

INDEPENDENCE BOWL FOUNDATION, INC.

Statement of Functional Expenses

For the Year Ended February 29, 2020

	Program Services	Management and General	Total
Independence Bowl:			
Distributions to Teams	$ 2,000,000	$ -	$ 2,000,000
Personnel	341,449	85,362	426,811
Occupancy	-	83,885	83,885
Professional Services	107,197	12,500	119,697
Printing	29,553	-	29,553
Travel	11,658	6,706	18,364
Bowl Related Expenses	313,666	-	313,666
Game Day Expense	182,146	-	182,146
Depreciation	168,406	-	168,406
Interest	-	83,422	83,422
Other	414,241	65,438	479,679
	$ 3,568,316	$ 337,313	$ 3,905,629

The accompanying notes are an integral part of this statement.

INDEPENDENCE BOWL FOUNDATION, INC.

Statement of Functional Expenses

For the Year Ended February 28, 2019

	Program Services	Management and General	Total
Independence Bowl:			
Distributions to Teams	$ 2,000,000	$ -	$ 2,000,000
Personnel	313,782	78,445	392,227
Occupancy	-	87,969	87,969
Professional Services	107,197	12,500	119,697
Printing	14,485	-	14,485
Travel	14,148	19,363	33,511
Bowl Related Expenses	265,209	-	265,209
Game Day Expense	173,124	-	173,124
Depreciation	168,406	-	168,406
Interest	-	98,099	98,099
Other	343,911	81,360	425,271
	$ 3,400,262	$ 377,736	$ 3,777,998

The accompanying notes are an integral part of this statement.

INDEPENDENCE BOWL FOUNDATION, INC.

Statement of Cash Flows

For the Year Ended February 29, 2020 and February 28, 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ 12,769	$ 308,088
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	168,406	168,406
Bad debt expense	-	-
Prior period adjustment	-	-
(Increase)decrease in assets:		
Accounts receivable	(312,777)	179,952
Prepaid expenses	19,029	22,858
(Increase)decrease in liabilities:		-
Due to participating teams	(14,426)	7,072
Accounts payable	63,404	(26,865)
Accrued expenses	(31)	(4,326)
Total adjustments	(76,395)	347,097
Net cash provided (used) by operating activities	(63,626)	655,185
Cash flows from investing activities:		
Purchases of fixed assets	-	-
Reinvestment of interest on certificates of deposit	(47)	(60)
Net cash provided (used) by investing activities	(47)	(60)
Cash flows from financing activities:		
Draws on line of credit	-	-
Principal payments on line of credit	-	(211,554)
Payment of principal on long-term debt	(166,661)	(158,985)
Net cash provided (used) by financing activities	(166,661)	(370,539)
Net increase (decrease) in cash and cash equivalents	(230,334)	284,586
Cash and cash equivalents - beginning of year:	724,321	439,735
Cash and cash equivalents - end of year	493,987	724,321
Supplementary cash flow information:		
Cash paid during the year for interest	$ 84,639	$ 98,681

The accompanying notes are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General:

The Independence Bowl Foundation, Inc. (the "Foundation") is a tax-exempt and non-profit organization established for the purpose of advertising and promoting amateur sports and sports related events in the Shreveport-Bossier area. The Foundation consists of a full-time staff and committee members that carry out all of the activities related to the Foundation's function. The Foundation is also the sponsoring organization for the Independence Bowl post-season football game, which is promoted and served through the Foundation's staff and volunteer membership. The Independence Bowl Foundation, Inc., is organized as a nonprofit organization exempt from federal income taxation under Code Section 501 (c) (3) of the Internal Revenue Code.

B. Basis of Accounting:

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

C. Basis of Presentation:

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and board of directors.

Net assets with donor restrictions: These assets are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, these net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

D. Measure of Operations:

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Foundation's ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

E. Cash and Cash Equivalents:

For the purpose of cash flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. At February 29, 2020 the carrying amount of the Foundation's deposits were \$539,831 while the bank balances were \$632,296. Deposits of \$620,807 were secured by FDIC insurance; deposits of \$11,537 were unsecured and subject to risk. At February 28, 2019, deposits of \$165,126 were unsecured.

