

**FLORIDA ATLANTIC UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

**INDEPENDENT ACCOUNTANTS' REPORT
ON AGREED-UPON PROCEDURES**

FOR THE YEAR ENDED JUNE 30, 2014



Mayer Hoffman McCann P.C.

An Independent CPA Firm
1675 N. Military Trail, Fifth Floor
Boca Raton, Florida 33486
561.994.5050 ph
561.241.0071 fx
www.mhm-pc.com

INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES

John W. Kelly, Ph.D., President
Florida Atlantic University

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 Revenues and Expenses (the "Statement") of the FAU Intercollegiate Athletics Program (the "Athletics Department" or the "Program") is in compliance with the National Collegiate Athletic Association ("NCAA") Bylaw 6.2.3.1 for the fiscal year ended June 30, 2014. 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 those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

The procedures that we performed and our findings for the fiscal year ended June 30, 2014 are as follows:

REVENUES:

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

- A) We compared and agreed each operating revenue category reported on 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 applicable 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 University's general ledger.
- E) We recalculated all totals.

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

TICKET SALES:

Approximately 81% of ticket sales were for football; therefore, the tickets sold for football games during the reporting period were selected for procedures. We obtained and reviewed FAU's internal Flash Report which quantifies all types of football tickets sold (individual game ticket sales, walk-up ticket sales, and season ticket sales). We compared the quantifications in this report to Event Audit Reports, generated by FAU's ticket office, on a per game basis and in total. We also agreed the totals to the Program's general ledger detail.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

There was no significant variance in Ticket Sales during the fiscal years ended June 30, 2014 and 2013. There was a positive variance between actual ticket sales of \$956,750 and the budgeted total of \$807,500 for the fiscal year ended June 30, 2014. This positive variance was primarily due to FAU hosting the women's Conference USA Softball tournament during the fiscal year ended June 30, 2014. Additionally, FAU hired a new football coach during the fiscal year, resulting in a spike in ticket sales shortly thereafter.

STUDENT FEES:

We obtained a schedule from the Athletics Department which detailed the number of semester hours that the overall student body was enrolled in for the semesters falling within the fiscal year ended June 30, 2014. During the fiscal year, FAU charged each student a fee of \$17.27 per semester hour for general athletics, as calculated on the schedule obtained. We agreed this rate to a breakdown of tuition costs as reported on FAU's website. 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, and is consistent with the preceding year.

Findings:

The total number of student semester hours for the fiscal year ended June 30, 2014 multiplied by the applicable fixed fee amount per credit hour yielded a result that was 3.68% less than the dollar amount reported on the Statement, a difference of approximately \$446,000.

Analytical Findings:

There was no significant variance in Student Fees revenue during the fiscal years ended June 30, 2014 and 2013. There was also no significant variance between budgeted and actual results for this line item during the fiscal year ended June 30, 2014.

GUARANTEES:

We obtained and reviewed three athletic agreements/contracts from the Program which detail the guaranteed revenue that was received by FAU for participation in away games. We traced the amounts reported on the general ledger to the applicable athletic agreements/contracts. We also agreed the event dates stated in the athletic agreements/contracts to the reporting period.

GUARANTEES (CONTINUED):

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

There was no significant variance in Guarantees revenue during the fiscal years ended June 30, 2014 and 2013. There was also no significant variance between budgeted and actual results for this line item during the fiscal year ended June 30, 2014.

CONTRIBUTIONS:

The Florida Atlantic University Foundation, Inc. (the "Foundation") is the only outside organization not under control of FAU 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 copy of the Foundation's income statement which quantified all contributions received by the Athletics Department through the Foundation. We also 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, 2014.

Findings:

Contributions received as per the Foundation's income statement agreed to contributions recorded in the Statement for the fiscal year ended June 30, 2014. Additionally, we noted that an independent auditor expressed an unqualified opinion on the financial statements of the Foundation for the fiscal year ended June 30, 2014. 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:

There was no significant variance in Contributions during the fiscal years ended June 30, 2014 and 2013. This revenue line item was not individually budgeted; therefore, a budget to actual comparison cannot be made.

