



Item: AC:I-1

## AUDIT AND COMPLIANCE COMMITTEE

Tuesday, April 21, 2020

**SUBJECT: REVIEW OF FAU ATHLETICS DEPARTMENT INDEPENDENT  
ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES**

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### PROPOSED COMMITTEE ACTION

Information only

### BACKGROUND INFORMATION

These procedures were prepared to assist FAU in evaluating whether the accompanying unaudited statement of revenue and expenses of FAU is in compliance with the National Collegiate Athletic Association ("NCAA") Bylaw 3.2.4.15 for the year ended June 30, 2019. FAU management is responsible for the statement of revenue and expenses ("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.

The annual report on Florida Atlantic University Intercollegiate Athletics is required to be submitted to the Board of Governors as part of the State University System data request process.

### IMPLEMENTATION PLAN/DATE

Not applicable

### FISCAL IMPLICATIONS

Not applicable

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**Supporting Documentation:** FAU Intercollegiate Athletics Program Independent Accountant's Report on Agreed-upon Procedures for the Year Ended June 30, 2019

**Presented by:** Mr. Brian White, Vice President for Athletics

**Phone:** 561-297-3199

**FLORIDA ATLANTIC UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM  
INDEPENDENT ACCOUNTANTS' REPORT ON THE  
APPLICATION OF AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED JUNE 30, 2019**

**FLORIDA ATLANTIC UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM  
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**INDEPENDENT ACCOUNTANTS' REPORT ON THE  
APPLICATION OF AGREED-UPON PROCEDURES**

Dr. John Kelly, President,  
Florida Atlantic University:

We have performed the procedures enumerated below, which were agreed to by the president of Florida Atlantic University (the University), solely to assist the University in evaluating whether the accompanying statement of revenues and expenses (Exhibit I) of the Florida Atlantic University Intercollegiate Athletics Program (the Program) is in compliance with the National Collegiate Athletic Program (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2019. 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.

Exceptions totaling the lesser of \$100,000 or 10% of the line item total to which an agreed-upon procedure has been applied to, other than exceptions related to internal control procedures of the Program, for which there are no thresholds, have been reported. The procedures that we performed and our findings are as follows:

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

<b>Procedure</b>	<b>Finding</b>
<b>All Revenue Categories</b>	
<ul style="list-style-type: none"> <li>Compare and agree each operating revenue category reported in the statement during the reporting period to supporting schedules provided by the Program. If a specific reporting category is less than 4.0% of the total revenues, no procedures are required for that specific category.</li> </ul>	No exceptions noted.
<ul style="list-style-type: none"> <li>Compare and agree a sample of operating revenue receipts obtained from the above operating revenue supporting schedules to adequate supporting documentation.</li> </ul>	No exceptions noted.

<b>Procedure</b>	<b>Finding</b>
<ul style="list-style-type: none"> <li>• Compare each major revenue account over 10% of the total revenues to prior period amounts and budget estimates. Obtain and document an explanation of any variations greater than 10%. Report the analysis as a supplement to the final Agreed-Upon procedures report.</li> </ul>	No exceptions noted and amounts and explanations for variations from the prior period are included in the supplement on page 21.
<b>Ticket Sales</b>	
<ol style="list-style-type: none"> <li>1. Compare tickets sold during the reporting period, complimentary tickets provided during the reporting period and unsold tickets to the related revenue reported by the Program in the statement and the related attendance figures and recalculate totals.</li> </ol>	No exceptions noted.
<b>Student Fees</b>	
<ol style="list-style-type: none"> <li>2. Compare and agree student fees reported by the Program in the statement for the reporting to student enrollments during the same reporting period and recalculate totals.</li> <li>3. Obtain documentation of Institute's methodology for allocating student fees to intercollegiate athletics programs.</li> <li>4. If the Program is reporting that an allocation of student fees should be countable as generated revenue, recalculate the totals of their methodology for supporting that they are able to count each sport. Tie the calculation to supporting documents such as seat manifests, ticket sales reports and student fee totals.</li> </ol>	<p>No exceptions noted.</p> <p>An understanding of the University's methodology was gained, and we noted the allocation was in accordance with the University's methodology.</p> <p>No exceptions noted.</p>
<b>Direct State or Other Governmental Support</b>	
<ol style="list-style-type: none"> <li>5. Compare direct state or other governmental support recorded by the Program during the reporting period with state appropriations, institutional authorizations and/or other corroborative supporting documentation and recalculate totals.</li> </ol>	As there was no direct state or other governmental support for the year ended June 30, 2019, this procedure was not performed.
<b>Direct Institutional Support</b>	
<ol style="list-style-type: none"> <li>6. Compare the direct institutional support recorded by the Program during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculate totals.</li> </ol>	No exceptions noted.

