January 10, 2014

Dr. Ricardo Romo  
President  
The University of Texas at San Antonio, Main Campus  
One UTSA Circle  
San Antonio, Texas 78249-1644

Dear Dr. Romo:

We have completed our NCAA Agreed-Upon Procedures for the Intercollegiate Athletics Program at The University of Texas at San Antonio for the fiscal year ended August 31, 2013. The results of the engagement are detailed in the attached report.

We appreciate the assistance provided by you and your staff.

Sincerely,

J. Michael Peppers, CPA, CIA, CRMA, FACHE  
Chief Audit Executive

cc:  Kerry Kennedy, Vice President for Business Affairs  
Samuel Gonzalez, Vice President for Student Affairs  
Lynn Hickey, Assistant Vice President/Director of Athletics  
Ross Cobb, Senior Associate Director of Athletics/Business and Facilities  
J. Richard Dawson, Executive Director of Audit, Compliance, and Risk Services  
Paul Tyler, Director of Auditing and Consulting Services  
Francisco Cigarroa, M.D., Chancellor  
Dr. Pedro Reyes, Executive Vice Chancellor for Academic Affairs
The University of Texas at San Antonio
Intercollegiate Athletics

Report on the Application of
Agreed-Upon Procedures
For the Year Ended August 31, 2013

January 2014

THE UNIVERSITY OF TEXAS SYSTEM AUDIT OFFICE
702 COLORADO STREET, CLB 3.100
AUSTIN, TEXAS 78701-2981
(512) 499-4390
INDEPENDENT ACCOUNTANT’S REPORT ON THE
APPLICATION OF AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the President of The University of Texas at San Antonio (UT San Antonio), solely to assist in evaluating whether the accompanying Statement of Revenues and Expenses (SRE) of UT San Antonio is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.16 for the fiscal year ended August 31, 2013. UT San Antonio’s management is responsible for the SRE and its compliance with those 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 the specified users of the report. 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.

Our procedures and findings are explained in the following pages. Reportable findings are defined as errors greater than or equal to $50,000 and misclassifications greater than or equal to $150,000. Also attached to this report are the following appendices: Appendix A, UT San Antonio Intercollegiate Athletics Program (Athletics Department) SRE for the fiscal year ended August 31, 2013; Appendix B, Findings and Recommendations; and Appendix C, Notes to the Statement of Revenues and Expenses.

Agreed-Upon Procedures Related to the Statement of Revenues and Expenses

1. Agreed the amounts reported on the SRE to UT San Antonio’s general ledger.

   Amounts reported on the SRE materially agreed to UT San Antonio’s general ledger.

2. Performed the following procedures for all revenue and expense categories applicable to UT San Antonio:
   a. Compared and agreed each operating revenue and expense category reported on the SRE during the reporting period to supporting schedules provided by the institution.
   b. Compared and agreed a sample of operating revenue receipts and operating expenses obtained from the above supporting schedules to adequate supporting documentation.
   c. Compared each revenue and expense account to prior period amounts and budget estimates. Obtained and documented an understanding of any significant variations.

   These procedures were performed for all of the revenue and expense categories listed below. No material exceptions were noted as a result of these procedures.

3. Compared tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenue reported by UT San Antonio on the SRE and the related attendance figures.

   No material exceptions were noted as a result of these procedures.

4. Compared and agreed student fees reported by UT San Antonio on the SRE for the reporting period to student enrollments during the same reporting period. Obtained and documented an understanding of the institution’s methodology for allocating student fees to intercollegiate athletics programs.

   No material exceptions were noted as a result of these procedures.
5. Selected a sample of contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compared and agreed each selection to UT San Antonio’s general ledger and the SRE.

   No material exceptions were noted as a result of these procedures.

6. Compared contributions account to prior period amounts and budget estimates and obtained and documented an understanding of any significant variations. Obtained and reviewed supporting documentation for any contributions of moneys, goods, or services received directly by the intercollegiate athletics program from any affiliated or outside organization that constituted 10 percent or more of all contributions received for intercollegiate athletics during the reporting period.

   No material exceptions were noted as a result of these procedures.

