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SUGAR BOWL

Audits of Financial Statements

June 30, 2010 and 2009

Contents

LaPorte Sehrt
Romig Hand
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Executive Committee
Sugar Bowl

We have audited the accompanying statements of financial position of the Sugar Bowl (the Organization) (a nonprofit organization) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sugar Bowl as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules on pages 13-15 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2010, on our consideration of the Sugar Bowl's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

LaPorte, Sehrt, Romig & Hand

A Professional Accounting Corporation

Metairie, Louisiana
October 5, 2010

SUGAR BOWL
Statements of Financial Position
June 30, 2010 and 2009

	2010	2009
Assets		
Cash and Cash Equivalents	$ 556,117	$ 5,785,523
Accounts Receivable	242,161	346,937
Interest Receivable	78,738	115,418
Prepaid Expenses	49,897	24,229
Investments	32,737,201	25,318,207
Property and Equipment, Net	982,985	1,097,815
Total Assets	$ 34,647,099	$ 32,688,129
Liabilities and Unrestricted Net Assets		
Liabilities		
Accounts Payable and Accrued Expenses	$ 407,150	$ 359,310
Deferred Sponsorship Revenue	-	250,000
Deferred Ticket Revenue	-	58,046
Total Liabilities	407,150	667,356
Unrestricted Net Assets		
Undesignated	34,239,949	32,020,773
Total Liabilities and Unrestricted Net Assets	$ 34,647,099	$ 32,688,129

The accompanying notes are an integral part of these financial statements.

SUGAR BOWL
Statements of Activities
For the Years Ended June 30, 2010 and 2009

	2010	2009
Unrestricted Revenue, Gains and Other Support	**$ 14,552,101**	$ 8,211,749
Expenses		
Program Expenses	**9,612,573**	9,427,598
Support Expenses	**2,720,352**	3,798,746
Total Expenses	**12,332,925**	13,226,344
Change in Unrestricted Net Assets	**2,219,176**	(5,014,595)
Net Assets, Beginning of Year	**32,020,773**	37,035,368
Net Assets, End of Year	**$ 34,239,949**	$ 32,020,773

The accompanying notes are an integral part of these financial statements.

SUGAR BOWL
Statements of Cash Flows
For the Years Ended June 30, 2010 and 2009

	2010	2009
Cash Flows from Operating Activities		
Change in Unrestricted Net Assets	$ 2,219,176	$ (5,014,595)
Adjustments to Reconcile Change in Unrestricted Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	128,636	130,886
Net Unrealized (Gain) Loss on Investments	(1,890,209)	4,558,265
Decrease in Accounts Receivable	104,776	81,091
(Increase) Decrease in Prepaid Items	(25,668)	148,185
Decrease in Interest Receivable	36,680	51,859
(Decrease) Increase in Accounts/Pledges Payable and Accrued Expenses	(202,160)	286,800
(Decrease) Increase in Deferred Revenue	(58,046)	58,046
Net Cash Provided by Operating Activities	313,185	300,537
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(13,807)	(57,974)
Purchases of Investments	(17,090,782)	(6,079,672)
Proceeds from the Sale/Redemption of Investments	11,561,998	10,794,197
Net Cash (Used in) Provided by Investing Activities	(5,542,591)	4,656,551
Net (Decrease) Increase in Cash and Cash Equivalents	(5,229,406)	4,957,088
Cash and Cash Equivalents, Beginning of Year	5,785,523	828,435
Cash and Cash Equivalents, End of Year	$ 556,117	$ 5,785,523

The accompanying notes are an integral part of these financial statements.

Note 1. Nature of Activities

The Sugar Bowl (the Organization) is a not-for-profit organization established to seek out, promote, finance, sponsor, schedule, conduct, and operate an annual calendar of national and international amateur and collegiate sporting events in New Orleans, Louisiana. For the years ended June 30, 2010 and 2009, the Organization hosted one NCAA postseason football game per year, the annual Sugar Bowl Classic.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting
The financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of Presentation
Financial statement presentation follows the recommendations of the FASB *Accounting Standards Codification* (ASC) 958-205 (*Not-for-Profit Entities - Presentation of Financial Statements)*. In accordance with ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Revenues are classified as temporarily or permanently restricted when they are received as donations with a donor stipulated restriction.

