



Item: AC:I-2

AUDIT AND COMPLIANCE COMMITTEE

Friday, December 6, 2019

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

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, 2018. 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

Supporting Documentation: FAU Intercollegiate Athletics Program Independent Accountant's Report on Agreed-upon Procedures for the Year Ended June 30, 2018

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, 2018**

**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, 2018. 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

Procedure	Finding
All Revenue Categories	
<ul style="list-style-type: none"> 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. 	No exceptions noted.
<ul style="list-style-type: none"> Compare and agree a sample of operating revenue receipts obtained from the above operating revenue supporting schedules to adequate supporting documentation. 	No exceptions noted.

Procedure	Finding
<ul style="list-style-type: none"> 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. 	No exceptions noted and amounts and explanations for variations from the prior period are included in the supplement on page 20.
Ticket Sales	
<ol style="list-style-type: none"> 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. 	No exceptions noted.
Student Fees	
<ol style="list-style-type: none"> 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. 	We were able to reconcile student fees reported by the Program to student enrollment data provided by the Florida Atlantic University (the University) within approximately \$199,000 or 1.56%. We noted that regular differences occur primarily due to refunds of athletic fees for dropped classes where the timing of such refunds may fall in a different fiscal year.
<ol style="list-style-type: none"> Obtain documentation of Institute's methodology for allocating student fees to intercollegiate athletics programs. 	An understanding of the University's methodology was gained, and we noted the allocation was in accordance with the University's methodology.
<ol style="list-style-type: none"> 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. 	No exceptions noted.
Direct State or Other Governmental Support	
<ol style="list-style-type: none"> 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. 	As direct state or other governmental support represents less than 4.0% of total revenues for the year ended June 30, 2018, this procedure was not performed.

Procedure

Finding

Direct Institutional Support

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| 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. | No exceptions noted. |
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Transfers to Institution

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| 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 to institution for the year ended June 30, 2018, this procedure was not performed. |
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Indirect Institutional Support

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| 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. |
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Guarantees

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| 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. |

Contributions

- | | |
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| 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. |
|---|----------------------|

Procedure

Finding

In-Kind

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, 2018, this procedure was not performed.

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, 2018, 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, 2018, this procedure was not performed.

As media rights represent less than 4.0% of total revenues for the year ended June 30, 2018, 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, 2018, this procedure was not performed.

Conference Distributions

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, 2018, this procedure was not performed.

As conference distributions represent less than 4.0% of total revenues for the year ended June 30, 2018, this procedure was not performed.

Procedure

Finding

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, 2018, this procedure was not performed.

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.
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, 2018, this procedure was not performed.

As royalties, licensing, advertisements and sponsorships represent less than 4.0% of total revenues for the year ended June 30, 2018, 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.
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, 2018, this procedure was not performed.

As there were no sports camp revenues for the year ended June 30, 2018, this procedure was not performed.

Athletics Restricted Endowment and Investment Income

24. Obtain and inspect endowment agreements (if any) for relevant terms and conditions.
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, 2018, this procedure was not performed.

As there was no athletics restricted endowment or investment income for the year ended June 30, 2018, this procedure was not performed.

Procedure	Finding
Other	
26. Perform minimum agreed-upon procedures referenced for all revenue categories and recalculate totals.	As other operating revenues represent less than 4.0% of total revenues for the year ended June 30, 2018, this procedure was not performed.
Bowl Revenues	
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 bowl revenues represent less than 4.0% of total revenues for the year ended June 30, 2018, 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 bowl revenues represent less than 4.0% of total revenues for the year ended June 30, 2018, this procedure was not performed.
All Expense Categories	
<ul style="list-style-type: none"> • 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. 	No exceptions noted.
<ul style="list-style-type: none"> • Compare and agree a sample of expenses obtained from the above operating expense supporting schedules to adequate supporting documentation. 	No exceptions noted.
<ul style="list-style-type: none"> • 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. 	No exceptions noted and amounts and explanations for variations from the prior period are included in the supplement on page 20.
Athletic Student Aid	
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 32 student aid recipients was selected.

