

ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA



AGREED-UPON PROCEDURES REPORT
ISSUED JANUARY 25, 2021

**LOUISIANA LEGISLATIVE AUDITOR
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TABLE OF CONTENTS

	Page
Independent Accountant’s Report on the Application of Agreed-Upon Procedures.....	2
Statement	
Financial Statement - Statement of Revenues and Expenses (Unaudited)..... A	13
Notes to the Financial Statement (Unaudited).....	14



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 14, 2021

Independent Accountant's Report on the
Application of Agreed-Upon Procedures

**DR. JOHN CRAIN, PRESIDENT
SOUTHEASTERN LOUISIANA UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Hammond, Louisiana**

We have performed the procedures enumerated below, which were agreed to by you, as President of the Southeastern Louisiana University (University), solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (Statement) of the University's athletic department is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.17 for the year ended June 30, 2020. University management is responsible for the accuracy of the Statement (unaudited) and the related notes (unaudited) and the compliance with NCAA requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of management of the University. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The University set materiality at \$5,000, and the agreed-upon procedures described below were not applied to transactions that fell under this amount. In addition, procedures were not performed on specific reporting categories that were less than 4% of the total revenues or expenses, unless requested by the University.

The procedures that we performed and our findings are as follows:

MINIMUM COMPLIANCE AGREED-UPON PROCEDURES

INTERNAL CONTROL

1. We obtained, through discussion with management, the identity of those aspects of internal control that management considers unique to intercollegiate athletics.
2. We performed procedures to test specific elements of the control environment and accounting systems that are unique to intercollegiate athletics to determine

adherence to established policies and procedures relating to revenues and expenses. The following procedures were performed:

- (a) We randomly selected one cash receipt batch sheet of ticket sales and followed it through the University's cash control system to determine adherence to established policies and procedures.
- (b) We selected the 10 largest athletic department cash disbursement transactions and followed them through the University's accounting system to determine adherence to established policies and procedures.
- (c) We inquired of and observed athletic department personnel to determine their compliance with policies and procedures related to the control and safeguarding of unsold tickets.

We found no exceptions as a result of these procedures.

3. We obtained the University's procedures for gathering information on the nature and extent of affiliated and outside organization activity for or on behalf of the University's intercollegiate athletics program and performed procedures to determine the University's adherence to these procedures.

We found no exceptions as a result of these procedures.

STATEMENT OF REVENUES AND EXPENSES

GENERAL PROCEDURES

1. We obtained written representations from management as to the accuracy of the Statement, completeness of required schedules and related financial information, adequacy of controls, compliance with NCAA rules and legislation, completeness of the list of all known affiliated and outside organizations, and other information as we considered necessary for the year ended June 30, 2020.
2. We verified the mathematical accuracy of the amounts on the Statement and compared and agreed the amounts to supporting schedules provided by the University and/or the University's general ledger.

We found no exceptions as a result of these procedures.

3. We compared and agreed a sample of 10 operating revenue receipts and a sample of 10 expense disbursements obtained from the supporting schedules to adequate supporting documentation.

We found no exceptions as a result of these procedures.

4. We compared each major revenue and expense account greater than 10% of total revenues or expenses for June 30, 2020, to June 30, 2019, amounts and budget estimates to identify variations greater than 10%.

No variations met the 10% variance threshold in the NCAA guidelines, and no explanations are required.

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES

1. Using a schedule prepared by the University, we compared the value of the tickets sold, complimentary tickets provided, and unsold tickets for the reporting period per the schedule to the related revenue reported by the University in the general ledger and Statement and to the related attendance figures. We agreed the information on the schedule to the supporting game reconciliations for a random sample of one football, one men's basketball, one women's basketball, and one baseball game. We recalculated the reconciliations for the games tested.

We found no exceptions as a result of these procedures.

2. We obtained and documented an understanding of the University's methodology for allocating student fees to the intercollegiate athletics program. We compared and agreed student fees reported in the Statement to student enrollment and obtained explanations from the University regarding any variances in excess of 5%. We also recalculated the totals and the allocation of students fees included in general revenue by the Athletic Department for each sport, and tied the calculation to student fee totals.

We found no exceptions as a result of these procedures and identified no variance that exceeded 5%.

3. We compared direct institutional support recorded by the University during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculated the totals.

We found no exceptions as a result of these procedures.

4. We selected a sample of one football, one men's basketball, and one women's basketball contractual agreement pertaining to revenues derived from guaranteed contests during the reporting period. We compared and agreed each selection to the University's general ledger and recalculated the totals.

We found no exceptions as a result of these procedures.

