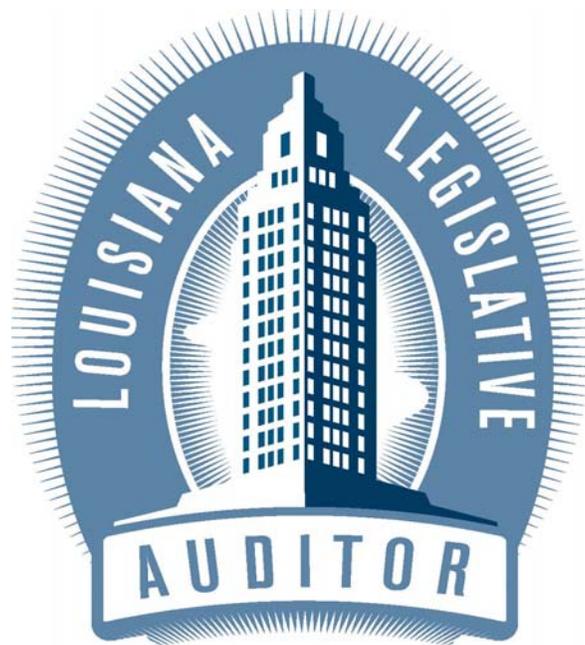


ATHLETIC DEPARTMENT  
NICHOLLS STATE UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA



AGREED-UPON PROCEDURES REPORT  
ISSUED JANUARY 23, 2013

**LOUISIANA LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
BATON ROUGE, LOUISIANA 70804-9397**

**LEGISLATIVE AUDITOR**  
DARYL G. PURPERA, CPA, CFE

**FIRST ASSISTANT LEGISLATIVE AUDITOR  
AND STATE AUDIT SERVICES**  
PAUL E. PENDAS, CPA

**DIRECTOR OF FINANCIAL AUDIT**  
THOMAS H. COLE, CPA

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor and at the office of the parish clerk of court.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Two copies of this public document were produced at an approximate cost of \$8.94. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at [www.la.la.gov](http://www.la.la.gov). When contacting the office, you may refer to Agency ID No. 3491 or Report ID No. 80120146 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Kerry Fitzgerald, Chief Administrative Officer, at 225-339-3800.

# TABLE OF CONTENTS

---

	Page
Independent Accountant’s Report on the Application of Agreed-Upon Procedures .....	2
	<b>Statement</b>
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, 2013

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

**DR. STEPHEN T. HULBERT, PRESIDENT  
NICHOLLS STATE UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA**  
Thibodaux, Louisiana

We have performed the procedures enumerated below, which were agreed to by you, as president of Nicholls State University (University), solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (Statement) of the Nicholls State University Athletic Department is in compliance with the National Collegiate Athletic Association (NCAA) Constitution 3.2.4.16 for the year ended June 30, 2012, and to assist you in your evaluation of the effectiveness of the University Athletic Department's internal control over financial reporting as of June 30, 2012. University management is responsible for the Statement (unaudited) and related notes (unaudited) and 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 procedures that we performed and associated 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 the 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 and observed the 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 inquired of management about the involvement of the University's internal auditor in the intercollegiate athletics program and we reviewed all athletics-related internal audit reports.

We identified no significant deficiencies as a result of these procedures.

4. We obtained the University's procedures for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the University's intercollegiate athletics program and determined 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 fair presentation of the Statement of the intercollegiate athletics program, 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 we considered necessary for the year ended June 30, 2012.
2. We verified the mathematical accuracy of the amounts on the Statement and agreed the amounts on the Statement 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 five operating revenue receipts and a sample of five 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 operating revenue and expense account for June 30, 2011, and June 30, 2012, to identify variances of 20 percent or greater between individual revenue and expense accounts that are 5 percent or more of the total. We obtained and documented the University's explanations for any significant variations.

As a result of our procedures, we identified variances of 20 percent or greater in the following revenue and expense accounts that are 5 percent or more of the total:

**Revenues**

Game guarantees

**Expenses**

Direct facilities, maintenance, and rental

5. We compared the budgeted revenues and expenses to actual revenues and expenses for each major operating revenue and expense account for the year ended June 30, 2012, to identify any variances of 20 percent or greater in individual revenue and expense accounts that are 5 percent or more of the total. We obtained and documented the University's explanations for any significant variations.

As a result of our procedures, we identified variances of 20 percent or greater in the following individual revenue and expense accounts that are 5 percent or more of the total:

**Revenues**

Student fees

Contributions

**Expenses**

Team travel

Operating services

Supplies

Professional services

**MINIMUM AGREED-UPON PROCEDURES FOR REVENUES**

1. Using a schedule prepared by the University, we compared the value of the tickets sold, complementary 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 reconciliation for a random sample of one football, one basketball, and one baseball game. We recalculated the reconciliations for the games tested.