F. Property and Equipment:

Purchased property and equipment are stated at cost. Donated property and equipment are stated at their fair market value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from five to ten years.

G. Contributions:

All contributions received are considered available for use unless the donor specifies a restriction. Amounts received that are restricted by the donor for specific purposes are reported as donor restricted support that increases net assets with donor restrictions.. When a donor restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

H. Estimates:

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

I. Functional expenses:

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Distributions to teams	Full Time Equivalent
Personnel	Time and Effort
Occupancy	Time and Effort
Professional Services	Time and Effort
Printing	Time and Effort
Travel	Time and Effort
Bowl Related Expenses	Full Time Equivalent
Game Day Expense	Full Time Equivalent
Depreciation	Full Time Equivalent
Interest	Full Time Equivalent
Other	Full Time Equivalent

J. New Accounting Pronouncement:

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities.* The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment returns. The Foundation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

K. Advertising Costs:

Advertising costs are expenses as incurred and are included in program expenses on the statement of activities. Advertising expenses amount to $153,460 for the year ended February 29, 2020 and $195,253 for the year ended February 28, 2019.

L. Donated Materials and Services:

Donated Materials and equipment are reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt. No amounts have been reflected in the statements for donated services, inasmuch as no objective basis is available to measure the value of such services; and the donated services do not create a nonfinancial asset.

2. AVAILABILITY AND LIQUIDITY

The following represents the Foundation's financial assets at February 29, 2020 and February 28, 2019

	2020	2019
Financial assets at year end:		
Cash and equivalents	$493,987	$ 724,321
Total financial assets	$493,987	$ 724,321
Less amounts not available to be used within one year:		
Net assets with donor restrictions	-	
Less net assets with purpose restriction to be met in less than a year	-	
	-	-
Financial assets available to meet general expenditures over the next twelve months	$493,987	$ 724,321

The Foundation's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in interest-bearing accounts.

3. Certificates of Deposit

Certificates of deposits at February 29, 2020 and February 28, 2019 consisted of the following:

	2019	2019
Regions Bank	$ 22,817	$ 22,806
JP Morgan Chase Bank	11,108	11,108
Origin Bank	11,919	11,883
Total Certificates of Deposit	$ 45,844	$ 45,797

4. Accounts Receivable

Accounts receivable at February 29, 2020 and February 28, 2019 consisted of the following:

	2020	2019
Corporate sponsors/advertisers	$611,687	$317,608
Accrued hotel occupancy tax	67,483	50,965
Total receivables	679,170	368,573
Less: allowance for doubtful accounts	-	(2,180)
Accounts receivable, net	$679,170	$366,393

5. Cooperative Endeavor Agreement

As of August 14, 2018, the Foundation executed a cooperative endeavor agreement with the City of Shreveport, Louisiana outlining the scope of services and responsibilities of each party. The main focus of this agreement is the production of the Independence Bowl, along with any activities and events associated with the game. The term of this agreement is from inception and terminates December 31, 2022. The agreement provided the Foundation will be paid the sum of $140,000 per year for the activities described above, and receives use of public facilities of the City of Shreveport, (including Independence Stadium) at no charge. As the fair market value of the contribution from the City of Shreveport cannot be determined, no income and related expense associated with this cooperative endeavor agreement is recorded in the records of the Foundation. In the event the Foundation fails to produce a game in any year of the contract, the funds will be returned to the City of Shreveport. The Foundation is allowed, under the agreement, to improve the stadium's facilities, and subsequent to the repayment of all debt associated with the renovations, the improvements become the property of the City of Shreveport.

