



Item: AF: I-5

AUDIT AND FINANCE COMMITTEE

Wednesday, February 17, 2010

**SUBJECT: REVIEW OF FAU INTERCOLLEGIATE ATHLETICS PROGRAM
INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2009.**

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, 2009. FAU's management is responsible for the statement of revenue and expenses ("statement") and the statement's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report.

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

IMPLEMENTATION PLAN/DATE

Not Applicable.

FISCAL IMPLICATIONS

Not Applicable.

Supporting Documentation: FAU Intercollegiate Athletics Program Independent Accountant's Report on Agreed-Upon Procedures for the Year Ended June 30, 2009.

Presented by: Mr. Craig Angelos, Director-Intercollegiate Athletics

Phone: 561-297-3199

**FLORIDA ATLANTIC UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

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

FOR THE YEAR ENDED JUNE 30, 2009

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

Dr. John Pritchett, 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 (the "Statement") is in compliance with the National Collegiate Athletic Association ("NCAA") Bylaw 6.2.3.1 for the fiscal year ended June 30, 2009. The University's management is responsible for the Statement and its 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 the parties specified above. 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, 2009 are as follows:

REVENUE:

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

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

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

TICKET SALES:

We obtained and reviewed the daily deposit ticket schedules for tickets sold which was prepared by the Florida Atlantic University Athletics Department (the "Athletics Department") and we reconciled this schedule to FAU's general ledger. The general ledger entries for ticket sales are made by the main FAU office and the Athletics Department keeps track of ticket sales through online reports from Ticketmaster. Because approximately 86% 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 \$749,475. This amount, less \$180,000 of complimentary tickets given to sponsors, equals \$21,995 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.

No significant difference was noted between the general ledger ticket sales and the ticket sales indicated on the Ticket Deposit Daily Reconciliation Schedule provided to us by the Athletics Department.

We found no significant exceptions with regards to other procedures.

Analytical Findings:

Actual revenue from Ticket Sales decreased from \$703,809 during the fiscal year ended June 30, 2008 to \$635,196 during the fiscal year ended June 30, 2009. A downturn in the economy is the primary reason for the decrease in Ticket Sales during the year ended June 30, 2009 as compared to the prior year. There was no significant difference between budgeted and actual results.

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, 2009, FAU charged each student a fee of \$13.75 per semester hour for general athletics. This amount was agreed to the University document titled "Rules of the Department of

STUDENT FEES (CONTINUED):

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, 2009 multiplied by the fixed fee amount per credit hour yielded a result that was approximately 1.5% below the dollar amount reported on the Statement, a difference of approximately \$124,000.

Analytical Findings:

Actual revenue from Student Fees increased from \$7,990,719 during the fiscal year ended June 30, 2008 to \$8,205,800 during the fiscal year ended June 30, 2009 due to an increase in student semester hours. There was no significant difference between budgeted and actual results.

GUARANTEES:

We obtained and reviewed a sample of six athletic agreements/contracts which detail the guaranteed revenue that was received by FAU for participation in away games. These six agreements/contracts aggregated \$1,655,000, comprising roughly 98% of guarantee revenue recorded for the year ended June 30, 2009. Additionally, there was \$200,000 revenue generated from in-conference football games that were utilized to purchase football tickets. This amount is included in ticket sales revenue. We traced the amounts that appeared on the athletic agreements/contracts to the general ledger without exception. We also agreed the event dates stated in the athletic agreements/contracts to the reporting period.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Actual revenue from Guarantees increased from \$1,235,371 during the fiscal year ended June 30, 2008 to \$1,697,000 during the fiscal year ended June 30, 2009. This increase is due to the fact that the men's basketball program played one more guarantee game than the previous year, and the football program received larger guarantees for playing against certain larger institutions in the current year (such as the University of Texas). There was no significant difference between budgeted and actual results.