DIRECT INSTITUTIONAL SUPPORT:

For the fiscal year ended June 30, 2014, FAU approved \$2,782,071 in direct institutional support. Of this amount, \$740,791 represents tuition waivers. We obtained and reviewed a schedule prepared by the Athletics Department breaking out tuition waivers by sport. Individual student tuition waivers were tested as part of our procedures applicable to Athletic Student Aid Expenses. The University also transferred funds totaling \$1,761,315 to the Athletics Department. Revenue of \$247,246 relating to Title IX and various other miscellaneous amounts aggregating \$32,719 comprise the remaining totals included as Direct Institutional Support as reported on the Statement. For each of these amounts, we obtained and reviewed Journal Entry Detail forms and other documentation from the FAU Controller's Office for the transfers of these funds to the Athletics Department.

DIRECT INSTITUTIONAL SUPPORT (CONTINUED):

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Actual revenue from Direct Institutional Support decreased from \$3,926,558 during the fiscal year ended June 30, 2013 to \$2,782,071 during the fiscal year ended June 30, 2014. This decrease is primarily due to the fact that FAU provided support to the Athletics Department in the preceding year to assist with loan obligations for the football stadium; whereas in the fiscal year ended June 30, 2014, the Athletics Department made this payment without such assistance. This revenue line item was not individually budgeted; therefore, a budget to actual comparison cannot be made.

INDIRECT FACILITIES AND ADMINISTRATIVE SUPPORT:

The Athletics Department received \$692,272 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 the quantifications reported in this category.

FAU currently does not track the indirect institutional support for utilities expenses. FAU has allocated \$205,411 for utilities associated with the new on-campus stadium, and \$550,000 for electricity used for the lights on various fields, grounds, and offices of the Athletics Department. We noted that these allocations are consistent with amounts allocated to the Athletics Department in preceding years.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

There was no significant variance in Indirect Facilities and Administrative Support revenue during the fiscal years ended June 30, 2014 and 2013. This revenue line item was not budgeted because it is offset by Indirect Facilities and Administrative Support expenses.

NCAA/CONFERENCE DISTRIBUTIONS:

FAU received the following from the NCAA: \$224,785 as their share of a sports sponsorship fund; \$370,087 for an athletics grants-in-aid award; \$70,552 for NCAA Academic Enhancement; \$245,417 from Conference USA Student Athletic Opportunity Fund revenue; \$47,160 in Supplemental NCAA revenue distributions; and \$18,217 in miscellaneous revenue. These receipts total \$976,218, as reported on the Statement.

For each of the above amounts, we received and reviewed, as applicable, the postings in the general ledger detail, copy of the wire transfer, copy of a confirmation email from the NCAA, and Journal Entry Detail forms and other documentation from the FAU Controller's Office.

NCAA/CONFERENCE DISTRIBUTIONS (CONTINUED):

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

There was not a significant variance in actual NCAA/Conference Distributions revenue during the year ended June 30, 2014 as compared to the year ended June 30, 2013. There was a negative variance between actual NCAA/Conference Distributions of \$976,218 and the budgeted total of \$1,725,000 for the fiscal year ended June 30, 2014. This negative variance was primarily due to there being less distributions received from Conference USA.

PROGRAM SALES, CONCESSIONS, NOVELTY SALES, AND PARKING:

We obtained and reviewed documentation applicable to football parking and food revenue aggregating \$145,017, which comprises approximately 71% of the total reported on the Statement. For each item selected for testing, we traced the amounts to Event Audit Reports generated by FAU's ticket office. The remaining amounts reported in the Statement for this line item include parking for Men's Basketball games and other special events hosted by FAU, as well as concessions sold at all such events.

Findings:

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

Analytical Findings:

Program Sales, Concessions, Novelty Sales, and Parking revenue decreased from \$295,799 during the fiscal year ended June 30, 2013 to \$205,182 during the year ended June 30, 2014. This decrease is primarily attributable to new marketing agreements entered into with certain sponsors during the fiscal year ended June 30, 2014. Under the terms of certain of these new agreements, the percentage of various revenue sources directly allocated to FAU has decreased. This revenue line item was not individually budgeted; therefore, a budget to actual comparison cannot be made.

ROYALTIES, LICENSING, ADVERTISEMENTS, AND SPONSORSHIPS:

FAU has entered into various royalty, licensing, advertisement, and sponsorship agreements with outside parties. We obtained the general ledger detail quantifying total revenue recorded to this category during the fiscal year ended June 30, 2014. We selected three general ledger entries for testing. For each of the selections we examined the corresponding agreement, and obtained either a copy of the check received or the Journal Entry Detail form from the FAU Controller's Office to ascertain that the transaction was recorded in the proper amount and in the proper period.

