AUDIT AND FINANCE COMMITTEE
Wednesday, October 24, 2007


PROPOSED COMMITTEE ACTION

Not Applicable.

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, 2006. 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.


Presented by:  Dr Kenneth A. Jessell, Vice President for Financial Affairs  Phone:  561-297-3266
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"), solely to assist you in evaluating whether the accompanying unaudited statement of revenue and expenses of Florida Atlantic University is in compliance with the National Collegiate Athletic Association ("NCAA") Bylaw 6.2.3.1 for the year ended June 30, 2006. Florida Atlantic University'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. 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 year ended June 30, 2006 are as follows:

REVENUES

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 ("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. Since 82% 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 four 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 times 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 cashiers 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 average price per ticket times the number of tickets sold totaled $361,644, which is approximately $15,500 less than what was recorded on the general ledger. Since the average ticket price was calculated based upon ticket price groups and not actual tickets sold for each group, these differences appear reasonable and the ticket sales reported on the statement for the reporting period appear reasonable.

A 1% difference in the overall 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 exceptions with regards to other procedures.

Analytics Findings:

Actual revenue from ticket sales increased from $317,240 to $459,183 in 2005 versus 2006. Although the number of home football games decreased from 5 games to 4 games from the prior year, the attendance significantly increased and the number of paid tickets sold increased resulting from a large increase in group sales. Ticket sales had a favorable variance from budgeted amounts for the year ended June 30, 2006, which was also the result of better than anticipated football group sales.

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 2005/2006 fiscal year, the University charges 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 program. 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, 2006 multiplied by the fixed fee amount per credit hour yielded a result that was 1% greater than the dollar amount reported on the statement, a difference of approximately $64,500.

Analytics Findings:

Actual revenues from student fees increased from $6,526,527 in 2005 to $7,816,240 in 2006 due to a $2 increase in student fee rates. There were no significant differences between budget estimates 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 without exception.

Findings:

We found no exceptions as a result of these procedures.

Analytics Findings:

Actual revenue from guarantees increased from $435,500 to $1,294,500 from 2005 to 2006. The football program played more road games with guaranteed revenues than in the prior year and received larger guarantees from larger institutions. There were no significant variations between budget estimates versus actual results.

CONTRIBUTIONS:

We obtained and reviewed supporting documentation of contribution of money, goods or services received by the Athletics Program 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 $746,459 in contributions for the fiscal year ended June 30, 2006, of which $622,301 was received from the Florida Atlantic University Foundation, Inc. (the “Foundation”). The Foundation is the only outside organization not under control of FAU that makes expenditures for, or on behalf of the Athletics 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 FAU. We obtained a schedule of all expenditures made by the Foundation on behalf of the Athletics Program and all cash transfers received for the fiscal year ended June 30, 2006. The Foundation made $221,446 of expenditures on behalf of the Athletics Program, and transfers received for support of the Athletics Program’s activities amounted to $400,855. We also obtained a copy of the Foundation’s general ledger accounts from the Foundation that detail the account transactions related to the Athletics Program. We agreed all amounts reported on the statement to the organization’s 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.

Findings:

The results of this procedure disclosed that the independent auditor expressed an unqualified opinion on the financial statements of the Foundation. The independent auditor noted no matters involving internal control over financial reporting and its operation that were considered material weaknesses.

Analytics Findings:

We obtained and reviewed the analytical reports that compared prior year actual and budget estimates to actual results and the explanations for significant variances. All explanations were obtained from Randy Langejans, Associate Athletic Director – Business Operations. Actual revenue from contributions decreased from $949,116 to $746,459 from 2005 to 2006. This is partially due to the increase in football group sales – donors diverting contributions to the purchase of football tickets. Contribution revenue had a favorable variance from budgeted amounts for the year ended June 30, 2006 because contribution development was more effective than was anticipated.