CONTRIBUTIONS:

We obtained and reviewed supporting documentation for the contribution of money, goods or services received by the Athletics Department for any affiliated or outside organization, agency or group of individuals that constitutes 10% or more of all contributions received for intercollegiate athletics during the reporting period. The Athletics Department received \$532,223 in contributions for the fiscal year ended June 30, 2009, most of which was received from the Florida Atlantic University Foundation Athletic Account (the "Foundation Athletic Account"). The Foundation Athletic Account is maintained for purposes of collecting and accounting for contributions made to the Athletics Department, which is then the property of the Athletics Department. During the fiscal year ended June 30, 2009, \$274,125 was provided to the Athletics Department from funds in the Foundation Athletic Account and \$116,814 of the Athletic Department's expenses was directly paid by funds in the Foundation Athletic Account. Various other contributions (mostly from Nike) comprise the remaining portion of the \$532,223 in contributions received.

The Florida Atlantic University Foundation, Inc. (the "Foundation") is the sponsor of the Foundation Athletic Account and is the only outside organization not under control of FAU from where the Athletics Department may pay expenses directly from or on their own behalf. The Foundation serves as the official legal conduit for the acceptance, investment, and distribution of private gifts in support of the activities and programs of FAU. We obtained a schedule of all expenditures made through the Foundation Athletic Account on behalf of the Athletics Department and all cash transfers received for the fiscal year ended June 30, 2009. We also obtained a copy of the Foundation Athletic Account's general ledger detailing the transactions related to the Athletics Department. We agreed all amounts reported on the Statement to the general ledger.

We obtained and read the Foundation's audited financial statements and reports to management regarding matters related to internal control over financial reporting for the fiscal year ended June 30, 2009.

Findings:

We noted that an independent auditor expressed an unqualified opinion on the financial statements of the Foundation for the fiscal year ended June 30, 2009. The independent auditor noted no matters involving internal control over financial reporting and its operation that were considered significant deficiencies or material weaknesses.

Analytical Findings:

Revenue from Contributions decreased from \$1,293,530 during the fiscal year ended June 30, 2008 to \$532,223 during the fiscal year ended June 30, 2009. This decrease is primarily due to Foundation receiving fewer contributions as a result of the downturn in the economy. The negative variance between actual contributions received during the fiscal year ended June 30, 2009 and the budgeted total is due to the receipt of fewer contributions from the Foundation during the fiscal year than originally anticipated.

THIRD PARTY SUPPORT:

Third Party Support Revenue, consisting of \$12,000 offsets with Third Party Compensation Expense (\$6,000) and Third Party Staff/Administrative Expense (\$6,000). As such, we did not perform any procedures pertaining to these offsetting totals. The Athletics Department does not budget for these amounts as they have no net impact on the Athletic Department's bottom line.

DIRECT INSTITUTIONAL SUPPORT:

For the fiscal year ended June 30, 2009, FAU approved \$1,569,218 in institutional support. Of this amount, \$756,025 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 difference to the current year total. Individual student tuition waivers were tested as part of our procedures applicable to student aid expenses. FAU also authorized interfund transfers of \$420,544 to cover the athletic scholarship amounts for the summer sessions as well as other related expenses, \$247,246 designated for women's programs, \$89,171 paid to the Athletics Department by the State of Florida (the "State") for certain benefits, and \$56,232 representing miscellaneous other sources of support. We obtained and reviewed the authorizations for these transfers. We traced the amount of the transfers that appeared on the authorizations to the general ledger without exception.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Direct Institutional Support increased from \$1,374,222 during the fiscal year ended June 30, 2008 to \$1,569,218 during the fiscal year ended June 30, 2009. This variance was primarily due to increases in the University support budget of approximately \$158,000 and an increase in the money from the State of approximately \$16,000 for fringe and salary benefits as compared to the prior year. The positive variance between actual direct institutional support received during the year ended June 30, 2009 and the budgeted total is due to the fact that the increases in the University support and in the money from the State discussed above was not included in the budgeted total for direct institutional support.

