



Item: AC: I-1

## AUDIT AND COMPLIANCE COMMITTEE

Tuesday, August 21, 2018

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

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### PROPOSED COMMITTEE ACTION

Information only.

### BACKGROUND INFORMATION

These procedures were prepared to assist FAU in evaluating whether the accompanying unaudited statement of revenue and expenses of FAU is in compliance with the National Collegiate Athletic Association ("NCAA") Bylaw 3.2.4.15 for the year ended June 30, 2017. FAU management is responsible for the statement of revenue and expenses ("statement") and the statement's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report.

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

### IMPLEMENTATION PLAN/DATE

Not applicable.

### FISCAL IMPLICATIONS

Not applicable.

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**Supporting Documentation:** FAU Intercollegiate Athletics Program Independent Accountant's Report on Agreed-upon Procedures for the Year Ended June 30, 2017.

**Presented by:**

Mr. Brian White, Vice President for Athletics

**Phone:** 561-297-3199

**FLORIDA ATLANTIC UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM  
INDEPENDENT ACCOUNTANTS' REPORT ON THE  
APPLICATION OF AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED JUNE 30, 2017**

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

Dr. John Kelly, President,  
Florida Atlantic University:

We have performed the procedures enumerated below, which were agreed to by the president of Florida Atlantic University (the University), solely to assist the University in evaluating whether the accompanying statement of revenues and expenses (Exhibit I) of the Florida Atlantic University Intercollegiate Athletics Program (the Program) is in compliance with the National Collegiate Athletic Program (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2017. The University's management is responsible for the statement of revenues and expenses (the Statement) and the Statement's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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**Procedure**

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**Finding**

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- Compare each major revenue account over 10% of the total revenues to prior period amounts and budget estimates. Obtain and document an understanding of any variations greater than 10%. Report the analysis as a supplement to the final Agreed-Upon procedures report.

No exceptions noted and amounts and explanations for variations from the prior period are included in the supplement on page 19.

**Ticket Sales**

1. Compare tickets sold during the reporting period, complimentary tickets provided during the reporting period and unsold tickets to the related revenue reported by the Program in the statement and the related attendance figures and recalculate totals.

As ticket sales represent less than 4.0% of total revenues for the year ended June 30, 2017, no procedures are required to be performed.

**Direct State or Other Governmental Support**

2. Compare direct state or other governmental support recorded by the Program during the reporting period with state appropriations, institutional authorizations and/or other corroborative supporting documentation and recalculate totals.

As direct state or other governmental support represents less than 4.0% of total revenues for the year ended June 30, 2017, no procedures are required to be performed.

**Student Fees**

3. Compare and agree student fees reported by the Program in the statement for the reporting to student enrollments during the same reporting period and recalculate totals.

We were able to reconcile student fees reported by the Program to student enrollment data provided by the Florida Atlantic University (the University) within approximately \$153,000 or 1.21%. We noted that regular differences occur primarily due to refunds of athletic fees for dropped classes where the timing of such refunds may fall in a different fiscal year.

4. Obtain and document an understanding of Institute's methodology for allocating student fees to intercollegiate athletics programs.

An understanding of the University's methodology was gained, and we noted the allocation was in accordance with the University's methodology.

5. If the Program is reporting that an allocation of student fees should be countable as generated revenue, recalculate the totals of their methodology for supporting that they are able to count each sport. Tie the calculation to supporting documents such as seat manifests, ticket sales reports and student fee totals.

No exceptions noted.

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**Procedure**

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**Finding**

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**Direct Institutional Support**

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| 6. Compare the direct institutional support recorded by the Program during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculate totals. | No exceptions noted. |
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**Less – Transfers to Institution**

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| 7. Compare the transfers back to the institution with permanent transfers back to the institution from the Program and recalculate totals. | As there were no transfers to institution for the year ended June 30, 2017, this procedure was not performed. |
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**Indirect Institutional Support**

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| 8. Compare the indirect institutional support recorded by the institution during the reporting period with expense payments, cost allocation detail and other corroborative supporting documentation and recalculate totals. | No exceptions noted. |
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**Guarantees**

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|---|----------------------|
| 9. Select a sample of settlement reports for away games during the reporting period and agree each selection to the Program's general ledger and/or the statement and recalculate totals.   | No exceptions noted. |
| 10. Select a sample of contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compare and agree each selection to the Program's general ledger and/or the statement and recalculate totals. | No exceptions noted. |

