FAU BOARD OF TRUSTEES
Florida Atlantic University

Item: AF: I-1b

AUDIT AND FINANCE COMMITTEE
Wednesday, February 25, 2009

SUBJECT: REVIEW OF AUDITS: FAU ATHLETICS DEPARTMENT INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES, JUNE 30, 2008.

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 Association ("NCAA") Bylaw 6.2.3.1 for the year ended June 30, 2008. FAU's 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 Athletics Department Agreed-Upon Procedures, June 30, 2008.

Presented by: Dr Kenneth A. Jessell, Vice President for Financial Affairs **Phone:** 561-297-3266

FLORIDA ATLANTIC UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM

INDEPENDENT ACCOUNTANT'S REPORT
ON AGREED-UPON PROCEDURES

FOR THE YEAR ENDED JUNE 30, 2008

INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES

Mr. Frank T. Brogan, President
Florida Atlantic University
Boca Raton, Florida

We have performed the procedures enumerated below, which were agreed to by the chief executive of Florida Atlantic University ("FAU" or the "University"), solely to assist you in evaluating whether the accompanying unaudited Statement of Revenue and Expenses of FAU is in compliance with the National Collegiate Athletic Association ("NCAA") Bylaw 6.2.3.1 for the fiscal year ended June 30, 2008. The University's management is responsible for the Statement of Revenue and Expenses (the "Statement") and the Statement's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Agreed Upon Procedures Related to the Statement of Revenue and Expenses:

The procedures that we performed and our findings for the fiscal year ended June 30, 2008 are as follows:

REVENUE

For all revenue categories reported on the Statement, we performed the following procedures:

A) We compared and agreed each operating revenue category reported in the Statement during the reporting period to supporting schedules provided by FAU.
B) We compared and agreed a sample of operating revenue receipts obtained from supporting schedules to supporting documentation.
C) We compared each major revenue account to prior period amounts and budget estimates. We obtained and documented an understanding of any significant variations.
D) We agreed the amounts reported on the Statement for each revenue category to the institution's general ledger.
E) We recalculated all totals.

We performed the above procedures, as well as additional procedures for each of the following revenue categories:

TICKET SALES:

We obtained and reviewed the daily deposit ticket schedules for tickets sold which was prepared by the Florida Atlantic University Athletics Department (the "Athletics Department") and we reconciled this schedule to FAU's general ledger. The general ledger entries for ticket sales are made by the main FAU office and the Athletics Department keeps track of ticket sales through online reports from Ticketmaster. Because approximately 88% of ticket sales were for football, the tickets sold for football games during the reporting period were selected for procedures. We received a schedule of the number of tickets sold and complimentary tickets given out for all five home football games during the fiscal year. We also obtained a schedule prepared by FAU detailing the different types of tickets and their respective prices, which we used to calculate an average ticket price. The average price per ticket multiplied by the number of tickets sold was used to arrive at estimated ticket sales.

In addition, we received copies of the Ticket Deposit Daily Reconciliations for all sports for the year and selected one deposit from each sport for testing. The deposit was traced to receipts from the University cashier's office and, in the case of credit card sales, to copies of the sales drafts. Total amounts for each sport were then traced to the general ledger.

Findings:

The calculation of the average price per football ticket multiplied by the number of football tickets sold totaled $692,161 which is $73,799 more than what was recorded on the general ledger. Based on these calculations, it appears that the Athletics Department is selling more discounted tickets than tickets at published rates.

A 1.9% difference in the overall football ticket sales was noted between the general ledger ticket sales and the ticket sales indicated on the Ticket Deposit Daily Reconciliation Schedule provided to us by the Athletics Department.

We found no significant exceptions with regards to other procedures.

Analytical Findings:

Actual revenue from Ticket Sales increased from $352,714 during the fiscal year ended June 30, 2007 to $703,809 during the fiscal year ended June 30, 2008. The primary reasons for this increase during the year ended June 30, 2008 was a greater emphasis on selling larger volume group ticket sales, a sellout for the football game against the University of South Florida (an in-state rival), and the fact that the football team played in a bowl game. Actual ticket sales during the fiscal year ended June 30, 2008 exceeded budgeted totals by approximately 19% due to the sold out game against South Florida and the football team's appearance in a bowl game.