5. We obtained and reviewed supporting documentation for each contribution of monies, goods, or services received directly by an intercollegiate athletics program from any affiliated or outside organization, agency, or group of individuals (two or more) that constitutes 10% or more in the aggregate for the reporting year of all contributions received for intercollegiate athletics during the reporting period. We also recalculated the totals.

The Lions Athletic Association, Inc., and the Southeastern Louisiana University Foundation are the outside organizations that contributed monies, goods, or services for or on behalf of the athletic department that exceeds 10% of total contributions.

6. We compared the NCAA distribution amounts recorded in the revenue and expense reporting during the reporting period to the general ledger detail for NCAA distributions and other corroborative supporting documentation and recalculated the totals.

We found no exceptions as a result of these procedures.

7. We obtained and inspected agreements related to the University's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions. We compared and agreed related revenues to the general ledger and recalculated the totals.

We found no exceptions as a result of these procedures.

MINIMUM AGREED-UPON PROCEDURES FOR EXPENSES

1. We selected a sample of 10% of student athletes from the listing of University student aid recipients. The data was captured by the University through the creation of a squad list for each sponsored sport.
 - (a) We obtained individual student account detail for each selection and compared total aid in the University's student system to the student's detail in NCAA Compliance Assistance (CA) software, which ties directly to the NCAA Membership Financial Reporting System.
 - (b) We performed a check of each student selected to ensure his/her information was reported accurately in either the NCAA's CA software or entered directly into the NCAA Membership Financial Reporting System using the criteria found in 2020 NCAA Agreed-Upon Procedures.
 - (c) We recalculated the totals for each sport and overall for all sports.

We found no exceptions as a result of these procedures.

2. We obtained and inspected a list of coaches and support staff/administrative personnel paid by the University and related entities during the reporting period. We selected a sample of five coaches' contracts of football, men's and women's basketball, and baseball from the listing and a sample of three staff/administrative personnel and performed the following:
 - (a) We compared and agreed the financial terms and conditions of each selection to the related salaries, benefits, and bonuses recorded by the

University and related entities in the Statement during the reporting period.

- (b) We obtained and inspected payroll summary registers for the reporting year for each selection.
- (c) We compared and agreed payroll summary registers for each selection to the related salaries, benefits, and bonuses paid by the University and related entities' expense recorded by the University in the Statement during the reporting period.
- (d) We compared and agreed the totals recorded to any employment contracts executed for the sample selected.
- (e) We recalculated the totals.

We found no exceptions as a result of these procedures.

- 3. We obtained and documented an understanding of the University's team travel policies, and compared and agreed the University's team travel policies to existing University and NCAA-related policies. In addition, we obtained the general ledger detail and compared the detail to the total expenses reported. We recalculated the totals.

We found no exceptions as a result of these procedures.

- 4. We obtained the general ledger detail for fundraising, marketing, and promotion and compared the detail to the total expenses reported. We were to select a sample of up to five transactions to validate the existence of the transactions and the accuracy of their recording and recalculated the totals.

There were two fundraising, marketing, and promotion transactions in excess of materiality. We found no exceptions as a result of these procedures.

- 5. We obtained the general ledger detail for direct overhead and administrative expenses and compared the detail to the total expenses reported. We selected a sample of five transactions to validate the existence of the transactions and the accuracy of their recording and recalculated the totals.

We found no exceptions as a result of these procedures

- 6. We obtained the general ledger detail for other operating expenses and compared the detail to the total expenses reported. We selected a sample of five transactions to validate the existence of the transactions and the accuracy of their recording and recalculated the totals

We found no exceptions as a result of these procedures.

**MINIMUM AGREED-UPON PROCEDURES
FOR OTHER REPORTING ITEMS**

1. We obtained the repayment schedule for all outstanding intercollegiate athletics debt during the reporting period. The Lions Athletic Association, Inc., has a note payable of \$461,424 related to the baseball improvements (scoreboard and new turf) and new turf for the softball field. We recalculated the future maturities of the notes payable as presented in the Lions Athletic Association, Inc., audit report.

We found no exceptions as a result of these procedures.

2. We agreed the total outstanding University debt to supporting documentation and the University's audited financial statements and the University's general ledger.

We found no exceptions as a result of these procedures.

3. We obtained the schedule and general ledger detail of all athletics dedicated endowments maintained by athletics, the University, and affiliated organizations. We agreed the fair market value in the schedule to the supporting documentation and the general ledger.

We found no exceptions as a result of these procedures.

4. We agreed the total fair market value of University endowments to supporting documentation, the University's general ledger, and the audited financial statements.

We found no exceptions as a result of these procedures.