INDIRECT FACILITIES AND ADMINISTRATIVE SUPPORT:

The Greater Boca Raton Beach & Park District appropriated \$386,575 in funds to be disbursed to FAU for the operation and maintenance of the five athletic fields located on the Boca Raton Campus. We obtained and reviewed the letter from the Greater Boca Raton Beach & Park District awarding the grant based upon FAU's detailed report. FAU receives funds for reimbursement of actual expenditures. FAU invoices the Greater Boca Raton Beach & Park District quarterly for reimbursement. We obtained FAU's quarterly invoices for the reporting period and compared the actual expenditure amount incurred and invoiced against the amount recorded on the Statement for the reporting period.

The Athletics Department also received \$580,305 in indirect support from the FAU Academics Department. We obtained the general ledger account detail from the Academics Department's general ledger and agreed all amounts to be reported on the Statement.

FAU currently does not track the indirect institutional support for utilities expenses. FAU has allocated \$570,000 to utilities expense and reported this amount on the Statement based upon an estimate made by the University for electricity used for the lights on the fields, grounds and offices of the Athletics Department.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Indirect Facilities and Administrative Support decreased from \$1,716,766 during the fiscal year ended June 30, 2008 to \$1,536,880 during the fiscal year ended June 30, 2009. This variance was primarily due to a reduction in expenses in the current year as compared to the prior year during which renovations were made to the soccer field. This revenue category was not budgeted due to the fact that it is offset by Indirect Facilities and Administrative Support Expenses.

NCAA/CONFERENCE DISTRIBUTIONS:

FAU received the following from the NCAA: \$130,615 as their share of a sports sponsorship fund; \$402,172 for an athletics grants-in-aid award; \$207,658 as a Sun Belt Conference member revenue distribution; \$50,347 for participating in the National Invitational Tournament ("NIT") basketball tipoff event; \$265,000 for the football team's participation in the 2008 Motor City Bowl, and \$4,695 in other miscellaneous revenue. These receipts total \$1,060,487, as reported on the Statement.

We obtained and reviewed all receipts aggregating \$1,060,487. For each receipt, 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 the finance transaction form or copy of check/stub.

NCAA/CONFERENCE DISTRIBUTIONS (CONTINUED):

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Actual revenue from NCAA/Conference Distributions decreased from \$1,242,600 during the fiscal year ended June 30, 2008 to \$1,060,487 during the fiscal year ended June 30, 2009. This decrease is primarily due to the receipt of \$85,000 less as a result of the football team's appearance in a bowl game during the fiscal year ended June 30, 2009 as compared to the distribution received for their bowl game appearance in the prior year. Additionally, the remaining variance is a result of decreased allocations from the NCAA for all sports as compared to the prior year. Actual revenue exceeded budgeted totals due primarily to the fact that the revenue received from the football team's appearance in a bowl game was not budgeted.

PROGRAM SALES, CONCESSIONS, NOVELTY SALES, AND PARKING:

Analytical Findings:

There was not a significant variance in revenue from Program Sales, Concessions, Novelty Sales, and Parking during the fiscal year ended June 30, 2009 as compared to the fiscal year ended June 30, 2008. Additionally, there was no significant difference in budgeted versus actual revenue for Program Sales, Concessions, Novelty Sales, and Parking for the fiscal year ended June 30, 2009.

ROYALTIES, LICENSING, ADVERTISEMENTS, AND SPONSORSHIPS:

We selected a sample of agreements related to royalty and corporate sponsorship income. FAU entered into a ten year license agreement with a vendor titled "Soft Drink Pouring Rights Contract". The vendor has exclusive rights to sell beverages on FAU's campuses marketing Pepsi products. The vendor is to pay FAU based on net sales of all items with a guaranteed annual minimum payment of \$200,000. Of this amount, FAU allocated an annual maximum amount of \$180,000 to the Athletics Department. This agreement and other sponsorship agreements aggregated most of the \$269,937 reported as revenue on the Statement for the fiscal year ended June 30, 2009. We traced these amounts, which were received by the Athletics Department as an inter-fund transfer, to the general ledger. We traced the payment terms and amounts that appeared in the contracts to the amounts received and recorded in the general ledger. We agreed the period terms in the contracts to the reporting period.