Findings:

We found no exceptions as a result of these procedures.

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

Analytical Findings:

Royalties, Licensing, Advertisements, and Sponsorships revenue decreased from \$745,393 during the fiscal year ended June 30, 2013 to \$575,459 during the year ended June 30, 2014. This decrease is primarily attributable to the change of a certain major sponsor during the fiscal year ended June 30, 2014 which delayed the timing of payments received under the sponsorship agreement. Additionally, under the terms of this new sponsorship agreement, the percentage of revenue allocated directly to FAU has decreased. This revenue line item was not individually budgeted; therefore, a budget to actual comparison cannot be made.

ENDOWMENT AND INVESTMENT INCOME:

No procedures were performed relating to this line item due to the insignificant amount recorded as compared to revenue as a whole.

OTHER REVENUES:

Other Revenues consist of numerous cash inflows that do not directly correlate with any of the other specific revenue line items on the Statement. We obtained the general ledger and haphazardly selected five entries recorded as Other Revenues for testing. For each selection we obtained the corresponding invoice, the check or wire transfer, and an internally generally Journal Voucher Form from FAU's Cashier's Office, to ascertain that each entry was recorded in the proper amount and in the proper period.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Other revenues increased from \$592,491 during the fiscal year ended June 30, 2013 to \$792,874 during the year ended June 30, 2014. This increase is primarily attributable to there being more special events hosted by FAU during the fiscal year ended June 30, 2014 as compared to the preceding year. Additionally, the increase is due to reclassifications during the fiscal year ended June 30, 2014 of various revenues that had been recorded on other line items in the preceding year. This revenue line item was not individually budgeted; therefore, a budget to actual comparison cannot be made.

EXPENSES:

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

- A) We compared and agreed each operating expense category reported on the Statement during the reporting period to supporting schedules provided by FAU.
- B) We compared and agreed a sample of operating expenses selected from applicable 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 University'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:

From the Athletics Department we obtained and reviewed a listing of student aid recipients during the reporting period and selected ten students for testing. We obtained each selected student's signed award letter and billing statement for the fiscal year ended June 30, 2014. The billing statements segregated the amounts paid by the Athletics Department into scholarship awards and student payments. We agreed the amounts paid on each billing statement to the terms in the related award letter. The student aid listing is created for students who are eligible to receive athletic scholarships. The amount in the listing is based on a full course load of fifteen credit hours per semester and an annual books stipend of \$400. Any additional expense, such as an additional credit hour in the course load, is usually covered by the athletics scholarship program. The Athletics Department is willing to provide students with some additional funding, if needed. Students who do not take the full course load of classes receive less aid than the listing will show. The billing statement indicates the amount that is paid by the Athletics Department along with the tuition waivers given to applicable students.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Athletic Student Aid expense decreased from \$5,185,155 during the fiscal year ended June 30, 2013 to \$4,361,421 during the year ended June 30, 2014. This decrease is primarily due to the fact that athletic student aid for summer sessions falling within the fiscal year ended June 30, 2014 were not paid by the Program. These expenses were paid directly by the Foundation Athletic Account. Additionally, this expense line item fluctuates from year to year as a result of roster changes due to graduations, transfers, or other reasons. There was no significant variance between budgeted and actual results for this line item during the fiscal year ended June 30, 2014.

GUARANTEES:

We obtained and reviewed three athletic agreements/contracts from the Program which detail the guaranteed expenses incurred by FAU for participation in home games. We traced the amounts reported on the general ledger to the applicable athletic agreements/contracts. 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:

Guarantees expense decreased from \$489,298 during the fiscal year ended June 30, 2013 to \$320,100 during the fiscal year ended June 30, 2014. This decrease was primarily due to FAU moving from the Sun Belt Conference to Conference USA during the fiscal year ended June 30, 2014. Each intra-conference football game within the Sun Belt Conference in the preceding year resulted in a \$50,000 guaranteed payment as required by that conference's rules, whereas Conference USA had no such stipulation during the current fiscal year. This expense category was not individually budgeted as it was included in an overall operating expense budget; therefore, a true comparison cannot be made against actual results for this individual line item.

