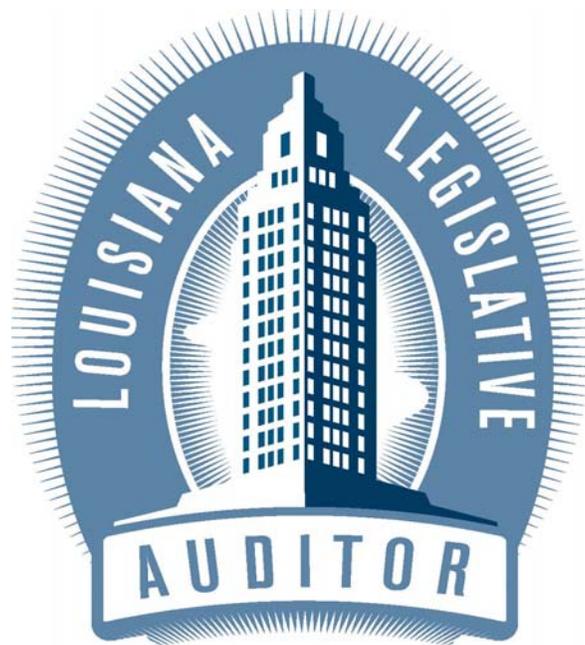


ATHLETIC DEPARTMENT  
UNIVERSITY OF NEW ORLEANS  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA



AGREED-UPON PROCEDURES REPORT  
ISSUED JANUARY 30, 2013

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

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

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

January 15, 2013

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, 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 have obtained through discussion with management, the identity of those aspects of internal control that management considers unique to intercollegiate athletics.
2. We have 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 determined that the University's internal auditor issued an internal audit report during the reporting period relating to the admissions application process follow-up review, which included athletic scholarships in the athletic department. The report noted no significant deficiencies.
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 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 as 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 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, 2012, and June 30, 2011, to identify variances of 20% or greater between individual revenue and expense accounts that are 5% 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% or greater in the following revenue and expense accounts that are 5% or more of the total:

**Revenues**

Guarantees

NCAA/Conference distributions, including all tournament revenues

**Expenses**

Athletic student aid

Coaching salaries, benefits, and bonuses paid by the University and related entities

Team travel

Equipment, uniforms, and supplies

Game expenses

5. We compared the budgeted revenues and expenses to actual revenues and expenses for each major operating revenue and expense account for the year June 30, 2012, to identify any variances of 20% or greater in individual revenue and expense accounts that are 5% 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% or greater in the following revenue and expense accounts that are 5% or more of the total:

**Revenues**

Advertisements

**Expenses**

Supplies

Other charges

#### **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 reconciliations for a random sample of 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%. We recalculated the totals.

We found no exceptions as a result of these procedures.

3. We selected the away game with the largest guarantee settlement and agreed the settlement 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 inspected 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% or more of all contributions received for intercollegiate athletics during the reporting period.

The Privateer Athletic Foundation is an outside organization that contributed monies, goods, or services for or on behalf of the athletic department that exceeded 10% of total contributions.

5. We compared 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.

The University did not have any 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. We 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.

The University did not have any indirect facilities and administrative support recorded during the reporting period.

8. For NCAA/Conference distributions, including all tournament revenues, we obtained and inspected one randomly selected agreement related to the

University's participation in revenues from tournaments during the reporting period, compared and agreed the related revenues to the University's general ledger and/or the Statement, and recalculated the totals.

We found no exceptions as a result of these procedures.

9. We inquired of management regarding 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 period and were informed by management that no revenues were received from television, radio, and Internet rights during the reporting period.
10. We obtained and inspected all agreements related to the University's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period, compared and agreed related revenues to the University's general ledger and/or the Statement, and recalculated the totals.

We found no exceptions as a result of these procedures.

11. We inquired about sports-camp contracts between the University and the person conducting University sports camps during the reporting period and were informed by management that the University did not have any revenue from University sports camps during the reporting period.
12. We inquired with management regarding endowment agreements for the reporting period and were informed by management that the University did not have any endowment agreements during the reporting period.
13. We randomly selected one operating revenue receipt from each category not previously mentioned above and agreed the revenues 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. We 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 settlement report received by the University during the reporting period and agreed related expenses to the University's general ledger and/or Statement.

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 reporting period. We compared and agreed related amounts expensed by the University during the reporting period to its general ledger and/or the Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

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 selected a random sample of the three support staff/administrative personnel and all head coaches from men's and women's basketball and baseball 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. We inquired of management regarding coaches and support staff/administrative personnel paid by third parties and were informed by management that the University did not have any coaches and support staff/administrative personnel paid directly by third parties during the reporting period.
6. Using a list prepared by the University, we randomly selected one athletic employee with severance payment and agreed the severance payment 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 exceptions as a result of this procedure.

8. 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.

9. We inquired with management regarding the University's methodology for allocating indirect facilities support and were informed by management that the University did not have any indirect facilities support during the reporting period.
10. We randomly selected one operating expense for each category not previously mentioned above and agreed to adequate supporting documentation. We recalculated the totals.