<b>Procedure</b>	<b>Finding</b>
<b>Transfers Back to Institution</b>	
7. Compare the transfers back to the institution with permanent transfers back to the institution from the Program and recalculate totals.	As there were no transfers back to institution for the year ended June 30, 2019, this procedure was not performed.
<b>Indirect Institutional Support</b>	
8. Compare the indirect institutional support recorded by the institution during the reporting period with expense payments, cost allocation detail and other corroborative supporting documentation and recalculate totals.	No exceptions noted.
<b>Guarantees</b>	
9. Select a sample of settlement reports for away games during the reporting period and agree each selection to the Program's general ledger and/or the statement and recalculate totals.	No exceptions noted.
10. Select a sample of contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compare and agree each selection to the Program's general ledger and/or the statement and recalculate totals.	No exceptions noted.
<b>Contributions</b>	
11. Any contributions of moneys, goods or services received directly by an intercollegiate athletics program from 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 percent or more in aggregate for the reporting year of all contributions received for intercollegiate athletics during the reporting periods shall obtain and review supporting documentation for each contribution and recalculate totals.	No exceptions noted.
<b>In-Kind</b>	
12. Compare the in-kind recorded by the Program during the reporting period with a schedule of in-kind donations and recalculate totals.	As in-kind revenues represent less than 4.0% of total revenues for the year ended June 30, 2019, this procedure was not performed.

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**Procedure**

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**Finding**

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**Compensation and Benefits Provided by a Third-Party**

13. Obtain the summary of revenues from affiliated and outside organizations (the "Summary") as of the end of the reporting period from the Program and select a sample of funds from the Summary and compare and agree each selection to supporting documentation, the Program's general ledger and/or the Summary and recalculate totals.

As there was no compensation and benefits provided by a third party for the year ended June 30, 2019, this procedure was not performed.

**Media Rights**

14. Obtain and inspect agreements to understand the institution's total media (broadcast, television, radio) rights received by the Program or through their conference offices as reported in the statement.
15. Compare and agree the media right revenues to a summary statement of all media rights identified, if applicable, and the Program's general ledger and recalculate totals. Ledger totals may be different for total conference distributions if media rights are not broken out separately.

As media rights represent less than 4.0% of total revenues for the year ended June 30, 2019, this procedure was not performed.

As media rights represent less than 4.0% of total revenues for the year ended June 30, 2019, this procedure was not performed.

**NCAA Distributions**

16. Compare the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and other corroborative supporting documents and recalculate totals.

As NCAA distributions represent less than 4.0% of total revenues for the year ended June 30, 2019, this procedure was not performed.

**Conference Distributions and Conference Distributions of Bowl Generated Revenue**

17. Obtain and inspect agreements related to the Program's conference distributions and participation in revenues from tournaments during the reporting period for relevant terms and conditions.
18. Compare and agree the related revenues to the Program's general ledger, and/or the statement and recalculate totals.

As conference distributions represent less than 4.0% of total revenues for the year ended June 30, 2019, this procedure was not performed.

As conference distributions represent less than 4.0% of total revenues for the year ended June 30, 2019, this procedure was not performed.

**Program Sales, Concessions, Novelty Sales and Parking**

19. Compare the amount recorded in the revenue reporting category to a general ledger detail of program sales, concessions, novelty sales and parking as well as any other corroborative supporting documents and recalculate totals.

As program sales, concessions, novelty sales and parking represent less than 4.0% of total revenues for the year ended June 30, 2019, this procedure was not performed.

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**Procedure**

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**Finding**

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**Royalties, Licensing, Advertisements and Sponsorships**

20. Obtain and inspect agreements related to the Program's participation in revenues from royalties, licensing, advertisements and sponsorships during the reporting period for relevant terms and conditions.

As royalties, licensing, advertisements and sponsorships represent less than 4.0% of total revenues for the year ended June 30, 2019, this procedure was not performed.

21. Compare and agree the related revenues to the Program's general ledger, and/or the statement and recalculate totals.

As royalties, licensing, advertisements and sponsorships represent less than 4.0% of total revenues for the year ended June 30, 2019, this procedure was not performed.

**Sports Camp Revenues**

22. Inspect sports camp contract(s) between the institution and person(s) conducting institutional sports-camps or clinics during the reporting period to obtain documentation of the Program's methodology for recording revenues from sports- camps.

As there were no sports camp revenues for the year ended June 30, 2019, this procedure was not performed.

23. Obtain schedules of camp participants and select a sample of individual camp participant cash receipts from the schedule of sports- camp participants and agree each selection to the Program's general ledger, and/or the statement and recalculate totals.

As there were no sports camp revenues for the year ended June 30, 2019, this procedure was not performed.

**Athletics Restricted Endowment and Investment Income**

24. Obtain and inspect endowment agreements (if any) for relevant terms and conditions.

As there was no athletics restricted endowment or investment income for the year ended June 30, 2019, this procedure was not performed.

25. Compare and agree the classification and use of endowment and investment income reported in the statement during the reporting period to the uses of income deferred within the related endowment agreement and recalculate totals.

As there was no athletics restricted endowment or investment income for the year ended June 30, 2019, this procedure was not performed.

**Other**

26. Perform minimum agreed-upon procedures referenced for all revenue categories and recalculate totals.

No exceptions noted.