Procedure	Finding
30. Obtain individual student account detail for each selection and compare total aid allocated from the related aid award letter to the student's account.	No exceptions noted.
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:	No exceptions noted.
<ul style="list-style-type: none"> • 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, 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". 	No exceptions noted.
<ul style="list-style-type: none"> • 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). 	No exceptions noted.
<ul style="list-style-type: none"> • 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). 	Three student aid recipients included gap money or cost of attendance in the grants-in-aid revenue distribution equivalencies.
<ul style="list-style-type: none"> • Full grant amount should be entered as a full year of tuition, not a semester or quarter. 	No exceptions noted.
<ul style="list-style-type: none"> • Student-athletes are to be counted once and should not receive a revenue distribution equivalency greater than 1.00. 	No exceptions noted.
<ul style="list-style-type: none"> • 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. 	No exceptions noted.

Procedure	Finding
<ul style="list-style-type: none"> 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. 	No exceptions noted.
<ul style="list-style-type: none"> 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. 	No exceptions noted.
<ul style="list-style-type: none"> 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). 	No exceptions noted.
<ul style="list-style-type: none"> 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. 	As there were no discontinued sports for the year ended June 30, 2018, this procedure was not performed.
<ul style="list-style-type: none"> All equivalency calculations should be rounded to two decimal places. 	No exceptions noted.
<ul style="list-style-type: none"> 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. 	No exceptions noted.
<ul style="list-style-type: none"> 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. 	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, 2018, 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, 2018, this procedure was not performed.

Procedure

Finding

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, 2018, 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, 2018, 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, 2018, this procedure was not performed. |

Procedure

Finding

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, 2018, 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, 2018, 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, 2018, 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, 2018, this procedure was not performed.

As recruiting expenses represent less than 4.0% of total expenses for the year ended June 30, 2018, this procedure was not performed.

Procedure	Finding
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, 2018, this procedure was not performed.
Team Travel	
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.
Equipment, Uniforms and Supplies	
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.	As equipment, uniforms and supplies represent less than 4.0% of total expenses for the year ended June 30, 2018, this procedure was not performed.
Game Expenses	
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.	As game expenses represent less than 4.0% of total expenses for the year ended June 30, 2018, this procedure was not performed.
Fund Raising, Marketing and Promotion	
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, 2018, this procedure was not performed.
Sports Camp Expenses	
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, 2018, this procedure was not performed.
Spirit Groups	
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, 2018, this procedure was not performed.

Procedure	Finding
Athletic Facility Debt Service, Leases and Rental Fees	
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.
Direct Overhead and Administrative Expenses	
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.
Indirect Institutional Support	
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.
Medical Expenses and Medical Insurance	
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, 2018, this procedure was not performed.
Memberships and Dues	
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, 2018, this procedure was not performed.
Other Operating Expenses	
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 represent less than 4.0% of total expenses for the year ended June 30, 2018, this procedure was not performed.

Procedure	Finding
Student-Athlete Meals (non-travel)	
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, 2018, this procedure was not performed.
Bowl Expenses	
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 bowl expenses represent less than 4.0% of total expenses for the year ended June 30, 2018, this procedure was not performed.
Minimum Agreed-Upon Procedures For Other Reporting Items	
Excess Transfers to Institution and Conference Realignment Expenses	
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, 2018, this procedure was not performed.
Total Athletics Related Debt	
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.
Total Institutional Debt	
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.
Value of Athletics Dedicated Endowments	
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
Value of Institutional Endowments	
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.

Total Athletics Related Capital Expenditures

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 NCAA to place reliance on the Division 1 financial reporting for NCAA distributions purposes, the following procedure will be performed:

<ul style="list-style-type: none"> 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 CA or equivalent supporting 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 equivalent supporting equivalency calculations, inquire about the discrepancy and report the justification in the AUP report. 	No exceptions noted.
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Procedure

Finding

- For Sports Sponsorship: Obtain the institution's Sports Sponsorship and Demographics Forms Report for the reporting year. Validate that the countable sports reported by the institution meet the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and the number of participants in each contest that is counted toward meeting the minimum contest requirement. Post season contests are not countable toward the contest requirements; regular season only. If the institution requested and/or received a waiver related to minimum contests or minimum participants for a particular 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.

- For Pell Grants: Agree the total number of Division 1 student-athletes who, during the academic year, received a Pell Grant award (e.g. Pell Grant recipients with no Grants-in-Aid) and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated out of the Program's financial aid records, of all student-athlete Pell 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.

