ANDERSON & WHITNEY

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Independent Accountants' Report on the Application of Agreed-Upon Procedures to the Athletics Department Statement of Revenues and Expenditures

Members of the Legislative Audit Committee:

We have performed procedures enumerated below which were agreed to by the Board of Trustees and administration of the University of Northern Colorado with respect to the accounting records and system of internal accounting control of the University athletics department for the year ended June 30, 2009. These procedures were performed solely to assist the University in complying with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3. This engagement to apply agreed-upon procedures was performed 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 Board of Trustees and management of the University. Consequently, we make no representation regarding the sufficiency of the procedures described below for the purpose for which this report has been requested or for any other purpose. Our procedures and findings are as follows:

Statement of Revenue and Expenditures

- We obtained the statement of revenues and expenditures (the statement) for the year ended June 30, 2009 prepared by management (page 6). We recalculated the total amounts on the statement, traced the amounts on the statement to management's worksheets and agreed the amounts on management's worksheets to the amounts on the University's general ledger. We noted no differences between the amounts in the general ledger and the amounts on the worksheets.

Affiliated Organizations

- We obtained the University's identification of all athletics-related affiliated and outside organizations and obtained these organizations' financial statements for the reporting year. The only organization noted was the University of Northern Colorado Foundation, Inc.
- We received the audited financial statements of the University of Northern Colorado Foundation, Inc. for the year ended June 30, 2009, which expressed an unqualified audit opinion on those statements. We also reviewed the management letter to the Foundation Board of Directors regarding the internal control structure. No comments specific to athletics were reported.

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Ticket and Concessions Sales

- We obtained and inspected the University's written procedures over ticket and concessions sales.
- For three events, we compared tickets sold and complimentary tickets provided to the related revenue reported by the University in the statement and the related attendance figures.
- For the three events, we compared and agreed each selection to the University's general ledger.

Student Fees

- We obtained and documented an understanding of the University's methodology for allocating student fees to intercollegiate athletics programs.
- We compared and agreed student fees reported by the University in the statement to the reporting of student enrollments during the same reporting period.

Guarantees

- We selected a sample of three contractual agreements pertaining to revenues derived from guaranteed contests during the year and compared and agreed each selection to the University's general ledger.

Contributions

- We compared each major revenue account to prior year amounts. We obtained and documented an understanding of any significant variations. Note that the annual budget is not classified in a manner to facilitate comparison to individual financial statement lines.
- We read the University's detailed accounting records to identify all individual contributions received by the Athletics Department (the Department) that individually constituted more than ten percent of the total contributions ($974,667 × 10% = $97,467) received by the University's Athletics department during the above period. We identified one such contribution of $127,000.
- We obtained a written confirmation from the University of Northern Colorado Foundation, Inc. regarding the amount of contributions used by the Foundation for Athletic Department expenses.

Direct University Support

- We compared the direct University support recorded by the University during the reporting period with state appropriations, University authorizations and other corroborative supporting documentation.

NCAA/Conference Distributions Including Tournament Revenues

- We obtained and inspected agreements related to the University's participation in revenues from NCAA tournaments during the year to gain an understanding of the relevant terms and conditions. The University represented that the only tournament hosted was the West Regionals for wrestling. We compared and agreed revenue of $8,155 from this tournament to the University's general ledger.

- We inquired about revenues received from the NCAA and the Big Sky conference. We compared and agreed these revenues to the University's general ledger. Revenue sharing payments were received for $154,489 from the NCAA and for $62,438 from the Big Sky conference.

Broadcast, Television and Radio Rights

- We inquired about agreements related to the University's participation in revenues from broadcast, television and radio rights to gain an understanding of the relevant terms and conditions. The University represented that there were none.

Licensing, Advertising, and Sponsorships

- We obtained and inspected a sample of five agreements related to the University's participation in revenues from licensing, advertisements, and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions.
- We compared and agreed the related revenues to the University's general ledger, and the financial statement.

Sports Camp Revenues

- We obtained sports camp checklists, reference guides, and reports between the University and persons conducting University sports camps to obtain an understanding of the University's methodology for recording revenues from sports camps.
- We selected a series of deposit transmittals totalling $4,520 from softball and baseball camps and agreed each selection to the University's general ledger.