**Contributions**

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|---|----------------------|
| 11. Any contributions of moneys, goods or services received directly by an intercollegiate athletics program from any affiliated or outside organization, agency or group of individuals (two or more) not included above (e.g., contributions by corporate sponsors) that constitutes 10 percent or more in aggregate for the reporting year of all contributions received for intercollegiate athletics during the reporting periods shall obtain and review supporting documentation for each contribution and recalculate totals. | No exceptions noted. |
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**Procedure**

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**Finding**

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**In-Kind**

12. Compare the in-kind recorded by the Program during the reporting period with a schedule of in-kind donations and recalculate totals.

As there were no in-kind revenues for the year ended June 30, 2017, this procedure was not performed.

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

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

As there was no compensation and benefits provided by a third party for the year ended June 30, 2017, this procedure was not performed.

14. If the third party was audited by independent auditors, obtain the related independent auditors' report.

As there was no compensation and benefits provided by a third party for the year ended June 30, 2017, this procedure was not performed.

**Media Rights**

15. Obtain and inspect agreements to understand the institution's total media (broadcast, television, radio) rights received by the Program or through their conference offices as reported in the statement.

As media rights represent less than 4.0% of total revenues for the year ended June 30, 2017, no procedures are required to be performed.

16. Compare and agree the media right revenues to a summary statement of all media rights identified, if applicable, and the Program's general ledger and recalculate totals. Ledger totals may be different for total conference distributions if media rights are not broken out separately.

As media rights represent less than 4.0% of total revenues for the year ended June 30, 2017, no procedures are required to be performed.

**NCAA Distributions**

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

As NCAA distributions represent less than 4.0% of total revenues for the year ended June 30, 2017, no procedures are required to be performed.

**Conference Distributions**

18. Obtain and inspect agreements related to the Program's conference distributions and participation in revenues from tournaments during the reporting period to gain an understanding of the relevant terms and conditions.

Agreements were obtained and an understanding of the relevant terms and conditions was gained.

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

No exceptions noted.

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**Procedure**

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**Finding**

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

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

As program sales, concessions, novelty sales and parking represent less than 4.0% of total revenues for the year ended June 30, 2017, no procedures are required to be performed.

**Royalties, Licensing, Advertisements and Sponsorships**

21. Obtain and inspect agreements related to the Program's participation in revenues from royalties, licensing, advertisements and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions.

As royalties, licensing, advertisements and sponsorships represent less than 4.0% of total revenues for the year ended June 30, 2017, no procedures are required to be performed.

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

As royalties, licensing, advertisements and sponsorships represent less than 4.0% of total revenues for the year ended June 30, 2017, no procedures are required to be performed.

**Sports Camp Revenues**

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

As there were no sports camp revenues for the year ended June 30, 2017, this procedure was not performed.

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

As there were no sports camp revenues for the year ended June 30, 2017, this procedure was not performed.

**Athletics Restricted Endowment and Investment Income**

25. Obtain and inspect endowment agreements (if any) to gain an understanding of the relevant terms and conditions.

As there was no athletics restricted endowment or investment income for the year ended June 30, 2017, this procedure was not performed.

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

As there was no athletics restricted endowment or investment income for the year ended June 30, 2017, this procedure was not performed.

**Other**

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

No exceptions noted.



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**Procedure**

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**Finding**

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**Bowl Revenues**

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| 28. Obtain and inspect agreements related to the Program's revenues from post-season bowl participation during the reporting period to gain an understanding of the relevant term and conditions. | As there were no bowl revenues for the year ended June 30, 2017, this procedure was not performed. |
| 29. Compare and agree the related revenues to the Program's general ledger, and or the statement and recalculate totals.  | As there were no bowl revenues for the year ended June 30, 2017, this procedure was not performed  |

**All Expense Categories**

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|---|--|
| <ul style="list-style-type: none"><li>• Compare and agree each expense category reported in the statement during the reporting period to supporting schedules provided by the institution. If a specific reporting category is less than 4.0% of the total expenses, no procedures are required for that specific category.</li></ul> | No exceptions noted.   |
| <ul style="list-style-type: none"><li>• Compare and agree a sample of expenses obtained from the above operating expense supporting schedules to adequate supporting documentation.</li></ul>   | No exceptions noted.   |
| <ul style="list-style-type: none"><li>• Compare each major expense account over 10% of the total expenses to prior period amounts and budget estimates. Obtain and document an understanding of any variations greater than 10%. Report the analysis as a supplement to the final Agreed-Upon procedures report.</li></ul>            | No exceptions noted and amounts and explanations for variations from the prior period are included in the supplement on page 19. |