COACHING SALARIES, BENEFITS, AND BONUSES:

We obtained a schedule of coaches' salaries from the Athletics Department from which we selected ten coaches for testing. For each coach selected, we obtained a Pay Period Detail report from FAU's payroll department and agreed gross salary to the Athletics Department's schedule. Additionally we agreed the total Coaches Salaries, Benefits, and Bonuses expenses to the Athletics Department's general ledger detail.

Findings:

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

Analytical Findings:

There was no significant variance in Coaching Salaries, Benefits, and Bonuses expense during the fiscal years ended June 30, 2014 and 2013. There was also no significant variance between budgeted and actual results for this line item during the fiscal year ended June 30, 2014.

SUPPORT STAFF AND ADMINISTRATIVE SALARIES, BENEFITS, AND BONUSES:

We obtained a schedule of support staff and administrative personnel's salaries from the Athletics Department from which we selected five employees for testing. For each employee selected, we obtained a Pay Period Detail report from FAU's payroll department and agreed gross salary to the Athletics Department's schedule. Additionally we agreed the total Support Staff and Administrative Salaries, Benefits, and Bonuses expenses to the Athletics Department's general ledger detail.

Findings:

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

SUPPORT STAFF AND ADMINISTRATIVE SALARIES, BENEFITS, AND BONUSES (CONTINUED):

Analytical Findings:

Support staff and administrative salaries, benefits, and bonuses expenses increased from \$2,365,260 during the fiscal year ended June 30, 2013 to \$2,692,895 during the fiscal year ended June 30, 2014. This variance is primarily due to increased marketing and compliance personnel hired during the year ended June 30, 2014. There was no significant variance between budgeted and actual results for this line item during the fiscal year ended June 30, 2014.

SEVERANCE PAYMENTS:

We obtained a listing of all former employees who received severance payments during the fiscal year ended June 30, 2014 and traced each amount to FAU's payroll reports. We also selected the three largest severance payments for additional testing. For each of these selections, we reviewed the former employee's personnel file, noting documentation of his/her termination and severance payments.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Severance Payments increased from \$167,219 during the fiscal year ended June 30, 2013 to \$255,714 during the fiscal year ended June 30, 2014. This increase is primarily due to changes in the football coaching staff and men's basketball coaching staff during the fiscal year ended June 30, 2014. As a result, the number of personnel receiving severance payments increased from 13 during the fiscal year ended June 30, 2013 to 21 during the fiscal year ended June 30, 2014, which is roughly proportionate to the increase in the amounts paid out in severance. This expense category was not individually budgeted as it was included in an overall operating expense budget; therefore, a true comparison cannot be made against actual results for this individual line item.

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.

From the Program's general ledger we haphazardly selected 10 expenses recorded as Recruiting during the fiscal year ended June 30, 2014. We obtained copies of the invoices for the selected expenses and assessed whether they were recorded in the proper amount, the proper reporting period, the proper expense category, and that they were approved for payment.

RECRUITING (CONTINUED):

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

There was no significant variance in Recruiting expense during the fiscal years ended June 30, 2014 and 2013. This expense category was not individually budgeted as it was included in an overall operating expense budget; therefore, a true comparison cannot be made against actual results for this individual line item.

TEAM TRAVEL:

We obtained and reviewed the team travel policies for the Athletics Department. It is required that the prospective traveler (whether a team, a prospective individual, or a 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 of Florida will reimburse certain travel expenses, such as rental vehicles and hotel accommodations. From the Program's general ledger, we haphazardly selected 10 expenses recorded as Team Travel during the fiscal year ended June 30, 2014. We obtained copies of the invoices for the selected expenses and assessed whether they were recorded in the proper amount, the proper reporting period, the proper expense category, and that they were approved for payment.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

There was no significant variance in Team Travel expense during the fiscal years ended June 30, 2014 and 2013. This expense category was not individually budgeted as it was included in an overall operating expense budget; therefore, a true comparison cannot be made against actual results for this individual line item.

EQUIPMENT, UNIFORMS, AND SUPPLIES:

From the Program's general ledger, we haphazardly selected 5 expenses recorded as Equipment, Uniforms, and Supplies during the fiscal year ended June 30, 2014. We obtained copies of the invoices for the selected expenses and assessed whether they were recorded in the proper amount, the proper reporting period, the proper expense category, and that they were approved for payment.