<b>Procedure</b>	<b>Finding</b>
<b>Bowl Revenues</b>	
27. Obtain and inspect agreements related to the Program's revenues from post-season bowl participation during the reporting period to gain an understanding of the relevant term and conditions.	As there were no bowl revenues for the year ended June 30, 2019, this procedure was not performed.
28. Compare and agree the related revenues to the Program's general ledger, and or the statement and recalculate totals.	As there were no bowl revenues for the year ended June 30, 2019, this procedure was not performed.
<b>All Expense Categories</b>	
<ul style="list-style-type: none"> <li>• Compare and agree each expense category reported in the statement during the reporting period to supporting schedules provided by the institution. If a specific reporting category is less than 4.0% of the total expenses, no procedures are required for that specific category.</li> </ul>	No exceptions noted.
<ul style="list-style-type: none"> <li>• Compare and agree a sample of expenses obtained from the above operating expense supporting schedules to adequate supporting documentation.</li> </ul>	No exceptions noted.
<ul style="list-style-type: none"> <li>• Compare each major expense account over 10% of the total expenses to prior period amounts and budget estimates. Obtain and document an explanation of any variations greater than 10%. Report the analysis as a supplement to the final Agreed-Upon procedures report.</li> </ul>	No exceptions noted and amounts and explanations for variations from the prior period are included in the supplement on page 21.
<b>Athletic Student Aid</b>	
29. Select a sample of students (10% of the total student-athletes for institutions who have used NCAA's Compliance Assistant (CA) software to prepare athletic aid detail, with a maximum sample size of 40, and 20% of total student-athletes for institutions who have not, with a maximum sample size of 60) from the listing of institutional student aid recipients during the reporting period.	A sample of 33 student aid recipients was selected.
30. Obtain individual student account detail for each selection and compare total aid in the institution's student system to the student's detail in CA or the institution report that ties directly to the NCAA Membership Financial Reporting System.	No exceptions noted.

Procedure	Finding
<p>31. Perform a check of each student selected to ensure their information was reported accurately in either the NCAA's CA software or entered directly into the NCAA Membership Financial Reporting System using the following criteria:</p> <ul style="list-style-type: none"> <li>• The equivalency value for each student-athlete in all sports, including head-count sports, needs to be converted to a full-time equivalency value. The full-time equivalency value is calculated using the athletic grant amount reported on the Calculation of Revenue Distribution Equivalencies Report (CRDE) from CA as the numerator and the full grant amount which is the total cost for tuition, fees, required course-related books, room and board for an academic year as the denominator. If using the NCAA CA software, this equivalency value should already be calculated for you on the CRDE report labeled "Revenue Distribution Equivalent Award".</li> <li>• Grants-in-aid is calculated by using the revenue distribution equivalencies by sport and in aggregate. (Athletic grant amount divided by the full grant amount).</li> <li>• Other expenses related to attendance (also known as gap money or cost of attendance) should not be included in grants-in-aid revenue distribution equivalencies. Only tuition, fees, room, board and course related books are countable for grants-in-aid revenue distribution per Bylaw 20.02.07).</li> <li>• Full grant amount should be entered as a full year of tuition, not a semester or quarter.</li> <li>• Student-athletes are to be counted once, regardless of multiple sport participation, and should not receive a revenue distribution equivalency greater than 1.00.</li> <li>• Athletic grants are valid for revenue distribution purposes only in sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football.</li> </ul>	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>

<b>Procedure</b>	<b>Finding</b>
<ul style="list-style-type: none"> <li>• Grants-in-aid are valid for revenue distribution purposes in NCAA sports that do not meet the minimum contests and participants' requirements of Bylaw 20.9.6.3.</li> </ul>	No exceptions noted.
<ul style="list-style-type: none"> <li>• Institutions providing grants to student-athletes listed on the CRDE as "Exhausted Eligibility (fifth-year)" or "Medical" receive credit in the grants-in-aid component.</li> </ul>	No exceptions noted.
<ul style="list-style-type: none"> <li>• The athletics aid equivalency cannot exceed maximum equivalency limits. However, the total revenue distribution equivalency can exceed maximum equivalency limits due to exhausted eligibility and medical equivalencies (reference Bylaw 15.5.3.1).</li> </ul>	No exceptions noted.
<ul style="list-style-type: none"> <li>• If a sport is discontinued and the athletic grant(s) are still being honored by the institution, the grant(s) are included in student-athlete aid for revenue distribution purposes.</li> </ul>	As there were no discontinued sports for the year ended June 30, 2019, this procedure was not performed.
<ul style="list-style-type: none"> <li>• All equivalency calculations should be rounded to two decimal places.</li> </ul>	No exceptions noted.
<ul style="list-style-type: none"> <li>• If a selected student received a Pell Grant, ensure the value of the grant is not included in the calculation of equivalencies or the total dollar amount of student athletic aid expense for the institution.</li> </ul>	No exceptions noted.
<ul style="list-style-type: none"> <li>• If a selected student received a Pell Grant, ensure the student's grant was included in the total number and total dollar value of Pell Grants reported for Revenue Distribution purposes in the NCAA Membership Financial Reporting System.</li> </ul>	No exceptions noted.
32. Recalculate totals for each sport and overall.	No exceptions noted.