Finding

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 the only 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, 2018, was as follows:

Revenues	
Gifts	<u>\$ 10,228,833</u>
Expenses	
Fund 02	\$ 1,116,091
Fund 40	3,499
Fund 60	<u>5,765,233</u>
Total Expenses	<u>\$ 6,884,823</u>

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).

Finding

We obtained and read the audited financial statements of the Foundation and the Corporation for the year ended June 30, 2018, 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.

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 23, 2019

FLORIDA ATLANTIC UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
(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
Revenues						
1 Ticket sales	\$ 1,672,025	\$ 66,966	\$ 6,122	\$ 82,399	\$ -	\$ 1,827,512
2 Direct state or other governmental support	-	-	-	-	124,438	124,438
3 Student fees	-	-	-	-	12,745,546	12,745,546
4 Direct institutional support	-	-	-	-	1,732,235	1,732,235
5 Transfers to institution	-	-	-	-	-	-
6 Indirect institutional support	-	-	-	-	3,501,005	3,501,005
6A Indirect institutional support - athletic facilities debt service, lease and rental fees	-	-	-	-	-	-
7 Guarantees	1,200,000	290,000	46,000	32,500	-	1,568,500
8 Contributions	96,789	-	-	-	8,278,489	8,375,278
9 In-kind	-	-	-	-	144,871	144,871
10 Compensation and benefits provided by a third party	-	-	-	-	-	-
11 Media rights	-	-	-	-	245,907	245,907
12 NCAA distributions	-	-	-	-	1,210,620	1,210,620
13 Conference distributions	-	-	-	-	1,164,872	1,164,872
14 Program sales, concessions, novelty sales and parking	284,991	-	-	-	-	284,991
15 Royalties, advertisements and sponsorships	-	-	-	-	850,000	850,000
16 Sports camp revenues	-	-	-	-	-	-
17 Endowment and investments income	-	-	-	-	-	-
18 Other operating revenue	-	-	-	-	1,102,950	1,102,950
19 Bowl revenues	396,654	-	-	-	-	396,654
Total operating revenues	<u>3,650,459</u>	<u>356,966</u>	<u>52,122</u>	<u>114,899</u>	<u>31,100,933</u>	<u>35,275,379</u>
Expenses						
20 Athletics student aid	-	-	-	-	6,799,445	6,799,445
21 Guarantees	590,000	12,000	6,680	24,802	-	633,482
22 Coaching salaries, benefits and bonuses paid by the University and related entities	3,655,600	1,071,611	691,141	1,807,744	-	7,226,096
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	786,249	144,959	104,494	-	1,709,524	2,745,226
25 Support staff and administrative other compensation paid by a third-party	-	-	-	-	-	-
26 Severance payments	-	-	-	-	-	-
27 Recruiting	339,748	113,807	110,016	119,607	-	683,178
28 Team travel	1,476,192	376,436	281,209	1,313,730	-	3,447,567
29 Equipment, uniforms and supplies	416,535	52,922	40,074	394,598	-	904,129
30 Game expenses	684,128	132,968	110,020	209,656	-	1,136,772
31 Fund raising, marketing and promotion	-	-	-	-	816,153	816,153
32 Sports camp expenses	-	-	-	-	-	-
33 Spirit groups	-	-	-	-	57,213	57,213
34 Athletic facilities debt service, leases and rental fee	-	-	-	-	2,703,542	2,703,542
35 Direct overhead and administrative expenses	-	-	-	-	2,039,056	2,039,056
36 Indirect institutional support	-	-	-	-	3,501,005	3,501,005
37 Medical expenses and medical insurance	-	-	-	-	743,987	743,987
38 Memberships and dues	-	-	-	-	451,852	451,852
39 Student-athlete meals (non-travel)	78,393	24,762	2,925	31,868	58,386	196,334
40 Other operating expenses	-	-	-	-	679,849	679,849
41 Bowl expenses	345,000	-	-	-	-	345,000
41A Bowl expenses - coaching compensation/bonuses	40,000	-	-	-	-	40,000
Total operating expenses	<u>8,411,845</u>	<u>1,929,465</u>	<u>1,346,559</u>	<u>3,902,005</u>	<u>19,560,012</u>	<u>35,149,886</u>
50 Transfers to institution	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenses	<u>\$ (4,761,386)</u>	<u>\$ (1,572,499)</u>	<u>\$ (1,294,437)</u>	<u>\$ (3,787,106)</u>	<u>\$ 11,540,921</u>	<u>\$ 125,493</u>
51 Conference realignment expenses	-	-	-	-	-	\$ -
52 Total athletics related debt	-	-	-	-	-	\$ 45,196,805
53 Total institutional debt	-	-	-	-	-	\$ 257,840,000
54 Value of athletics dedicated endowments	-	-	-	-	-	\$ 218,364
55 Value of institutional endowments	-	-	-	-	-	\$ 228,162,005
56 Total athletics related capital expenditures	-	-	-	-	-	\$ 2,151,058