Findings:

We found no exceptions as a result of these procedures.

EQUIPMENT, UNIFORMS, AND SUPPLIES (CONTINUED):

Analytical Findings:

There was no significant variance in Equipment, Uniforms, and Supplies expense during the fiscal years ended June 30, 2014 and 2013. This expense category was not individually budgeted as it was included in an overall operating expense budget; therefore, a true comparison cannot be made against actual results for this individual line item.

GAME EXPENSES:

From the Program's general ledger, we haphazardly selected 5 expenses recorded as Game Expenses during the fiscal year ended June 30, 2014. We obtained copies of the invoices for the selected expenses and assessed whether they were recorded in the proper amount, the proper reporting period, the proper expense category, and that they were approved for payment.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Game expenses increased from \$825,270 during the fiscal year ended June 30, 2013 to \$1,220,967 during the fiscal year ended June 30, 2014. This increase is primarily due to a reclassification of expenses associated with non-FAU specific events hosted by FAU during the fiscal year ended June 30, 2014. Such events included a Team USA soccer match and 7 Major Lacrosse League games. The expenses for these events were recorded on this line item during the fiscal year ended June 30, 2014, whereas, in the preceding year, they were recorded in Direct Facilities, Maintenance, and Rental expenses. This expense category was not individually budgeted as it was included in an overall operating expense budget; therefore, a true comparison cannot be made against actual results for this individual line item.

FUNDRAISING, MARKETING, AND PROMOTION:

From the Program's general ledger, we haphazardly selected 5 expenses recorded as Fundraising, Marketing, and Promotion expenses during the fiscal year ended June 30, 2014. We obtained copies of the invoices for the selected expenses and assessed whether they were recorded in the proper amount, the proper reporting period, the proper expense category, and that they were approved for payment.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

There was no significant variance in Fundraising, Marketing, and Promotion expense during the fiscal years ended June 30, 2014 and 2013. This expense category was not individually budgeted as it was included in an overall operating expense budget; therefore, a true comparison cannot be made against actual results for this individual line item.

DIRECT FACILITIES, MAINTENANCE, AND RENTAL:

From the Program's general ledger, we haphazardly selected 5 expenses recorded as Direct Facilities, Maintenance, and Rental expenses during the fiscal year ended June 30, 2014. We obtained copies of the invoices for the selected expenses and assessed whether they were recorded in the proper amount, the proper reporting period, the proper expense category, and that they were approved for payment. Additionally, we obtained the amortization schedule and general ledger detail associated with payments aggregating approximately \$2.6 million during the fiscal year ended June 30, 2014 for FAU's debt service obligation relating to the football stadium.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Direct Facilities, Maintenance, and Rental expense increased from \$1,720,069 during the fiscal year ended June 30, 2013 to \$3,720,816 during the fiscal year ended June 30, 2014. This increase is primarily attributable to debt service payments aggregating approximately \$2.6 million during the fiscal year ended June 30, 2014, relating to FAU's football stadium. This increase is partially offset by the reclassification of expenses relating to non-FAU game events being reclassified from this line item in the prior year to Game Expenses during the fiscal year ended June 30, 2014. This expense category was not individually budgeted as it was included in an overall operating expense budget; therefore, a true comparison cannot be made against actual results for this individual line item.

SPIRIT GROUPS:

From the Program's general ledger, we haphazardly selected 5 expenses recorded as Spirit Group expenses during the fiscal year ended June 30, 2014. We obtained copies of the invoices applicable to the selected expenses and assessed whether they were recorded in the proper amount, the proper reporting period, the proper expense category, and that they were approved for payment.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Spirit Group expense decreased from \$105,212 during the fiscal year ended June 30, 2013 to \$29,608 during the fiscal year ended June 30, 2014. The decrease is primarily attributable to the reclassification during the fiscal year ended June 30, 2014 of various expenses that had been recorded on this line item in the preceding year. This expense category was not individually budgeted as it was included in an overall operating expense budget; therefore, a true comparison cannot be made against actual results for this individual line item.