7. For compensation and benefits provided by a third-party, the agreed-upon procedures require the auditor to obtain the summary of revenues from affiliated and outside organizations (the Summary) as of the end of the reporting period from the institution. Selected a sample of funds from the Summary and compared and agreed each selection to supporting documentation and UT San Antonio’s general ledger.

   No material exceptions were noted as a result of these procedures.

8. Compared direct state or other governmental support recorded by UT San Antonio during the reporting period with institutional authorizations and/or other corroborative supporting documentation.

   The Athletics Department did not receive direct state or other governmental support.

9. Compared the direct institutional support recorded by UT San Antonio during the reporting period with state appropriations, institutional authorizations and/or other corroborative supporting documentation.

   No material exceptions were noted as a result of these procedures.

10. Compared the indirect support recorded by UT San Antonio during the reporting period with state appropriations, institutional authorizations and/or other corroborative supporting documentation.

    No material exceptions were noted as a result of these procedures.

11. For NCAA/Conference distributions, including all tournament revenues, obtained and inspected agreements related to UT San Antonio’s participation in revenues from tournaments during the reporting period to gain an understanding of the relevant terms and conditions. Compared and agreed the related revenues to the institution’s general ledger and the SRE.

    No material exceptions were noted as a result of these procedures.

12. Obtained and inspected agreements related to UT San Antonio’s participation in revenues from broadcast, television, radio and Internet rights to gain an understanding of the relevant terms and conditions. Compared and agreed related revenues to the institution’s general ledger and the SRE.
The Athletics Department did not have broadcast, television, radio and Internet rights agreements.

13. For program sales, concessions, novelty sales, and parking, performed the minimum agreed-upon procedures referenced in procedure #2.

No material exceptions were noted as a result of these procedures.

14. Obtained and inspected agreements related to UT San Antonio’s participation in revenues from royalties, licensing, advertisements and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions. Compared and agreed the related revenues to the institution’s general ledger and the SRE.

No material exceptions were noted as a result of these procedures.

15. Inspected sports-camp contract(s) between UT San Antonio and person(s) conducting institutional sports-camps or clinics during the reporting period to obtain an understanding of the institution’s methodology for recording revenues from sports camps and obtained schedules of camp participants. Selected a sample of individual camp participant cash receipts from the schedule of sports camp participants and agreed each selection to the institution’s general ledger and the SRE.

No material exceptions were noted as a result of these procedures.

16. Obtained and inspected endowment agreements to gain an understanding of the relevant terms and conditions. Compared and agreed the classification and use of endowments and investment income reported on the SRE during the reporting period to the uses of income defined within the related endowment agreement.

No material exceptions were noted as a result of these procedures.

17. For other operating revenues, performed minimum agreed-upon procedures referenced in procedure #2.

No material exceptions were noted as a result of these procedures.

18. For athletic student aid, selected a sample of students from the listing of institutional student aid recipients during the reporting period. Obtained individual student-account details for each selection and compared total aid allocated from the related aid award letter to the student’s account.

No material exceptions were noted as a result of these procedures.

19. Obtained and inspected contractual agreements pertaining to expenses recorded by UT San Antonio from guaranteed contests during the reporting period. Compared and agreed related amounts expended by UT San Antonio during the reporting period to the institution’s general ledger and the SRE.

No material exceptions were noted as a result of these procedures.

20. For coaching salaries, benefits, and bonuses paid by the institution, obtained and inspected a listing of coaches employed by UT San Antonio during the reporting period. Selected a sample of coaches’ contracts from the above listing and compared and agreed the financial terms and conditions of each coach.

No material exceptions were noted as a result of these procedures.
selection to the related coaching salaries, benefits, and bonuses recorded by UT San Antonio on the SRE during the reporting period. Obtained and inspected relevant supporting documentation and compared to the related coaching salaries, benefits and bonuses paid and recorded by UT San Antonio during the reporting period. Agreed the amounts reported on the SRE to the general ledger.

No material exceptions were noted as a result of these procedures.