DIRECT INSTITUTIONAL SUPPORT:

For the 2005-2006 fiscal year, FAU also approved $1,323,815 in institutional support. Of this amount, $726,800 represents tuition waivers for the Fall 2005 and Spring 2006 semesters. We obtained and reviewed the FAU report titled “Notice of Tuition Waiver Awards” which details the tuition waiver award amount for each student. We traced the total amount of the tuition waivers that appeared on the reports to the statement without exception. FAU also authorized interfund transfers of $349,769 to cover the athletic scholarship amounts for the Summer A and C 2005 sessions as well as other related expenses and scholarships as well as $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:

Actual revenue from direct institutional support decreased from $3,971,838 to $1,323,815 from 2005 to 2006. This is attributable in part to the budget shortfall for cash in 2005 which was satisfied with the $1,890,000 infrafund loan made by FAU to the Athletics Department in 2005 and in part to amounts classified as indirect support in 2006 that were classified as direct support in 2006. There were no significant differences between budget estimates versus actual results.

INDIRECT FACILITIES AND ADMINISTRATIVE SUPPORT:

The Greater Boca Raton Beach & Park District appropriated $556,933 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. We also obtained and reviewed the FAU report titled ‘Pre-Award Routing Sheet’ which details the total expenditures expected for the period October 1, 2005 through September 30, 2006. 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 Program also received $491,021 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 the Athletics Program fields and utilities expenses. $600,000 has been allocated to fields and utilities expense and reported on the statement based upon an estimate made by Randy Langejans for electricity used for the lights on the fields, grounds and offices of the Athletics Program.

Findings:

We found no exceptions as a result of these procedures.

Analytics findings:

Indirect facilities and Administrative support increased from $955,466 to $1,647,955 from 2005 to 2006. This was primarily due to the reclassification to indirect academic support in 2006 from direct support. The grant with the City of Boca Raton also resulted in an increase in payments. This revenue category was not budgeted; therefore a comparison can not be made against actual results.

NCAA/CONFERENCE DISTRIBUTIONS INCLUDING ALL TOURNAMENT REVENUES:

We obtained and reviewed a sample of 6 agreements which detail the revenue from NCAA Division I distributions that were received by FAU for athletics awards and grants. Of the amounts reviewed, FAU received $82,678 from the NCAA as their share of a sports sponsorship fund whereby the
NCAA awarded Division I member institutions according to the number of sports each of them sponsored in 2003-04: $274,488 from the NCAA for an athletics grants-in-aid award according to the number of grants-in-aid awarded in 2003-04; $37,372 from the NCAA as an Atlantic Sun Conference member revenue distribution, $68,169 from the Atlantic Coast Conference from the Student Opportunity Fund; $46,461 from the Atlantic Coast Conference from the Special Assistance Fund, $1,000 from the Atlantic Coast Conference for the Drug/Gambling Awareness Program and $50,494 from the NCAA for tournament participation from men’s and women’s programs. We traced the amounts that appeared on the agreements to cash receipts batch reports and to the general ledger without exception.

Findings:

We found no exceptions as a result of these procedures.

Analytics findings:

Actual revenue from NCAA conference distributions increased from $478,736 to $606,193 from 2005 to 2006. The NCAA made larger distributions to the University in the current year plus receipts from the Student Opportunity Fund and the Special Assistance Fund were offset against expenses in prior years while they are included in revenues in 2006. NCAA/Conference Distributions had a favorable variance from budgeted amounts for the year ended June 30, 2006, which was mainly due to the NCAA making larger distributions than anticipated.

BROADCAST, TELEVISION, RADIO AND INTERNET RIGHTS:

FAU derived revenue from a radio and television broadcast sponsorship with ADT Security Services, Inc. ("ADT") for the 2005 football season. We reviewed and obtained an understanding of the relevant terms and conditions of the agreement. ADT was designated as the “FAU Football First Home Game Sponsor”. The maximum amount that ADT would pay FAU for the 2005 football season was $200,000, of which $60,000 was earmarked for the purchase of football tickets leaving $140,000 for broadcast, television, radio and internet rights. This maximum would be offset by the amount of revenue received by other broadcast sponsors on a dollar for dollar basis. The agreement was for a one year period. We reviewed the FAU prepared statement which detailed all the radio and television revenue FAU derived from all game broadcasts on radio and television. This gross amount was offset by revenue received by FAU from other broadcast sponsors. The net amount of $140,000 on this schedule agreed to the amount recorded in the general ledger without exception.

Findings:

We found no exceptions as a result of these procedures.

Analytics findings:

Actual revenue from broadcast, television, radio and internet rights decreased from $178,500 to $146,250 from 2005 to 2006 because $60,000 of the total ADT award in 2006 was earmarked for the
purchase of group football tickets. This revenue category was not budgeted, therefore a comparison can not be made against actual results.

