

NEW ORLEANS BOWL, INC.
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2018

Sean M. Bruno
Certified Public Accountants

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Sean M. Bruno
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Orleans Bowl, Inc.
New Orleans, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of **New Orleans Bowl, Inc. (the Bowl)**, which comprise the statement of financial position as of June 30, 2018, 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

Auditor's Responsibility, Continued

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 and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **the Bowl** as of June 30, 2018, 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 Matters

Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other payments on page 13 and the Schedule of Functional Expenses on page 14 are presented for purposes of additional analysis and are not required parts of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated August 22, 2018 on my consideration of **the Bowl's** internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion the effectiveness of **the Bowl's** 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 **the Bowl's** internal control over financial reporting and compliance.



SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

August 22, 2018

NEW ORLEANS BOWL, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2018

ASSETS

Cash and cash equivalents (NOTES 2 and 3)	\$ 588,139
Investment	1,003,319
Accounts receivable	225
Prepaid expense	<u>123,467</u>
 Total assets	 <u>\$ 1,715,150</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 916
Due to affiliate (NOTE 4)	<u>4,690</u>
 Total liabilities	 <u>5,606</u>
 Net Assets (NOTE 2):	
Unrestricted net assets	1,709,544
 Total net assets	 <u>1,709,544</u>
 Total liabilities and net assets	 <u>\$ 1,715,150</u>

The accompanying notes are an integral part of these financial statements

NEW ORLEANS BOWL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Revenues and Support

Ticket sales (NOTE 4)	\$ 1,302,678
Sponsorship revenues	870,850
Television and radio rights	200,000
Grant revenue	183,000
Special events	30,902
Membership revenue	52,000
Conference guarantee	25,000
Interest income	8,184
Merchandising revenue	<u>5,118</u>
 Total revenues and support	 <u>2,677,732</u>

Expenses

Program services	2,245,764
Support services	<u>333,742</u>
 Total expenses	 <u>2,579,506</u>
 Change in net assets	 98,226
 Net Assets, beginning of year	 <u>1,611,318</u>
 Net Assets, end of year	 <u>\$ 1,709,544</u>

The accompanying notes are an integral part of these financial statements

NEW ORLEANS BOWL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

Cash Flows From Operating Activities

Change in net assets	\$ 98,226
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Gain on investment	(3,319)
Increase in receivables	(225)
Decrease in prepaid expenses	63,894
Increase in accounts payable	916
Decrease in due to affiliate	<u>(87,176)</u>
Net cash used by operating activities	<u>72,316</u>

Cash Flows From Investing Activities

Purchase of investment	<u>(1,000,000)</u>
Net cash used by investing activities	<u>(1,000,000)</u>
Net decrease in cash and cash equivalents	(927,684)
Cash and cash equivalents - July 1, 2017	<u>1,515,823</u>
Cash and cash equivalents - June 30, 2018	<u>\$ 588,139</u>

The accompanying notes are an integral part of these financial statements

NEW ORLEANS BOWL, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION:

The **New Orleans Bowl, Inc. (the Bowl)** was organized in 2001 as a non-profit organization to foster national sports competition. Each year, it will organize a college football bowl game between two members of the National Collegiate Athletic Association which will be held in New Orleans, Louisiana. Also, **the Bowl** was organized to provide any ideas and support necessary to assist in the coordination and production of the New Orleans Bowl. As a result of a management decision, the Board of Directors passed a resolution to change **the Bowl's** year end from December 31 to June 30.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Accounting

The financial statements and the supplemental schedule are prepared in accordance with generally accepted accounting principles and are prepared on the accrual basis.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to use estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Reporting

The Bowl has adopted the provisions of FASB ASC Topic 958, Presentation of Financial Statements for Non-profit Organizations and reports its financial position and activities according to three classes of net assets according to externally (donor) imposed restrictions.

NEW ORLEANS BOWL, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
CONTINUED:

Basis of Reporting, Continued

A description of the three (3) net asset categories is as follows:

Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of **the Bowl** are included in this category. **The Bowl** has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of **the Bowl** and therefore, **the Bowl's** policy is to record these net assets as unrestricted.