Endowment and Investment Income

- We obtained and inspected a sample of three athletic endowment agreements to gain an understanding of the relevant terms and conditions.
- We compared and agreed the classification and use of endowment and investment income reported in the statement during the reporting period to the uses of income defined within the related endowment agreement.

General Expenses

- We compared each major expense account to prior-year amounts and obtained and documented an understanding of any significant variations. Note that the annual budget is not classified in a manner to facilitate comparison to individual financial statement lines.

Athletic Student Aid

- We selected a sample of ten students from the listing of University athletic aid recipients during the reporting year.
- We obtained individual student account detail for each selection and compared total aid allocated from the related scholarship agreement to the student's account.

Coaching Salaries, Benefits, and Bonuses Paid by the University

- We obtained and inspected a listing of coaches employed by the University and related entities during the year.
- We selected a sample of three head coaches' contracts including football, men's, and women's basketball from the above listing and read each contract. A signed copy of the head football coach's contract was not available as it is filed in an office area not currently accessible.
- We compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the University in the statement during the year. The only bonuses noted were incentives stated in employment contracts related to team academic or competitive performance.
- We obtained and inspected IRS Form W-2 for each selection.

Coaching Compensation and Benefits Paid by a Third-Party

- We inquired about coaches employed by third parties during the year. The University represented that all coaches are employed solely by the University. However, funds received from the Foundation in the amount of $91,996 were used towards coaching salaries.

Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University

- We selected a sample of two support staff/administrative personnel employed by the Athletics Department and related entities during the reporting period.
- We obtained and inspected IRS Form W-2 for each selection.
- We compared W-2s to the related support staff/administrative salaries and benefits paid by the University in the statement during the year. No bonuses were noted.

Severance Payments

- We inquired about coaches or other department employees receiving severance payments from the University during the year. The University represented that there were none.

Recruiting

- We obtained and documented an understanding of the University's recruiting expense policies.
- We compared and agreed a sample of five recruiting expenditures to adequate supporting documentation.

Team Travel

- We obtained and documented an understanding of the University's team travel policies.
- We compared and agreed to existing University and State fiscal rules.
- We compared and agreed a sample of ten travel expenditures to adequate supporting documentation. One travel charge of $69.50 did not have advance authorization as required by department policy.

Indirect Facilities and Administrative Costs

- We obtained and documented an understanding of the University's methodology for allocating indirect costs to auxiliary functions such as athletics. Currently 5.74% of auxiliary revenues is charged against auxiliary functions, including athletics, for University indirect costs.
- We recalculated the indirect facilities and administrative costs charged by the University to athletics.

COMMENTS AND RECOMMENDATIONS

- We were not able to review the head football coach's contract as it could not be retrieved from the athletics department offices which are under renovation. Although the University's human resources department has a personnel file, it does not include a copy of the contract. As the human resources department is the official custodian of employment records, we recommend they have files of all coaching contracts.
- The athletics department travel policy requires advance authorization for all team and employee travel. We noted one travel expense of $69.50 for which there was not advance authorization on file. This appears to have been an oversight. We recommend that departmental policy be followed and that all travel expenses be authorized in advance.

* * * * *

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on these elements, accounts, or items of the athletic department of University of Northern Colorado. Accordingly, we do not express such an opinion. Also, we express no opinion on the effectiveness of University of Northern Colorado's internal control structure over financial reporting or any part thereof. 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 Board of Trustees, management of the University, the Legislative Audit Committee, and authorized representatives of the NCAA and is not intended to be and should not be used by anyone other than these specified parties.

Anderson + Whitney P.C.