**Guarantees**

33. Obtain and inspect visiting institution's away-game settlement reports received by the institution during the reporting period and agree related expenses to the Program's general ledger and/or the statement and recalculate totals.	As guarantees represent less than 4.0% of total expenses for the year ended June 30, 2019, this procedure was not performed.
34. Obtain and inspect contractual agreements pertaining to expenses recorded by the Program from guaranteed contests during the reporting period. Compare and agree related amounts expensed by the institution during to the Program's general ledger and/or the statement and recalculate totals.	As guarantees represent less than 4.0% of total expenses for the year ended June 30, 2019, this procedure was not performed.

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**Procedure**

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**Finding**

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**Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities**

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|---|---|
| 35. Obtain and inspect a listing of coaches employed by the Program and related entities during the reporting period. Select a sample of coaches' contracts that must include football, and men's and women's basketball from the listing.  | A listing of all coaches employed by the Program was obtained. A sample of five coaches for two pay periods each was selected, including the men's and women's basketball head coach and the men's football head coach. |
| 36. Compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the Program and related entities in the statement during the reporting period.   | No exceptions noted.  |
| 37. Obtain and inspect payroll summary registers for the reporting year for each selection. Compare and agree payroll summary registers from the reporting period to the related coaching salaries, benefits and bonuses paid by the Program and related entities expense recorded by the Program in the statement during the reporting period. | No exceptions noted.  |
| 38. Compare and agree the totals recorded to any employment contracts executed for the sample selected and recalculate totals.  | No exceptions noted.  |

**Coaching Other Compensation and Benefits Paid by a Third-Party**

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|--|--|
| 39. Obtain and inspect a listing of coaches employed by third parties during the reporting period. Select a sample of coaches' contracts that must include football, and men's and women's basketball from the listing.  | As there were no coaching other compensation and benefits paid by a third party expenses for the year ended June 30, 2019, this procedure was not performed. |
| 40. Compare and agree the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third party and recorded by the Program in the statement during the reporting period.   | As there were no coaching other compensation and benefits paid by a third party expenses for the year ended June 30, 2019, this procedure was not performed. |
| 41. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary register to the coaching other compensation and benefits paid by a third-party expenses recorded by the institution in the statement during the reporting period and recalculate totals. | As there were no coaching other compensation and benefits paid by a third party expenses for the year ended June 30, 2019, this procedure was not performed. |

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**Procedure**

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**Finding**

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

42. Select a sample of support staff/administrative personnel employed by the Program and related entities during the reporting period.
43. Obtain and inspect reporting period summary payroll register for each selection. Compare and agree related summary payroll register to the related support staff administrative salaries, benefits and bonuses paid by the Program and related entities expense recorded by the Program in the statement during the reporting period and recalculate totals.

A sample of five support staff/administrative personnel for two pay periods each was selected.

No exceptions noted.

**Support Staff/Administrative Other Compensation and Benefits Paid by a Third-Party**

44. Select a sample of support staff/administrative personnel employed by the third parties during the reporting period.
45. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary registers to the related support staff administrative other compensation and benefits expense recorded by the Program in the statement during the reporting period and recalculate totals.

As there was no support staff/administrative other compensation and benefits paid by a third party expenses for the year ended June 30, 2019, this procedure was not performed.

As there was no support staff/administrative other compensation and benefits paid by a third party expenses for the year ended June 30, 2019, this procedure was not performed.

**Severance Payments**

46. Select a sample of employees receiving severance payments by the institution during the reporting period and agree each severance payment to the related termination letter or employment contract and recalculate totals.

As there were no severance payments for the year ended June 30, 2019, this procedure was not performed.

**Recruiting**

47. Obtain documentation of the Program's recruiting expense policies.
48. Compare and agree to existing institutional- and NCAA-related policies.

As recruiting expenses represent less than 4.0% of total expenses for the year ended June 30, 2019, this procedure was not performed.

As recruiting expenses represent less than 4.0% of total expenses for the year ended June 30, 2019, this procedure was not performed.

<b>Procedure</b>	<b>Finding</b>
49. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.	As recruiting expenses represent less than 4.0% of total expenses for the year ended June 30, 2019, this procedure was not performed.
<b>Team Travel</b>	
50. Obtain documentation of the Program's team travel policies.	We obtained and documented an understanding of the Program's team travel policies.
51. Compare and agree to existing institutional- and NCAA-related policies.	No exceptions noted and policies are consistent with institutional and NCAA-related policies.
52. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.	No exceptions noted.
<b>Equipment, Uniforms and Supplies</b>	
53. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	No exceptions noted.
<b>Game Expenses</b>	
54. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	No exceptions noted.
<b>Fund Raising, Marketing and Promotion</b>	
55. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As fund raising, marketing, and promotion represents less than 4.0% of total expenses for the year ended June 30, 2019, this procedure was not performed.
<b>Sports Camp Expenses</b>	
56. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As there were no sports camp expenses for the year ended June 30, 2019, this procedure was not performed.
<b>Spirit Groups</b>	
57. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As spirit groups represent less than 4.0% of the total expenses for the year ended June 30, 2019, this procedure was not performed.