As of June 30, 2010 and 2009, the Organization's net assets were unrestricted.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Contributions
The Organization accounts for contributions in accordance with the recommendations of the FASB *Accounting Standards Codification* (ASC) 958-605 (*Not-for-Profit Entities - Revenue Recognition)*. In accordance with ASC 958-605, contributions received are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Note 2. Summary of Significant Accounting Policies (Continued)

Advertising

Advertising costs are expensed as incurred and included as a program expense in sponsorship package expense. Advertising expense amounted to $187,340 and $160,340, for the years ended June 30, 2010 and 2009, respectively.

Accounts Receivable

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. There was no allowance for doubtful accounts at June 30, 2010 or 2009.

Property and Equipment

Depreciation of property and equipment is provided over the estimated useful lives of the respective assets using the straight-line method.

Acquisitions of property and equipment in excess of $500 are capitalized. Donated equipment is recorded at fair market value at the date of the donation. Purchased equipment is recorded at cost.

Deferred Ticket Revenue

Ticket sales made prior to the fiscal year to which they apply are not recognized as revenues until the year earned.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash equivalents include time deposits, and all highly liquid debt instruments with original maturities of three months or less.

Investments and Investment Valuation

Under FASB *Accounting Standards Codification* (ASC) 958-320 (*Not-for-Profit Entities - Investments in Debt and Equity Securities)*, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains or losses are included in the change in net assets in the accompanying statements of activities.

The Organization's investments are reported at fair value. Fair value 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. See Note 5 for discussion of fair value measurements.

Income Tax Status

The Organization is qualified as a nonprofit organization and is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3).

Note 2. Summary of Significant Accounting Policies (Continued)

Donated Goods and Services

Under FASB *Accounting Standards Codification* (ASC) 958-605 (*Not-for-Profit Entities - Revenue Recognition*), organizations are required to recognize as revenue and related expense services received if the Organization would typically need to purchase the services if not received as donations. No amounts have been reflected in the financial statements of the Organization for donated goods and services because there was either no objective basis available to measure their value or the value given was immaterial to the financial statements taken as a whole.

Note 3. Property and Equipment

Major classifications of property and equipment at June 30th consist of the following:

	2010	2009
Leasehold Improvements	$ 994,379	$ 994,379
Furniture and Fixtures	257,671	257,671
Computer Equipment	107,893	94,087
	1,359,943	1,346,137
Less: Accumulated Depreciation and Amortization	376,958	248,322
Property and Equipment, Net	$ 982,985	$ 1,097,815

Depreciation and amortization expense for the years ended June 30, 2010 and 2009, totaled $128,636 and $130,886, respectively.

Note 4. Concentration of Credit Risk

The Organization periodically maintains cash in bank accounts in excess of federally insured limits. The Organization has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Note 5. Investments and Fair Value Measurements

The Organization's investments are comprised of the following as of June 30th:

	2010	2009
U.S. Government Securities	$ 16,985,531	$ 13,257,320
Mutual Funds	12,985,262	9,654,883
Equity Securities	2,578,147	2,297,092
Cash Held for Investment	188,261	108,912
Total	$ 32,737,201	$ 25,318,207

Note 5. Investments and Fair Value Measurements (Continued)

The following schedule summarizes the investment results for the years ended June 30th:

	2010	2009
Interest Income, Net of Investment Expenses	$ 871,080	$ 1,026,690
Realized and Unrealized Gain (Loss)	1,890,209	(4,558,265)
Total	**$ 2,761,289**	$ (3,531,575)

FASB *Accounting Standards Codification* (ASC) 820 (*Fair Value Measurements and Disclosures)*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of a valuation methodology that are unobservable and significant to the fair value measurement and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used in the instance Level 1 or Level 2 are not available.