STUDENT FEES:

We obtained and reviewed the student data course file that indicates the number of semester hours that the overall student body was enrolled in for the semesters falling within the fiscal year. We obtained a University document that details the various fees that are charged to enrolled students. For the fiscal year ended June 30, 2008, FAU charged each student $13.75 per semester hour fee for general athletics. This calculation was agreed to the University document titled "Rules of the Department of Education – Florida Atlantic University: Chapter 6c5-8.001 Tuition and Fees, which describes the methodology used by FAU for allocating student fees to the Athletics Department. The methodology used by FAU to calculate all of its fees is based upon the specific authority of Florida Statutes 1009.24, 1001.74 (4) and 1010.03.

Findings:

The total number of student semester hours for the fiscal year ended June 30, 2008 multiplied by the fixed fee amount per credit hour yielded a result that was less than 1% below the dollar amount reported on the Statement, a difference of approximately $21,000.

Analytical Findings:

Actual revenue from Student Fees decreased from $8,092,915 during the fiscal year ended June 30, 2007 to $7,990.719 during the fiscal year ended June 30, 2008 due to a decrease in student semester hours of less than 1%. There was no significant difference between budgeted and actual results.

GUARANTEES:

We obtained and reviewed a sample of six athletic agreements/contracts which detail the guaranteed revenue that was received by FAU for participation in away games. These six agreements/contracts aggregated $1,200,000, comprising roughly 97% of revenue generated from Guarantees. We traced the amounts that appeared on the athletic agreements/contracts to the general ledger without exception. We also agreed the event dates stated in the athletic agreements/contracts to the reporting period.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Actual revenue from Guarantees decreased from $2,139,750 during the fiscal year ended June 30, 2007 to $1,235,371 during the fiscal year ended June 30, 2008. This decrease is due to the fact that the football program played less away games with guaranteed revenue than in the prior year and received less guarantees from larger institutions. There was no significant difference between budgeted and actual results.

CONTRIBUTIONS:

We obtained and reviewed supporting documentation for the contribution of money, goods or services received by the Athletics Department for any affiliated or outside organization, agency or group of individuals that constitutes 10% or more of all contributions received for intercollegiate athletics during the reporting period. The Athletics Department received $1,293,530 in contributions for the fiscal year ended June 30, 2008, most of which was received from the Florida Atlantic University Foundation Athletic Account. (the "Foundation Athletic Account"). The Foundation Athletic Account is maintained for purposes of collecting and accounting for contributions made to the Athletics Department, which is then property of the Athletics Department. During the fiscal year ended June 30, 2008, $784,567 was provided to the Athletics Department from funds in the Foundation Athletic Account and $399,801 of the Athletic Department's expenses was directly paid by funds in the Foundation Athletic Account. Various contributions (mostly from Nike) and gifts in-kind comprise the remaining portion of the $1,293,530 in contributions received.

The Florida Atlantic University Foundation, Inc. (the "Foundation") is the sponsor of the Foundation Athletic Account and is the only outside organization not under control of FAU from where the Athletics Department may pay expenses directly from or on their own behalf. 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 FAU. We obtained a schedule of all expenditures made through the Foundation Athletic Account on behalf of the Athletics Department and all cash transfers received for the fiscal year ended June 30, 2008. We also obtained a copy of the Foundation Athletic Account's general ledger detailing the transactions related to the Athletics Department. We agreed all amounts reported on the Statement to the general ledger.

We obtained and read the Foundation's audited financial statements and reports to management regarding matters related to internal control over financial reporting for the fiscal year ended June 30, 2008.

Findings:

We noted that an independent auditor expressed an unqualified opinion on the financial statements of the Foundation for the fiscal year ended June 30, 2008. The independent auditor noted no matters involving internal control over financial reporting and its operation that were considered significant deficiencies or material weaknesses.

Analytical Findings:

Revenue from Contributions increased from $658,908 during the fiscal year ended June 30, 2007 to $1,293,530 during the fiscal year ended June 30, 2008. This increase is primarily due to increased fundraising efforts, resulting in more money contributed by the Foundation. Additionally, a new agreement with Nike was reached during the fiscal year ended June 30, 2008, resulting in contributions of approximately $83,000. The positive variance between actual contributions received during the fiscal year ended June 30, 2008 and the budgeted total is due to the receipt of more contributions from the Foundation during the fiscal year than originally anticipated.

THIRD PARTY SUPPORT

Third Party Support Revenue, consisting of $128,350 offsets with Third Party Compensation Expense ($120,600) and Third Party Staff/Administrative Expense ($7,750). As such, we did not perform any procedures pertaining to these offsetting totals. The Athletics Department does not budget for these amounts as they have no net impact on the Athletic Department's bottom line.

