



Item: AF: I-1C

AUDIT AND FINANCE COMMITTEE

Wednesday, February 20, 2008

SUBJECT: REVIEW OF AUDITS: FAU ATHLETICS DEPARTMENT INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES, JUNE 30, 2007.

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, 2007. 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 financial audit of the Florida Atlantic University Intercollegiate Athletics is required to be submitted annual 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, 2007.

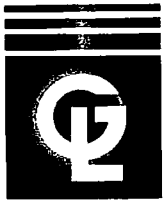
Presented by: Dr Kenneth A. Jessell, Vice President for Financial Affairs

Phone: 561-297-3266

**FLORIDA ATLANTIC UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

**INDEPENDENT ACCOUNTANT'S REPORT
ON AGREED-UPON PROCEDURES**

FOR THE YEAR ENDED JUNE 30, 2007



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, 2007. Florida Atlantic 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, 2007 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 the above operating revenue 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 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 prepared by the Florida Atlantic University Athletics Department (the "Athletics Department") and reconciled it 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 78% 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 \$305,784 which is \$32,072 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 2.5% difference in the overall football ticket sales was noted between the general ledger ticket sales and the Ticketmaster online schedules provided to us by the Athletics Department.

We found no significant exceptions with regards to other procedures.

Analytics Findings:

Actual revenue from ticket sales decreased from \$459,183 during the fiscal year ended June 30, 2006 to \$352,714 during the fiscal year ended June 30, 2007. The primary reason for this decrease is that FAU had entered into a radio and sponsorship agreement with ADT Security Services, Inc. ("ADT") for the 2005 football season (which takes place during the fiscal year ended June 30, 2006). Under this agreement, FAU derived ticket sales revenue from ADT in the amount of \$60,000. FAU did not have this agreement with ADT during the fiscal year ended June 30, 2007. Additionally, the estimated average ticket price calculated in the manner described above decreased during the fiscal year ended June 30, 2007 as compared to the prior year by approximately \$1 per ticket.

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, 2007, 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, 2007 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 \$31,000.

Analytics Findings:

Actual revenue from student fees increased from \$7,816,240 during the fiscal year ended June 30, 2006 to \$8,092,915 during the fiscal year ended June 30, 2007 due to an approximate 2% increase in student semester hours. There was no significant difference between budgeted and actual results.

GUARANTEES:

We obtained and reviewed a sample of ten athletic agreements/contracts which detail the guaranteed revenue that was received by FAU for participation in away games. 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.

Analytics Findings:

Actual revenue from guarantees increased from \$1,294,500 to \$2,139,750 from 2006 to 2007. The football program played more road games with guaranteed revenue than in the prior year and received larger guarantees from larger institutions. FAU's ascension to Division I football has also resulted in larger guaranteed revenue from their away games. There were no significant variations between budget estimates versus 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. FAU received \$658,908 in contributions for the fiscal year ended June 30, 2007, most of which was received from the Florida Atlantic University Foundation, Inc. (the "Foundation"). The Foundation contributed \$508,471 and paid \$142,560 of the Athletics Department's expenditures, for a total of \$651,031. Various gifts in-kind aggregating \$7,877 makes up the remaining portion of the \$658,908 in contributions received.

The Foundation is the only outside organization not under control of FAU that makes expenditures for, or on behalf of the Athletics Department 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 FAU. We obtained a schedule of all expenditures made by the Foundation on behalf of the Athletics Department and all cash transfers received for the fiscal year ended June 30, 2007. We also obtained a copy of the Foundation's general ledger accounts from the Foundation that detail the account 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, 2007.

Findings:

The results of this procedure disclosed that the independent auditor expressed an unqualified opinion on the financial statements of the Foundation for the fiscal year ended June 30, 2007. The independent auditor noted no matters involving internal control over financial reporting and its operation that were considered significant deficiencies or material weaknesses.

Analytics Findings:

Revenue from contributions decreased from \$746,459 during the fiscal year ended June 30, 2006 to \$658,908 during the fiscal year ended June 30, 2007. This decrease is due to the fact that a financial institution made a one-time contribution of \$100,000 during the prior year. The positive variance between actual contributions received during the fiscal year ended June 30, 2007 and the budgeted total is due to the receipt of more contributions from the Foundation during the fiscal year than originally anticipated.

