ATHLETIC DEPARTMENT
UNIVERSITY OF NEW ORLEANS
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA

AGREED-UPON PROCEDURES REPORT
ISSUED FEBRUARY 4, 2015

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

January 14, 2015

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

DR. PETER J. FOS, PRESIDENT
UNIVERSITY OF NEW ORLEANS
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by you, as president of the University of New Orleans (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) Constitution 3.2.4.16 for the year ended June 30, 2014, 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, 2014. 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 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 summary 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 internal auditor reports issued during the period relating to the intercollegiate athletics program to identify any significant deficiencies noted.

   We determined that the University's internal auditor issued two reports during the period relating to the athletics program. Both internal audit reports were addressed in our previous accountant's report issued February 19, 2014.

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, 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, 2014.

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 each major operating revenue and expense account for June 30, 2014 and June 30, 2013, to identify variances of 20 percent or greater between individual revenue and expense accounts that are 10 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 10 percent or more of the total:

Revenues
Contributions

Expenses
Athletic student aid
Support staff/administrative salaries, benefits, and bonuses paid by University and related entities

4. 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, 2014, to identify any variances of 20 percent or greater in individual revenue and expense accounts that are 10 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 accounts that are 10 percent or more of the total:

   Revenues
   Miscellaneous revenues
   Private donations - other

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 basketball and one baseball game. We recalculated the reconciliations for the games tested.

   We noted the revenue for basketball games was $6 less on the general ledger and Statement than the related attendance figures in the ticket reports. We also noted that revenue for baseball games was $189 less on the general ledger and Statement than the related attendance figures in the ticket reports.

   We also noted miscoding in the general ledger that understated revenues from men's basketball ticket sales by $436 and overstated revenues from baseball by $436. Management revised the Statement to correct these errors.

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 the contractual agreement. 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 from 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.

   The UNO Foundation is an outside organization that contributed monies, goods, or services to the athletic department that exceeded 10 percent of total contributions.

5. We were to compare direct institutional support recorded by the University during the period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation and recalculate the totals, but were informed by management that the University did not provide any direct institutional support during the period.

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

   We found no exceptions with revenues as a result of these procedures. However, we noted that the related expenses totaling $112,734 were reported as Support Salaries, Benefits, and Bonuses Paid by the University instead of Indirect Facilities and Administrative Support. Management revised the Statement to correct the error.

7. Based on the relevant terms and conditions of agreements related to the University's participation in revenues from NCAA/Conference tournaments during the 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.

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

   We noted coding errors in the general ledger that overstated royalties, licensing, advertisements, and sponsorships by $1,000, understated revenue from program sales, concessions, novelty sales and parking by $800 and understated men's basketball ticket sales by $200. Management revised the Statement to correct the errors.

9. We randomly selected a sample of one program's sales, concessions, novelty sales, and parking receipts revenue and agreed to adequate supporting documentation. We recalculated the totals.

   We found no exceptions as a result of these procedures.

10. We randomly selected one operating revenue receipt from each category not previously mentioned above 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, 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 away game with the largest game settlement report received by the University during the reporting period and agreed related expenses to the University's general ledger and/or Statement. We recalculated the totals.

   We found no exceptions as a result of these procedures.

3. We obtained and inspected a random sample of one contractual agreement pertaining to expenses recorded by the University from guaranteed contests during the period. Using the game settlement report from these contests, we agreed related expenses to the University's general ledger and/or Statement. We recalculated the totals.

   We noted that the University paid for 15 hotel rooms for three nights instead of 12 hotel rooms for three nights as agreed in the contract.

We also noted that the expenses relating to the hotel rooms for the other team totaling $3,315 and for umpires of home baseball games totaling $2,024 were reported under "team travel" instead of "guarantees" and "game expenses," respectively. Management revised the statement to correct this error.

4. 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 examined the contracts for a random sample of three support staff/administrative personnel and four coaches, including at least one each from men's and women's basketball 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.

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

    We noted that $15,000 in severance pay per the contract was misclassified as "coaching salaries, benefits, and bonuses," and the $6,635 payment for the employee's annual leave balance that should have been reported as "coaching salaries, benefits, and bonuses" was misclassified as "severance payments." Management revised the Statement to correct these errors.

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

    We found no exceptions as a result of this procedure.

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

    We found no exceptions as a result of this procedure.

8. We randomly selected one equipment, uniforms, and supplies expense and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

9. We randomly selected one game expense and agreed to adequate supporting documentation. We recalculated the totals.

   We found no exceptions as a result of these procedures.

10. We randomly selected one fund raising, marketing, and promotion expense and agreed to adequate supporting documentation. We recalculated the totals.

    We found no exceptions as a result of these procedures.

11. We randomly selected one direct facilities, maintenance, and rental expense and agreed to adequate supporting documentation. We recalculated the totals.

    We found no exceptions as a result of these procedures.

12. We randomly selected one medical and medical insurance expense and agreed to adequate supporting documentation. We recalculated the totals.

    We found no exceptions as a result of these procedures.

13. We randomly selected one membership and dues expense and agreed to adequate supporting documentation. We recalculated the totals.