21. For coaching other compensation and benefits paid by a third party, the agreed-upon procedures require the auditor to obtain and inspect a listing of coaches employed by third parties during the reporting period and compare and agree the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third party recorded on the SRE during the reporting period. Obtained and inspected W-2s, etc. for each selection and compared and agreed related W-2s, etc. to the coaching other compensation and benefits paid by a third party expenses recorded by UT San Antonio on the SRE during the reporting period.

No material exceptions were noted as a result of these procedures.

22. For support staff/administrative salaries, benefits and bonuses paid by the institution, selected a sample of support staff/administrative personnel employed by UT San Antonio and related entities during the reporting period. Obtained and inspected relevant supporting documentation and compared to the related support staff/administrative salaries, benefits and bonuses paid and recorded by UT San Antonio during the reporting period. Agreed the amounts reported on the SRE to the general ledger.

No material exceptions were noted as a result of these procedures.

23. For support staff/administrative other compensation and benefits paid by a third party, the agreed-upon procedures require the auditor to select a sample of support staff/administrative personnel employed by the third parties during the reporting period. Obtained and inspected W-2s, etc. for each selection and compared and agreed related W-2s, etc. to the related support staff/administrative other compensation and benefits expenses recorded by UT San Antonio on the SRE during the reporting period.

No material exceptions were noted as a result of these procedures.

24. Selected a sample of employees receiving severance payments from UT San Antonio during the reporting period and agreed each severance payment to the related termination letter or employment contract.

No material exceptions were noted as a result of these procedures.

25. Obtained and documented an understanding of UT San Antonio’s recruiting expense policies. Compared and agreed to existing institutional- and NCAA-related policies.

No exceptions were noted as a result of these procedures.

26. Obtained and documented an understanding of UT San Antonio’s team travel policies. Compared and agreed to existing institutional- and NCAA-related policies.

No exceptions were noted as a result of these procedures.
27. Obtained and documented an understanding of UT San Antonio’s methodology for allocating indirect facilities and administrative support. Summed the indirect facilities-support and indirect institutional-support totals reported by the institution on the SRE. Compared and agreed Indirect Facilities and Administrative Support reported by UT San Antonio on the SRE to the corresponding revenue category reported by the institution on the SRE.

   An understatement of $202,814 was identified in the Indirect Facilities and Administrative Support Revenue line item; UT San Antonio recorded only the expense portion of Indirect Facilities and Administrative support. A correcting adjustment was made to increase this line item on the final SRE.

28. For the following expense categories: team travel; equipment, uniforms and supplies; game expenses; fundraising, marketing and promotion; sports camp expenses; direct facilities, maintenance and rental; spirit groups; medical expenses and medical insurance; membership and dues; other operating expenses and transfers to institution, performed minimum agreed-upon procedures referenced in procedure #2.

   No material exceptions were noted as a result of these procedures.

29. Identified and documented aspects of the institution’s internal control structure unique to the Intercollegiate Athletics Department.

   No exceptions were noted as a result of these procedures.

30. Tested specific elements of the control environment and accounting systems that (1) are unique to intercollegiate athletics and (2) have not been addressed in connection with the audit of the institution’s financial statements.

   No exceptions were noted as a result of these procedures.

31. Identified all intercollegiate athletics-related affiliated and outside organizations and obtained those organizations’ financial statements for the reporting period.

   The Roadrunner Foundation supports UT San Antonio athletics, but does not yet have financial statements available. Alternate procedures identified the specific expenses paid on behalf of UT San Antonio athletics and verified those expenses are included on the SRE, both as expense and as revenue for a net effect of zero.

32. Agree the amounts reported on the SRE to the athletics-related and outside organization’s general ledger.

   No exceptions were noted as a result of these procedures.
The University of Texas at San Antonio  
Report on the Application of Agreed-Upon Procedures  
For the Fiscal Year Ended August 31, 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 SRE of UT San Antonio’s Athletics Department. 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 relates only to the procedures specified above and does not extend to UT San Antonio’s institutional financial statements.

This report is intended solely for the information and use of UT San Antonio management and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record, and its distribution is not limited.