DIRECT INSTITUTIONAL SUPPORT:

For the 2006-2007 fiscal year, FAU also approved \$1,333,084 in institutional support. Of this amount, \$753,309 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 below. FAU also authorized interfund transfers of \$315,000 to cover the athletic scholarship amounts for the summer sessions as well as other related expenses and \$247,246 designated for women's programs. 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.

Analytics Findings:

No significant differences were noted in actual revenue from direct institutional support during the fiscal year ended June 30, 2007 as compared to the fiscal year ended June 30, 2006. Additionally, there was no significant difference in budgeted versus actual revenue for direct institutional support for the fiscal year ended June 30, 2007.

INDIRECT FACILITIES AND ADMINISTRATIVE SUPPORT:

The Greater Boca Raton Beach & Park District appropriated \$433,809 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 revenue statement for the reporting period.

The Athletics Department also received \$410,303 in indirect support from the FAU academics department. We obtained the general ledger account detail from the academics department general ledger and agreed all amounts to be reported on the Statement without exception.

FAU currently does not track the indirect institutional support for utilities expenses. \$450,000 has been allocated to utilities expense and reported on the Statement based upon an estimate made by the Athletics Department 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.

Analytics Findings:

Indirect facilities and administrative support decreased from \$1,647,955 during the fiscal year ended June 30, 2006 to \$1,410,304 during the fiscal year ended June 30, 2007. This decrease was primarily due to a reduction in the expenses paid to the Greater Boca Raton Beach & Park District in the reporting period as compared to the prior year. This revenue category was not budgeted; therefore a comparison can not be made against actual results.

NCAA/CONFERENCE DISTRIBUTIONS INCLUDING ALL TOURNAMENT REVENUE:

FAU received the following from the NCAA: \$89,635 as their share of a sports sponsorship fund; \$338,257 for an athletics grants-in-aid award; \$17,600 for travel reimbursements; \$40,530 as a Sun Belt Conference member revenue distribution; \$58,330 for academics enhancement; and \$132,284 from a Special Assistance Fund.

Of the total receipts equaling \$676,636, we obtained and reviewed a sample of 6 receipts aggregating \$599,672. 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.

Analytics Findings:

Actual revenue from NCAA conference distributions increased from \$606,193 during the fiscal year ended June 30, 2006 to \$676,636 during the fiscal year ended June 30, 2007. The NCAA made larger distributions to the University in the current year in part due to the ascension to a Division I football program. NCAA/Conference Distributions had a favorable variance from budgeted amounts for the fiscal year ended June 30, 2007, which was mainly due to the NCAA making larger distributions than anticipated.

BROADCAST, TELEVISION, RADIO AND INTERNET RIGHTS:

As discussed in the ticket sales section above, FAU derived revenue from a radio and television broadcast sponsorship with ADT for the 2005 football season. As a result, \$146,250 in revenue was derived in the prior fiscal year as a result of providing ADT broadcast, television, radio and internet rights. This agreement was not renewed for the fiscal year ended June 30, 2007, therefore, there was no such revenue in the reporting period.

PROGRAM SALES, CONCESSIONS, NOVELTY SALES AND PARKING:

Analytics Findings:

Actual revenue from program sales, concessions, novelty sales and parking increased from \$20,242 during the fiscal year ended June 30, 2006 to \$99,804 during the fiscal year ended June 30, 2007. This increase is due in part to the fact that there was one more football home game during the reporting period than in the prior year. Additionally, certain revenue items had been classified differently in the previous fiscal year as compared to the reporting period. We noted that aggregate totals for this revenue category plus Royalties, Licensing, Advertising and Sponsorships and Other Revenue are similar to the prior year, thus differences between the prior year and the reporting period applicable to these categories individually are primarily due to classification differences between the fiscal years. Therefore, the positive variance from budgeted amounts in during the fiscal year ended June 30, 2007 is due primarily to these reclassifications.

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. We traced this amount, which was received by the Athletics Department as an inter-fund transfer, to the general ledger without exception. We also obtained and reviewed another corporate sponsorship agreement resulting in revenue of \$24,696. We traced the payment terms and amounts that appeared on the contracts to the amounts received and recorded in the general ledger without exception. We also agreed the period terms on the contracts to the reporting period (2006-2007 athletic season) without exception.