5. We obtained a schedule of athletics related capital expenditures made by athletics, the University, and affiliated organizations during the reporting period. We obtained the general ledger detail and compared the detail to the total expenses reported. We were to select a sample of five transactions to validate the existence of the transactions and the accuracy of their recording and recalculated the totals.

There were four athletics related capital expenditure transactions in excess of materiality. We found no exceptions as a result of these procedures.

**MINIMUM AGREED-UPON PROCEDURES
FOR NOTES AND DISCLOSURES**

1. We obtained from University management a list of contributions of monies, goods, or services received directly by the intercollegiate athletics program from any affiliated or outside organization, agency, or individuals (e.g., contributions by corporate sponsors) that constitutes 10% or more of all contributions received for intercollegiate athletics during the reporting period, and ensured the source(s) of the funds, goods, and services, as well as the value associated with these items, were properly disclosed in the notes to the Statement.

We noted the Lions Athletic Association, Inc., and the Southeastern Louisiana University Foundation are the only outside organizations that provided individual contributions of monies, goods, or services to the athletic department that exceeded 10% of the total contributions (see note 1 to the Statement).

2. We obtained a description of the University's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets. We ensured that the University's policies and procedures are properly disclosed within the notes to the Statement.

We found no exceptions as a result of these procedures (see note 2 to the Statement).

3. We inquired of University management the repayment schedules for all outstanding intercollegiate athletics debt maintained by the University during the reporting period. We were informed by management that the University did not maintain any debt related to intercollegiate athletics during the reporting period. An affiliated organization, the Lions Athletic Association, Inc., has a note payable of \$461,424 related to the baseball improvements (scoreboard and new turf) and new turf for the softball field. We recalculated the future maturities of the notes payable as presented in the Lions Athletic Association, Inc., audit report (see note 3 to the Statement).

MINIMUM AGREED-UPON PROCEDURES FOR AFFILIATED AND OUTSIDE ORGANIZATIONS

1. We obtained from management a listing of all affiliated and outside organizations for the reporting period. We obtained written representations from management that the Lions Athletic Association, Inc., the Southeastern Louisiana University Foundation, and the Southeastern Louisiana University Alumni Association, Inc., are the only outside organizations created for or on behalf of the athletic department.

We found no exceptions as a result of these procedures.

2. We obtained from management of the University statements for all affiliated and outside organizations and agreed the amounts reported in the statements to the University's general ledger or, alternatively, we confirmed revenues and expenses directly with a responsible official of the organization.

We found no exceptions as a result of these procedures.

3. We obtained from University management a summary schedule of revenues and expenses for or on behalf of intercollegiate athletics programs by affiliated and outside organizations not under the accounting control of the University to be included with the agreed-upon procedures report as follows:

	Lion Athletics Association, Inc.	(A Portion of) Southeastern Louisiana University Foundation	(A Portion of) Southeastern Alumni Association and Related	Total
Revenues				
Contributions	\$513,546	\$74,930		\$588,476
In-kind	96,680			96,680
Program, novelty, parking and concession sales	145,149			145,149
Royalties, licensing, advertisements, and sponsorships	1,056,162			1,056,162
Sports camp	1,480			1,480
Athletic restricted endowments and investments income	722	90,986		91,708
Other	233			233
Total revenues	<u>1,813,972</u>	<u>165,916</u>	NONE	<u>1,979,888</u>
Expenses				
Athletic Student Aid	6,330	8,163		14,493
Coaching other compensation and benefits paid by the University and related entities	314,543			314,543
Support staff/administrative salaries, benefits, and bonuses paid by the University and related entities	6,600			6,600
Recruiting	289			289
Team travel	1,081			1,081
Equipment, uniforms, and supplies	2,615			2,615
Game expenses	13,151			13,151
Fundraising, marketing, and promotion	582,944			582,944
Spirit groups	5,000			5,000
Athletic facilities debt service, leases, and rental fees	135,249			135,249
Direct overhead and administrative expenses	37,039			37,039
Athlete meals (Non-Travel)	1,896			1,896
Other	260,501	56,918		317,419
Total expenses	<u>1,367,238</u>	<u>65,081</u>	NONE	<u>1,432,319</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$446,734</u>	<u>\$100,835</u>	NONE	<u>\$547,569</u>

We obtained written representations from management as to the accuracy of the summary schedule.

We found no exceptions as a result of these procedures.

4. For all outside organizations that had an independent audit, we obtained the independent auditor's report to identify any significant deficiencies relating to the outside organization's internal controls. We were to make inquiries of management to document any corrective action taken in response to the significant deficiencies.