Temporarily restricted net assets include realized gains and losses, investment income and gifts, appropriations and contributions for which donor imposed restrictions have not been met.

Permanently restricted net assets are contributions which are required by the donor-imposed restriction to be invested in perpetuity and only the income be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor imposed restrictions.

At June 30, 2018, **the Bowl** did not have any temporarily or permanently restricted net assets.

Cash and Cash Equivalents

Cash consist solely of demand deposits and a money market account that is secured by federal deposit insurance. All highly liquid debt instruments purchased with an original maturity of three (3) months or less are considered to be cash equivalents for purposes of the statement of cash flows. All deposits are secured by federal deposit insurance.

NEW ORLEANS BOWL, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
CONTINUED:

Fair Value

The Bowl adopted certain provisions of Statement of Financial Accounting Standards (SFAS) No. 157, Fair Value Measurements which are codified in FASB ASC Topic 820. ASC Topic 820 refines the definition of fair value, established specific requirements as well as guidelines for a consistent framework to measure fair value, and expands disclosure requirements about fair value measurements. Further ASC Topic 820 require **the Bowl** to maximize the use of observable marked input, minimize the use of unobservable marked inputs, and disclose in the form of an outlined hierarchy, the details of such fair value measurements.

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 benefitted.

NOTE 3 - CONCENTRATION OF CREDIT RISK:

Financial instruments that potentially subject **the Bowl** to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. At June 30, 2018, **the Bowl** had cash and cash equivalents in the checking bank account totaling \$588,139.

The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2018, **the Bowl's** uninsured cash balances totaled \$388,139.

NEW ORLEANS BOWL, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - RELATED PARTY TRANSACTIONS / MANAGEMENT FEES / DUE TO/FROM AFFILIATE:

Certain board members of **the Bowl** are also board members of the Greater New Orleans Sports Foundation. **The Bowl** has contracted with the Greater New Orleans Sports Foundation to manage and handle the administrative functions of hosting **the New Orleans Bowl**. The Greater New Orleans Sports Foundation provides office space, meeting space, utilities, and use of all office furniture and equipment, as well as providing any and all personnel needed to host the New Orleans Bowl. The amount due to the Greater New Orleans Sports Foundation at June 30, 2018 totaled \$4,690.

NOTE 5 - FAIR VALUE MEASUREMENTS OF FINANCIAL ASSETS AND LIABILITIES:

In accordance with FASB ASC Topic 820 fair value is defined as the price that **the Bowl** would receive to sell an asset or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the asset or liability. ASC Topic 820 established a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to established classification of fair value measurements for disclosure purposes.

Various inputs are used in determining the value of **the Bowl's** assets or liabilities. The inputs are summarized in the three broad levels listed below:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2 - Pricing inputs are other than quoted prices included within Level 1, which are either directly or indirectly observable for the asset or liability as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

NEW ORLEANS BOWL, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - FAIR VALUE MEASUREMENTS OF
FINANCIAL ASSETS AND LIABILITIES, CONTINUED:

Level 3 - Pricing inputs are unobservable for the asset or liability and include situations where there is little, if any market activity. The inputs into the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. **The Bowl's** assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the assets/liabilities. All assets/liabilities are considered Level 1 assets/liabilities.

The carrying amounts of the assets and the liabilities reported in the Statement of Financial Position approximate fair value because of the terms and relatively short maturity of those financial instruments.

The following table summarizes the valuation of **the Bowl's** financial instruments measured at fair value by the above ASC Topic 820 fair value hierarchy levels as of June 30, 2018 are as follows:

	<u>Carrying Value</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 588,139	\$ 558,139
Investment	\$ 1,003,319	\$ 1,003,319
Accounts receivable	\$ 225	\$ 225
Prepaid expenses	\$ 123,467	\$ 123,467

NEW ORLEANS BOWL, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - CONTINGENCY

The Bowl is the recipient of grant funds from various sources. The grants are governed by various guidelines, regulations, and contractual agreements. The administration of the programs and activities funded by the grants are under the control and administration of **the Bowl** and are subject to audit and/or review by the applicable funding sources. Any grant funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding source may be subject to recapture.