DIRECT INSTITUTIONAL SUPPORT:

For the fiscal year ended June 30, 2008, FAU approved $1,374,222 in institutional support. Of this amount, $775,503 represents tuition waivers during the fiscal year. We obtained and reviewed a schedule prepared by the Athletics Department breaking out tuition waivers by sport, noting no differences. Individual student tuition waivers were tested as part of our procedures applicable to student aid expenses. FAU also authorized interfund transfers of $262,599 to cover the athletic scholarship amounts for the summer sessions as well as other related expenses, $247,246 designated for women's programs, $72,871 paid to the Athletics Department by the State for certain benefits, and $16,003 representing miscellaneous other sources of support. We obtained and reviewed the authorization for these transfers. We traced the amount of the transfers that appeared on the authorization to the general ledger without exception.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

No significant differences were noted in actual revenue from Direct Institutional Support during the fiscal year ended June 30, 2008 as compared to the fiscal year ended June 30, 2007. Additionally, there was no significant difference in budgeted versus actual revenue for Direct Institutional Support for the fiscal year ended June 30, 2008.

INDIRECT FACILITIES AND ADMINISTRATIVE SUPPORT:

The Greater Boca Raton Beach & Park District appropriated $679,051 in funds to be disbursed to FAU for the operation and maintenance of the five athletic fields located on the Boca Raton Campus. We obtained and reviewed the letter from the Greater Boca Raton Beach & Park District awarding the grant based upon FAU's detailed report. FAU receives funds for reimbursement of actual expenditures. FAU invoices the Greater Boca Raton Beach & Park District quarterly for reimbursement. We obtained FAU's quarterly invoices for the reporting period and compared the actual expenditure amount incurred and invoiced against the amount recorded on the Statement for the reporting period.

The Athletics Department also received $517,715 in indirect support from the FAU Academics Department. We obtained the general ledger account detail from the Academics Department's general ledger and agreed all amounts to be reported on the Statement.

INDIRECT FACILITIES AND ADMINISTRATIVE SUPPORT (CONTINUED):

FAU currently does not track the indirect institutional support for utilities expenses. FAU has allocated $520,000 to utilities expense and reported this amount on the Statement based upon an estimate made by the University for electricity used for the lights on the fields, grounds and offices of the Athletics Department.

Findings:

We found no significant exceptions as a result of these procedures.

Analytical Findings:

Indirect Facilities and Administrative Support increased from $1,410,304 during the fiscal year ended June 30, 2007 to $1,716,766 during the fiscal year ended June 30, 2008. This variance was primarily due to an increase in the costs associated with the Greater Boca Raton Beach & Park District in the reporting period as compared to the prior year. This revenue category was not budgeted due to the fact that it is offset by Indirect Facilities and Administrative Support Expenses; therefore a budget versus actual comparison can not be made.

NCAA/CONFERENCE DISTRIBUTIONS:

FAU received the following from the NCAA: $43,358 as their share of a sports sponsorship fund; $557,526 for an athletics grants-in-aid award; $62,511 as a Sun Belt Conference member revenue distribution; $60,549 for academics enhancement; $168,656 from a Special Assistance Fund; and $350,000 for the football team's participation in the 2007 New Orleans Bowl. These receipts total $1,242,600, as reported on the Statement.

We obtained and reviewed a sample of 6 receipts aggregating $1,182,051 (representing approximately 95% of total receipts). For each of the selected receipts, we reviewed the applicable NCAA and/or conference guidelines governing such distributions. Additionally, we traced the amounts to postings in the general ledger detail and to deposit slips and logs.

Findings:

We found no significant exceptions as a result of these procedures.

Analytical Findings:

Actual revenue from NCAA/Conference Distributions increased from $676,636 during the fiscal year ended June 30, 2007 to $1,242,600 during the fiscal year ended June 30, 2008. This increase is primarily due to the $350,000 received as a result of the football team's appearance in a bowl game during the fiscal year ended June 30, 2008, as well as increased allocations from the NCAA for all sports as compared to the prior year. Actual revenue exceeded budgeted totals for these same reasons.

PROGRAM SALES, CONCESSIONS, NOVELTY SALES AND PARKING:

Analytical Findings:

There was not a significant variance in revenue from Program Sales, Concessions, Novelty Sales and Parking during the fiscal year ended June 30, 2008 as compared to the fiscal year ended June 30, 2007. Actual revenue exceeded budgeted totals due to increased revenue derived from the sold out football game against the University of South Florida.