Findings:

We found no exceptions as a result of these procedures.

ROYALTIES, LICENSING, ADVERTISEMENTS, AND SPONSORSHIPS (CONTINUED):

Analytical Findings:

Actual revenue decreased from \$403,914 during the fiscal year ended June 30, 2008 to \$269,937 during the fiscal year ended June 30, 2009 due primarily to a decrease in sponsorships as a result of a downturn in the economy. The negative variance between actual revenue received during the fiscal year ended June 30, 2009 and the budgeted total is due to less sponsorship revenue during the fiscal year than originally anticipated due to a downturn in the economy.

ENDOWMENT AND INVESTMENT INCOME:

We did not perform any procedures applicable to the \$3,969 of Endowment and Investment Income during the fiscal year ended June 30, 2009. This amount is not significant to the Athletic Department's overall revenue and there was not a significant variance between this amount and the prior year's income. This amount is not budgeted for by the Athletic Department due to the fact that it is non-operational in nature, therefore, a comparison between actual and budgeted income can not be made.

OTHER REVENUE:

We obtained a sample of receipts selected from supporting schedules noting no differences as to the amount recorded or the period in which it should be recorded. We noted that supporting schedules and the general ledger detail agree to the total of \$484,901 reported in the Statement.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Other Revenue increased from \$386,749 during the fiscal year ended June 30, 2008 to \$484,901 during the fiscal year ended June 30, 2009. This increase is primarily due to the funding received from the Foundation for a golf tournament in the current year, and funding received from the University to cover one time 1% salary increases. This revenue line item is not individually budgeted; therefore, a comparison between actual and budgeted totals can not be made.

SHORT-TERM WORKING CAPITAL LOAN:

The Athletics Department received a short-term working capital loan from the University in the amount of \$275,255 applicable to the fiscal year ended June 30, 2009. This loan was repaid by the Athletics Department during the fiscal year ended June 30, 2010. Based upon the fact that this amount was to be repaid by the Athletics Department, it has not been recorded as revenue or expense on the Statement for the year ended June 30, 2009.

EXPENSES:

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

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

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

ATHLETIC STUDENT AID:

We obtained and reviewed a listing of student aid recipients during the reporting period and selected a sample of ten students. We obtained these students' signed award letter and billing statement for the fiscal year ended June 30, 2009. The billing statement separated the amounts paid by the Athletics Department into scholarship awards and student payments. We agreed the amounts paid on the billing statement to the terms in the award letter. The student aid listing is created for students who are eligible to receive athletic scholarships. The amount in the scholarship listing is based on a full course load of 15 credit hours and a books stipend of \$400. Any additional expense, such as an additional credit hour in the course load, is normally covered by the athletics scholarship program. The Athletics Department is willing to provide students with some additional funding, if needed. Students who do not take the full course load of classes receive less aid than the listing will show. The billing statement indicates the amount that is paid by the Athletics Department along with the tuition waivers given to applicable students.

Findings:

The signed award letter could not be located for one of the ten students selected for testing. No other exceptions were noted as a result of all procedures described above.

Analytical Findings:

There was not a significant variance between the amounts applicable to the fiscal years ended June 30, 2009 and 2008. There was also not a significant variance between budget estimates versus actual results.

GUARANTEES:

We obtained and reviewed a sample of nine athletic agreements/contracts which detail the guaranteed expenses that were incurred by FAU for participation in home games. The nine agreements/contracts selected for testing aggregated \$369,740 (approximately 97% of total guarantees expense reported on the Statement). We traced the amounts that appeared on the athletics agreements/contracts to the general ledger. We also agreed the event dates stated on the athletics agreements/contracts to the reporting period.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Guarantees decreased from \$483,646 during the fiscal year ended June 30, 2008 to \$380,755 during the fiscal year ended June 30, 2009. This decrease was primarily due to fewer out-of-conference football home games in the fiscal year ended June 30, 2009 as compared to the previous year. This expense category was not individually budgeted because it was included in an overall operating expense budget; therefore, a true comparison can not be made against actual results. However, there was no significant variance noted between budgeted and actual operating expenses in aggregate.