Findings:

We found no exceptions as a result of these procedures.

Analytics Findings:

Actual revenue from Royalties, Advertisements and Sponsorships decreased from \$545,384 during the fiscal year ended June 30, 2006 to \$217,809 during the fiscal year ended June 30, 2007 due to various reclassifications between this category and other revenue below. We noted that aggregate totals for this revenue category plus Program Sales, Concessions, Novelty Sales and Parking, and Other Revenue, are similar to the prior year, thus differences between the prior year and the reporting period applicable to these categories individually are primarily due to classification differences between the fiscal years. Therefore, the negative variance from budgeted amounts during the fiscal year ended June 30, 2007 is primarily due to these reclassifications.

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 reporting period's total of \$283,045.

Findings:

We found no exceptions as a result of these procedures.

Analytics Findings:

The total of \$283,045 for the fiscal year ended June 30, 2007 has increased from the total of \$31,770 from the fiscal year ended June 30, 2006. This increase is primarily due to reclassifications of certain amounts recorded in other line items in the prior period. We noted that aggregate totals for this revenue category plus Program Sales, Concessions, Novelty Sales and Parking, and Royalties, Licensing, Advertisements and Sponsorships, are similar to the prior year, thus differences between the prior year and the reporting period applicable to these categories individually are primarily due to classification differences between the fiscal years. Therefore, the positive variance from budgeted amounts during the fiscal year ended June 30, 2007 is primarily due to these reclassifications.

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 the above 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 an approved 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, 2007. 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 on 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 12 credit hours and a books stipend of \$200. 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, however, FAU was unable to provide one selected student's financial award letter. This student's award amount was substantiated through review of related documents.

Analytics Findings:

There were no significant variations between the amounts applicable to the fiscal years ended June 30, 2006 and 2007. There were no significant variations between budget estimates versus actual results.

GUARANTEES:

We obtained and reviewed a sample of twelve athletic agreements/contracts which detail the guaranteed expenses that were incurred by FAU for participation in home games. We traced the amounts that appeared on the athletics agreements/contracts to the general ledger without exception. We also agreed the event dates stated on the athletics agreements/contracts to the reporting period without exception.

Findings:

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

Analytics Findings:

Guarantees increased from \$176,976 during the fiscal year ended June 30, 2006 to \$363,000 during the fiscal year ended June 30, 2007. This increase was primarily due to an increase in the number of home games played in the fiscal year ended June 30, 2007.

COACHING SALARIES, BENEFITS, AND BONUSES PAID BY THE UNIVERSITY AND RELATED ENTITIES:

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 2006 W-2's for each selection. The 2007 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 2006 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 exceptions as a result of these procedures.

Analytics Findings:

No significant variance was noted in coaching salaries, benefits and bonuses paid during the fiscal year ended June 30, 2007 as compared to the fiscal year ended June 30, 2006. The budget did not break out coaching salaries, benefits and bonuses from support staff and administrative salaries. 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.

SUPPORT STAFF/ADMINISTRATIVE SALARIES, BENEFITS AND BONUSES PAID BY THE UNIVERSITY AND RELATED ENTITIES:

We obtained a schedule of support staff/administrative personnel salaries and agreed the amount to the salaries listing, which was reconciled to the general ledger. We haphazardly selected 5 support staff/administrative personnel for which we obtained and inspected the 2006 W-2's for each selection. The 2007 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 2006 W-2's were properly included in the salaries reported in the Statement during the reporting period.

Findings:

We agreed our payroll reconciliation to the year-end expense for the five individual employees selected, noting no significant differences.

Analytics Findings:

There were no significant variations between prior period amounts versus actual results for the current fiscal year. The budget did not break out coaching salaries, benefits and bonuses from support staff and administrative salaries. 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.

SEVERANCE PAYMENTS:

We obtained a listing of all former employees who received severance payments during the fiscal year ended June 30, 2007 and tied each amount to the FAU's payroll reports. Additionally, we selected a sample of 3 of these former employees. 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.