**Athletic Student Aid**

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|---|---|
| 30. Select a sample of students (no less than 10% of the total student-athletes for institutions who have used NCAA's Compliance Assistant (CA) software to prepare athletic aid detail and no less than 20% of total student-athletes for institutions who have not) from the listing of institutional student aid recipients during the reporting period. | A sample of 30 student aid recipients was selected.   |
| 31. Obtain individual student account detail for each selection and compare total aid allocated from the related aid award letter to the student's account.   | There was one student aid recipient for which we were unable to obtain an updated grant in aid agreement. |
| 32. Perform a check of each student selected to ensure their information was reported accurately in either the NCAA's CA software or entered directly into the NCAA Membership Financial Reporting System using the following criteria:   | No exceptions noted.  |

<b>Procedure</b>	<b>Finding</b>
<ul style="list-style-type: none"> <li>The equivalency value for each student-athlete in all sports, including head-count sports, need to be converted to a full-time equivalency value. The full-time equivalency value is calculated using the athletic grant amount reported on the squad list as the numerator and the full grant amount which is the total cost for tuition, fees, books, room and board for an academic year as the denominator. If using the NCAA Compliance Assistant software, this equivalency value should already be calculated for you on that squad list labeled "Rev. Dist. Equivalent Award".</li> </ul>	No exceptions noted.
<ul style="list-style-type: none"> <li>If an athlete participates in more than one sport, the Rev. Dist. Equivalent Award can only be included in one sport. NCAA Compliance Assistant software will place an asterisk by the student athlete within the sport that is not countable towards grants-in-aid revenue distribution.</li> </ul>	No exceptions noted.
<ul style="list-style-type: none"> <li>All equivalency calculations should be rounded to two decimal places. The NCAA Compliance Assistant software and the on-line summary form will automatically round to two decimal places.</li> </ul>	No exceptions noted.
<ul style="list-style-type: none"> <li>The full grant amount should be the full cost of tuition for an academic year, not semester.</li> </ul>	No exceptions noted.
<ul style="list-style-type: none"> <li>If a sport is discontinued and the grant(s) are still being honored by the institution, the grant(s) may be included in the total.</li> </ul>	As there were no discontinued sports for the year ended June 30, 2017, this procedure was not performed.
<ul style="list-style-type: none"> <li>Student-athletes receiving athletic aid who have exhausted their athletics eligibility or are inactive due to medical reasons should be included in the grants-in-aid calculation, marked properly on the squad list and on the Grants-in-Aid submission form.</li> </ul>	No exceptions noted.
<ul style="list-style-type: none"> <li>Only athletic grants awarded in sports in which the NCAA conducts championship competitions, emerging sports for women and football should be included in the calculations.</li> </ul>	No exceptions noted.
<ul style="list-style-type: none"> <li>If a selected student received a Pell Grant, ensure the value of the grant is not included in the calculation of equivalencies or the total dollar amount of student athletic aid expense for the institution.</li> </ul>	No exceptions noted.
<ul style="list-style-type: none"> <li>If a selected student received a Pell Grant, ensure the student's grant was included in the total number and total value of Pell Grants reported for Revenue Distribution purposes in the NCAA Membership Financial Reporting System.</li> </ul>	No exceptions noted.