J. Michael Peppers, CIA, CRMA, CPA, FACHE  
Chief Audit Executive

Dyan Hudson, CIA, CISA, CFE, CRMA  
Assistant Director, Specialty Audit Services
## APPENDIX A

THE UNIVERSITY OF TEXAS AT SAN ANTONIO INTERCOLLEGIATE ATHLETICS PROGRAM

STATEMENT OF REVENUES AND EXPENSES FOR THE FISCAL YEAR ENDED AUGUST 31, 2013

<table>
<thead>
<tr>
<th></th>
<th>Football</th>
<th>Basketball</th>
<th>Basketball</th>
<th>Baseball</th>
<th>Other</th>
<th>Non-Program</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ticket Sales</strong></td>
<td>2,044,183</td>
<td>63,888</td>
<td>23,418</td>
<td>12,746</td>
<td></td>
<td>26,084</td>
<td>22,285,523</td>
</tr>
<tr>
<td><strong>Student Fees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12,359,636</td>
</tr>
<tr>
<td><strong>Guarantees Revenue</strong></td>
<td>150,000</td>
<td>176,620</td>
<td>18,700</td>
<td>25,000</td>
<td></td>
<td>12,710</td>
<td>23,030</td>
</tr>
<tr>
<td><strong>Contributions</strong></td>
<td>298,800</td>
<td>1,780</td>
<td>6,001</td>
<td>57,853</td>
<td></td>
<td>164,077</td>
<td>2,018,789</td>
</tr>
<tr>
<td><strong>3rd Party Comp. &amp; Benefits</strong></td>
<td>25,000</td>
<td>7,261</td>
<td>8,859</td>
<td></td>
<td></td>
<td></td>
<td>41,181</td>
</tr>
<tr>
<td><strong>Direct State or Other Gov't Support</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Direct Institutional Support</strong></td>
<td>89,505</td>
<td>107,406</td>
<td>94,068</td>
<td>11,583</td>
<td>363,987</td>
<td>1,330,323</td>
<td>1,996,872</td>
</tr>
<tr>
<td><strong>Indirect Facilities and Admin. Support</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td>202,814</td>
<td>202,814</td>
</tr>
<tr>
<td><strong>NCAA/Conference Distributions</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td>20,475</td>
<td>1,170</td>
</tr>
<tr>
<td><strong>Broadcast, TV, Radio, Internet Rights</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td>711,894</td>
</tr>
<tr>
<td><strong>Program Sales, Concessions, etc.</strong></td>
<td>199,954</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td>199,954</td>
</tr>
<tr>
<td><strong>Royalties, Licensing, Adver., Sponsor.</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td>3,453</td>
<td>2,551,233</td>
</tr>
<tr>
<td><strong>Sports Camp Revenues</strong></td>
<td>48,624</td>
<td>44,340</td>
<td>22,574</td>
<td>98,374</td>
<td>132,817</td>
<td>-</td>
<td>346,729</td>
</tr>
<tr>
<td><strong>Endowment &amp; Investment Income</strong></td>
<td>-</td>
<td>3,774</td>
<td>1,223</td>
<td>15,035</td>
<td>18,220</td>
<td></td>
<td>38,252</td>
</tr>
<tr>
<td><strong>Other Operating Revenue</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td>78,168</td>
<td>26,647</td>
</tr>
</tbody>
</table>