COACHING SALARIES, BENEFITS, AND BONUSES:

We obtained a schedule of coaches' salaries and agreed the amount to the salaries listing, which was reconciled to the general ledger. We selected ten coaches for which we obtained and inspected the 2008 Form W-2 for each selection. The 2009 Form 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 2008 Form W-2's were properly included in the coaches' salaries reported in the Statement during the reporting period. We obtained the coaches' contracts and terms of the salaries, and agreed the amounts to the salaries schedule.

Findings:

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

Analytical Findings:

No significant variance was noted in Coaching Salaries, Benefits, and Bonuses paid during the fiscal year ended June 30, 2009 as compared to the previous year. The budget did not break out this line item from Support Staff and Administrative Salaries, Benefits, and Bonuses. Therefore, a true comparison can not be made. Overall, no significant variance was noted between budgeted amounts in aggregate for coaches, support staff and administrative salaries as compared to actual costs.

THIRD PARTY COMPENSATION:

See Third Party Support Revenue.

SUPPORT STAFF AND ADMINISTRATIVE SALARIES, BENEFITS, AND BONUSES:

We obtained a schedule of support staff and administrative personnel salaries and agreed the amount to the salaries listing, which was reconciled to the general ledger. We selected five support staff and administrative personnel for which we obtained and inspected the 2008 Form W-2 for each selection. The 2009 Form W-2's were not yet available at the time these procedures were performed. Therefore, we performed a payroll reconciliation for these five selections in order to verify that the amounts reported in the 2008 Form W-2's were properly included in the salaries reported in the Statement during the reporting period.

Findings:

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

Analytical Findings:

No significant variance was noted in Support Staff and Administrative Salaries, Benefits, and Bonuses paid during the fiscal year ended June 30, 2009 as compared to the previous year. The budget did not break out this line item from Coaching Salaries, Benefits, and Bonuses. Therefore, a true comparison can not be made. Overall, no significant variance was noted between budgeted amounts in aggregate for coaches and support staff and administrative salaries as compared to actual costs.

THIRD PARTY STAFF/ADMINISTRATIVE:

See Third Party Support Revenue.

SEVERANCE PAYMENTS:

We obtained a listing of all former employees who received severance payments during the fiscal year ended June 30, 2009 and tied each amount to the FAU's payroll reports. Additionally, we selected the three largest severance payments for additional testing. For each of these selections, we reviewed the personnel file, noting documentation of their termination and severance payments.

Findings:

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

SEVERANCE PAYMENTS (CONTINUED):

Analytical Findings

Severance Payments increased from \$54,713 during the fiscal year ended June 30, 2008 to \$141,571 during the fiscal year ended June 30, 2009. This variance is primarily due to greater turnover in staff during the current year, requiring greater severance payments. This expense category was not individually budgeted for; therefore, a true comparison can not be made against actual results.

RECRUITING:

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

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Recruiting expenses decreased from \$283,568 during the fiscal year ended June 30, 2008 to \$246,777 during the fiscal year ended June 30, 2009. This decrease is primarily due to normal year-to-year fluctuations as rosters have different needs from one year to the next based primarily on graduations. This expense category was not individually budgeted because it was included in an overall operating expense budget; therefore, a true comparison can not be made against actual results. However, there was no significant variance noted between budgeted and actual operating expenses in aggregate.

TEAM TRAVEL:

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

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

There was no significant variance in Team Travel expenses during the fiscal years ended June 30, 2009 and 2008. This expense category was not individually budgeted because it was included in an overall operating expense budget; therefore, a true comparison can not be made against actual results. However, there was no significant variance noted between budgeted and actual operating expenses in aggregate.

EQUIPMENT, UNIFORMS, AND SUPPLIES:

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

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

There was no significant variance in Equipment, Uniforms, and Supplies expenses during the fiscal years ended June 30, 2009 and 2008. This expense category was not individually budgeted because it was included in an overall operating expense budget; therefore, a true comparison can not be made against actual results. However, there was no significant variance noted between budgeted and actual operating expenses in aggregate.