Analytics Findings

Severance payments decreased from \$136,853 to \$54,849 from the fiscal year ended June 30, 2006 to the fiscal year ended June 30, 2007. This decrease is due to the fact that there was less turnover within the Athletics Department during the reporting period as compared to the prior fiscal year. This expense category was not individually budgeted; therefore a 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 Assistant 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.

Findings:

We found no exceptions as a result of these procedures.

Analytics Findings:

This expense category was not individually budgeted; therefore a comparison can not be made against actual results.

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) submits 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 invoices and agreed them to the general ledger.

Findings:

We found no exceptions as a result of these procedures.

Analytics Findings:

Actual expenses for team travel increased from \$1,489,763 during the fiscal year ended June 30, 2006 to \$1,764,187 during the fiscal year ended June 30, 2007. The primary reason for this increase was that there were more away games for the football program versus the prior year. Also, the cost of airfare increased due to fuel costs. This expense category was not individually budgeted, therefore a comparison can not be made against actual results.

EQUIPMENT, UNIFORMS AND SUPPLIES:

We haphazardly selected a sample of ten different equipment, uniform and supplies expenses. We obtained a copy of the invoices and agreed them to the general ledger.

Findings:

We found no exceptions as a result of these procedures.

Analytics Findings:

Equipment, Uniforms and Supplies increased from \$372,764 during the fiscal year ended June 30, 2006 to \$699,085 during the fiscal year ended June 30, 2007. The primary reason for this increase was a logo change during the reporting period requiring more uniform changes than in the prior year. This expense category was not individually budgeted, therefore, a comparison can not be made against actual results.

GAME EXPENSES:

We haphazardly selected a sample of ten different game expenses from the four departments with the largest game expense totals. We obtained a copy of the invoices for the ten selected expenses and agreed them to the general ledger.

Findings:

We found no exceptions as a result of these procedures.

Analytics Findings:

No significant variance was noted for game expenses during the reporting period as compared to the prior year. This expense category was not individually budgeted, therefore a comparison can not be made against actual results.

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.

Findings:

We found no exceptions as a result of these procedures.

Analytics Findings:

Fund Raising, Marketing and Promotion expenses decreased from \$422,524 during the fiscal year ended June 30, 2006 to \$280,280 during the fiscal year ended June 30, 2007. The primary reason for this decrease was the fact that FAU entered a marketing agreement during the reporting period with an outside entity who, as part of the agreement, covered a percentage of FAU's marketing expenses. This expense category was not individually budgeted, therefore a comparison can not be made against actual results.

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.

Findings:

We found no exceptions as a result of these procedures.

Analytics Findings:

Direct facilities, maintenance and rental expenses primarily include buildings/grounds maintenance expenses which had been classified in other operating expenses in the prior year, resulting in the increase of \$71,657 to this line item in the reporting period as compared to the prior year. This expense category was not individually budgeted, therefore, a comparison can not be made against actual results.

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.

Findings:

We found no exceptions as a result of these procedures.

Analytics Findings:

Spirit Group (such as cheerleaders, dance team) expenses increased from \$22,797 during the fiscal year ended June 30, 2006 to \$47,865 during the fiscal year ended June 30, 2007. The primary reason for this increase was that camps for cheerleaders and dancers were out-of-state during the reporting period as compared to in-state during the prior year, resulting in increased travel expenses. This expense category was not individually budgeted. therefore, a comparison can not be made against actual results.

INDIRECT FACILITIES AND ADMINISTRATIVE SUPPORT:

As detailed in the indirect facilities and administrative support revenue category findings. \$433,809 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, \$450,000 has been allocated to utilities expense based upon estimates of usage by the Athletics Department. Also included in this expense category is \$410,303 in direct support from the academics department, as detailed in the direct institutional support revenue category findings.

Findings:

We found no exceptions as a result of the procedures performed as described in the indirect facilities and administrative support revenue section.

Analytics Findings:

This expense category was not individually budgeted; therefore a comparison can not be made against actual results.

MEDICAL EXPENSES AND MEDICAL INSURANCE:

We haphazardly selected a sample of five different medical and medical insurance 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.

Findings:

We found no exceptions as a result of these procedures.