ROYALTIES, LICENSING, ADVERTISEMENTS AND SPONSORSHIPS:

We selected a sample of agreements related to royalty and corporate sponsorship income. FAU entered into a ten year license agreement with a vendor titled "Soft Drink Pouring Rights Contract". The vendor has exclusive rights to sell beverages on FAU's campuses marketing Pepsi products. The vendor is to pay FAU based on net sales of all items with a guaranteed annual minimum payment of $200,000. Of this amount, FAU allocated an annual maximum amount of $180,000 to the Athletics Department. This agreement and other sponsorship agreements aggregated most of the $403,914 reported as revenue on the Statement for the fiscal year ended June 30, 2008. We traced these amounts, which were received by the Athletics Department as an inter-fund transfer, to the general ledger. We traced the payment terms and amounts that appeared in the contracts to the amounts received and recorded in the general ledger. We agreed the period terms in the contracts to the reporting period.

Findings:

We found no significant exceptions as a result of these procedures.

Analytical Findings:

Actual revenue increased from $217,809 during the fiscal year ended June 30, 2007 to $403,914 during the fiscal year ended June 30, 2008 due primarily to revenue generated from the football team's participation in a bowl game during the fiscal year ended June 30, 2008. There was not a significant variance between actual and budgeted totals for the year ended June 30, 2008.

ENDOWMENT AND INVESTMENT INCOME:

We did not perform any procedures applicable to the $10,549 of Endowment and Investment Income during the fiscal year ended June 30, 2008. This amount is not significant to the Athletic Department's overall revenue and there was not a significant variance between this amount and the prior year's income. This amount is not budgeted for by the Athletic Department due to the fact that it is non-operational in nature, therefore, a comparison between actual and budgeted income can not be made.

OTHER REVENUE:

We obtained a sample of receipts selected from supporting schedules noting no differences as to the amount recorded or the period in which it should be recorded. We noted that supporting schedules and the general ledger detail agree to the total of $386,749 reported in the Statement.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Other Revenue increased from $283,045 during the fiscal year ended June 30, 2007 to $386,749 during the fiscal year ended June 30, 2008. This increase is primarily due to the departure of the men's basketball head coach during the year ended June 30, 2008, resulting in a reimbursement of $100,000 to the Athletics Department as part of the terms of his contract with FAU. This revenue line item is not individually budgeted; therefore, a comparison between actual and budgeted totals can not be made.

SHORT-TERM WORKING CAPITAL LOAN:

The Athletics Department received a short-term working capital loan from the University in the amount of $118,792 applicable to the fiscal year ended June 30, 2008. This loan is to be repaid by the Athletics Department during the fiscal year ended June 30, 2009. Based upon the fact that this amount is to be repaid by the Athletics Department, it has not been recorded as revenue on the Statement for the year ended June 30, 2008.

EXPENSES

For all expense categories reported on the Statement, we performed the following procedures:

A) We compared and agreed each operating expense category reported in the Statement during the reporting period to supporting schedules provided by FAU.

B) We compared and agreed a sample of operating expenses obtained from operating expense supporting schedules to supporting documentation.

C) We compared and agreed each major expense account to prior period amounts and budget estimates. We obtained and documented an understanding of any significant variations.

D) We agreed the amounts reported on the Statement for each expense category to the institution's general ledger.

E) We recalculated all totals.

We performed the above procedures, as well as the additional procedures for each expense category as follows:

ATHLETIC STUDENT AID:

We obtained and reviewed a listing of student aid recipients during the reporting period and selected a sample of ten students. We obtained these students' signed award letter and billing statement for the fiscal year ended June 30, 2008. The billing statement separated the amounts paid by the Athletics Department into scholarship awards and student payments. We agreed the amounts paid on the billing statement to the terms in the award letter. The student aid listing is created for students who are eligible to receive athletic scholarships. The amount in the scholarship listing is based on a full course load of 15 credit hours and a books stipend of $400. Any additional expense, such as an additional credit hour in the course load, is normally covered by the athletics scholarship program. The Athletics Department is willing to provide students with some additional funding, if needed. Students who do not take the full course load of classes receive less aid than the listing will show. The billing statement indicates the amount that is paid by the Athletics Department along with the tuition waivers given to applicable students.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

There was not a significant variance between the amounts applicable to the fiscal years ended June 30, 2008 and 2007. There was also not a significant variance between budget estimates versus actual results.

GUARANTEES:

We obtained and reviewed a sample of eleven athletic agreements/contracts which detail the guaranteed expenses that were incurred by FAU for participation in home games. The eleven agreements/contracts selected for testing aggregated $473,180 (approximately 98% of total guarantees expense reported on the Statement). We traced the amounts that appeared on the athletics agreements/contracts to the general ledger. We also agreed the event dates stated on the athletics agreements/contracts to the reporting period.