<b>Procedure</b>	<b>Finding</b>
<b>Athletic Facility Debt Service, Leases and Rental Fees</b>	
58. Obtain a listing of debt service schedules, lease payments and rental fees for athletics facilities for the reporting year. Compare a sample of facility payments including the top two highest facility payments to additional supporting documentation (e.g. debt financing agreements, leases, rental agreements).	No exceptions noted.
59. Compare amounts recorded to amounts listed in the general ledger detail and recalculate totals.	No exceptions noted.
<b>Direct Overhead and Administrative Expenses</b>	
60. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	No exceptions noted.
<b>Indirect Institutional Support</b>	
61. Compare the indirect institutional support recorded by the Program during the reporting period with expense payments, cost allocation detail and other corroborative supporting documentation and recalculate totals.	No exceptions noted.
<b>Medical Expenses and Medical Insurance</b>	
62. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As medical expenses and medical insurance represent less than 4.0% of total expenses for the year ended June 30, 2019, this procedure was not performed.
<b>Memberships and Dues</b>	
63. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As memberships and dues represent less than 4.0% of total expenses for the year ended June 30, 2019, this procedure was not performed.
<b>Other Operating Expenses and Transfers to Institution</b>	
64. Obtain general ledger detail and compare to the total expenses report. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals	As other operating expenses and transfers to institution represent less than 4.0% of total expenses for the year ended June 30, 2019, this procedure was not performed.

<b>Procedure</b>	<b>Finding</b>
<b>Student-Athlete Meals (non-travel)</b>	
65. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As student-athlete meals (non-travel) represent less than 4.0% of total expenses for the year ended June 30, 2019, this procedure was not performed.
<b>Bowl Expenses</b>	
66. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As there were no bowl expenses for the year ended June 30, 2019, this procedure was not performed.
<b>Minimum Agreed-Upon Procedures For Other Reporting Items</b>	
<b>Excess Transfers to Institution and Conference Realignment Expenses</b>	
67. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As there were no transfers to institution and conference realignment expenses for the year ended June 30, 2019, this procedure was not performed.
<b>Total Athletics Related Debt</b>	
68. Obtain repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. Recalculate annual maturities (consisting of principal and interest) provided in the schedules obtained.	No exceptions noted.
69. Agree the total annual maturities and total outstanding athletic related to supporting documentation and the institution's general ledger, if applicable.	No exceptions noted.
<b>Total Institutional Debt</b>	
70. Agree the total outstanding institutional debt to supporting documentation and the institution's audited financial statements, if available, or the institution's general ledger.	No exceptions noted.
<b>Value of Athletics Dedicated Endowments</b>	
71. Obtain a schedule of all athletics dedicated endowments maintained by the Program, the institution, and affiliated organizations. Agree the fair market value in the schedules(s) to supporting documentations, the general ledger(s) and audited financial statements, if available.	No exceptions noted.



Procedure	Finding
<b>Value of Institutional Endowments</b>	
72. Agree the total fair market value of institutional endowments to supporting documentation, the institution's general ledger and/or audited financial statements, if available.	No exceptions noted.
<b>Total Athletics Related Capital Expenditures</b>	
73. Obtain a schedule of athletics related capital expenditures made by the Program, the institution, and affiliated organizations during the reporting period.	No exceptions noted.
74. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and validate totals.	No exceptions noted.

### ADDITIONAL MINIMUM AGREED-UPON PROCEDURES

In order for the NCAA to place reliance on the Division I financial reporting to calculate the NCAA revenue distributions, which is a financial benefit to the institution, the following procedures are required to be performed:

- For Grants-in-Aid:
  - Compare and agree the sports sponsored reported in the NCAA Membership Financial Reporting System to the Calculation of Revenue Distribution Equivalencies Report (CRDE) from Compliance Assistant (CA) or other report that supports the equivalency calculations from the institution. The NCAA Membership Financial Reporting System populates the sports from the NCAA Membership Database as they are reported by the institution. If there is a discrepancy in the sports sponsored between the NCAA Membership Financial Reporting System and the CRDE or other report that supports the equivalency calculations, inquire about the discrepancy and report the justification in the AUP report.
 

	No exceptions noted.
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  - Compare current year Grants-in-Aid revenue distribution equivalencies to prior year reported equivalencies per the Membership Financial Report submission. Inquire and document an explanation for any variance greater than +/-4%.
 