6. FIXED ASSETS:

Fixed assets at February 29, 2020 and February 28, 2019 consisted of the following:

	2020	2019
Scoreboard	$ 1,684,059	1,684,059
Less Accumulated Depreciation	(842,030)	(673,624)
Net Fixed Assets	$ 842,029	$ 1,010,435

7. NET ASSETS

Net assets with donor restrictions were as follows for the year ended February 29, 2020 and February 28, 2019:

	2020	2019
Specific Purpose	$ -	$ -
Total	$ -	$ -

Net assets without donor restriction for the year ended February 29, 2020 and February 28, 2019 are as follows:

	2020	2019
Undesignated	$ (994,020)	$ (1,006,789)
Total	$ (994,020)	$ (1,006,789)

Net assets released from net assets with donor restrictions are as follows:

	2020	2019
Satisfaction of Purpose Restrictions		
Independence Bowl and Related Events	$ 2,288,266	$ 2,063,915
Total	$ 2,288,266	$ 2,063,915

8. Title Sponsorship

On September 17, 2017, the Foundation entered into an *"Entitlement Sponsorship Agreement"* with Walk-On's Enterprises whereby Walk-On's Enterprises obtained the title sponsorship rights to the Independence Bowl, and the Foundation received certain financial commitments as more fully described in the agreement. The agreement terms include the 2017-2022 presentations of the Independence Bowl, and are deemed to commence on the date of the agreement. The agreement contains an "Opt Out" clause for years four and five which may be elected by either party. The company "opted out" of the agreement after the 2019 Bowl Game. On March 5, 2020, the Foundation entered into an *"Entitlement Sponsorship Agreement"* with Radiance Technologies, Inc. The terms commenced of March 5, 2020 and expire on January 31, 2025.

9. Participating Team Distribution Agreements

For the year ended February 29, 2020, the Foundation's agreement with the ACC and the Conference USA whereby the Foundation has agreed to pay the participant from the ACC $1,200,000, and the and the participant from the Conference USA $800,000. As part of the agreements, the participating university from the ACC was required to purchase a minimum of 6,000 tickets and the participating university from the C-USA was required to purchase a minimum of 10,000 tickets to the game. Also, the Foundation was able to deduct the fair market value of the ticket requirements from the gross distributions to the participating universities, even if the tickets were unsold.

The following is a recap of the distributions and payables to the participating teams:

2019 Independence Bowl:

	University of Miami	La Tech University	Totals
Calculated gross team payout	$ 1,200,000	$ 800,000	$ 2,000,000
Less: Value of game tickets allocated to and retained by participating institutions and other items	(291,900)	(449,400)	(741,300)
Balance due participating teams	$ 908,100	$ 350,600	$ 1,258,700

2018 Independence Bowl:

	Duke University	Temple University	Totals
Calculated gross team payout	$ 1,200,000	$ 800,000	$ 2,000,000
Less: Value of game tickets allocated to and retained by participating institutions and other items	(291,900)	(449,400)	(741,300)
Balance due participating teams	$ 908,100	$ 350,600	$ 1,258,700

The minimum payout distribution obligations (by contract) to the participating teams are as follows at February 29, 2020 and February 28, 2019.

	2020	2019
	$1,298,538	$ 1,312,964

Due to participating teams includes $39,838 for the 2018 Bowl.

10. Related Party Transactions

Members of the Foundation are involved through ownership/association with companies supplying goods and services to the Foundation. In such instances where these related parties conduct business with the Foundation, due care is taken to assure that the goods and/or services are bid for or purchased from these related parties at normal competitive prices/rates. The amounts of such transactions are considered immaterial to the financial statements taken as a whole.

11. Line of Credit Payable

The Bowl has a line of credit at a bank bearing variable interest based on the prime rate in the Wall Street Journal. Payments on the line of credit for the year ended February 28, 2019 totaled $211,454. Available credit at February 28, 2019 was $211,454 ($-0- for 2018). The line of credit is collateralized by Hotel/Motel revenue. The balance on the line of credit at February 28, 2020 was $688,446 ($688,446 for 2019).