<b>Procedure</b>	<b>Finding</b>
33. Recalculate totals for each sport and overall.	No exceptions noted.
<b>Guarantees</b>	
34. Obtain and inspect visiting institution's away-game settlement reports received by the institution during the reporting period and agree related expenses to the Program's general ledger and/or the statement and recalculate totals.	As guarantees represent less than 4.0% of total expenses for the year ended June 30, 2017, no procedures are required to be performed.
35. Obtain and inspect contractual agreements pertaining to expenses recorded by the Program from guaranteed contests during the reporting period. Compare and agree related amounts expensed by the institution during to the Program's general ledger and/or the statement and recalculate totals.	As guarantees represent less than 4.0% of total expenses for the year ended June 30, 2017, no procedures are required to be performed.
<b>Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities</b>	
36. Obtain and inspect a listing of coaches employed by the Program and related entities during the reporting period. Select a sample of coaches' contracts that must include football, and men's and women's basketball from the listing.	A listing of all coaches employed by the Program was obtained. A sample of five coaches was selected, including the football head coach and men's and women's basketball head coach.
37. Compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the Program and related entities in the statement during the reporting period.	No exceptions noted.
38. Obtain and inspect payroll summary registers for the reporting year for each selection. Compare and agree payroll summary registers from the reporting period to the related coaching salaries, benefits and bonuses paid by the Program and related entities expense recorded by the Program in the statement during the reporting period.	No exceptions noted.
39. Compare and agree the totals recorded to any employment contracts executed for the sample selected and recalculate totals.	No exceptions noted.
<b>Coaching Other Compensation and Benefits Paid by a Third-Party</b>	
40. Obtain and inspect a listing of coaches employed by third parties during the reporting period. Select a sample of coaches' contracts that must include football, and men's and women's basketball from the listing.	As there were no coaching other compensation and benefits paid by a third party expenses for the year ended June 30, 2017, this procedure was not performed.

<b>Procedure</b>	<b>Finding</b>
41. Compare and agree the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third party and recorded by the Program in the statement during the reporting period.	As there were no coaching other compensation and benefits paid by a third party expenses for the year ended June 30, 2017, this procedure was not performed.
42. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary register to the coaching other compensation and benefits paid by a third party expenses recorded by the institution in the statement during the reporting period and recalculate totals.	As there were no coaching other compensation and benefits paid by a third party expenses for the year ended June 30, 2017, this procedure was not performed.
<b>Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities</b>	
43. Select a sample of support staff/administrative personnel employed by the Program and related entities during the reporting period.	A sample of five support staff/administrative personnel was selected.
44. Obtain and inspect reporting period summary payroll register for each selection. Compare and agree related summary payroll register to the related support staff administrative salaries, benefits and bonuses paid by the Program and related entities expense recorded by the Program in the statement during the reporting period and recalculate totals.	No exceptions noted.
<b>Support Staff/Administrative Other Compensation and Benefits Paid by a Third-Party</b>	
45. Select a sample of support staff/administrative personnel employed by the third parties during the reporting period.	As there was no support staff/administrative other compensation and benefits paid by a third party expenses for the year ended June 30, 2017, this procedure was not performed.
46. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary registers to the related support staff administrative other compensation and benefits expense recorded by the Program in the statement during the reporting period and recalculate totals.	As there was no support staff/administrative other compensation and benefits paid by a third party expenses for the year ended June 30, 2017, this procedure was not performed.
<b>Severance Payments</b>	
47. Select a sample of employees receiving severance payments by the institution during the reporting period and agree each severance payment to the related termination letter or employment contract and recalculate totals.	As severance payments represent less than 4.0% of total expenses for the year ended June 30, 2017, no procedures are required to be performed.

<b>Procedure</b>	<b>Finding</b>
<b>Recruiting</b>	
48. Obtain and document an understanding of the Program's recruiting expense policies.	As recruiting expenses represent less than 4.0% of total expenses for the year ended June 30, 2017, no procedures are required to be performed.
49. Compare and agree to existing institutional- and NCAA-related policies.	As recruiting expenses represent less than 4.0% of total expenses for the year ended June 30, 2017, no procedures are required to be performed.
50. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.	As recruiting expenses represent less than 4.0% of total expenses for the year ended June 30, 2017, no procedures are required to be performed.
<b>Team Travel</b>	
51. Obtain and document an understanding of the Program's team travel policies.	We obtained and documented an understanding of the Program's team travel policies.
52. Compare and agree to existing institutional- and NCAA-related policies.	No exceptions noted and policies are consistent with institutional and NCAA-related policies.
53. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.	No exceptions noted.
<b>Equipment, Uniforms and Supplies</b>	
54. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As equipment, uniforms and supplies represent less than 4.0% of total expenses for the year ended June 30, 2017, no procedures are required to be performed.
<b>Game Expenses</b>	
55. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	No exceptions noted.
<b>Fund Raising, Marketing and Promotion</b>	
56. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As fund raising, marketing, and promotion represents less than 4.0% of total expenses for the year ended June 30, 2017, no procedures are required to be performed.