PROGRAM SALES, CONCESSIONS, NOVELTY SALES AND PARKING:

Analytics findings:

Actual revenue from program sales, concessions, novelty sales and parking decreased from $71,652 to $20,242 from 2005 to 2006. There were two less football home games in the current year, resulting in less overall revenue than in the prior year. There was also a negative variance from budgeted amounts in 2006 due to fewer home games and games in which concessions and parking fees were earned.

ROYALTIES, 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 Program. 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 a sample of three corporate sponsorship agreements which detail the amount of money to be received by FAU for corporate sponsorship rights. 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 (2005-2006 athletic season) without exception.

Findings:

We found no exceptions as a result of these procedures.

Analytics findings:

Actual revenues from Royalties, Advertisements and Sponsorships increased from $466,868 to $545,384 from 2005 to 2006 due to increased sponsorships.

OTHER REVENUES:

We haphazardly selected a sample of four different facilities rental revenues. Facilities rental comprises 100% of the revenue in the Other Revenues category. We obtained copies of the agreements supporting these amounts and agreed the amounts in the agreement to the amount recorded in the general ledger without exception. We also noted that the dates on the agreement correspond to the reporting period of the statement of revenue.
Findings:

We found no exceptions as a result of these procedures.

Analytics findings:

Actual revenue from other revenues decreased from $103,447 to $31,770 from 2005 to 2006

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 agree 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 the students signed award letter and billing statement for the academic year 2005/2006. The billing statement separated the amounts paid by the Athletics Department, 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 Program is willing to provide students with some additional funding, if needed. For students who do not take the full course load of classes, they will 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.
Analytics findings:

There were no significant variations between 2005 and 2006 amounts. There were no significant variations between budget estimates versus actual results.

GUARANTEES:

We obtained and reviewed a sample of three 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 exceptions as a result of these procedures.

Analytics findings:

Guarantees decreased from $204,332 in 2005 to $176,976 in 2006. This was primarily due to a decrease in the number of home football games played in the year ended 2006.

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 2005 W-2’s for each employee selected. The 2006 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 2005 W-2’s were properly included in the coaches salaries reported in the statement during the reporting period. We obtained the employees’ contracts and terms of the salaries, and agreed the amounts to the salaries schedule.

Findings:

We agreed our payroll reconciliation to the year end expense for the ten individual employees selected, noting that for the amounts selected, the salaries reported on the W-2’s were greater than the amounts on the statement by approximately 5%. This was because one individual tested works for the athletic department for part of the year and another department the rest of the year. Another person tested was a graduate assistant for part of the year. Therefore, these differences appear reasonable and the salaries reported on the statement for the reporting period appear reasonable.
Analytics findings:

Actual expenses for coaching salaries, benefits, and bonuses paid increased from $2,516,067 to $2,643,130 from 2005 to 2006. FAU added more coaches and staff for basketball and football in the current 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, salaries had an unfavorable variance from budgeted amounts for the year ended June 30, 2006. The budget did not take into account the hires of new basketball coaches and staff and the increase football staff for new positions that were created.

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 2005 W-2's for each employee selected. The 2006 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 2005 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 that for the amounts selected, the salaries reported per the statement were greater than the amounts per the W-2’s and payroll summaries by approximately 1%. These differences appear reasonable and the salaries reported on the statement for the reporting period appear reasonable.

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 support staff and administrative salaries from coaching salaries, benefits and bonuses. Therefore, a true comparison can not be made. Overall, salaries had a small unfavorable variance from budgeted amounts for the year ended June 30, 2006. The budget did not take into account the hires of new basketball coaches and staff and the increase football staff from new positions that were created.

SEVERANCE PAYMENTS:

We noted one employee received severance during the fiscal year. We examined the severance letter given to the employee at the time of the termination of employment and recalculated the amount.
Findings: We found no exceptions as a result of these procedures.

Analytics findings:

Severance payments increased from $53,830 to $136,853 from 2005 to 2006. This is because the one employee receiving payments during that time began receiving them towards the end of 2005 while they were paid out for most of 2006. This expense category was not budgeted; therefore a comparison can not be made against actual results.