The following is a description of the valuation methodologies used for assets measured at fair value.

Level 1 Fair Value Measurements

The fair values of U.S. Government Securities, mutual funds, equity securities and cash held for investment are based on quoted net asset values of the shares held by the Organization at year end.

Level 3 Fair Value Measurements

Meridian Diversified Fund, Ltd. is a mutual fund that is not actively traded, and significant other observable inputs are not available. Investments in investment funds are recorded based on GAAP and on the Funds' proportionate share of the underlying net assets of the investment funds based on valuation supplied by the investment funds in accordance with the practices and policies of each such investment fund.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 5. Investments and Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2010:

	Level 1	Level 3	Total
U.S. Government Securities			
Federal Home Loan Bank Bonds	$ 4,138,760	$ -	$ 4,138,760
Federal Farm Credit Bank Bonds	1,113,440	-	1,113,440
Mutual Funds			
500 Index Fund	3,340,895	-	3,340,895
Mid-Cap Index Fund	1,772,292	-	1,772,292
Total Int'l Stock Index	1,599,725	-	1,599,725
Short-Term Treasury	1,507,757	-	1,507,757
REIT Index Fund	1,375,227	-	1,375,227
Small-Cap Index Fund	1,143,397	-	1,143,397
Meridian Diversified Fund	-	2,245,969	2,245,969
Equity Securities			
Information Technology	488,276	-	488,276
Financials	450,325	-	450,325
Consumer Staple	341,037	-	341,037
Health Care	330,792	-	330,792
Industrials	315,172	-	315,172
Consumer Discretionary	244,312	-	244,312
Energy	230,482	-	230,482
Utilities	98,768	-	98,768
Telecommunication Services	46,291	-	46,291
Materials	32,692	-	32,692
Certificates of Deposit	11,733,331	-	11,733,331
Cash Held for Investment	188,261	-	188,261
Total	$ 30,491,232	$ 2,245,969	$ 32,737,201

The following presents a summary of changes in the fair value of the Organization's Level 3 assets for the period from inception to June 30, 2010:

Balance at Inception	$ 1,300,000
Purchases, Sales, Issuances, and Settlements (Net)	1,000,000
Unrealized Losses Relating to Investments Held at Reporting Date	(54,031)
Total	$ 2,245,969

Note 6. Lease Commitments

The Organization is committed to leasing the Louisiana Superdome (the Superdome) for its annual football game pursuant to an amended lease which dates back to December 24, 1975. The amended lease, currently in its third ten-year renewal term extending through 2015, stipulates a minimum annual rent of $40,000, plus an additional 5% of the gross football ticket sales in excess of $700,000, subject to a maximum rental cap of $200,000. The parties have further modified the amended lease, pursuant to letter agreements, stipulating an additional maximum rent of $100,000 for the BCS National Championship game that was played in 2008.

For the years ended June 30, 2010 and 2009, the Organization's rental expense for its annual football games totaled $200,000 for each y ear.

The office space in the Superdome has a lease term through 2014. For the years ended June 30, 2010 and 2009, the Organization's rental expense for its office space totaled $98,587 for each year.

Note 7. Commitments and Contingencies

The Organization has employment agreements with its Chief Executive Officer and Chief Operating Officer which extend through June 30, 2014. Associated with the employment contracts is an obligation to contribute 15% of compensation to a Simplified Employee Pension Plan. The aggregate commitment under these agreements is as follows at June 30, 2010:

Years Ended June 30,	Amount
2011	$ 891,250
2012	926,900
2013	964,850
2014	1,003,950
Total Commitment	$ 3,786,950

Under its contract with the Bowl Championship Series (BCS), the Organization is committed to paying $6,000,000 *per game*, with the exception of the BCS Championship Game for which they will pay $8,000,000. Payments will be made per game as follows: $6,000,000 for each *Sugar Bowl game played in* 2011, 2012, 2013 *and* 2014, *and $8,000,000 for the* BCS National Championship game in 2012. The BCS contract expires April 1, 2014.