Analytics Findings:

Medical and medical insurance expenses decreased from \$306,739 during the fiscal year ended June 30, 2006 to \$111,389 during the fiscal year ended June 30, 2007. The primary reason for this decrease was new policies/coverage instituted during the reporting period under which FAU's liability for claims is capped at \$140,000 and under which the timeframe in claims can be made is increased to two years, resulting in a delay in the filing of some claims. This expense category was not individually budgeted, therefore, a comparison can not be made against actual results.

MEMBERSHIPS AND DUES:

We selected two membership and dues expenses comprising roughly 93% of total applicable expenses. We obtained copies of the two invoices and agreed them to the general ledger.

Findings:

We found no exceptions as a result of these procedures.

Analytics Findings:

Memberships and dues increased from \$55,922 during the fiscal year ended June 30, 2006 to \$210,412 during the fiscal year ended June 30, 2007. The primary reason for this increase was the increase in required payments as a Division I football program in the Sun Belt Conference. This expense category was not individually budgeted, therefore, a comparison can not be made against actual results.

OTHER OPERATING EXPENSES:

We haphazardly selected a sample of ten different other operating expenses from three departments with the largest total other operating expenses. We obtained copies of the invoices applicable to the selected expenses and agreed them to the general ledger.

Findings:

We found no exceptions as a result of these procedures.

Analytics Findings:

There were no significant variations between prior period amounts and budget estimates versus actual results.

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 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 15, 2008

FLORIDA ATLANTIC UNIVERSITY ATHLETICS DEPARTMENT
 STATEMENT OF REVENUE AND EXPENSES
 FOR THE YEAR ENDED JUNE 30, 2007 (UNAUDITED)

REVENUE	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
Ticket Sales	\$ 273,712	\$ 35,336	\$ 3,985	\$ 39,636	\$ 45	\$ 352,714
Student Fees	-	-	-	-	8,092,915	8,092,915
Guarantees	1,975,000	140,000	16,000	8,750	-	2,139,750
Contributions	142,220	9,163	1,850	31,359	474,316	658,908
Direct Institutional Support	160,319	47,900	63,979	481,111	579,775	1,333,084
Indirect Facilities and Administrative Support	-	-	-	-	1,410,304	1,410,304
NCAA/Conference Distributions Including All Tournament Revenue	-	-	-	17,600	659,036	676,636
Program Sales, Concessions, Novelty Sales and Parking	16,843	-	-	-	82,961	99,804
Royalties, Licensing, Advertisements and Sponsorships	-	-	-	-	217,809	217,809
Endowment and Investment Income	-	-	-	-	28,982	28,982
Other	39,717	5,010	4,002	72,532	161,784	283,045
Total Revenue	2,607,811	237,409	89,816	650,988	11,707,927	15,293,951
EXPENSES						
Athletic Student Aid	1,136,278	235,222	232,839	2,005,490	382,012	3,991,841
Guarantees	325,000	-	-	38,000	-	363,000
Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities	992,075	395,224	291,351	1,132,422	-	2,811,072
Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities	188,106	53,293	24,118	1,468	1,628,445	1,895,430
Severance Payments	7,036	19,802	-	19,215	8,796	54,849
Recruiting	83,821	76,830	48,597	47,655	-	256,903
Team Travel	623,355	241,650	196,880	702,273	29	1,764,187
Equipment, Uniforms and Supplies	61,651	27,883	9,992	29,887	569,672	699,085
Game Expenses	129,186	57,873	44,241	106,116	88,196	425,612
Fund Raising, Marketing and Promotion	59	-	-	460	279,761	280,280
Direct Facilities, Maintenance and Rental	30,424	611	258	5,814	34,550	71,657
Spirit Groups	-	-	-	-	47,865	47,865
Indirect Facilities and Administrative Support	-	-	-	-	1,410,304	1,410,304
Medical Expenses and Medical Insurance	-	-	-	-	111,389	111,389
Memberships and Dues	-	-	725	3,185	206,502	210,412
Other Operating Expenses	58,680	84,706	27,122	96,767	666,134	933,409
Total Expenses	3,635,671	1,193,094	876,123	4,188,752	5,433,655	15,327,295
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES	\$ (1,027,860)	\$ (955,685)	\$ (786,307)	\$ (3,537,764)	\$ 6,274,272	\$ (33,344)