Findings:

We found no exceptions as a result of these procedures.

GUARANTEES (CONTINUED):

Analytical Findings:

Guarantees increased from $363,000 during the fiscal year ended June 30, 2007 to $483,646 during the fiscal year ended June 30, 2008. This increase was primarily due to more out-of-conference football home games (requiring larger guarantees than for Sun Belt Conference opponents) in the fiscal year ended June 30, 2008 as compared to the previous year. This expense category was not individually budgeted because it was included in an overall operating expense budget; therefore, a true comparison can not be made against actual results. However, there was no significant variance noted between budgeted and actual operating expenses in aggregate.

COACHING SALARIES, BENEFITS, AND BONUSES:

We obtained a schedule of coaches' salaries and agreed the amount to the salaries listing, which was reconciled to the general ledger. We haphazardly selected 10 coaches for which we obtained and inspected the 2007 W-2's for each selection. The 2008 W-2's were not yet available at the time these procedures were performed. Therefore, we also performed a payroll reconciliation for these ten selections in order to verify that the amounts reported in the 2007 W-2's were properly included in the coaches' salaries reported in the Statement during the reporting period. We obtained the coaches' contracts and terms of the salaries, and agreed the amounts to the salaries schedule.

Findings:

We found no significant differences as a result of these procedures.

Analytical Findings:

No significant variance was noted in Coaching Salaries, Benefits, and Bonuses paid during the fiscal year ended June 30, 2008 as compared to the previous year. The budget did not break out this line item from Support Staff and Administrative Salaries, Benefits, and Bonuses. Therefore, a true comparison can not be made. Overall, no significant variance was noted between budgeted amounts in aggregate for coaches, support staff and administrative salaries as compared to actual costs.

THIRD PARTY COMPENSATION:

See Third Party Support Revenue above.

SUPPORT STAFF AND ADMINISTRATIVE SALARIES, BENEFITS, AND BONUSES:

We obtained a schedule of support staff and administrative personnel salaries and agreed the amount to the salaries listing, which was reconciled to the general ledger. We haphazardly selected 5 support staff and administrative personnel for which we obtained and inspected the 2007 W-2's for each selection. The 2008 W-2's were not yet available at the time these procedures were performed. Therefore, we also performed a payroll reconciliation for these five selections in order to verify that the amounts reported in the 2007 W-2's were properly included in the salaries reported in the Statement during the reporting period.

Findings:

We found no significant differences as a result of these procedures.

Analytical Findings:

No significant variance was noted in Support Staff and Administrative Salaries, Benefits, and Bonuses paid during the fiscal year ended June 30, 2008 as compared to the previous year. The budget did not break out this line item from Coaching Salaries, Benefits and Bonuses. Therefore, a true comparison can not be made. Overall, no significant variance was noted between budgeted amounts in aggregate for coaches and support staff and administrative salaries as compared to actual costs.

THIRD PARTY STAFF/ADMINISTRATIVE:

See Third Party Support Revenue above.

SEVERANCE PAYMENTS:

We obtained a listing of all former employees who received severance payments during the fiscal year ended June 30, 2008 and tied each amount to the FAU's payroll reports. Additionally, we selected the three largest severance payments for additional testing. For each of these selections, we reviewed the personnel file, noting documentation of their termination and severance payments.

Findings:

We found no significant exceptions as a result of these procedures.

Analytical Findings

No significant variance was noted in Severance Payments during the fiscal year ended June 30, 2008 as compared to the previous year. This expense category was not individually budgeted for; therefore, a true comparison can not be made against actual results.

RECRUITING:

We obtained and reviewed the recruiting policies for the Athletics Department. Only NCAA certified athletics' staff members are allowed to make off-campus recruiting visits. Expenses such as airfare, gas reimbursement, meals, and lodging expenses are covered for prospective student athletes. All expenses used for recruiting must be approved by the Associate Athletic Director for compliance. There must be an approved expense request prior to taking a recruiting trip for an authorized staff member. We selected the four departments with the largest recruiting expenses and haphazardly selected ten different expenses from within these four departments. We obtained copies of the invoices for the items selected and agreed them to the general ledger. We also noted that each of the invoices selected for testing were recorded in the proper reporting period, proper expense category, and was approved for payment.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Recruiting expenses increased from $256,903 during the fiscal year ended June 30, 2007 to $283,568 during the fiscal year ended June 30, 2008. This increase is primarily due to increased costs of gas and airfare, as well as normal year-to-year fluctuations as rosters have different needs from one year to the next based primarily on graduations. This expense category was not individually budgeted because it was included in an overall operating expense budget; therefore, a true comparison can not be made against actual results. However, there was no significant variance noted between budgeted and actual operating expenses in aggregate.