RECRUITING:

We obtained the recruiting policies for the Athletics Department and noted that the policies are in accordance with NCAA guidelines. 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 largest four organization expenses and haphazardly selected ten different expenses. We obtained copies of the invoices for the items selected and agreed them to the general ledger without any exceptions.

Findings:

We found a mailroom charge from the University of $1.217 for which no documentation could be provided.

Analytics findings:

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

TEAM TRAVEL:

We obtained the team travel policies for the Athletics Department and noted that the policies are in accordance with NCAA guidelines. It is required in all cases that the prospective traveler (whether on a team or a prospective individual or coach) submits requests to the department in writing for the expected travel. This is done on forms provided by the Athletic 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 largest 5 organization expenses and haphazardly selected 15 items to inspect. We obtained a copy of the invoices and agreed them to the general ledger without exceptions.
Findings:

We found no exceptions as a result of these procedures.

Analytics findings:

Actual expenses for team travel increased from $1,348,902 to $1,489,763 from 2005 to 2006. 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 budgeted, therefore a comparison can not be made against actual results.

EQUIPMENT, UNIFORMS AND SUPPLIES:

We haphazardly selected a sample of ten different equipment expenses. We obtained a copy of the invoices and agreed them to the general ledger without any exceptions.

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.

GAME EXPENSES:

We haphazardly selected a sample of ten different game expenses. We obtained a copy of the invoices and agreed them to the general ledger without any exceptions.

Findings:

We found no exceptions as a result of these procedures.

Analytics findings:

Game expenses decreased from $435,230 to $403,677 from 2005 to 2006. The decrease is primarily due to fewer home football games for the year ended 2006. This expense category was not 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. We obtained copies of the invoices and agreed them to the general ledger without any exceptions.
Findings:

We found no exceptions as a result of these procedures.

Analytics findings:

There were no significant variations between 2005 and 2006 amounts. This expense category was not budgeted; therefore a comparison can not be made against actual results.

SPIRIT GROUPS:

We haphazardly selected a sample of four items from the spirit group expenses. We obtained a copy of the invoice and agreed it to the general ledger without any exception.

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.

INDIRECT FACILITIES AND ADMINISTRATIVE SUPPORT:

As detailed in the Indirect facilities and Administrative support revenue category findings, $556,933 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 Program utilities expense, and as such, $600,000 has been allocated to utilities expense based upon an estimate by Randy Langejans of usage by the Athletics Department. Also included in this expense category is $491,022 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 these procedures.

Analytics findings:

This revenue category was not budgeted; therefore a comparison can not be made against actual results.
MEDICAL EXPENSES AND MEDICAL INSURANCE:

We haphazardly selected a sample of ten different medical expenses and medical insurance expenses. We requested copies of the invoices. We agreed the invoices to the general ledger without any exceptions.

Findings:

We found no exceptions as a result of these procedures.

Analytics findings:

There was $56,511 reduction in medical expenses from 2005 to 2006. This is because in-kind services which were recorded in 2005 have not been recorded in 2006 because documentation regarding the amounts involved has not been received.

MEMBERSHIPS AND DUES:

We haphazardly selected seven samples of the largest items for memberships and dues expenses. We obtained copies of the invoices and agreed them to the general ledger without any exceptions.

Findings:

We found no exceptions as a result of these procedures.

Analytics findings:

Memberships and dues increased from $29,790 to $55,922 from 2005 to 2006 due to membership in the Sunbelt Conference in 2006.

OTHER OPERATING EXPENSES:

We haphazardly selected a sample of ten different other operating expenses. We obtained copies of the invoices and agreed them to the general ledger without any exception.

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 Athletic 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.

Boca Raton, Florida
January 12, 2007
FLORIDA ATLANTIC UNIVERSITY ATHLETIC DEPARTMENT
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2006 (UNAUDITED)

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<th>REVENUE</th>
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<th>MEN'S BASKETBALL</th>
<th>WOMEN'S BASKETBALL</th>
<th>OTHER SPORTS</th>
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<td>545,384</td>
<td>545,384</td>
</tr>
<tr>
<td>Other revenues</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>31,770</td>
</tr>
<tr>
<td>Subtotal Operating Revenue</td>
<td>$1,544,620</td>
<td>$189,148</td>
<td>$43,038</td>
<td>$169,223</td>
<td>$12,690,562</td>
<td>$14,637,991</td>
</tr>
</tbody>
</table>
## FLORIDA ATLANTIC UNIVERSITY ATHLETIC DEPARTMENT