November 16, 2009

UNIVERSITY OF NORTHERN COLORADO ATHLETICS DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES
FISCAL YEAR ENDING JUNE 30, 2009

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Revenue						
Ticket Sales	$ 177,202	$ 47,871	$ 14,886	$ 31,552	$ 388	$ 271,899
Student Fees	209,987	80,673	125,508	596,174	698,139	1,710,481
Guarantees	400,000	187,500	5,000	63,400	-	655,900
Contributions	292,013	89,241	68,107	319,053	206,253	974,667
Direct State or Other Government Support	-	-	-	-	-	-
Direct Institutional Support	848,027	314,979	333,635	1,210,361	1,233,146	3,940,148
Indirect Facilities and Administrative Support	-	-	-	-	349,483	349,483
NCAA/Conference Distributions	-	-	-	-	216,927	216,927
Program Sales, Concessions, Novelty Sales, and Parking	-	-	448	7,868	71,191	79,507
Royalties, Licensing, Advertisements, and Sponsorships	-	-	-	-	143,869	143,869
Sports Camp Revenues	12,101	83,665	13,290	117,202	1,666	227,924
Endowment and Investment Income	167,334	47,423	56,678	255,074	66	526,575
Other	1,022	-	188	7,454	32,132	40,796
Total Operating Revenue	2,107,686	851,352	617,740	2,608,138	2,953,260	9,138,176
Expenses						
Athletic Student Aid	935,108	252,778	283,573	1,079,485	-	2,550,944
Guarantees	-	2,500	3,000	2,825	-	8,325
Coaching Salaries and Benefits Paid by University and Related Entities	476,188	292,110	244,003	961,477	-	1,973,778
Support Staff Salaries and Benefits Paid by University and Related Entities	13,406	11,227	3,295	44,560	1,205,866	1,278,354
Recruiting	62,228	22,769	26,174	49,702	10,261	171,134
Team Travel	299,030	134,729	136,728	641,676	29,733	1,241,896
Equipment,Uniforms, and Supplies	87,344	24,931	15,070	118,687	73,695	319,727
Game Expenses	6,265	930	-	40,046	220,181	267,422
Fund Raising, Marketing, and Promotion	-	-	-	-	52,958	52,958
Sports Camp Expenses	8,472	30,526	38,504	137,601	526	215,629
Direct Facilities, Maintenance, and Rental	3,874	2,025	(346)	25,454	1,551	32,558
Spirit Groups	-	-	-	-	17,774	17,774
Indirect Facilities and Administrative Support	-	-	-	-	349,483	349,483
Medical Expense & Medical Insurance	-	-	-	-	103,716	103,716
Memberships & Dues	-	595	352	3,572	42,895	47,414
Other Operating Expenses	134,577	67,617	44,642	135,185	411,518	793,539
Total Operating Expenses	2,026,492	842,737	794,995	3,240,270	2,520,157	9,424,651
Revenue Over (Under) Expenses	$ 81,194	$ 8,615	$ (177,255)	$(632,132)	$ 433,103	$(286,475)

See Notes to Financial Statements.

UNIVERSITY OF NORTHERN COLORADO ATHLETICS DEPARTMENT

NOTES TO STATEMENT OF REVENUES AND EXPENSES

Year Ended June 30, 2009

NOTE 1 – Summary of Significant Accounting Policies:

The statement of revenues and expenses is prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Expenses generally are recorded when a liability is incurred, as under accrual accounting. However, depreciation expense is not reported, but is disclosed below.

Accounting principles generally accepted in the United States require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Substantially all contributions reported are received through the University of Northern Colorado Foundation, Inc.

NOTE 2 – 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.

Capital Assets activity for the year ended June 30, 2009 was:

	Beginning Balance	Additions	Disposals	Ending Balance
Land	$ 74,008	$ --	$ --	$ 74,008
Land improvements	7,755,656	119,797	--	7,875,453
Non-depreciable land improvements	182,171	--	--	182,171
Buildings and improvements	18,342,266	34,864	--	18,377,130
Equipment and vehicles	155,865	15,207	--	171,072
	26,509,966	169,868	--	26,679,834
Less accumulated depreciation:				
Land improvements	985,115	377,004	--	1,362,119
Buildings and improvements	5,778,586	612,215	--	6,390,801
Equipment and vehicles	138,870	8,328	--	147,198
	6,902,571	997,547	--	7,900,118
Net capital assets	$ 19,607,395	$ (827,679)	$ --	$ 18,779,716

Certain University bonds payable are related to athletics facilities and improvements. However, the bonds are repaid from University resources other than those reported on the accompanying financial statement and the bonds are not considered direct athletics department debt.

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