TEAM TRAVEL:

We obtained and reviewed the team travel policies for the Athletics Department. It is required in all cases that the prospective traveler (whether on a team or a prospective individual or coach) submit requests to the Athletics Department in writing for the expected travel. This submission is done on forms provided by the Athletics Department. A travel itinerary form must be submitted with the name and social security number of the team members and non-team members traveling. The travel accommodations will be selected based on the best economic and appropriate means. The state will reimburse certain travel expenses, such as rental vehicles and hotel accommodations. We selected the 4 departments with the largest team travel expenses and haphazardly selected 10 items to inspect. We obtained a copy of the applicable invoices and agreed them to the general ledger. We also noted that each of the invoices selected for testing were recorded in the proper reporting period, proper expense category, and was approved for payment.

Findings:

We found no exceptions as a result of these procedures.

TEAM TRAVEL (CONTINUED):

Analytical Findings:

Actual expenses for Team Travel increased from $1,764,187 during the fiscal year ended June 30, 2007 to $2,063,733 during the fiscal year ended June 30, 2008. This increase is primarily due to the football team's participation in the New Orleans Bowl during the fiscal year ended June 30, 2008 (the football team did not play in a bowl game during the preceding year). This expense category was not individually budgeted because it was included in an overall operating expense budget; therefore, a true comparison can not be made against actual results. However, there was no significant variance noted between budgeted and actual operating expenses in aggregate.

EQUIPMENT, UNIFORMS, AND SUPPLIES:

We haphazardly selected a sample of ten different equipment, uniform and supplies expenses. We obtained copies of the invoices for the items selected and agreed them to the general ledger. We also noted that each of the invoices selected for testing were recorded in the proper reporting period, proper expense category, and was approved for payment.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

There was no significant variance in Equipment, Uniforms, and Supplies expense during the fiscal years ended June 30, 2008 and 2007. This expense category was not individually budgeted because it was included in an overall operating expense budget; therefore, a true comparison can not be made against actual results. However, there was no significant variance noted between budgeted and actual operating expenses in aggregate.

GAME EXPENSES:

We haphazardly selected a sample of ten different game expenses from the four departments with game expense totals. We obtained a copy of the invoices for the ten selected expenses and agreed them to the general ledger. We also noted that each of the invoices selected for testing were recorded in the proper reporting period, proper expense category, and was approved for payment.

Findings:

We found no exceptions as a result of these procedures.

GAME EXPENSES (CONTINUED):

Analytical Findings:

Game Expenses decreased from $425,612 recorded during the fiscal year ended June 30, 2007 to $346,475 during the fiscal year ended June 30, 2008. This decrease is primarily a result of better allocation of expenses between this line item, Direct Facilities, Maintenance, and Rental Expenses, and Other Operating Expenses. In aggregate, there was not a significant variance between these three expense line items during the year ended June 30, 2008 as compared to the prior year. This expense category was not individually budgeted because it was included in an overall operating expense budget; therefore, a true comparison can not be made against actual results. However, there was no significant variance noted between budgeted and actual operating expenses in aggregate.

FUND RAISING, MARKETING, AND PROMOTION:

We haphazardly selected a sample of ten different Fund Raising, Marketing, and Promotion expenses from the three departments with the largest such expenses. We obtained copies of the invoices for the selected expenses and agreed them to the general ledger. We also noted that each of the invoices selected for testing were recorded in the proper reporting period, proper expense category, and was approved for payment.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

There was no significant variance in Fund Raising, Marketing, and Promotion expense during the fiscal years ended June 30, 2008 and 2007. This expense category was not individually budgeted because it was included in an overall operating expense budget; therefore, a true comparison can not be made against actual results. However, there was no significant variance noted between budgeted and actual operating expenses in aggregate.

DIRECT FACILITIES, MAINTENANCE, AND RENTAL:

We haphazardly selected a sample of five different Direct Facilities, Maintenance, and Rental expenses from three departments with such expenses. We obtained a copy of the invoices applicable to the selected expenses and agreed it to the general ledger. We also noted that each of the invoices selected for testing were recorded in the proper reporting period, proper expense category, and was approved for payment.

