

# **University of Northern Colorado**

Independent Accountants' Report on Application  
of Agreed-Upon Procedures

June 30, 2008

# University of Northern Colorado

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## Independent Accountants' Report on Application of Agreed-Upon Procedures

Legislative Audit Committee

We have performed the procedures enumerated below, which were agreed to by the Legislative Audit Committee, solely to assist you in evaluating whether the accompanying statement of revenues and expenses of the University of Northern Colorado (the University) is in compliance with the National Collegiate Athletic Association (NCAA) Constitution 6.2.3.1 for the year ended June 30, 2008. The University's management is responsible for the statement of revenues and expenses (the Statement) and the Statement's 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 those parties specified in this 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.

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

Our procedures and findings are as follows:

#### Statement of Revenues and Expenses

- We obtained the Intercollegiate Athletics Department's Statement of Revenues and Expenditures for the year ended June 30, 2008, as prepared by the University's management. We recalculated the total amounts on the Statement, traced the amounts on the Statement to management's worksheets and agreed the amounts to the accounts on the University's general ledger. We noted no differences between the amounts in the general ledger and the amounts on the worksheets.
- We attempted to compare total actual and budget revenues and expenditures for the year. However, as budgets for the University's Intercollegiate Athletic Programs are not used on a regular basis, they were not a viable means of analysis. Instead of budget to actual comparisons, we relied on actual revenue and expenditure comparisons from the years ended June 30, 2007 to June 30, 2008. For all variations greater than \$60,000 and 25%, we discussed the fluctuations with management and obtained explanations for the changes.

## Legislative Audit Committee

- We obtained a schedule for all receipts from outside organizations in support of the University's Intercollegiate Athletic Programs and confirmed the accuracy of this schedule directly with the outside organizations.
- We obtained the audited financial statements of the University of Northern Colorado Foundation, Inc. (the Foundation) for the year ended June 30, 2008. The audit report thereon dated November 25, 2008, expressed an unqualified opinion on those statements. No material weaknesses in internal control structures were noted in this audit report.

### **Internal Control Related to Intercollegiate Athletics**

The management of the University is responsible for establishing and maintaining effective internal control over financial reporting and compliance. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control activities. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that the University complies with applicable requirements of laws, regulations, contracts and grants.

- We inquired of management regarding the accounting systems and procedures related to the Intercollegiate Athletic Programs. Based on our inquiries, no material weakness in internal control structure came to our attention.
- We obtained cash receipts worksheets related to the University's Intercollegiate Athletic Programs for the year ended June 30, 2008, as prepared by management. From these worksheets, we judgmentally selected 30 cash receipts and performed the following procedures:
  - We agreed each cash receipt to a deposit ticket.
  - We traced each cash receipt to the general ledger.
  - For all cash receipts, we obtained supporting documents (billing invoices, contracts and other agreements) and agreed the unit price.

### **Findings**

No exceptions were noted.

Legislative Audit Committee

- We obtained cash disbursements worksheets related to the University's Intercollegiate Athletic Programs for the year ended June 30, 2008, as prepared by management. From these worksheets, we judgmentally selected 30 cash disbursements and performed the following procedures:
  - We traced each cash disbursement to the general ledger.
  - For general procurements and expenditures, we agreed each disbursement amount to the amount on the vendor invoice, inspected invoice for proper approval and agreed the employee that approved the invoice to the list of authorized personnel provided by management.
  - For payroll disbursements, we agreed each disbursement to the payroll register, agreed hours worked per the payroll register to approved time cards and agreed pay rate salary or salary per payroll register entry to approved pay authorization forms.

**Findings**

No exceptions were noted.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying statement of revenues and expenses of the University. 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 specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

\s\ BKD, LLP

November 25, 2008

**University of Northern Colorado**  
**Statement of Revenues and Expenses**  
**For the Year Ended June 30, 2008 (Unaudited)**