	We noted a 7.53% increase in revenue distribution equivalencies. 3% of the increase is due to the NCAA changing the amount that FAU reported in FY18 to a capped amount. The remaining difference between FY18 and FY19 of 4.5% is due to an increase in students that received athletic aid, specifically M/W Golf and Men's Soccer.
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**Procedure**

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**Finding**

- For Sports Sponsorship:
  - Obtain the institution's Sports Sponsorship and Demographics Forms submitted to the NCAA for the reporting year. Validate that the countable NCAA sports reported by the institution met the minimum requirements, set forth in Bylaw 20.9.6.3, related to the number of contests and the number of participants. If the institution requested and/or received a waiver related to minimum contests or minimum participants for a sport, that sport would not qualify as a sponsored sport for the purposes of revenue distribution. Also, only sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football are eligible. Once countable sports have been validated, ensure that the institution has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. Note: Any discrepancies MUST be resolved within the NCAA Membership Financial Reporting System prior to the report being submitted to the NCAA. No exceptions noted.
  - Compare current year number of Sports Sponsored to prior year reported total per the Membership Financial Report submission. Inquire and document an explanation for any variance. No exceptions noted.
- For Pell Grants:
  - Agree the total number of Division I student-athletes who, during the academic year, received a Pell Grant award (e.g. Pell Grant recipients on Full Athletic Aid, Pell Grant recipients on Partial Athletic Aid and Pell Grant recipients with no Athletic Aid) and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated out of the institution's financial aid records, of all student-athlete Pell Grants. Note: individual student-aid file testing in step 32 above should tie any selected student athletes who received Pell Grants back to the report of all student athlete Pell Grants to test the completeness and accuracy of the report. No exceptions noted.
  - Compare current year Pell Grants total to prior year reported total per the Membership Financial Report submission. Inquire and document an explanation for any variance greater than +/- 20 grants. No exceptions noted.

## Agreed-Upon Procedures Related to Affiliated and Outside Organizations

### Procedure

1. The Program shall identify all intercollegiate athletics-related affiliated and outside organizations and obtain those organizations' statements for the reporting period. Once the Program has made these statements available, the independent accountant shall agree the amounts reported in the statement to the organization's general ledger or, alternatively, confirm revenues and expenses directly with a responsible official of the organization. In addition, the Program shall prepare a summary of revenues and expenses for or on behalf of intercollegiate athletics programs affiliated and outside organizations to be included with the agreed-upon procedures report.

### Results

The Program identified the Florida Atlantic University Foundation, Inc. (the Foundation) and FAU Finance Corporation (the Corporation) as athletics-related affiliated and outside organizations. The Program identified the Foundation as an outside organization making expenditures for, or on behalf of the Program or its employees. The Foundation serves as the official legal conduit for the acceptance, investment, and distribution of private gifts in support of the activities and programs of Program. Included in the Program's Foundation accounts are the accounts of the Paradise Club and endowments held for the benefit of the Program. Revenues and expenditures recognized by the Foundation on behalf of the Program for the year ended June 30, 2019, was as follows:

Revenues	
Gifts	<u>\$ 5,213,955</u>
Expenses	
Fund 02	\$ 943,412
Fund 40	3,553
Fund 60	<u>18,259,220</u>
Total Expenses	<u>\$ 19,206,185</u>

### Finding

No exceptions noted.

### Procedure

1. The independent accountant shall obtain and review the audited financial statements of the organization and any additional reports regarding internal control matters if the organization is audited independent of the agreed-upon procedures required by NCAA legislation. The Program's independent accountant shall also inquire of institutional and outside organization management as to corrective action taken in response to comments concerning internal control structure (if any).

### Results

We obtained and read the audited financial statements of the Foundation and the Corporation for the year ended June 30, 2019, and the related report on compliance and on internal control. The results of this procedure disclosed that the independent auditors expressed an unmodified opinion on the financial statements of the Foundation and the Corporation. The independent auditors noted no matters involving internal control over financial reporting and its operation that were considered material weaknesses.

### Finding

No exceptions 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 (Exhibit I) and the accompanying notes to the statement of revenues and expenses (Exhibit II). 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 management Florida Atlantic University and the Program, the Florida Atlantic University Board of Trustees, the State of Florida Board of Education, and the National Collegiate Athletic Association, and is not intended to be and should not be used by anyone other than these specified parties.

*James Moore & Co., P.L.*

Gainesville, Florida  
January 10, 2020

**FLORIDA ATLANTIC UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM  
STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019  
(UNAUDITED - SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS'  
REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES)**