The Lions Athletic Association, Inc., statements were audited by an independent certified public accountant for the year ended June 30, 2020. The audit report was dated December 18, 2020, and did not include a report on internal control.

The Southeastern Louisiana University Foundation statements were audited by an independent certified public accountant for the year ended June 30, 2020. The

audit report was dated November 12, 2020, and did not include a report on internal control.

The Southeastern Louisiana University Alumni Association, Inc., statements were audited by an independent certified public accountant for the year ended June 30, 2020. The audit report was dated September 24, 2020, and did not include a report on internal control.

ADDITIONAL MINIMUM AGREED-UPON PROCEDURES

1. In order for the NCAA to place reliance on the Division I financial reporting for NCAA revenue distribution purposes, the following procedures were performed:

- (a) For Grants-in-Aid, we compared and agreed the sports sponsored and reported in the NCAA Membership Financial Reporting System to the Calculation of Revenue Distribution Equivalencies Report from CA from the institution.

We found no exceptions as a result of these procedures.

- (b) We compared current-year Grants-in-Aid revenue distribution equivalencies to prior year reported equivalences per the Membership Financial Report submission. We inquired and documented an explanation for any variance greater than +/- 4.0%.

There were variances for baseball (9.9%), men's basketball (4.0%), football (20.8%), and men's track and field (18.4%), which were greater than +/- 4.0%. For men's sports, the university stated that the average athletic grant amounts along with the number of student athletes receiving grants increased for both in-state and out-of-state student athletes during fiscal year 2020.

There were variances for women's basketball (9.2%), soccer (7.0%), tennis (7.0%), and beach volleyball (100.0%), which were greater than +/- 4.0%. For women's sports, the university stated that the average athletic grant amounts increased for both in-state and out-of-state student athletes during fiscal year 2020. Although beach volleyball was added as a sport in fiscal year 2019, the university did not begin participating until fiscal year 2020, which was the first year the university reported a revenue distribution equivalency for the sport.

- (c) For Sports Sponsorships, we obtained the University's Sports Sponsorship and Demographics Form submitted to the NCAA for the reporting year and validated that the countable NCAA sports reported by the University met the minimum requirements set forth in Bylaw 20.9.6.3, related to the number of contests and the number of participants in each contest. Once countable sports were confirmed, we ensured the University had properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System.

We found no exceptions as a result of these procedures. As a result of COVID-19 and its impact on institutional sport seasons, the NCAA Division I Council Coordination Committee has approved a blanket waiver of the minimum sports sponsorship requirements for the 2019-20 academic year for spring sports.

- (d) We compared current-year number of Sports Sponsored to prior-year reported total per the Membership Financial Report submission. We inquired and documented an explanation for any variance.

We did not identify any variances from the prior year.

- (e) For Pell Grants, we agreed the total number of Division I student athletes who, during the academic year, received a Pell Grant award (e.g., Pell Grant recipients on Full Athletic Aid, Pell Grant recipients on Partial Athletic Aid, and Pell Grant recipients with no Athletic Aid) and the total dollar amount of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated out of the University's financial aid records, of all student-athlete Pell Grants.

We found two students who received a total of \$5,252 in Pell Grants and appeared on the report of Student Athletes Receiving a Particular Fund Code (Pell) that were not student athletes in the Spring 2020 semester.

We found one student who was included on the report of Student Athletes Receiving a Particular Fund Code (Pell) as receiving a Pell Grant of \$2,723, but did not actually receive a Pell Grant in the Fall 2019 or Spring 2020 semesters.

We found two students who appeared on the report of Student Athletes Receiving a Particular Fund Code (Pell) with Pell amounts that did not match university records resulting in a variance of \$1,274.

- (f) We compared current year Pell Grants total to prior year reported total per the Membership Financial Report submission. We inquired and documented an explanation for any variance greater than +/- 20 grants.

We noted no variance that met the +/- 20 grants threshold.

We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the compliance of the accompanying Statement and related notes of the University's Athletic Department or on its compliance with NCAA Bylaw 3.2.4.17 or on the effectiveness of the University Athletic Department's internal control over financial reporting for the year ended June 30, 2020. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the President of the University and is not intended to be, and should not be, used by anyone other than this specified party. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in blue ink that reads "Daryl G. Purpera". The signature is fluid and cursive, with the first name being the most prominent.