During the year ended June 30, 2007, the Organization donated $400,000 to City Park, to help restore and maintain City Park's athletic facilities located in New Orleans, Louisiana. In addition, the Organization's Board of Directors approved additional funding of $400,000 that would be granted upon the satisfaction of certain progress benchmarks. Although the agreement between the Organization and City Park has not been finalized, a total of $200,000 has been paid to City Park as of June 30, 2010. Therefore, the remaining commitment to City Park is $200,000 at June 30, 2010.

Note 8. Simplified Employee Pension Plan

The Organization is committed to a simplified employee pension plan for all full-time, non-contractual employees of the Organization with a minimum of one year of service. The annual contribution shall be equal to 15% of each eligible employee's annual wages. The contributions for the years ended June 30, 2010 and 2009 were $49,000 and $46,025, respectively.

Note 9. Related Party Transactions

Members of the Organization are involved with companies supplying goods and services to the Organization. In such instances where "related parties" conduct business with the Organization, due care is taken to assure that the services and/or goods are purchased at normal competitive rates. The total dollar amounts of the transactions are immaterial to the financial statements taken as a whole.

Note 10. Uncertain Tax Positions

The Organization accounts for uncertain tax positions in accordance with Financial Accounting Standards Board (FASB) ACS 740 (formerly Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109)*. FASB ACS 740 prescribes recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. The interpretation also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Organization has adopted the provisions of FASB ASC 740 for the year ended June 30, 2010. There was no impact on financial position or results of operations.

Note 11. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 5, 2010, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Schedule I

SUGAR BOWL
Unrestricted Revenue, Gains and Other Support
For the Years Ended June 30, 2010 and 2009

	2010	2009
Ticket Sales - Football	$ 8,745,445	$ 8,650,974
Investment Gain (Loss)	2,761,289	(3,531,575)
State of Louisiana - Cooperative Endeavor	1,395,000	1,395,000
Secondary Sponsorships	875,251	984,125
Licensing	312,058	310,700
Hotel/Motel Revenue	235,098	191,587
Program Revenue	140,130	115,335
Heritage Festival	82,755	67,140
Miscellaneous	5,075	28,463
Total Unrestricted Revenue, Gains and Other Support	**$ 14,552,101**	$ 8,211,749

See independent auditor 's report.

Schedule II

SUGAR BOWL
Program Expenses
For the Years Ended June 30, 2010 and 2009

	2010	2009
Sugar Bowl Annual Classic	$ 9,283,706	$ 9,073,909
Donations and Ancillary Amateur Sporting Event Sponsorships	328,867	353,689
Total Program Expenses	$ 9,612,573	$ 9,427,598

See independent auditor's report.

Schedule III

SUGAR BOWL
Support Expenses
For the Years Ended June 30, 2010 and 2009

	2010	2009
General and Administrative Expenses	**$ 2,494,314**	$ 3,576,351
Depreciation Expense	**128,636**	130,886
Insurance Expense	**61,750**	57,476
Goods for Resale	**35,652**	25,542
Repairs and Maintenance	**-**	8,491
Total Support Expenses	**$ 2,720,352**	$ 3,798,746

See independent auditor's report.

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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 Executive Committee
Sugar Bowl

We have audited the financial statements of the Sugar Bowl as of and for the years ended June 30, 2010 and 2009, and have issued our report thereon dated October 5, 2010. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Sugar Bowl's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Sugar Bowl's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 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 timely basis.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sugar Bowl's financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the audit committee, management, others within the Organization and the State of Louisiana, Department of Economic Development and is not intended to be, and should not be, used by anyone other than these specified parties.

LaPorte, Sehrt, Romig & Hand

A Professional Accounting Corporation

Metairie, Louisiana
October 5, 2010