12. Long-Term Debt

Long-term debt consists of the following at February 29, 2020 and February 28, 2019:

	2020	2019
Term note payable to JPMorgan Chase Bank, dated June 22, 2016 with initial principal due of 1,445,126, bearing interest at a fixed rate of 4.667% per annum, due in sixty four (64) monthly installments of $17,811 beginning July 19, 2016; maturing November 19, 2021 and the final payment of the entire unpaid principal balance and accrued interest, collateralized accounts receivable, and all other corporate assets.	$ 909,676	$ 1,073,337
Less: Current maturities	(189,414)	(163,666)
Total long-term debt	$ 717,262	$ 909,671

Future minimum principal payments due on the renewed long-term debt are as follows:

	Principal	Interest	Total
2020	$ 189,414	$ 42,315	$ 231,729
2021	717,282	106,364	823,646
Total	$ 906,696	$ 148,679	$ 1,055,375

13. Retirement Plan

The Foundation adopted a *"Savings Incentive Match Plan for Employees of Small Employers"* (SIMPLE IRA) retirement plan on April 15, 2001 (effective April 15, 2001) covering all full time employees. Employees may elect to contribute to the plan through salary deferrals up to the maximum of $10,000 per year or the amount as allowed by law. Hardship withdrawals and loans to participants are not allowed under the current Plan provisions. The Foundation elects to contribute to the plan a matching contribution equal to the employees' salary reduction contributions up to a limit of 3% of the employees' total compensation for the year. The Foundation made employer contributions of $8,581 and $7,902 in 2020 and 2019, respectively.

14. Disclosures about Fair Value of Assets and Liabilities

Effective January 1, 2008, the Foundation adopted **FASB ASC 820**, *"Fair Value Measurements and Disclosures"*. **FASB ASC 820** defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Fair value measurements are used to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with **FASB ASC 820**, *"Fair Value Measurement and Disclosures"*, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgement. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

13. Disclosures about Fair Value of Assets and Liabilities (continued)

Fair Value Hierarchy. In accordance with this guidance, financial assets and financial liabilities, generally measured at fair value, are grouped in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 - Valuation is based on quoted prices in active markets for identical assets or liabilities the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. are obtained from readily available pricing sources for market transactions involving identical or liabilities.

Level 2 - Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the term of the asset or liability.

Level 3 - Valuation is based on unobservable inputs that are supported by little or no market and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgement or estimation.

The following is a description of the valuation methodologies used for assets and liabilities at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as general classification of such assets and liabilities pursuant to the valuation hierarchy. Fair values estimated by using pricing models, which are based on transactions of similar terms. Derivative instruments are classified within Level 2 of the valuation hierarchy.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the **FASB ASC 820** fair value hierarchy in which the fair value measurements fall at February 29, 2020 and February 28, 2019:

		2020 Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Observable Inputs (Level 3)
Certificates of deposit	$45,844	$ -	$ 45,844	$ -

13. Disclosures about Fair Value of Assets and Liabilities (continued)

	2019 Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Observable Inputs (Level 3)
Certificates of deposit	$ 45,797	$ -	$ 45,797	$ -

The following methods and assumptions were used to estimate the fair value of all other financial instruments recognized in the accompanying balance sheets at amounts other than fair value.

Cash, Accounts Receivable, Prepaid Expenses, Accounts Payable, Accrued Expenses
The carrying amount approximates fair value.

Due to Participating Teams
The carrying amount approximates fair value due primarily to their short-term nature.

The estimated fair values of the Foundation's financial instruments as of February 29, 2020 and February 28, 2019 were as follows:

	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash	$ 493,987	$ 493,987	$ 724,321	$ 724,321
Certificates of Deposit	45,844	45,844	45,797	45,797
Accounts receivable	679,170	679,170	366,393	366,393
Prepaid expenses	46,762	46,762	65,791	65,791
Financial liabilities:				
Accounts payable	211,315	211,315	147,911	147,911
Accrued expenses	3,852	3,852	3,883	3,883
Due to participating teams	1,298,538	1,298,538	1,312,964	1,312,964
Notes payable	906,676	906,676	1,073,337	1,073,337