We found no exceptions as a result of these procedures.

2. Based on 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 percent. We recalculated the totals.

We found no exceptions as a result of these procedures.

3. We selected the away game with the largest game guarantee settlement and agreed the amount to the general ledger and to the contractual settlement. We recalculated the settlement report for the game tested.

We found no exceptions as a result of these procedures.

4. We obtained and reviewed supporting documentation for each contribution of monies, goods, or services received directly by an intercollegiate athletics program for any affiliated or outside organization, agency, or group of individuals (two or more) not included above (e.g., contributions by corporate sponsors) that constitutes 10 percent or more of all contributions received for intercollegiate athletics during the reporting period.

We found no exceptions as a result of these procedures.

5. We were to compare direct state or other governmental support recorded by the University during the reporting period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation and recalculate the totals.

The University did not have any revenues that included direct state or other governmental support during the reporting period.

6. We compared direct institutional support recorded by the University during the reporting period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation and recalculated the totals.

We found no exceptions as a result of these procedures.

7. We compared indirect facilities and administrative support recorded by the University during the reporting period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation and recalculated the totals.

We found no exceptions as a result of these procedures.

8. Based on the relevant terms and conditions of one randomly selected agreement related to the University's participation in revenues from NCAA/Conference tournaments during the reporting period, we compared and agreed the related revenues to the University's general ledger and/or the Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

9. Based on the relevant terms and conditions of all agreements related to the University's participation in revenues from broadcasts, television, radio, and Internet rights during the reporting period, we were to compare and agree related revenues to the general ledger and/or the Statement.

The University did not earn any revenue from television, radio, and Internet rights during the reporting period.

10. Based on the relevant terms and conditions of all agreements related to the University's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period, we compared and agreed related revenues to the general ledger and/or the Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

11. We obtained a schedule listing all sports-camp contracts between the University and the person conducting University sports camps or clinics during the reporting period, the total amount of revenue generated for each camp, the charge per participant, and the number of participants for each camp. We randomly selected one individual camp participant cash receipt from the schedule and agreed the cash receipt to the Statement based on the University's methodology for recording revenues for the camps. We recalculated the totals.

We found no exceptions as a result of these procedures.

12. We inquired with management regarding endowment agreements and investment income received for the reporting period and were informed by management that the University did not have any endowment agreements or receive revenues from investment income in support of the athletic department during the reporting period.
13. We randomly selected one operating revenue receipt from each category not previously mentioned and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

#### **MINIMUM AGREED-UPON PROCEDURES FOR EXPENSES**

1. We selected a random sample of four students from the listing of University student aid recipients during the reporting period, obtained individual student-account detail for each selection, and compared total aid allocated from the related aid award letter to the student's account. We recalculated the totals.

We found no exceptions as a result of these procedures.

2. We obtained and inspected the home game with the largest settlement received by the University during the reporting period and agreed related expenses to the contractual agreement and the University's general ledger and/or Statement.

We found no exceptions as a result of these procedures.

3. We obtained and inspected one contractual agreement pertaining to expenses recorded by the University from a guaranteed contest during the reporting period and compared and agreed related expenses by the University during the reporting period to the general ledger and/or Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

4. We obtained and inspected from management a list of coaches and support staff/administrative personnel paid by the University and related entities during the reporting period. We selected a random sample of three support staff/administrative personnel and all head coaches from football, men's and women's basketball, and baseball. The following procedures were performed:

- (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.
- (b) We obtained and inspected W-2s and 1099s for each selection.

- (c) We compared and agreed related W-2s and 1099s 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 recalculated the totals.

We found no exceptions as a result of these procedures.

5. We obtained from management a list of coaches and support staff/administrative personnel employed by third parties for the reporting period. We selected a random sample of three coaches and three support staff/administrative personnel. The following procedures were performed:
  - (a) We compared and agreed the financial terms and conditions of each selection to the related coaching and support staff/administrative other compensation and benefits recorded by the University in the Statement.
  - (b) We obtained and inspected W-2s and 1099s for each selection.
  - (c) We compared and agreed related W-2s and 1099s for each selection to the other compensation and benefits paid by third parties and recorded by the University in the Statement during the reporting period.
  - (d) We recalculated the totals.

We found no exceptions as a result of these procedures.

6. Using a list prepared by the University, we randomly selected one athletic employee with severance payment and agreed the severance pay to the related termination letter or employment contract. We recalculated the total.

We found no exceptions as a result of this procedure.

7. We compared and agreed the University's recruiting expense policies to existing University and NCAA-related policies.

We found no significant differences as a result of this procedure.

8. We compared and agreed the University's team travel policies to existing University and NCAA-related policies.

We found no significant differences as a result of this procedure.