DIRECT FACILITIES, MAINTENANCE, AND RENTAL (CONTINUED):

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

There was no significant variance in Direct Facilities, Maintenance, and Rental Expense during the fiscal years ended June 30, 2008 and 2007. However, as discussed in Game Expenses above, there was a better allocation of expenses between this line item, Game Expenses and Other Operating Expenses during the fiscal year ended June 30, 2008 as compared to the prior year. There was no significant difference in actual expenses incurred in aggregate between these three line items during the fiscal year ended June 30, 2008 as compared to the prior year. This expense category was not individually budgeted because it was included in an overall operating expense budget; therefore, a true comparison can not be made against actual results. However, there was no significant variance noted between budgeted and actual operating expenses in aggregate.

SPIRIT GROUPS:

We haphazardly selected a sample of five different Spirit Group expenses from the one department that had such expenses. We obtained a copy of the invoices applicable to the selected expenses and agreed it to the general ledger. We also noted that each of the invoices selected for testing were recorded in the proper reporting period, proper expense category, and was approved for payment.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Spirit Group (such as cheerleaders, dance team) expenses decreased from $47,865 during the fiscal year ended June 30, 2007 to $21,558 during the fiscal year ended June 30, 2008. The primary reason for this decrease was that salary expenses applicable to Spirit Groups were included in this line item in the prior year, but have been reclassified to the applicable salary expense line items in the current year. This expense category was not individually budgeted because it was included in an overall operating expense budget; therefore, a true comparison can not be made against actual results. However, there was no significant variance noted between budgeted and actual operating expenses in aggregate.

INDIRECT FACILITIES AND ADMINISTRATIVE SUPPORT:

As detailed in the Indirect Facilities and Administrative Support revenue category findings, $679,051 was received from the Greater Boca Raton Beach & Park District as a grant to aid in the operation and maintenance of the athletic fields. Also, FAU does not track the indirect institutional support for the Athletics Department utilities expense, and as such, $520,000 has been allocated to utilities expense based upon estimates made by the University of usage by the Athletics Department. Also included in this expense category is $517,715 in direct support from the academics department, as detailed in the direct institutional support revenue category findings.

Findings:

We found no significant exceptions as a result of the procedures performed as described in the Indirect Facilities and Administrative Support revenue section.

Analytical Findings:

Indirect Facilities and Administrative Support increased from $1,410,304 during the fiscal year ended June 30, 2007 to $1,716,766 during the fiscal year ended June 30, 2008. This variance was primarily due to an increase in the costs associated with the Greater Boca Raton Beach & Park District in the reporting period as compared to the prior year. This expense category was not budgeted due to the fact that it is offset by Indirect Facilities and Administrative Support Revenue; therefore a budget versus actual comparison can not be made.

MEDICAL EXPENSES AND MEDICAL INSURANCE:

We haphazardly selected a sample of five different Medical and Medical Insurance expenses from the two departments that had such expenses. We obtained a copy of the invoices applicable to the selected expenses and agreed it to the general ledger. We also noted that each of the invoices selected for testing were recorded in the proper reporting period, proper expense category, and was approved for payment.

Findings:

We found no exceptions as a result of these procedures.

MEDICAL EXPENSES AND MEDICAL INSURANCE (CONTINUED):

Analytical Findings:

Medical Expenses and Medical Insurance increased from $111,389 during the fiscal year ended June 30, 2007 to $254,973 during the fiscal year ended June 30, 2008. This increase was primarily due to the fact that during the prior year, the Athletics Department obtained a new insurance policy allowing for claims to be submitted for up to a two year period as opposed to a shorter time frame in preceding years. This change resulted in approximately $120,000 of claims pertaining to the prior year being submitted and paid during the year ended June 30, 2008. Additionally, there was an estimated $20,000 increase in amounts paid for insurance coverage for various eligible student athletes (such as international student/athletes). This increase is due primarily to increased insurance costs in general and an overall trend of more international students. This expense category was not individually budgeted because it was included in an overall operating expense budget; therefore, a true comparison can not be made against actual results. However, there was no significant variance noted between budgeted and actual operating expenses in aggregate.

MEMBERSHIPS AND DUES:

We selected two Membership and Dues expenses comprising approximately 89% of total applicable expenses. We obtained copies of the two invoices and agreed them to the general ledger. We also noted that both of the invoices selected for testing were recorded in the proper reporting period, proper expense category, and was approved for payment.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Memberships and Dues decreased from $210,412 during the fiscal year ended June 30, 2007 to $110,851 during the fiscal year ended June 30, 2008. This decrease is due primarily to FAU being required to pay initial membership dues for the football program to join the Sun Belt Conference in the prior year. In the current year, that expense is no longer applicable. This expense category was not individually budgeted because it was included in an overall operating expense budget; therefore, a true comparison can not be made against actual results. However, there was no significant variance noted between budgeted and actual operating expenses in aggregate.