Daryl G. Purpera, CPA, CFE
Legislative Auditor

LMF:ETM:RR:EFS:aa

SLUNCAA2020

UNAUDITED

Statement A

ATHLETIC DEPARTMENT
SOUTHEASTERN LOUISIANA UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA

Statement of Revenues and Expenses
For the Year Ended June 30, 2020

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	BASEBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
REVENUES							
Operating revenues:							
Ticket sales	\$447,271	\$25,735	\$15,258	\$55,169	\$11,863	\$54,382	\$609,678
Student fees	729,212	172,881	214,948	181,346	797,449	438,551	2,534,387
Direct institutional support	1,916,544	503,869	564,662	478,603	2,322,555	522,925	6,309,158
Less - transfer to institution						(164,106)	(164,106)
Indirect institutional support						94,334	94,334
Guarantees	450,000	345,000	54,009	2,000	11,830		862,839
Contributions	253,743	38,843	23,008	52,711	82,528	217,235	668,068
In-kind	38,326	5,976	13,876	11,615	6,375	20,512	96,680
NCAA distributions	57,750					472,385	530,135
Conference distributions	38	5,500	2,204		267	12,000	20,009
Program, novelty, parking, and concession sales	3,459	311	260	650	3,083	143,591	151,354
Royalties, licensing, advertisement, and sponsorships	36,333	5,000	5,000	4,200	17,500	1,247,713	1,315,746
Sports camp revenues						1,480	1,480
Athletics restricted endowment and investments income	50,489	6,464	9,428	7,295	15,854	2,178	91,708
Other operating revenue	63	101	6	2,039	5,911	112,232	120,352
Total operating revenues	3,983,228	1,109,680	902,659	795,628	3,275,215	3,175,412	13,241,822
EXPENSES							
Operating expenses:							
Athletic student aid	1,698,496	437,900	357,205	291,004	1,839,844	34,511	4,658,960
Guarantees	106,074	10,284	18,000	5,590	5,745	54,383	200,076
Coaching salaries, benefits, and bonuses paid by the University and related entities	1,104,345	372,975	319,710	293,902	775,712	52,079	2,918,723
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	72,914			3,587	41,841	2,150,659	2,269,001
Severance payments	14,863	1,583		1,044		29,915	47,405
Recruiting	34,382	20,615	14,959	12,592	16,883		99,431
Team travel	345,533	120,937	76,045	24,028	231,755	249	798,547
Sports equipment, uniforms, and supplies	161,680	25,819	22,923	86,201	147,886	26,018	470,527
Game expenses	79,914	41,026	29,626	10,714	50,389		211,669
Fundraising, marketing, and promotion	128,122	27,542	17,720	23,450	15,909	436,392	649,135
Spirit groups						45,876	45,876
Athletic facilities debt service, leases, and rental fees	32,265	12,095	10,645	18,160	12,337	175,704	261,206
Direct overhead and administrative expenses	40,878	3,994	1,182	3,362	74,992	204,221	328,629
Indirect institutional support						94,334	94,334
Medical expenses and insurance	38	187	1,143		267	496,414	498,049
Memberships and dues	15,000	1,945	854	700	2,289	41,951	62,739
Student-athlete meals (non-travel)	79,755	18,625	12,479	700	20,840		132,399
Other operating expenses	68,969	14,153	20,168	20,594	38,526	423,795	586,205
Total operating expenses	3,983,228	1,109,680	902,659	795,628	3,275,215	4,266,501	14,332,911
DEFICIENCY OF REVENUES UNDER EXPENSES	\$0	\$0	\$0	\$0	\$0	(\$1,091,089)	(\$1,091,089)

NOTES TO THE FINANCIAL STATEMENT
(UNAUDITED)

1. CONTRIBUTIONS

Individual contributions received directly by the Athletic Department from the Lions Athletic Association, Inc., and the Southeastern Louisiana University Foundation, totaling \$588,477, exceeded 10% of the total contributions included in Statement A.

2. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the University's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if they exceed \$100,000. Any infrastructure exceeding \$3 million must be capitalized, but the University does not have any infrastructure that meets that criterion. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, and 3 to 10 years for most movable property. All departments within the University follow standardized policies and procedures prescribed by state laws and regulations for acquiring, approving, depreciating, and disposing of capital assets. The University has no debt associated with its Athletic Department's capital assets. An affiliated organization, the Lions Athletic Association, Inc., has a note payable of \$461,424 related to the baseball improvements (scoreboard and new turf) and new turf for the softball field.

3. DEBT NOTE

The University did not maintain any debt related to intercollegiate athletics during the reporting period. An affiliated organization, the Lions Athletic Association, Inc., has a note payable of \$461,424 related to the baseball improvements (scoreboard and new turf) and new turf for the softball field. The schedule presented in the Lions Athletic Association, Inc., audit report is as follows:

<u>Year Ending</u>	<u>Amount</u>
2021	\$102,601
2022	280,168
2023	22,404
2024	56,251
	<u>\$461,424</u>