<b>Procedure</b>	<b>Finding</b>
<b>Sports Camp Expenses</b>	
57. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As there were no sports camp expenses for the year ended June 30, 2017, this procedure was not performed.
<b>Spirit Groups</b>	
58. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As spirit groups represent less than 4.0% of the total expenses for the year ended June 30, 2017, no procedures are required to be performed.
<b>Athletic Facility Debt Service, Leases and Rental Fees</b>	
59. Obtain a listing of debt service schedules, lease payments and rental fees for athletics facilities for the reporting year. Compare a sample of facility payments including the top two highest facility payments to additional supporting documentation (e.g. debt financing agreements, leases, rental agreements).	No exceptions noted.
60. Compare amounts recorded to amounts listed in the general ledger detail and recalculate totals.	No exceptions noted.
<b>Direct Overhead and Administrative Expenses</b>	
61. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	No exceptions noted.
<b>Indirect Institutional Support</b>	
62. Compare the indirect institutional support recorded by the Program during the reporting period with expense payments, cost allocation detail and other corroborative supporting documentation and recalculate totals.	No exceptions noted.
<b>Medical Expenses and Medical Insurance</b>	
63. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As medical expenses and medical insurance represent less than 4.0% of total expenses for the year ended June 30, 2017, no procedures are required to be performed.
<b>Memberships and Dues</b>	
64. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As memberships and dues represent less than 4.0% of total expenses for the year ended June 30, 2017, no procedures are required to be performed.

<b>Procedure</b>	<b>Finding</b>
<b>Student-Athlete Meals (non-travel)</b>	
65. Obtain general ledger detail and compare to the total expenses report. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals	As student-athlete meals (non-travel) represent less than 4.0% of total expenses for the year ended June 30, 2017, no procedures are required to be performed.
<b>Other Operating Expenses</b>	
66. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As other operating expenses represent less than 4.0% of total expenses for the year ended June 30, 2017, no procedures are required to be performed.
<b>Bowl Expenses</b>	
67. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As there were no bowl expenses for the year ended June 30, 2017, this procedure was not performed.
<b>ADDITIONAL MINIMUM AGREED-UPON PROCEDURES</b>	
In order for NCAA to place reliance on the Division 1 financial reporting for NCAA distributions purposes, the following procedure will be performed:	
<ul style="list-style-type: none"> <li>Compare and agree the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the institution. The NCAA Membership Financial Reporting System populates the sports from the NCAA Membership Database as they are reported by the institution. If there is a discrepancy in the sports sponsored between the NCAA Membership Financial Reporting System and the squad lists, inquire about the discrepancy and report the justification in the Agreed-Upon procedures report.</li> </ul>	No exceptions noted.
<ul style="list-style-type: none"> <li>Obtain the institution's Sports Sponsorship and Demographics Forms Report for the reporting year. Validate that the countable sports reported by the institution meet the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and the number of participants in each contest that is counted toward meeting the minimum contest requirement. Once countable sports have been confirmed, ensure that the institution has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. Note: Any discrepancies MUST be resolved within the NCAA Membership Financial Reporting System prior to the report being submitted to the NCAA.</li> </ul>	No exceptions noted.



<b>Procedure</b>	<b>Finding</b>
<ul style="list-style-type: none"> <li>For Pell Grants: Agree the total number of Division 1 student-athletes who, during the academic year, received a Pell Grant award (e.g. Pell Grant recipients with no Grants-in-Aid) and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated out of the Program's financial aid records, of all student-athlete Pell Grants.</li> </ul>	No exceptions noted.

**Minimum Agreed-Upon Procedures For Other Reporting Items**

**Excess Transfers to Institution and Conference Realignment Expenses**

1. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As there were no transfers to institution and conference realignment expenses for the year ended June 30, 2017, this procedure was not performed.
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**Total Athletics Related Debt**

2. Obtain repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. Recalculate annual maturities (consisting of principal and interest) provided in the schedules obtained.	No exceptions noted.
3. Agree the total annual maturities and total outstanding athletic related to supporting documentation and the institution's general ledger, if applicable.	No exceptions noted.