14. Operating Lease Commitments

The Foundation has entered into the fifth (5th) amendment (dated August 8, 2019) to its original lease agreement (dated May 22, 2003) for the lease of its office space located in Shreveport, Louisiana. The lease term is extended for six (5) years beginning September 1, 2019and ending August 31, 2024. The lease agreement calls for a base rent for the term of the lease at $4,250/month through August 31, 2020, $4,341.58 for September 1, 2022- August 31, 2023, and $4,423.50 for September 1, 2023 through

14. Operating Lease Commitments (continued)

August 31, 2024. Included in the lease rate are seven (7) parking spaces in the building's parking garage. The Foundation maintains a one-time right to terminat the leases if it loses it's title sponsor television sponsor, or state funding; the landlord may terminate the lease with one hundred twenty (120) day notice to the Foundation. Total lease/rental expense was $59,695 and $59,695 for the years ended February 29, 2020, and February 28, 2019, respectively.

The following is a schedule of future minimum payments required under the lease agreement as of February 29, 2020:

2021	$ 51,000
2022	51,000
2023	52,099
2024	53,082
Total lease payments under lease	$207,181

15. Major Contributor

One contributor accounted for seventy four (74)% percent of total contributions.

16. Subsequent Events

On March 13, 2020, President Trump declared a national emergency relating to the COVID-19 virus. As of the date of this report, the global outbreak of COVID-19 continues to rapidly evolve, and the ultimate impact of the pandemic is highly uncertain. The Foundation cannot at this time accurately predict the full extent the COVID-19 outbreak will affect its finances and operations. The Foundation continues to monitor developments and the directives of federal, state, and local officials to determine what additional policies and procedures need to be implemented.

INDEPENDENCE BOWL FOUNDATION, INC.

Schedule of Compensation, Reimbursements, Benefits, and Other Payments

For the Years Ended February 29, 2020 and February 28, 2019

Louisiana Revised Statue 24:513 (A) (3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 462 of the 2015 Regular Session of the Louisiana Legislature to clarify that nongovernmental or not-for-profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer from public funds.

Independence Bowl Foundation, Inc. is not required to report the total compensation, reimbursements, and benefits paid to Missy Setters, the Executive Director, as none of those payments were made from public funds.

Marsha O. Millican
A PROFESSIONAL ACCOUNTING CORPORATION

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*

Board of Directors
Independence Bowl Foundation, Inc.
Shreveport, Louisiana

I have audited, in accordance with the 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, the financial statements of Independence Bowl Foundation, Inc. which comprise the statement of financial position as of February 29, 2020 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and related notes to the financial statements, and have issued my report thereon dated July 20, 2020

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Independence Bowl Foundation, Inc.'s internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, I do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation 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 Foundation's financial statements will not be prevented, or detected 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.

My consideration of internal control was for the limited purpose described in the first paragraph f this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations during my audit I did not identify any deficiencies internal control that I 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 Independence Bowl Foundation, Inc. s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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

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provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statutes, it is issued by the Legislative Auditor as a public document.

Martha O. Millican

Certified Public Accountant
July 20, 2020

INDEPENDENCE BOWL FOUNDATION, INC.

Schedule of Findings

For the Year Ended February 29, 2020

Summary of Audit Results:

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No material weaknesses relating to the audit of the basic financial statement are reported.
3. One instance of noncompliance material to the financial statements was disclosed during the audit.

Finding #2020-1:
The Foundation is not in compliance with the terms of the loan from Chase Bank.

Criteria: The terms of the loan from Chase Bank require a Debt Service Coverage Ratio of 1.0.

Condition: The Foundation's Debt Service Coverage Ratio was less that 1.0.

Cause: Unknown.

Effect: the Foundation is not in compliance with the terms of the loan from Chase Bank.

Recommendation: I recommend the Foundation take steps to improve the Debt Service Coverage Ratio.

Management's Response and Corrective Action: We agree with the finding. We will take steps to improve the Debt Coverage Ratio.

INDEPENDENCE BOWL FOUNDATION, INC.

Schedule of Prior Year Findings

For the Year Ended February 29, 2020

There were no findings for the year ended February 28, 2019.