OTHER OPERATING EXPENSES:

We haphazardly selected a sample of ten different Other Operating Expenses from three departments with such expenses. We obtained copies of the invoices applicable to the selected expenses and agreed them to the general ledger. We also noted that each of the invoices selected for testing were recorded in the proper reporting period, proper expense category, and was approved for payment.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Other Operating Expenses decreased from $933,409 during the fiscal year ended June 30, 2007 to $687,614 during the fiscal year ended June 30, 2008. As discussed in Game Expenses above, there was a better allocation of expenses between this line item, Game Expenses and Direct Facilities, Maintenance, and Rental Expenses during the fiscal year ended June 30, 2008 as compared to the prior year. There was no significant difference in actual expenses incurred in aggregate between these three line items during the fiscal year ended June 30, 2008 as compared to the prior year. This expense category was not individually budgeted because it was included in an overall operating expense budget; therefore, a true comparison can not be made against actual results. However, there was no significant variance noted between budgeted and actual operating expenses in aggregate.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion, on the compliance of the accompanying Statement of Revenue and Expenses of the Florida Atlantic University Athletics Department. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above, and is not intended to be and should not be used by anyone other than these specified parties.

Goldstein Lewin & Co.

Boca Raton, Florida
January 5, 2009

FLORIDA ATLANTIC UNIVERSITY ATHLETICS DEPARTMENT
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008 (UNAUDITED)

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON-PROGRAM SPECIFIC	TOTAL
REVENUE						
Ticket Sales	$ 618,362	$ 37,202	$ 2,592	$ 45,653	$ -	$ 703,809
Student Fees	-	-	-	-	7,990,719	7,990,719
Guarantees	1,050,000	150,000	25,000	10,371	-	1,235,371
Contributions	308,227	12,950	10,039	151,916	810,398	1,293,530
Third Party Support	34,600	1,500	2,000	83,000	7,250	128,350
Direct Institutional Support	212,981	57,607	45,426	496,531	561,677	1,374,222
Indirect Facilities and Administrative Support	-	-	-	-	1,716,766	1,716,766
NCAA/Conference Distributions	350,000	-	-	-	892,600	1,242,600
Program Sales, Concessions, Novelty Sales, and Parking	56,530	102	-	5,569	26,123	88,324
Royalties, Licensing, Advertisements, and Sponsorships	-	-	-	-	403,914	403,914
Endowment and Investment Income	-	-	-	1,238	9,311	10,549
Other	34,250	101,975	2,050	64,696	183,778	386,749
Total Revenue	2,664,950	361,336	87,107	858,974	12,602,536	16,574,903
Expenses						
Athletic Student Aid	1,141,563	239,762	242,727	2,161,281	35,832	3,821,165
Guarantees	450,000	2,500	10,680	20,466	-	483,646
Coaching Salaries, Benefits, and Bonuses	1,196,758	343,771	291,184	1,168,850	-	3,000,563
Third Party Compensation	34,100	1,500	2,000	83,000	-	120,600
Support Staff and Administrative Salaries, Benefits and Bonuses	196,398	49,264	21,310	-	1,706,826	1,973,798
Third Party Staff/Administrative	500	-	-	-	7,250	7,750
Severance Payments	2,613	1,950	8,582	8,279	33,289	54,713
Recruiting	112,101	89,274	38,998	43,195	-	283,568
Team Travel	890,270	262,501	158,855	752,107	-	2,063,733
Equipment, Uniforms, and Supplies	185,406	35,709	27,498	236,514	222,882	708,009
Game Expenses	113,944	56,677	46,513	76,349	52,992	346,475
Fund Raising, Marketing, and Promotion	13,255	5,740	4,750	17,139	261,607	302,491
Direct Facilities, Maintenance, and Rental	33,841	1,483	-	8,625	273,512	317,461
Spirit Groups	-	-	-	-	21,558	21,558
Indirect Facilities and Administrative Support	-	-	-	-	1,716,766	1,716,766
Medical Expenses and Medical Insurance	12,207	-	132	-	242,634	254,973
Memberships and Dues	60	1,065	725	3,589	105,412	110,851
Other Operating Expenses	142,532	22,039	10,834	43,774	468,435	687,614
Total Expenses	4,525,548	1,113,235	864,788	4,623,168	5,148,995	16,275,734
Excess (Deficiency) of Revenue Over (Under) Expenses	$ (1,860,598)	$ (751,899)	$ (777,681)	$ (3,764,194)	$ 7,453,541	$ 299,169