**Total Institutional Debt**

4. Agree the total outstanding institutional debt to supporting documentation and the institution's audited financial statements, if available, or the institution's general ledger.	No exceptions noted.
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**Value of Athletics Dedicated Endowments**

5. Obtain a schedule of all athletics dedicated endowments maintained by the Program, the institution, and affiliated organizations. Agree the fair market value in the schedules(s) to supporting documentations, the general ledger(s) and audited financial statements, if available.	No exceptions noted.
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**Value of Institutional Endowments**

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

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

**Procedure**

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

**Finding**

The Program identified Florida Atlantic University Foundation, Inc. (the Foundation) as the only outside organization making expenditures for, or on behalf of the Program or its employees. The Foundation serves as the official legal conduit for the acceptance, investment, and distribution of private gifts in support of the activities and programs of Florida Atlantic University. Included in the Program's Foundation accounts are the accounts of the Owl Club and endowments held for the benefit of the Program. Revenues and expenditures recognized by the Foundation on behalf of the Program for the year ended June 30, 2017, was as follows:

Revenues	
Gifts	\$ <u>1,786,306</u>
Expenses	
Fund 02	\$ 1,706,266
Fund 40	3,141
Fund 60	<u>1,087,924</u>
Total Expenses	<u>\$ 2,797,331</u>

**Procedure**

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

**Finding**

We obtained and read the audited financial statements of the Foundation for the year ended June 30, 2017, and the related report on compliance and on internal control. The results of this procedure disclosed that the independent auditors expressed an unmodified opinion on the financial statements of the Foundation. The independent auditors noted no matters involving internal control over financial reporting and its operation that were considered material weaknesses.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying statement of revenues and expenses (Exhibit I) and the accompanying notes to the statement of revenues and expenses (Exhibit II). Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management Florida Atlantic University and the Program, the Florida Atlantic University Board of Trustees, the State of Florida Board of Education, and the National Collegiate Athletic Association, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Gainesville, Florida  
March 21, 2018

**FLORIDA ATLANTIC UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
**STATEMENT OF REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(UNAUDITED - SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS'**  
**REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES)**

	<b>Football</b>	<b>Men's Basketball</b>	<b>Women's Basketball</b>	<b>Other Sports</b>	<b>Nonprogram Specific</b>	<b>Total</b>
<b>Revenues</b>						
1 Ticket sales	\$ 744,987	\$ 92,719	\$ 6,025	\$ 72,853	\$ -	\$ 916,584
2 Direct state or other governmental support	-	-	-	-	774,914	774,914
3 Student fees	-	-	-	-	12,661,229	12,661,229
4 Direct institutional support	78,524	138,838	427,510	346,258	6,601,325	7,592,455
5 Transfers to institution	-	-	-	-	-	-
6 Indirect institutional support	-	-	-	-	2,924,563	2,924,563
6A Indirect institutional support - athletic facilities debt service, lease and rental fees	-	-	-	-	-	-
7 Guarantees	1,300,000	107,500	25,000	8,000	-	1,440,500
8 Contributions	1,104,601	32,472	3,956	126,789	1,538,335	2,806,153
9 In-kind	-	-	-	-	-	-
10 Compensation and benefits provided by a third party	-	-	-	-	-	-
11 Media rights	-	-	-	-	177,912	177,912
12 NCAA distributions	-	-	-	-	789,194	789,194
13 Conference distributions	-	-	-	-	1,395,835	1,395,835
14 Program sales, concessions, novelty sales and parking	249,303	843	-	544	-	250,690
15 Royalties, advertisements and sponsorships	-	-	-	-	703,172	703,172
16 Sports camp revenues	-	-	-	-	-	-
17 Endowment and investments income	-	-	-	-	-	-
18 Other operating revenue	-	-	-	-	2,076,058	2,076,058
19 Bowl revenues	-	-	-	-	-	-
Total operating revenues	<u>3,477,415</u>	<u>372,372</u>	<u>462,491</u>	<u>554,444</u>	<u>29,642,537</u>	<u>34,509,259</u>
<b>Expenses</b>						
20 Athletics student aid	2,215,414	489,247	584,041	2,242,299	429,269	5,960,270
21 Guarantees	590,000	38,000	1,000	29,500	-	658,500
22 Coaching salaries, benefits and bonuses paid by the University and related entities	3,011,399	809,370	582,830	1,768,900	-	6,172,499
23 Coaching other compensation and benefits paid by a third-party	-	-	-	-	-	-
24 Support staff and administrative salaries, benefits and bonuses paid by the University and related entities	410,202	244,417	187,754	6,113	2,761,599	3,610,085
25 Support staff and administrative other compensation paid by a third-party	-	-	-	-	-	-
26 Severance payments	34,483	-	-	-	-	34,483
27 Recruiting	280,170	90,938	75,344	124,364	632	571,448
28 Team travel	831,491	322,450	145,723	1,125,177	5,773	2,430,614
29 Equipment, uniforms and supplies	430,523	35,234	30,042	192,212	213,284	901,295
30 Game expenses	982,754	95,737	100,833	156,551	513,618	1,849,493
31 Fund raising, marketing and promotion	-	-	-	-	747,297	747,297
32 Sports camp expenses	-	-	-	-	-	-
33 Spirit groups	-	-	-	-	20,627	20,627
34 Athletic facilities debt service, leases and rental fee	-	-	-	-	4,176,965	4,176,965
35 Direct overhead and administrative expenses	-	-	-	-	1,886,775	1,886,775
36 Indirect institutional support	-	-	-	-	2,924,563	2,924,563
37 Medical expenses and medical insurance	-	-	-	-	708,571	708,571
38 Memberships and dues	14,670	8,875	8,237	76,526	403,980	512,288
39 Student-athlete meals (non-travel)	163,617	22,642	3,828	18,756	-	208,843
40 Other operating expenses	-	-	-	-	728,067	728,067
41 Bowl expenses	-	-	-	-	-	-
Total operating expenses	<u>8,964,723</u>	<u>2,156,910</u>	<u>1,719,632</u>	<u>5,740,398</u>	<u>15,521,020</u>	<u>34,102,683</u>
50 Transfers to institution	-	-	-	-	-	-
<b>Excess (deficiency) of revenues over (under) expenses</b>	<u>\$ (5,487,308)</u>	<u>\$ (1,784,538)</u>	<u>\$ (1,257,141)</u>	<u>\$ (5,185,954)</u>	<u>\$ 14,121,517</u>	<u>\$ 406,576</u>
51 Conference realignment expenses						<u>\$ -</u>
52 Total athletics related debt						<u>\$ 46,296,805</u>
53 Total institutional debt						<u>\$ 267,235,000</u>
54 Value of athletics dedicated endowments						<u>\$ 198,666</u>
55 Value of institutional endowments						<u>\$ 215,954,276</u>
56 Total athletics related capital expenditures						<u>\$ 106,759</u>