NOTE 7 - INCOME TAXES

The Bowl is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provisions for federal or state income taxes have been recorded in the accompanying financial statements. Should **the Bowl's** tax status be challenged in the future, the 2015, 2016 and 2017 tax years are open for examination by the IRS.

NOTE 8 - SUBSEQUENT EVENTS:

ASC Topic 855-10 requires the disclosure of the date through which subsequent events have been evaluated by management and the reason for selecting that date. **The Bowl's** management has evaluated subsequent events from July 1, 2018 through August 22, 2018, which represents the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

NEW ORLEANS BOWL, INC.
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER (STATEMENT C)
FOR THE YEAR ENDED JUNE 30, 2018

Agency Head Name, Title: Billy Ferrante, Executive Director.

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirements	-
Car allowance	-
Vehicle provided by government (enter amount reported on W-2)	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	899
Housing	2,586
Unvouchered expenses (example: travel advances, etc.)	-
Special meals	-
Other	135

Act 706 of the 2014 Legislative Session requires the disclosure of the total compensation, reimbursement, benefits, and other payments made to the agency head, political subdivision head or Chief executive officer, related to the position; including but not limited to travel housing, unvouchered expenses (such as travel advances) per diem, and registration fees.

NEW ORLEANS BOWL, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services	Support Services	Total Expenses
Professional fees	\$ 253,975	\$ 34,633	\$ 288,608
Insurance	-	28,333	28,333
Stadium expenses	258,026	-	258,026
Ancillary events	329,163	-	329,163
Supplies	-	1,009	1,009
Postage	-	4,010	4,010
Transportation	15,785	-	15,785
Officials	48,664	-	48,664
Events awards and gifts	183,857	-	183,857
Licenses and fees	-	15,015	15,015
Media expenses	24,149	-	24,149
Membership expenses	-	208,241	208,241
Miscellaneous	-	5,326	5,326
Marketing and advertising	89,575	-	89,575
Team guarantees	925,000	-	925,000
Travel and entertainment	-	19,099	19,099
Corporate relations	33,859	-	33,859
NCAA fee	-	10,000	10,000
Ticket sales and commissions	19,676	-	19,676
Game operations	64,035	-	64,035
Research	-	8,076	8,076
	<u>\$ 2,245,764</u>	<u>\$ 333,742</u>	<u>\$ 2,579,506</u>
Total			

See Accompanying Independent Auditor's Report

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Certified Public Accountants

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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
New Orleans Bowl, Inc.
New Orleans, 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 **New Orleans Bowl, Inc. (the Bowl)** (a nonprofit organization) which comprise the statement of financial position as of June 30, 2018, 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 my report thereon dated August 22, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered **the Bowl's** internal control over financial reporting (internal control) 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 Bowl's** internal control. Accordingly, I do not express an opinion on the effectiveness of **the Bowl's** internal control.

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*

(CONTINUED)

Internal Control Over Financial Reporting, Continued

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.

My 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 weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

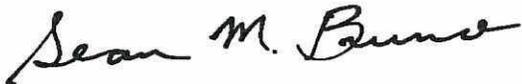
As part of obtaining reasonable assurance about whether **the Bowl's** financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those 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*.

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*

(CONTINUED)

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose; however under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

August 22, 2018

NEW ORLEANS BOWL, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018

SECTION I SUMMARY OF INDEPENDENT AUDITORS' REPORT

1. The independent auditors' report expresses an unmodified opinion on the financial statements of **the Bowl**.
2. No significant deficiencies in internal control relating to the audit of the financial statements were reported in the Independent Auditors' 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*.
3. No instances of noncompliance material to the financial statements of **the Bowl** were reported in the Independent Auditors' 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*.
4. No management letter was issued for the year ended June 30, 2018.

SECTION II FINANCIAL STATEMENT FINDINGS

None

NEW ORLEANS BOWL, INC.
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

None Noted.