GAME EXPENSES:

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

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

There was no significant variance in Game Expenses incurred the fiscal years ended June 30, 2009 and 2008. This expense category was not individually budgeted because it was included in an overall operating expense budget; therefore, a true comparison can not be made against actual results. However, there was no significant variance noted between budgeted and actual operating expenses in aggregate.

FUND RAISING, MARKETING, AND PROMOTION:

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

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Fund Raising, Marketing, and Promotion expense increased from \$302,491 during the fiscal year ended June 30, 2008 to \$610,459 during the fiscal year ended June 30, 2009. The increase is primarily a result of a more comprehensive allocation of expenses between this expense line item and the Other Operating Expenses category. In aggregate, there was not a significant variance between these line items during the years ended June 30, 2009 and 2008. This expense category was not individually budgeted because it was included in an overall operating expense budget; therefore, a true comparison can not be made against actual results. However, there was no significant variance noted between budgeted and actual operating expenses in aggregate.

DIRECT FACILITIES, MAINTENANCE, AND RENTAL:

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

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

There was no significant variance in Direct Facilities, Maintenance, and Rental expenses during the fiscal years ended June 30, 2009 and 2008. This expense category was not individually budgeted because it was included in an overall operating expense budget; therefore, a true comparison can not be made against actual results. However, there was no significant variance noted between budgeted and actual operating expenses in aggregate.

SPIRIT GROUPS:

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

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

There was no significant variance in Spirit Group expenses during the fiscal years ended June 30, 2009 and 2008. This expense category was not individually budgeted because it was included in an overall operating expense budget; therefore, a true comparison can not be made against actual results. However, there was no significant variance noted between budgeted and actual operating expenses in aggregate.

INDIRECT FACILITIES AND ADMINISTRATIVE SUPPORT:

As detailed in the Indirect Facilities and Administrative Support revenue category findings, \$386,575 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, \$570,000 has been allocated to utilities expense based upon estimates made by the University of usage by the Athletics Department. Also included in this expense category is \$580,305 in indirect support from the FAU Academics Department, as detailed in the direct institutional support revenue category findings.

Findings:

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

Analytical Findings:

Indirect Facilities and Administrative Support decreased from \$1,716,766 during the fiscal year ended June 30, 2008 to \$1,536,880 during the fiscal year ended June 30, 2009. This variance was primarily due to a reduction in the grant received for the soccer field in the reporting period as compared to the prior year. This expense category was not budgeted due to the fact that it is offset by Indirect Facilities and Administrative Support Revenue; therefore a budget versus actual comparison can not be made.

MEDICAL EXPENSES AND MEDICAL INSURANCE:

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

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

There was no significant variance in Medical Expense and Medical Insurance during the fiscal years ended June 30, 2009 and 2008. This expense category was not individually budgeted because it was included in an overall operating expense budget; therefore, a true comparison can not be made against actual results. However, there was no significant variance noted between budgeted and actual operating expenses in aggregate.

MEMBERSHIPS AND DUES:

We selected two Membership and Dues expenses comprising approximately 88% of the total applicable expenses. We obtained copies of the two invoices and agreed them to the general ledger. We also noted that both of the invoices selected for testing were recorded in the proper reporting period, proper expense category, and was approved for payment.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

There was no significant variance in Membership and Dues during the fiscal years ended June 30, 2009 and 2008. This expense category was not individually budgeted because it was included in an overall operating expense budget; therefore, a true comparison can not be made against actual results. However, there was no significant variance noted between budgeted and actual operating expenses in aggregate.

OTHER OPERATING EXPENSES:

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

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Other Operating Expenses decreased from \$687,614 during the fiscal year ended June 30, 2008 to \$410,541 during the fiscal year ended June 30, 2009. As discussed in the Fund Raising, Marketing, and Promotion Expenses section, there was a more comprehensive allocation of expenses between these line items during the fiscal year ended June 30, 2009 as compared to the prior year. There was no significant difference in actual expenses incurred in aggregate between these line items during the fiscal year ended June 30, 2009 as compared to the prior year. This expense category was not individually budgeted because it was included in an overall operating expense budget; therefore, a true comparison can not be made against actual results. However, there was no significant variance noted between budgeted and actual operating expenses in aggregate.