9. We obtained and documented the University's methodology for allocating indirect facilities support. We summed the indirect facilities support and indirect institutional support totals reported by the University in the Statement and determined if they were presented in accordance with the University's

methodology for allocating indirect facilities support. We compared and agreed indirect facilities and administrative support reported by the University in the Statement to the corresponding revenue category (indirect facilities and administrative support) reported by the University's general ledger.

We found no exceptions as a result of these procedures.

10. We randomly selected one operating expense from each category not previously mentioned and agreed to adequate supporting documentation. We recalculated the totals.

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 listing of any contributions of monies, goods, or services received directly by an intercollegiate athletics program for any affiliated or outside organization, agency, or group of individuals (two or more) that constituted 10 percent or more of all contributions received for intercollegiate athletics during the reporting period and ensured the source(s) of funds, goods, and services as well as the value associated with these items were properly disclosed within the notes to the Statement.

None of the contributions exceeded 10 percent of the total, except those received, in total, from the Nicholls State University Foundation.

2. We obtained a description of the University's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets along with a schedule of changes in those assets. We then agreed the schedule of changes to the University's general ledger and to affiliated and outside organization financial statements and ensured the University's policies and procedures and schedule of changes were properly disclosed within the notes to the Statement.

We found no exceptions as a result of these procedures.

3. We obtained from University management the repayment schedules for all outstanding intercollegiate athletics debt maintained by the University during the reporting period. We recalculated annual maturities, agreed annual maturities to supporting documentation and to the University's general ledger and to affiliated and outside organization financial statements, and ensured the repayment schedule was properly disclosed within the notes to the Statement.

We found no exceptions as a result of these procedures.

**MINIMUM AGREED-UPON PROCEDURES FOR  
AFFILIATED AND OUTSIDE ORGANIZATIONS**

1. We obtained written representations from management of the University that the listing of all known affiliated and outside organizations provided to us by the University are the only outside organizations created for or on behalf of the athletic department.
2. We obtained from management statements for all affiliated and outside organizations and performed the following:
  - (a) We agreed the amounts reported in the statements to the University's general ledger or, alternatively, confirmed revenue and expenses directly with a responsible official of the organization.
  - (b) We reconciled the cash disbursement made by the organization for or on behalf of the University's intercollegiate athletics programs or employees to the revenues reported on the University's Statement.
  - (c) We reconciled the direct payments of outside organizations to the University with the revenue reported on the University's Statement.

We found no exceptions as a result of these procedures.

3. We obtained from 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.

**Revenues**

Game guarantees	\$193,000
Contributions	261,056
Compensation and benefits provided by a third party	11,975
Other	11,116
Total revenues	<u>477,147</u>

**Expenses**

Support staff/administrative other compensation and benefits paid by a third party	11,975
Recruiting	20,428
Team travel	9,195
Equipment, uniforms, and supplies	238,886
Game expenses	12,391
Fund raising, marketing, and promotion	106,444
Direct facilities and administrative support	69,173
Medical expenses and medical insurance	11,516
Memberships and/or dues	2,908
Other	15,275
Total expenses	<u>498,191</u>

**Deficiency of Revenues Under Expenses**(\$21,044)

4. We obtained written representations as to the fair presentation of the summary schedule and agreed the amounts reported to the University's general ledger.

We found no exceptions as a result of these procedures.

5. For all affiliated and outside organizations that had an independent audit, we obtained and reviewed the independent auditor's report, identified any significant deficiencies relating to the outside organization's internal controls, made inquiries of management, and documented any corrective action taken in response to the significant deficiencies.

The financial statements of the Nicholls State University Foundation, Incorporated, are being audited by an independent certified public accounting firm for the year ended June 30, 2012. The audit report has not been issued as of January 14, 2013.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying Statement and related notes of the University's Athletic Department or on its compliance with NCAA Constitution 3.2.4.16 or on the effectiveness of the University Athletic Department's internal control over financial reporting for the year ended June 30, 2012. Accordingly, we do not express such an opinion.

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 the president. 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 written in a cursive style with a large, stylized initial 'D'.