See accompanying notes to Statement of Revenues and Expenses.

**FLORIDA ATLANTIC UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM  
NOTES TO STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2017  
(UNAUDITED – SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS’  
REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES)**

(1) **Basis of Accounting:**

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

(2) **Capital Assets:**

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

(3) **Contributions:**

The Foundation serves as the official legal conduit for the acceptance, investment, and distribution of private gifts in support of the activities and programs of Florida Atlantic University. Contributions of \$2,806,153 were recognized from the Foundation for the year ended June 30, 2017, and have been included in the accompanying statement of revenues and expenses. Contributions received from the Foundation was the only contribution exceeding 10% of total contributions, as reported in the statement of revenues and expenses, for the year ended June 30, 2017.

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

Series 2010 – Taxable Capital Improvement Revenue Bonds were issued in November 2010 in the amount of \$44,500,000 and financed the construction of a 30,000 seat stadium facility, parking improvements, and other associated athletic and onsite and offsite infrastructure improvements and projects. The bonds bear interest at an annual rate of 5.78% and mature in 2040. Issuance of the bonds provided the FAU Finance Corporation (the Corporation) with a federal subsidy through a refundable tax credit paid to the Corporation each fiscal year by the IRS, in an amount equal to 35% of the total coupon interest payable to investors in these taxable bonds, which was subsequently reduced by 6.9% as a result of sequestration for the years ended June 30, 2017.

Bondholders have the option to require that the Corporation purchase the bonds on the Initial Purchase Date of October 1, 2017, or agree to an Extended Purchase Date which cannot exceed three years from the Initial Purchase Date or each Extended Purchase Date, as applicable. The interest rate on the bonds is subject to adjustment on each Extended Purchase Date and will be determined by taking the 3-year LIBOR swap rate, as of the applicable Extended Purchase Date, and adding 336 basis points. The Extended Purchase Date interest shall be calculated on the basis of actual number of days elapsed in a 360- day year.

In addition, the Corporation is required to certify on a quarterly basis that the operating and nonoperating revenues from the previous twelve month period are sufficient to cover at least 125% of an amount equal to the annual bond service requirements, net of direct pay subsidies expected to be received on each respective interest payment date.

