

ATHLETIC DEPARTMENT  
NORTHWESTERN STATE UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA



AGREED-UPON PROCEDURES REPORT  
ISSUED JANUARY 25, 2021

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

January 14, 2021

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

**DR. CHRIS MAGGIO, PRESIDENT  
NORTHWESTERN STATE UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM  
STATE OF LOUISIANA  
Natchitoches, Louisiana**

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

Procedures were not performed on specific reporting categories that were less than 4% of the total revenues or expenses.

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

**MINIMUM COMPLIANCE AGREED-UPON PROCEDURES**

**INTERNAL CONTROL**

1. We obtained, through discussion with management, the identity of those aspects of internal control that management considers unique to intercollegiate athletics.
2. We performed procedures to test specific elements of the control environment and accounting systems that are unique to intercollegiate athletics to determine adherence to established policies and procedures relating to revenues and expenses. The following procedures were performed:

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

We found no exceptions as a result of these procedures.

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

We found no exceptions as a result of these procedures.

## **STATEMENT OF REVENUES AND EXPENSES**

### **GENERAL PROCEDURES**

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

We found no exceptions as a result of these procedures.

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

As a result of these procedures, we identified a \$29,366 overstatement in other operating revenue due to the improper recognition of revenue from a receivable, the value of which could not be reasonably estimated. Statement A was corrected.

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

We identified no variations greater than 10%.

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

1. 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. We were to obtain explanations from the University regarding any variances in excess of 5%. We also recalculated the totals. Since the athletic department reported that an allocation of student fees should be countable as generated revenues, we recalculated the totals of its methodology for supporting that the athletic department is able to count each sport, and tied the calculation to supporting documents.

The University allocates the student fees to each sport based on actual expenses. We agreed the student fee revenue allocated to each sport to the amount of student fees actually spent on each sport for the fiscal year. We found no exceptions as a result of these procedures and identified no variances that exceed 5%.

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

We found no exceptions as a result of these procedures.

3. We compared indirect institutional support recorded by the University during the reporting period with expense payments, cost allocation detail, and other corroborative supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

4. We selected a sample of two contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period. We compared and agreed the contractual agreements for each selection to the University's general ledger and Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

5. We compared the NCAA distribution amounts recorded in the revenues and expenses during the reporting period to the general ledger and other corroborative supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

6. 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 reporting period, we compared and agreed the related revenues to the general ledger and the Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

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

1. We selected a sample of 10% of student athletes from the listing of university student aid recipients, obtained individual student-account detail for each selection, and compared total aid in the University's student system to the student detail in the NCAA Compliance Assistance (CA) software. We performed a check of each student selected to ensure their information was reported accurately in the NCAA's CA software using NCAA specified criteria. We recalculated the totals for each sport and overall.

We found no exceptions as a result of these procedures.

2. We obtained from management a list of coaches and support staff/administrative personnel paid by the University and related entities during the reporting period and selected a sample of three coaches' contracts of football and men's and women's basketball and a sample of two staff/administrative personnel and performed the following:
  - (a) We compared and agreed the financial terms and conditions of each selection to the related salaries, benefits, and bonuses recorded by the University and related entities in the Statement during the reporting period.
  - (b) We obtained and inspected payroll summary registers for the reporting year for each selection.
  - (c) We compared and agreed payroll summary registers for each selection to the related salaries, benefits, and bonuses paid by the University and related entities' expense recorded by the University in the Statement during the reporting period.
  - (d) We compared and agreed the totals recorded to the employment contracts executed for the sample selected.
  - (e) We recalculated the totals.

We found no exceptions as a result of these procedures.

3. We compared and agreed the University's team travel policies to existing University and NCAA-related policies. We also obtained the general ledger detail and compared the total expenses reported and recalculated the totals.

We noted \$2,946 in holiday meals that were incorrectly included as team travel expenses, which resulted in an overstatement in team travel and an understatement in student-athlete meals (non-travel) expenses by \$2,946. Statement A was corrected.



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

1. We agreed the total outstanding University debt to supporting documentation and the University's general ledger.

We found no exceptions as a result of these procedures.

2. We agreed the total fair market value of University endowments to supporting documentation and the University's general ledger.

We found no exceptions as a result of these procedures.

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

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

We found no exceptions as a result of these procedures (see note 1 to the Statement).

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

1. We obtained from management a listing of all affiliated and outside organizations for the reporting period. We obtained written representations from management that the Demons Unlimited Foundation (DUF) is the only outside organization created for or on behalf of the athletic department.

We found no exceptions as a result of these procedures.

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

The DUF statements were audited by an independent certified public accountant for the year ended June 30, 2020, and 2019. The audit report dated September 2, 2020, included no significant deficiencies on the outside organization's internal control.