	Football	Men's Basketball	Women's Basketball	Other Sports	Nonprogram Specific	Total
<b>Revenues</b>						
1 Ticket sales	\$ 1,831,195	\$ 82,663	\$ 7,014	\$ 87,901	\$ -	\$ 2,008,773
2 Direct state or other governmental support	-	-	-	-	-	-
3 Student fees	-	-	-	-	12,999,163	12,999,163
4 Direct institutional support	-	-	-	-	3,165,303	3,165,303
5 Transfers to institution	-	-	-	-	-	-
6 Indirect institutional support	-	-	-	-	4,537,011	4,537,011
6A Indirect institutional support - athletic facilities debt service, lease and rental fees	-	-	-	-	-	-
7 Guarantees	1,350,000	185,000	25,000	19,500	-	1,579,500
8 Contributions	-	-	-	-	5,579,830	5,579,830
9 In-kind	-	-	-	-	295,000	295,000
10 Compensation and benefits provided by a third party	-	-	-	-	-	-
11 Media rights	-	-	-	-	494,795	494,795
12 NCAA distributions	-	-	-	27,590	1,244,252	1,271,842
13 Conference distributions (non media and non bowl)	-	-	-	-	254,109	254,109
13A Conference distributions of bowl generated revenue	-	-	-	-	795,562	795,562
14 Program sales, concessions, novelty sales and parking	117,415	-	-	-	110,199	227,614
15 Royalties, advertisements and sponsorships	-	-	-	-	646,406	646,406
16 Sports camp revenues	-	-	-	-	-	-
17 Endowment and investments income	-	-	-	-	-	-
18 Other operating revenue	-	-	-	-	2,442,096	2,442,096
19 Bowl revenues	-	-	-	-	-	-
Total operating revenues	<u>3,298,610</u>	<u>267,663</u>	<u>32,014</u>	<u>134,991</u>	<u>32,563,726</u>	<u>36,297,004</u>
<b>Expenses</b>						
20 Athletics student aid	527,174	192,625	179,959	1,964,464	307,111	3,171,333
21 Guarantees	590,000	8,250	18,519	37,622	-	654,391
22 Coaching salaries, benefits and bonuses paid by the University and related entities	3,646,957	1,068,857	521,454	2,186,449	-	7,423,717
23 Coaching other compensation and benefits paid by a third-party	-	-	-	-	-	-
24 Support staff and administrative salaries, benefits and bonuses paid by the University and related entities	1,071,501	123,557	108,449	1,200	3,178,691	4,483,398
25 Support staff and administrative other compensation paid by a third-party	-	-	-	-	-	-
26 Severance payments	-	-	-	-	-	-
27 Recruiting	524,534	64,379	98,373	175,017	-	862,303
28 Team travel	1,152,187	336,012	274,089	1,261,758	-	3,024,046
29 Equipment, uniforms and supplies	587,074	105,500	68,729	491,346	289,508	1,542,157
30 Game expenses	1,712,133	147,482	125,471	274,173	-	2,259,259
31 Fund raising, marketing and promotion	6,123	-	-	3,338	817,266	826,727
32 Sports camp expenses	-	-	-	-	-	-
33 Spirit groups	-	-	-	-	80,203	80,203
34 Athletic facilities debt service, leases and rental fee	-	-	-	-	2,593,052	2,593,052
35 Direct overhead and administrative expenses	77,093	16,498	6,045	19,033	1,554,947	1,673,616
36 Indirect institutional support	-	-	-	-	4,537,011	4,537,011
37 Medical expenses and medical insurance	9,120	-	4,383	5,295	893,816	912,614
38 Memberships and dues	-	450	200	13,229	393,676	407,555
39 Student-athlete meals (non-travel)	392,978	35,166	13,979	55,505	42,111	539,739
40 Other operating expenses	209,378	11,956	14,541	51,891	567,146	854,912
41 Bowl expenses	-	-	-	-	-	-
41A Bowl expenses - coaching compensation/bonuses	-	-	-	-	-	-
Total operating expenses	<u>10,506,252</u>	<u>2,110,732</u>	<u>1,434,191</u>	<u>6,540,320</u>	<u>15,254,538</u>	<u>35,846,033</u>
50 Transfers to institution	-	-	-	-	-	-
<b>Excess (deficiency) of revenues over (under) expenses</b>	<u>\$ (7,207,642)</u>	<u>\$ (1,843,069)</u>	<u>\$ (1,402,177)</u>	<u>\$ (6,405,329)</u>	<u>\$ 17,309,188</u>	<u>\$ 450,971</u>
51 Conference realignment expenses						<u>\$ -</u>
52 Total athletics related debt						<u>\$ 44,076,805</u>
53 Total institutional debt						<u>\$ 253,825,076</u>
54 Value of athletics dedicated endowments						<u>\$ 223,073</u>
55 Value of institutional endowments						<u>\$ 224,247,551</u>
56 Total athletics related capital expenditures						<u>\$ 21,573,438</u>

See accompanying notes to Statement of Revenues and Expenses.

**FLORIDA ATLANTIC UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM  
NOTES TO STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019  
(UNAUDITED – SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS’  
REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES)**

(1) **Basis of Accounting:**

The statement of revenues and expenses of the Florida Atlantic University Intercollegiate Athletics Program (the Program) has been prepared using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred.

(2) **Capital Assets:**

Capital assets purchased with an original cost of \$5,000 or more are recorded at cost and depreciated utilizing the straight-line method over the estimated useful lives of assets (generally ranging from 5 to 10 years). Costs to maintain or repair these assets are expensed as incurred. Costs incurred for the construction of buildings or other permanent facilities are reflected as expenses, as these assets are not capitalized as part of the Program’s accounts, but are recorded by the University as assets of other funds.