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

AC:NM:EFS:THC:ch

NSUNCAA 2012

**ATHLETIC DEPARTMENT  
NICHOLLS STATE UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA**

**Statement of Revenues and Expenses  
For the Year Ended June 30, 2012**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
<b>REVENUES</b>						
Operating revenues:						
Ticket sales	\$95,070	\$25,362	\$10,072	\$31,551		\$162,055
Student fees					\$476,877	476,877
Guarantees	490,000	370,000	37,000	18,000		915,000
Contributions	57,012	11,639	54,082	279,363	532,434	934,530
Compensation and benefits provided by third party	4,200	4,200			3,575	11,975
Direct institutional support	1,006,088	102,427	386,719	1,953,656	628,146	4,077,036
Indirect facilities and administrative support					304,804	304,804
NCAA/Conference distributions, including all tournament revenues	6,500	3,500	5,815	11,500	410,387	437,702
Program sales, concessions, novelty sales, and parking	11,840	888	381	2,503		15,612
Royalties, licensing, advertisements, and sponsorships				10,184	2,257	12,441
Sports-camp revenues			1,654	795		2,449
Other					17,508	17,508
Total operating revenues	<u>1,670,710</u>	<u>518,016</u>	<u>495,723</u>	<u>2,307,552</u>	<u>2,375,988</u>	<u>7,367,989</u>
<b>EXPENSES</b>						
Operating expenses:						
Athletics student aid	806,833	156,462	206,615	1,021,278	642	2,191,830
Guarantees	26,155	10,000		8,823		44,978
Coaching salaries, benefits, and bonuses paid by the university and related entities	535,990	204,249	193,211	537,961		1,471,411
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	39,860			333,079	411,776	784,715
Coaching other compensation and benefits paid by a third party	4,200	4,200				8,400
Support staff/administrative other compensation and benefits paid by a third party					3,575	3,575
Severance payments	5,732		4,496	14,016	8,854	33,098
Recruiting	32,687	14,794	25,094	28,127	7,703	108,405
Team travel	182,428	85,262	75,693	311,616	7,592	662,591
Equipment, uniforms, and supplies	122,133	23,215	19,736	197,846	147,142	510,072
Game expenses	30,025	24,500	20,580	71,802	15,916	162,823
Fund raising, marketing, and promotion	7,209	498	2,228	34,237	127,451	171,623
Direct facilities, maintenance, and rental	10,279	1,574	1,850	567,880	13,500	595,083
Indirect facilities and administrative support					304,804	304,804
Medical expenses and medical insurance				52,638	11,609	64,247
Memberships and dues	60	1,125	160	46,068	2,498	49,911
Other operating expenses	4,747	6,149	1,261	36,943	107,317	156,417
Total operating expenses	<u>1,808,338</u>	<u>532,028</u>	<u>550,924</u>	<u>3,262,314</u>	<u>1,170,379</u>	<u>7,323,983</u>
<b>EXCESS/(Deficiency) OF REVENUES OVER/(Under) EXPENSES</b>	<u>(\$137,628)</u>	<u>(\$14,012)</u>	<u>(\$55,201)</u>	<u>(\$954,762)</u>	<u>\$1,205,609</u>	<u>\$44,006</u>

# NOTES TO THE FINANCIAL STATEMENT

## (UNAUDITED)

---

### 1. CONTRIBUTIONS

No individuals or outside organizations, other than the Nicholls State University Foundation, contributed monies, goods, or services for or on behalf of the athletic department that exceeded 10 percent 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 athletic department 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.

Capital asset activity for the athletic department for the year ended June 30, 2012, is as follows:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012
Land improvements	\$761,385			\$761,385
Less - accumulated depreciation	(294,899)	(\$38,071)		(332,970)
Total land improvements	<u>466,486</u>	<u>(38,071)</u>	NONE	<u>428,415</u>
Buildings	2,778,927			2,778,927
Less - accumulated depreciation	(2,560,328)	(69,474)		(2,629,802)
Total buildings	<u>218,599</u>	<u>(69,474)</u>	NONE	<u>149,125</u>
Equipment	1,116,118	15,000		1,131,118
Less - accumulated depreciation	(767,534)	(61,517)		(829,051)
Total equipment	<u>348,584</u>	<u>(46,517)</u>	NONE	<u>302,067</u>
Total other capital assets	<u>\$1,033,669</u>	<u>(\$154,062)</u>	NONE	<u>\$879,607</u>
Capital asset summary:				
Capital assets at cost	\$4,656,430	\$15,000		\$4,671,430
Less - accumulated depreciation	(3,622,761)	(169,062)		(3,791,823)
Capital assets, net	<u>\$1,033,669</u>	<u>(\$154,062)</u>	NONE	<u>\$879,607</u>

### 3. NOTES PAYABLE

The University has the following debt associated with its athletic department's capital assets:

Date of Issue	Original Issue	Outstanding July 1, 2011	Issued (Redeemed)	Outstanding June 30, 2012	Maturity	Interest Rate	Interest Payments June 30, 2012
September 11, 2007	<u>\$219,016</u>	<u>\$58,133</u>	<u>(\$46,317)</u>	<u>\$11,816</u>	2013	3.25%	<u>\$64</u>

The following is the amortization schedule for the outstanding notes payable for the athletic department as of June 30, 2012:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	<u>\$11,816</u>	<u>\$64</u>	<u>\$11,880</u>
Total	<u>\$11,816</u>	<u>\$64</u>	<u>\$11,880</u>