**ADDITIONAL MINIMUM AGREED-UPON PROCEDURES**

1. For Grants-in-Aid, we compared and agreed the sports sponsored and reported in the NCAA Membership Financial Reporting System to the Calculation of Revenue Distribution Equivalencies Report (CRDE) from the Compliance Assistance (CA) system. We were to inquire about any discrepancies and report the justification.

We found no discrepancies as a result of these procedures.

2. We compared current year Grants-in-Aid revenue distribution equivalencies to prior year reported equivalencies per the Membership Financial Report submission. We were to inquire and document an explanation for any variance greater than +/- 4%.

We found no exceptions as a result of these procedures and identified no variances that exceed +/- 4%.

3. We obtained the University's Sports Sponsorship and Demographics Form submitted to the NCAA for the reporting year and validated that the University's countable NCAA sports reported met the minimum requirements set forth in Bylaw 20.9.6.3, for the number of contests and participants. We ensured that the University has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System.

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

4. We compared current-year number of Sports Sponsored to prior-year reported total per the Membership Financial Report Submission. We were to inquire and document an explanation for any variance.

We found no exceptions as a result of these procedures and identified no variances in the number of Sport Sponsored.

5. We agreed the total number of student athletes, who during the academic year, received a Pell Grant award and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated from the University's financial aid records, of all student-athlete Pell Grants.

We found no exceptions as a result of these procedures.

6. We compared current-year Pell Grants total to prior-year reported total per the Membership Financial Report Submission. We were to inquire and document an explanation for any variance greater than +/- 20 grants.

We found no exceptions as a result of these procedures and identified no variances that exceed +/- 20 grants.

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

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

Respectfully submitted,



Daryl G. Purpera, CPA, CFE  
Legislative Auditor

EJB:RJM:BH:EFS:aa

NSUNCAA2020



**UNAUDITED**

**Statement A**

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

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

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
<b>REVENUES</b>						
Operating revenues:						
Ticket sales	\$187,424	\$21,783	\$20,283	\$26,607		\$256,097
Student fees	723,213	198,220	169,233	1,032,832	\$60,928	2,184,426
Direct institutional support	1,473,635	452,824	571,802	1,966,819	1,125,072	5,590,152
Indirect institutional support	57,567	12,506	4,812	71,778	804,225	950,888
Guarantees	600,000	350,000	72,000	20,000		1,042,000
Contributions	124,507	57,218	30,345	368,053	512,380	1,092,503
In-kind	13,526	8,600		10,118	18,017	50,261
NCAA distributions				1,095	591,998	593,093
Program, novelty, parking, and concession sales	16,408			8,637		25,045
Royalties, licensing, advertisement, and sponsorships	17,675	13,936	6,120	38,000	957,072	1,032,803
Sports camp revenues		18,799		19,310		38,109
Athletics restricted endowment and investments income					67,230	67,230
Other operating revenue	4,750	760		5,603	90,536	101,649
Total operating revenues	3,218,705	1,134,646	874,595	3,568,852	4,227,458	13,024,256
<b>EXPENSES</b>						
Operating expenses:						
Athletic student aid	1,768,930	417,936	457,997	2,445,973	48,767	5,139,603
Guarantees	63,200	12,415	9,072	23,054		107,741
Coaching salaries, benefits, and bonuses paid by the University and related entities	706,933	325,559	331,977	885,817		2,250,286
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	3,600	15,582			1,371,194	1,390,376
Recruiting	74,145	17,649	31,014	40,826	11,540	175,174
Team travel	168,194	83,066	57,011	315,522		623,793
Sports equipment, uniforms, and supplies	149,152	36,424	27,663	212,338	30,389	455,966
Game expenses	72,823	42,998	38,528	54,137	22,432	230,918
Fundraising, marketing, and promotion	124,843	29,427	13,021	43,131	274,108	484,530
Sports camp expenses		19,337	321	2,001		21,659
Spirit groups	17,700					17,700
Athletic facilities debt service, leases, and rental fees	155,784			90,570		246,354
Direct overhead and administrative expenses	6,243	951	674	67,820	261,290	336,978
Indirect institutional support	57,567	12,506	4,812	71,778	804,225	950,888
Medical expenses and insurance	16,550	3,860	20	21,905	120,459	162,794
Memberships and dues	15,275	1,220	875	1,475	41,587	60,432
Student-athlete meals (non-travel)	13,612	10,139	3,905	9,567	9,781	47,004
Other operating expenses	14,369	27,400	21,194	26,354	169,770	259,087
Total operating expenses	3,428,920	1,056,469	998,084	4,312,268	3,165,542	12,961,283
Excess transfers to institution						
Total expenses	3,428,920	1,056,469	998,084	4,312,268	3,165,542	12,961,283
<b>EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES</b>	(\$210,215)	\$78,177	(\$123,489)	(\$743,416)	\$1,061,916	\$62,973



## NOTE TO THE FINANCIAL STATEMENT

(UNAUDITED)

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### 1. 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.