(3) **Contributions:**

The Foundation serves as the official legal conduit for the acceptance, investment, and distribution of private gifts in support of the activities and programs of Florida Atlantic University. The Corporation has been organized to assist the activities and educational purposes of Florida Atlantic University by providing finance and investment-related assistance in connection with the acquisition or construction of capital or other projects. Contributions of \$293,207 and \$5,286,623 were recognized from the Corporation and Foundation, respectively, for the year ended June 30, 2019, and have been included in the accompanying statement of revenues and expenses. Contributions received from the Corporation and Foundation were the only contributions exceeding 10% of total contributions, as reported in the statement of revenues and expenses, for the year ended June 30, 2019.

(4) **Long-term Obligations:**

Previously, the Corporation issued \$44,500,000 of Taxable Capital Improvement Revenue Bonds (BAB Bonds), Series 2010, maturing in 2040, with an interest rate of 5.78%. The Bonds were issued in connection with construction of a 30,000 seat stadium facility, parking improvements, and other associated athletic and onsite and offsite infrastructure improvements and projects. On August 30, 2017, the Corporation issued Capital Improvement Refunding Revenue Bonds (Football Stadium Project), Series 2017, amounting to \$40,035,000, to refund the then outstanding Series 2010 Bonds. At August 30, 2017, the Series 2010 Bonds were considered retired/fully defeased. The Series 2017 Bonds bear interest at a 10-year fixed rate of 2.61%, subject to adjustment through maturity.

Interest is paid semiannually on each January 1 and July 1. Principal on the debt is paid annually commencing July 2018 through July 2040.

**FLORIDA ATLANTIC UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM  
NOTES TO STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019  
(UNAUDITED – SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS’  
REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES)**

(4) **Long-term Obligations:** (Continued)

The Corporation is required to adopt an operating budget for each fiscal year covering all operations and operating expenses of the project which shall assure that pledged revenues will exceed all contemplated expenses by at least 25%. In addition, the Corporation is required to certify on a bi-annual basis that the operating and nonoperating revenues from the previous twelve month period are sufficient to cover at least 125% of an amount equal to the annual bond service requirements.

The change in long-term obligations for the year ended June 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds, Series 2017 Stadium	\$ 40,035,000	\$ -	\$ (1,085,000)	\$ 38,950,000	\$ 1,330,000
Total	<u>\$ 40,035,000</u>	<u>\$ -</u>	<u>\$ (1,085,000)</u>	<u>\$ 38,950,000</u>	<u>\$ 1,330,000</u>

*Pledged Revenue*

The Corporation has pledged revenues to repay bonds outstanding as of June 30, 2019. The following table reports the revenues pledged for each debt issue, the amounts of such revenue received in the current year (net of operating expenses), the principal and interest recorded on the debt, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenue for each debt, which is the amount of the remaining principal and interest on the bonds at June 30, 2019:

<b>Debt Issue</b>	<u>Pledged Revenue</u>	<u>Net Available Revenue*</u>	<u>Principal and Interest Recorded</u>	<u>Outstanding Principal and Interest**</u>	<u>Pledged Through</u>
Bonds, Series 2017 Stadium	Athletic Revenues	\$ 3,100,820	\$ 2,360,714	\$ 51,370,258	2040

\*Net available revenues are defined as recognized revenue less applicable operating expenses.

\*\*Represents principal and interest payments outstanding from 7/1/2019 and beyond.

**FLORIDA ATLANTIC UNIVERSITY  
SUPPLEMENT TO STATEMENT OF REVENUES AND EXPENSES  
VARIATION ANALYSIS OF THE TOTAL REVENUES AND EXPENSES  
TO PRIOR PERIOD AMOUNTS AND BUDGET ESTIMATES  
FOR THE YEAR ENDED JUNE 30, 2019  
(UNAUDITED - SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS'  
REPORT ON APPLYING AGREED-UPON PROCEDURES)**

<b>Revenues</b>	<b>2019</b>	<b>2018</b>	<b>\$ Variance</b>	<b>% Variance</b>	<b>Variation Explanation</b>
6 Indirect institutional support	\$ 4,537,011	\$ 3,501,005	\$ 1,036,006	29.59%	Net growth due to increased institutional support for scholarships.
8 Contributions	\$ 5,579,830	\$ 8,375,278	\$ (2,795,448)	-33.38%	Reduction in DSO contribution.
<b>Expenses</b>					
24 Support staff and administrative salaries, benefits and bonuses paid by the University and related entities	\$ 4,483,398	\$ 2,745,226	\$ 1,738,172	63.32%	Increase in salaries and benefits paid for Athletics budget and reduction in DSO support.
36 Indirect institutional support	\$ 4,537,011	\$ 3,501,005	\$ 1,036,006	29.59%	Net growth due to increased institutional support for scholarships.

**Note 1:** The budget estimates for the Florida Atlantic University, Inc. are not prepared in a format consistent with the revenue and expense categories specified by the NCAA. Thus, the variance analysis of total revenues and expenses to the budget estimates for the year ended June 30, 2019, could not be performed.