**FLORIDA ATLANTIC UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM  
NOTES TO STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2017  
(UNAUDITED – SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS’  
REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES)**

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

The change in long-term obligations for the year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds, Series 2010 Stadium	\$ 41,620,000	\$ -	\$ (1,035,000)	\$ 40,585,000	\$ 1,070,000
Total	<u>\$ 41,620,000</u>	<u>\$ -</u>	<u>\$ (1,035,000)</u>	<u>\$ 40,585,000</u>	<u>\$ 1,070,000</u>

The Series 2010 – Taxable Capital Improvement Revenue Bonds provide bondholders with the option to require that the Corporation purchase the bonds on the initial put date of October 1, 2017, in the amount of \$39,515,000 or agree to an extended put date which cannot exceed three years from the initial put date or each extended put date, as applicable. Refer to subsequent event discussed in Note 5. The previous table does not reflect any accelerated amortizations that may result under the put options as previously discussed, the effect of subsequent event discussed in Note 5 and does not include the \$1,139,078 in unauthorized bond premiums in the total principal outstanding for the year ended June 30, 2017.

*Pledged Revenue*

The Corporation has pledged revenues to repay bonds outstanding as of June 30, 2017. The following table reports the revenues pledged for each debt issue, the amounts of such revenue received in the current year (net of operating expenses), the current year principal and interest recorded on the debt, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenue for each debt, which is the amount of the remaining principal and interest on the bonds at June 30, 2017:

<b>Debt Issue</b>	<u>Pledged Revenue</u>	<u>Net Available Revenue*</u>	<u>Principal and Interest Recorded</u>	<u>Outstanding Principal and Interest**</u>	<u>Pledged Through</u>
Bonds, Series 2010 Stadium	Athletic Revenues	\$ 4,149,395	\$ 3,413,393	\$ 73,287,417	2040

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

\*\*Represents principal and interest payments outstanding from 7/1/2017 and beyond.

(5) **Subsequent Event:**

In August 2017, the Corporation issued \$ 40,035,000 in Capital Improvement Refunding Revenue Note, Series 2017 for the purpose of refunding the Taxable Capital Improvement Revenue Bonds (Football Stadium), Series 2010. This bond bears an interest rate of 2.61% through maturity on July 1, 2040. Interest payments are due semiannually in January and July, with principal due once a year in July.

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

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

**FLORIDA ATLANTIC UNIVERSITY  
SUPPLEMENT TO STATEMENT OF REVENUES AND EXPENSES  
VARIATION ANALYSIS OF THE TOTAL REVENUES AND EXPENSES  
TO PRIOR PERIOD AMOUNTS AND BUDGET ESTIMATES  
FOR THE YEAR ENDED JUNE 30, 2017  
(UNAUDITED - SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS'  
REPORT ON APPLYING AGREED-UPON PROCEDURES)**

<b>Revenues</b>	<b>2017</b>	<b>2016</b>	<b>\$ Variance</b>	<b>% Variance</b>	<b>Variation Explanation</b>
4 Direct institutional support	\$ 7,592,455	\$ 2,289,949	\$ 5,302,506	231.56%	Received \$6M from FAUFC in FY17 and \$0.00 in FY16.
<b>Expenses</b>					
20 Athletics student aid	\$ 5,960,270	\$ 4,386,317	\$ 1,573,953	35.88%	Last year, only the amount of scholarships in athletics trial balance was included. This year, \$1.3M in waivers was included as student aid as per NCAA description (This \$1.3M was also included in revenue).
22 Coaching salaries, benefits and bonuses paid by the University and related entities	\$ 6,172,499	\$ 4,537,437	\$ 1,635,062	36.03%	Increase of \$1.3M in salaries for new football head coach and assistant coach
24 Support staff/admin compensation and benefits paid by the university	\$ 3,610,085	\$ 2,925,821	\$ 684,264	23.39%	Increase in salaries and benefits due to the creation of new positions, turnover (payouts) and some merit increases.
34 Athletic facilities debt service, leases and rental fee	\$ 4,176,965	\$ 2,642,933	\$ 1,534,032	58.04%	FY16 debt service amount reported is net of BABs and does not include internal loans or other leases.

**Note 1:** The budget estimates for the Florida Atlantic University, Inc. are not prepared in a format consistent with the revenue and expense categories specified by the NCAA. Thus, the variance analysis of total revenues and expenses to the budget estimates for the year ended June 30, 2017, could not be performed.