We found no exceptions as a result of this procedure.

#### **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 for any affiliated or outside organization, agency, or group of individuals (two or more) 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.

The Privateer Athletic Foundation is the only outside organization that contributed monies, goods, or services for or on behalf of the athletic department that exceeded 10% of the total contributions (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. We ensured that the University's policies and procedures and schedule of changes are properly disclosed in the notes to the Statement.

We found no exceptions as a result of these procedures.

3. We inquired of University management regarding repayment schedules for all outstanding intercollegiate athletics debt maintained by the University during the reporting period and were informed by management that the University did not maintain any debt related to intercollegiate athletics during the reporting period.

**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 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
<b>Revenues</b>	
Contributions	<u>\$92,775</u>
<b>Expenses</b>	
Athletics student aid	6,305
Coaching salaries, benefits, and bonuses paid by university	463
Team travel	4,327
Equipment, uniforms, and supplies	34,320
Fund raising, marketing, and promotion	31,154
Membership and dues	5,636
Other	<u>10,570</u>
Total expenses	<u>92,775</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENSES</b>	<u><u>NONE</u></u>

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 Privateer Athletic Foundation were audited by an independent certified public accounting firm for the year ended December 31, 2011. The audit report is dated June 22, 2012, 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, 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,



Daryl G. Purpera, CPA, CFE  
Legislative Auditor

DMF:CGEW:EFS:THC:ch

UNONCAA 2012

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

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

	MEN'S BASKETBALL	WOMEN'S BASKETBALL	BASEBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
<b>REVENUES</b>						
Operating revenues:						
Ticket sales	\$4,466	\$2,051	\$10	\$1,632		\$8,159
Guarantees	249,500	5,500				255,000
Contributions	1,615	5,570	20,867	39,578	\$100,961	168,591
Student fees					1,903,443	1,903,443
NCAA/Conference distributions, including all tournament revenues					159,493	159,493
Program sales, concessions, novelty sales, and parking	984	264	13,445	1,695	6,876	23,264
Royalties, licensing, advertisements, and sponsorships	1,500	4,000	1,500	1,500	216,261	224,761
Direct institutional support	13,108	52,133	46,665	173,286		285,192
Other					72,700	72,700
Total operating revenues	<u>271,173</u>	<u>69,518</u>	<u>82,487</u>	<u>217,691</u>	<u>2,459,734</u>	<u>3,100,603</u>
<b>EXPENSES</b>						
Operating expenses:						
Athletic student aid	71,738	93,581	81,145	292,376	12,159	550,999
Guarantees	6,000					6,000
Coaching salaries, benefits, and bonuses paid by the university and related entities	148,435	96,867	169,339	307,165	485,570	1,207,376
Support staff/administrative salaries, benefits, and bonuses paid by the university and related entities	7,393	1,272	5,553	2,399	36,434	53,051
Severance payments	3,635			3,215	10,555	17,405
Recruiting	14,155	14,889	10,327	8,461	672	48,504
Team travel	84,163	41,446	83,610	98,479	9,045	316,743
Equipment, uniforms, and supplies	32,934	19,216	49,249	61,730	132,968	296,097
Game expenses	15,008	11,668	12,514	10,365	105,360	154,915
Direct facilities, maintenance, and rental	3,933	783	2,608	1,348	94,958	103,630
Fund raising, marketing, and promotion	1,967	4,000	5,820	11,428	17,131	40,346
Medical expenses and medical insurance					31,527	31,527
Memberships and dues	508	753		1,253	5,740	8,254
Other	9,103	1,964	3,780	13,666	88,858	117,371
Total operating expenses	<u>398,972</u>	<u>286,439</u>	<u>423,945</u>	<u>811,885</u>	<u>1,030,977</u>	<u>2,952,218</u>
<b>EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES</b>	<u>(\$127,799)</u>	<u>(\$216,921)</u>	<u>(\$341,458)</u>	<u>(\$594,194)</u>	<u>\$1,428,757</u>	<u>\$148,385</u>

# NOTES TO THE FINANCIAL STATEMENT

## (UNAUDITED)

### 1. CONTRIBUTIONS

Individual contributions to the athletic department from the Privateer Athletic Foundation totaling \$75,815 from the foundation's athletic endowment 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.

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

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Depreciated Assets:				
Buildings	\$3,669,069			\$3,669,069
Equipment	113,775	\$24,972		138,747
Total Depreciated Assets	<u>3,782,844</u>	<u>24,972</u>	NONE	<u>3,807,816</u>
Less Accumulated Depreciation:				
Buildings	(788,667)	(128,800)		(917,467)
Equipment	(111,259)	(3,126)		(114,385)
Total Accumulated Depreciation	<u>(899,926)</u>	<u>(131,926)</u>	NONE	<u>(1,031,852)</u>
<b>Capital Assets, Net</b>	<u>\$2,882,918</u>	<u>(\$106,954)</u>	NONE	<u>\$2,775,964</u>