	<b>Football</b>	<b>Men's Basketball</b>	<b>Women's Basketball</b>	<b>Other Sports</b>	<b>Non-Program Specific</b>	<b>Total</b>
<b>Revenues</b>						
Ticket sales	\$ 152,531	\$ 45,744	\$ 10,283	\$ 23,403	\$ —	\$ 231,961
Student fees	233,218	89,598	139,394	662,130	775,375	1,899,715
Guarantees	165,000	187,000	19,500	59,000	—	430,500
Contributions	370,574	189,510	96,213	430,217	76,251	1,162,765
Direct institutional support	665,518	248,401	257,834	1,019,812	855,249	3,046,814
Indirect facilities and administration	305,649	—	—	—	—	305,649
Program sales, concessions, novelty sales and parking	—	—	—	86	49,940	50,026
Royalties, licensing, advertisements and sponsorships	—	—	—	—	180,990	180,990
Sports camp revenues	16,104	56,570	35,387	256,162	—	364,223
Endowment and investment income	163,234	36,548	40,227	241,422	188	481,619
Other	—	—	2,862	26,741	91,054	120,657
Total revenues	<u>2,071,828</u>	<u>853,371</u>	<u>601,700</u>	<u>2,718,973</u>	<u>2,029,047</u>	<u>8,274,919</u>
<b>Expenses</b>						
Athletic student aid	839,602	208,419	239,342	1,008,266	—	2,295,629
Guarantees	25,000	2,000	—	8,866	—	35,866
Coaching salaries and benefits paid by the University and related entities	429,961	246,580	247,179	826,449	—	1,750,169
Coaching compensation and benefits paid by third-party	—	—	—	—	14,278	14,278
Support staff salaries and benefits paid by the University and related entities	—	—	—	5,206	810,676	815,882
Recruiting	37,753	25,904	28,439	46,346	19,475	157,917
Team travel	279,054	100,205	89,863	699,317	843	1,169,282
Equipment, uniforms and supplies	57,021	13,286	19,284	107,824	64,696	262,111
Game expenses	10,901	1,226	856	9,082	304,176	326,241
Fund raising, marketing and promotion	—	—	—	—	62,587	62,587
Sports camp expenses	52,497	32,768	20,885	212,427	—	318,577
Direct facilities, maintenance and rental	21,588	55	64	6,999	18,754	47,460
Spirit groups	—	—	—	—	9,242	9,242
Indirect facilities and administrative support	305,649	—	—	—	—	305,649
Medical expenses and medical insurance	—	—	—	—	89,429	89,429
Memberships and dues	—	995	580	13,967	35,023	50,565
Other operating expenses	200,450	139,170	28,342	200,374	305,206	873,542
Total expenses	<u>2,259,476</u>	<u>770,608</u>	<u>674,834</u>	<u>3,145,123</u>	<u>1,734,385</u>	<u>8,584,426</u>
Excess (deficiency) of revenues over expenses	<u>\$ (187,648)</u>	<u>\$ 82,763</u>	<u>\$ (73,134)</u>	<u>\$ (426,150)</u>	<u>\$ 294,662</u>	<u>\$ (309,507)</u>

**University of Northern Colorado**  
**Notes to Statement of Revenues and Expenses**  
**June 30, 2008**

**Note 1: Summary of Significant Accounting Policies**

**Capital Assets**

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings, 20 years for land improvements and three to ten years for equipment.

**Note 2: Capital Assets**

Capital assets activity for the year ended June 30 was:

	2008				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	\$ 74,008	\$ —	\$ —	\$ —	\$ 74,008
Land improvements	5,786,368	1,969,288	—	—	7,755,656
Non-depreciable land improvements	182,171	—	—	—	182,171
Buildings and improvements	18,254,527	94,345	6,606	—	18,342,266
Equipment and vehicles	<u>182,507</u>	<u>—</u>	<u>26,642</u>	<u>—</u>	<u>155,865</u>
	<u>24,479,581</u>	<u>2,063,633</u>	<u>33,248</u>	<u>—</u>	<u>26,509,966</u>
Less accumulated depreciation					
Land improvements	658,225	326,890	—	—	985,115
Buildings and improvements	5,175,527	609,665	6,606	—	5,778,586
Equipment and vehicles	<u>154,066</u>	<u>7,060</u>	<u>22,256</u>	<u>—</u>	<u>138,870</u>
	<u>5,987,818</u>	<u>943,615</u>	<u>28,862</u>	<u>—</u>	<u>6,902,571</u>
Net capital assets	<u>\$ 18,491,763</u>	<u>\$ 1,120,018</u>	<u>\$ 4,386</u>	<u>\$ 0</u>	<u>\$ 19,607,395</u>

**Note 3: Significant Estimates and Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

**Contributions**

Approximately 86% of all contributions were received from the University of Northern Colorado Foundation, Inc.

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