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

This report is intended solely for the information and use of management of the Athletics Department, the Board of Trustees of FAU, the State of Florida Board of Education, and the NCAA, and is not intended to be and should not be used by anyone other than these specified parties.

Goldstein Lewin & Co.

Boca Raton, Florida
December 31, 2009

FLORIDA ATLANTIC UNIVERSITY INTERCOLLEGIATE ATHLETICS DEPARTMENT
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009 (UNAUDITED)

	<u>FOOTBALL</u>	<u>MEN'S BASKETBALL</u>	<u>WOMEN'S BASKETBALL</u>	<u>OTHER SPORTS</u>	<u>NON- PROGRAM SPECIFIC</u>	<u>TOTAL</u>
REVENUE						
Ticket Sales	\$ 547,480	\$ 43,592	\$ 3,432	\$ 40,692	\$ -	\$ 635,196
Student Fees	-	-	-	-	8,205,800	8,205,800
Guarantees	1,450,000	205,000	30,000	12,000	-	1,697,000
Contributions	106,472	12,705	10,821	51,676	350,549	532,223
Third Party Support	6,000	-	-	-	6,000	12,000
Direct Institutional Support	-	-	-	-	1,569,218	1,569,218
Indirect Facilities and Administrative Support	-	-	-	-	1,536,880	1,536,880
NCAA/Conference Distributions	265,000	50,347	-	-	745,140	1,060,487
Program Sales, Concessions, Novelty Sales, and Parking	21,840	5,815	-	4,525	42,118	74,298
Royalties, Licensing, Advertisements, and Sponsorships	-	-	-	-	269,937	269,937
Endowment and Investment Income	-	-	-	1,176	2,793	3,969
Other Revenue	34,862	6,075	3,099	120,761	320,104	484,901
Total Revenue	2,431,654	323,534	47,352	230,830	13,048,539	16,081,909
EXPENSES						
Athletic Student Aid	1,167,591	257,830	301,236	1,998,060	-	3,724,717
Guarantees	350,000	2,180	4,740	23,835	-	380,755
Coaching Salaries, Benefits, and Bonuses	1,114,725	423,409	317,287	1,131,956	-	2,987,377
Third Party Compensation	6,000	-	-	-	-	6,000
Support Staff and Administrative Salaries, Benefits, and Bonuses	188,313	39,443	10,276	-	1,685,781	1,923,813
Third Party Staff/Administrative	-	-	-	-	6,000	6,000
Severance Payments	34,935	19,549	-	62,002	25,085	141,571
Recruiting	107,080	40,485	57,132	42,080	-	246,777
Team Travel	1,071,407	241,170	145,463	730,430	400	2,188,870
Equipment, Uniforms, and Supplies	154,463	35,330	24,854	254,821	251,973	721,441
Game Expenses	164,312	70,981	44,863	83,203	13,568	376,927
Fund Raising, Marketing, and Promotion	37,688	15,780	10,560	9,561	536,870	610,459
Direct Facilities, Maintenance, and Rental	219,088	794	-	10,779	77,399	308,060
Spirit Groups	-	-	-	-	31,005	31,005
Indirect Facilities and Administrative Support	-	-	-	-	1,536,880	1,536,880
Medical Expenses and Medical Insurance	-	-	-	-	252,104	252,104
Memberships and Dues	160	475	386	3,093	111,358	115,472
Other Operating Expenses	89,020	26,424	9,911	35,128	250,058	410,541
Total Expenses	4,704,782	1,173,850	926,708	4,384,948	4,778,481	15,968,769
Excess (Deficiency) of Revenue Over (Under) Expenses	\$ (2,273,128)	\$ (850,316)	\$ (879,356)	\$ (4,154,118)	\$ 8,270,058	\$ 113,140