**Subtotal Operating Revenue** | 2,926,748 | 405,069    | 178,296    | 241,066  | 797,233| 19,259,540 | 23,807,951|

| **Athletics Student Aid**      | 1,865,645 | 419,471    | 466,093    | 263,641  | 2,180,140| 18,018      | 5,213,008  |
| **Guarantees Expense**         | 132,700   | 9,000      | 21,916     | 25,000   | 19,479 | -           | 208,095   |
| **Coaching Salaries and Benefits** | 1,413,292 | 566,759    | 385,756    | 337,584  | 1,377,285| -           | 4,080,676  |
| **Coach 3rd Party Comp. & Benefits** | 25,000    | 7,261      | 8,859      |          | -     | -           | 41,121    |
| **Support Staff/Admin. Salaries** | 273,228   | 42,897     | 32,781     | 2,500    | 2,401  | 3,171,326   | 3,525,133  |
| **Severance Payments**         | -         | -          | 10,135     |          | -     |             | 10,135    |
| **Recruiting Expenses**        | 207,577   | 84,797     | 41,152     | 32,320   | 141,474| -           | 507,320   |
| **Team Travel**                | 785,813   | 306,542    | 187,246    | 218,599  | 762,961| 60,722      | 2,321,883  |
| **Equipment, Uniforms, & Supplies** | 342,856   | 55,613     | 39,045     | 64,810   | 284,593| -           | 786,917   |
| **Game Expenses**              | 678,588   | 96,485     | 101,067    | 44,923   | 139,514| -           | 1,060,577  |
| **Fundraising, Marketing & Promotions** | 14,561    | 3,453      | 8,606      | 59,424   | 1,148,034| -           | 1,234,078  |
| **Sports Camp Expenses**       | 38,849    | 20,721     | 11,684     | 29,548   | 47,129 | -           | 147,931   |
| **Direct Facilities, Maintenance, & Rental** | 193,245   | 999        | 2,630      | 114,728  | 98,024 | 1,044,791  | 1,454,417  |
| **Indirect Facilities and Admin. Support** | -         | -          | -          |          |       | 202,814    | 202,814   |
| **Spirit Groups**              | -         | -          | -          |          |       | 63,673     | 63,673    |
| **Medical Expenses & Insurance** | -         | -          | -          |          |       | 353,556    | 353,556   |
| **Memberships & Dues**         | 2,505     | 70         | 853        |          |       | 4,490      | 1,381,885  |
| **Other Expenses**             | 359,771   | 35,910     | 42,892     | 12,505   | 150,852| 1,688,120   | 2,290,050  |

**Subtotal Operating Expenses** | 6,333,631 | 1,646,525  | 1,355,562  | 1,154,764| 5,267,766| 9,132,939   | 24,891,187|

**Excess (Deficiency) of Revenues/Over (Under) Expenditures** | (3,406,883)| (1,241,456)| (1,177,266)| (913,698)| 4,470,533| 10,126,601  | (1,083,235)|
APPENDIX B
FINDINGS AND RECOMMENDATIONS

There were no findings and recommendations from the agreed-upon procedures performed.
APPENDIX C

NOTES TO THE STATEMENT OF REVENUES AND EXPENSES

NOTE 1 – Summary of Significant Accounting Policies

Fiscal Year – UT San Antonio’s fiscal year is the period beginning each September 1st and ending each August 31st of the subsequent calendar year.

Principles of Preparation – The statement of revenues and expenses (SRE) is prepared in accordance with the NCAA agreed-upon procedures guidelines. Information used in the SRE’s preparation is obtained primarily from subsidiary ledger information recorded in UTSA’s financial accounting system. Other information, such as amounts estimated for non-cash trade-out agreements and gifts in-kind, is obtained from records maintained by the Athletics Department.

Affiliated and Outside Organizations – Includes organizations that have a primary purpose which benefits UT San Antonio’s Athletic Department and are not under UT San Antonio’s accounting control. The Roadrunner Foundation is an exempt charitable non-profit corporation, as defined under Internal Revenue Code section 501(c)(3), whose purpose is to support programs and activities of UTSA athletics. A governing board of the Foundation approves requests for assistance from UTSA Athletics and makes such disbursements as funding allows. UTSA has no institutional control over the Foundation.

Student Fees – For the Fall 2012 and the Spring/Summer 2013 semesters, Athletics received a student athletic fee of $19.00 per semester credit hour enrolled, with a maximum fee cap of $228 (12 hours).

Indirect Facilities and Administrative Support Revenue and Expense – These amounts are calculated as approximately 0.9 percent of total Athletics Department Expenses.

State or Other Governmental Support – Construction of new soccer and track stadiums at the Park West Athletics Complex was completed in Summer 2013. The new athletic facilities were a cooperative effort between UTSA, the City of San Antonio, and Bexar County. Because this was a capital project, construction expenses are not included on the SRE.