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, 2018
(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 \$4,000,000 and \$4,375,278 were recognized from the Corporation and Foundation, respectively, for the year ended June 30, 2018, 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, 2018.

(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.

The Corporation refunded the Series 2010 Bonds to reduce its total debt service payments over the next twenty-three years by approximately \$8,337,200 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$6,370,500.

**FLORIDA ATLANTIC UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
NOTES TO STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
(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, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds, Series 2010 Stadium	\$ 40,585,000	\$ -	\$ (40,585,000)	\$ -	\$ -
Bonds, Series 2017 Stadium	-	40,035,000	-	40,035,000	1,085,000
Total	<u>\$ 40,585,000</u>	<u>\$40,035,000</u>	<u>\$ (40,585,000)</u>	<u>\$ 40,035,000</u>	<u>\$ 1,085,000</u>

Pledged Revenue

The Corporation has pledged revenues to repay bonds outstanding as of June 30, 2018. 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, 2018:

Debt Issue	<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	\$ 2,948,025	\$ 1,970,274	\$ 53,500,210	2040

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

**Represents principal and interest payments outstanding from 7/1/2018 and beyond.

(5) **Surplus/Deficit Allocations:**

The Program is allowed to carry forward all available funds at the end of each fiscal year to the next fiscal year. Deficits are funded by the Program to the extent there is sufficient net position available.

**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, 2018
(UNAUDITED - SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS'
REPORT ON APPLYING AGREED-UPON PROCEDURES)**

Revenues	2018	2017	\$ Variance	% Variance	Variation Explanation
8 Contributions	\$ 8,375,278	\$ 2,806,153	\$ 5,569,125	198.46%	FY18 contributions include \$4M support from FAUFC, which last year was reported as Direct Institutional Support. Contributions is defined by NCAA as "Amounts received from individuals, corporations, associations, foundations, clubs or other organizations designated for the operations of the athletics program". FAUFC is a corporation and its support to athletics corresponds to the definition of Contributions by NCAA.
Expenses					
20 Athletics student aid	\$ 6,799,445	\$ 5,960,270	\$ 839,175	14.08%	Increase in student aid mainly due to increase in out of state waivers and increase in the number of athletes receiving aid.
22 Coaching salaries, benefits and bonuses paid by the University and related entities	\$ 7,226,096	\$ 6,172,499	\$ 1,053,597	17.07%	Coaching salary increases mainly due to the following 3 sports: <u>I. Football:</u> 1.) \$542.7K increase in head coach compensation, which includes: loan forgiveness, bonus performance payments and overall higher base salary (FY17-18 is the first full fiscal year of salary payments to current Football Head Coach). 2.) Various Football increases, including: \$102K increase in relocation payments, and other salary changes . <u>II. Men's Basketball:</u> 3.) \$162K increase in Men's Basketball head coach salaries and benefits due to 3 month of salaries and benefits paid to two head coaches during FY17-18 due to contractual agreements. 4.) \$70K leave payouts and relocation payments to old and new Men's Basketball's coaches and assistant coaches, and \$30K in other small salary increases for new assistant coaches as compared to previous assistant coaches. <u>III. Women's Basketball:</u> 5.) Increase of over \$100K due to paying two head coaches almost all of FY18 due to contractual agreements. 6.) Small salary increases in other sports, mainly: Baseball, Volleyball and Beach Volleyball.

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, 2018, could not be performed.