    We found no exceptions as a result of these procedures.

14. We randomly selected one operating expense from each category not previously mentioned above 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 list of contributions 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 percent 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.

   The UNO Foundation is the only outside organization that contributed monies, goods, or services to the athletic department that exceeded 10 percent of the total contributions (see note 1).

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 agreed the schedule of changes to the University's general ledger and outside organizations' financial statements. We ensured that the University's policies and procedures and schedule of changes are 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 from management a listing of all affiliated and outside organizations for the reporting period. We obtained written representations from management that the organizations on the listing 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 revenues and expenses directly with a responsible official of the organization.

   (b) We reconciled the cash disbursements 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 revenues 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.

	Privateer Athletic Foundation
Revenues	
Contributions	$197,838
Expenses	
Coaching salaries, benefits, and bonuses	57,000
Recruiting	24,867
Team travel	2,438
Equipment, uniforms, and supplies	63,737
Game expenses	13,308
Direct facilities, maintenance, and rental	7,247
Indirect facilities and administrative	1,343
Fund raising, marketing, and promotion	16,897
Memberships and dues	4,588
Other	6,413
Total expenses	197,838
EXCESS (Deficiency) OF REVENUES OVER EXPENSES	NONE

4. We obtained written representations from management as to the fair presentation of the summary schedule and compared summary schedules provided by outside organizations to ensure data is included in the University's Statement.

   We found no exceptions as a result of these procedures.

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

   The financial statements of the UNO Foundation include the funds held in custody for the Privateer Athletic Foundation. The UNO Foundation was audited by an independent certified public accounting firm for the year ended December 31, 2013. The audit report is dated June 23, 2014, and included no significant deficiencies on the outside organization's internal control.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on 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, 2014. 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,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

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UNONCAA2014

UNAUDITED

Statement A

ATHLETIC DEPARTMENT
UNIVERSITY OF NEW ORLEANS
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA

Statement of Revenues and Expenses
For the Year Ended June 30, 2014

	MEN'S BASKETBALL	WOMEN'S BASKETBALL	BASEBALL	OTHER SPORTS	NON-PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating revenues:						
Ticket sales	$15,184	$2,003	$127,260			$144,447
Guarantees	355,500	62,000	4,000	$4,582		426,082
Contributions	3,216	418	101,079	18,868	$2,438,533	2,562,114
Student fees					1,612,539	1,612,539
NCAA/Conference distributions, including all tournament revenues					82,524	82,524
Program sales, concessions, novelty sales, and parking	139		40,941	854	11,773	53,707
Royalties, licensing, advertisements, and sponsorships	7,750	7,750	4,250	3,750	136,496	159,996
Indirect facilities and administrative support					112,734	112,734
Other	17,600		9,600		43,653	70,853
Total operating revenues	399,389	72,171	287,130	28,054	4,438,252	5,224,996
EXPENSES						
Operating expenses:						
Athletic student aid	269,173	292,401	174,026	753,194	2,677	1,491,471
Guarantees	6,500		6,815			13,315
Coaching salaries, benefits, and bonuses paid by the university and related entities	298,899	161,525	287,444	466,470		1,214,338
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	59		7,348	11,438	687,409	706,254
Severance payments		1,385	2,048	18,378	6,449	28,260
Recruiting	19,883	15,540	24,407	22,270	19,333	101,433
Team travel	138,150	102,580	83,879	184,839	14,733	524,181
Equipment, uniforms, and supplies	40,713	27,614	83,751	123,280	155,596	430,954
Game expenses	36,906	23,900	30,627	16,109	113,446	220,988
Direct facilities, maintenance, and rental		750	7,130	(195)	50,839	58,524
Indirect facilities and administrative support					114,077	114,077
Fund raising, marketing, and promotion	8,107	7,750	5,994	5,822	16,893	44,566
Medical expenses and medical insurance	940	1,210	4,158	2,262	170,634	179,204
Memberships and dues	2,500	3,780		2,346	10,889	19,515
Other	19,779	1,490	6,196	70,071	121,056	218,592
Total operating expenses	841,609	639,925	723,823	1,676,284	1,484,031	5,365,672
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	($442,220)	($567,754)	($436,693)	($1,648,230)	$2,954,221	($140,676)

NOTES TO THE FINANCIAL STATEMENT
(UNAUDITED)

1. CONTRIBUTIONS

Individual contributions to the athletic department from the UNO Foundation, totaling $2,139,828, 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 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 three 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.

Capital asset activity for the athletic department for the year ended June 30, 2014, is as follows:

	Restated Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Depreciated assets:				
Buildings and improvements	$3,669,069			$3,669,069
Equipment	318,364	$195,754		514,118
Total depreciated assets	3,987,433	195,754	NONE	4,183,187
Less accumulated depreciation:				
Buildings and improvements	(1,046,268)	(128,799)		(1,175,067)
Equipment	(223,314)	(50,885)		(274,199)
Total accumulated depreciation	(1,269,582)	(179,684)	NONE	(1,449,266)
Capital assets, net	$2,717,851	$16,070	NONE	$2,733,921