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

FOR THE YEAR ENDED JUNE 30, 2006 (UNAUDITED)

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>FOOTBALL</th>
<th>MEN'S BASKETBALL</th>
<th>WOMEN'S BASKETBALL</th>
<th>OTHER SPORTS</th>
<th>NON-PROGRAM SPECIFIC</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Athletics Student Aid</td>
<td>$968,599</td>
<td>$265,273</td>
<td>$263,287</td>
<td>$2,037,907</td>
<td>$358,352</td>
<td>$3,891,418</td>
</tr>
<tr>
<td>Guarantees</td>
<td>$160,000</td>
<td>$4,140</td>
<td>$22,836</td>
<td>$</td>
<td>$176,976</td>
<td></td>
</tr>
<tr>
<td>Coaching Salaries, Benefits, and</td>
<td>$964,507</td>
<td>354,484</td>
<td>257,402</td>
<td>1,068,757</td>
<td>$</td>
<td>$2,643,130</td>
</tr>
<tr>
<td>Bonuses Paid by the University and</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Related Entities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support Staff/Administrative Salaries</td>
<td>$185,076</td>
<td>$51,842</td>
<td>$11,154</td>
<td>$1,009,345</td>
<td>$1,857,417</td>
<td></td>
</tr>
<tr>
<td>and Benefits, and Bonuses Paid by the</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University and Related Entities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Severance Payments</td>
<td>$</td>
<td>$136,853</td>
<td>$-</td>
<td>$</td>
<td>$136,853</td>
<td></td>
</tr>
<tr>
<td>Recruiting</td>
<td>$103,155</td>
<td>50,830</td>
<td>40,152</td>
<td>57,946</td>
<td>$292,083</td>
<td></td>
</tr>
<tr>
<td>Team Travel</td>
<td>$650,285</td>
<td>162,735</td>
<td>125,245</td>
<td>551,498</td>
<td>$1,489,763</td>
<td></td>
</tr>
<tr>
<td>Equipment, Uniforms and Supplies</td>
<td>$92,794</td>
<td>9,996</td>
<td>20,199</td>
<td>177,187</td>
<td>72,588</td>
<td>372,764</td>
</tr>
<tr>
<td>Game Expenses</td>
<td>$249,952</td>
<td>20,600</td>
<td>18,525</td>
<td>60,798</td>
<td>$53,802</td>
<td>403,677</td>
</tr>
<tr>
<td>Fund Raising, Marketing and</td>
<td>$9,862</td>
<td>3,335</td>
<td>153</td>
<td>10,800</td>
<td>398,374</td>
<td>422,524</td>
</tr>
<tr>
<td>Promotion</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spirit Groups</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$22,797</td>
<td>$22,797</td>
</tr>
<tr>
<td>Indirect Facilities and Administrative</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td></td>
<td>1,647,955</td>
<td>1,647,955</td>
</tr>
<tr>
<td>Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical Expenses and Medical</td>
<td>$31,308</td>
<td>1,192</td>
<td>298</td>
<td>1,192</td>
<td>272,749</td>
<td>306,739</td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Memberships and Dues</td>
<td>$60</td>
<td>1,555</td>
<td>1,830</td>
<td>3,377</td>
<td>49,100</td>
<td>55,922</td>
</tr>
<tr>
<td>Other Operating Expenses</td>
<td>$183,953</td>
<td>19,687</td>
<td>14,154</td>
<td>60,836</td>
<td>732,618</td>
<td>1,011,248</td>
</tr>
<tr>
<td>Subtotal Operating Expenses</td>
<td>$3,587,651</td>
<td>1,118,362</td>
<td>756,539</td>
<td>4,051,134</td>
<td>5,217,689</td>
<td>14,731,266</td>
</tr>
<tr>
<td><strong>EXCESS (DEFICIENCY) OF REVENUES</strong></td>
<td>$(2,042,931)</td>
<td>$(929,214)</td>
<td>$(712,691)</td>
<td>$(3,881,411)</td>
<td>$7,472,882</td>
<td>$(93,275)</td>
</tr>
<tr>
<td><strong>OVER (UNDER) EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>