INDIRECT FACILITIES AND ADMINISTRATIVE SUPPORT:

As detailed in the Indirect Facilities and Administrative Support revenue category findings, FAU does not track the indirect institutional support for the Athletics Department's utilities expense, and as such, \$205,411 has been allocated for utilities associated with the on-campus football stadium and another \$550,000 has been allocated for electricity used for the lights on various fields, grounds, and offices of the Athletics Department. These amounts represent estimates made by the University of usage by the Athletics Department. Also included in this expense category is \$692,272 in indirect support from the FAU Academics Department.

Findings:

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

Analytical Findings:

There was no significant variance in Indirect Facilities and Administrative Support revenue during the fiscal years ended June 30, 2014 and 2013. This expense line item was not budgeted because it is offset by Indirect Facilities and Administrative Support revenue.

MEDICAL EXPENSES AND MEDICAL INSURANCE:

From the Program's general ledger, we haphazardly selected 5 expenses recorded as Medical Expenses and Medical Insurance during the fiscal year ended June 30, 2014. We obtained copies of the invoices applicable to the selected expenses and assessed whether they were recorded in the proper amount, the proper reporting period, the proper expense category, and that they were approved for payment.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Medical Expenses and Medical Insurance increased from \$334,997 during the fiscal year ended June 30, 2013 to \$488,348 during the fiscal year ended June 30, 2014. This increase is primarily due to higher insurance rates charged to FAU and added expenditures for medical services and supplies during the year ended June 30, 2014. This expense category was not individually budgeted as it was included in an overall operating expense budget; therefore, a true comparison cannot be made against actual results for this individual line item.

MEMBERSHIPS AND DUES:

From the Program's general ledger, we haphazardly selected 5 expenses recorded as Membership and Dues during the fiscal year ended June 30, 2014. We obtained copies of the invoices applicable to the selected expenses and assessed whether they were recorded in the proper amount, the proper reporting period, the proper expense category, and that they were approved for payment.

MEMBERSHIPS AND DUES (CONTINUED):

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Memberships and Dues increased from \$130,907 during the fiscal year ended June 30, 2013 to \$295,786 during the fiscal year ended June 30, 2014. This increase is primarily attributable to the dues associated with FAU joining Conference USA during the fiscal year ended June 30, 2014. Fees associated with Conference USA were greater than for the Sun Belt Conference in the preceding year. This expense category was not individually budgeted as it was included in an overall operating expense budget; therefore, a true comparison cannot be made against actual results for this individual line item.

OTHER OPERATING EXPENSES:

From the Program's general ledger, we haphazardly selected 10 expenses recorded as Other Operating Expenses during the fiscal year ended June 30, 2014. We obtained copies of the invoices applicable to the selected expenses and assessed whether they were recorded in the proper amount, the proper reporting period, the proper expense category, and that they were approved for payment.

Findings:

We found no exceptions as a result of these procedures.

Analytical Findings:

Other Operating expenses decreased from \$1,250,031 during the fiscal year ended June 30, 2013 to \$1,087,049 during the fiscal year ended June 30, 2014. The decrease is primarily attributable to the reclassification during the fiscal year ended June 30, 2014 of various expenses that had been recorded on this line item in the preceding year. This expense category was not individually budgeted as it was included in an overall operating expense budget; therefore, a true comparison cannot be made against actual results for this individual line item.

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 Revenues 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.

Mayer Hoffman McCann P.C.

Boca Raton, Florida
January 15, 2015

**FLORIDA ATLANTIC UNIVERSITY INTERCOLLEGIATE ATHLETICS PROGRAM
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014 (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>
REVENUES						
Ticket sales	\$ 778,396	\$ 124,038	\$ 4,735	\$ 49,581	\$ -	\$ 956,750
Student fees	2,802,731	372,043	297,635	8,656,214	-	12,128,623
Guarantees	1,650,000	305,000	25,000	3,500	-	1,983,500
Contributions	95,644	31,500	546	82,659	2,291,668	2,502,017
Direct institutional support	237,053	94,821	71,116	337,801	2,041,280	2,782,071
Indirect facilities and administrative support	-	-	-	-	1,447,683	1,447,683
NCAA/conference distributions	-	-	-	-	976,218	976,218
Program sales, concessions, novelty sales, and parking	145,017	8,964	-	51,201	-	205,182
Royalties, licensing, advertisements, and sponsorships	-	-	-	-	575,459	575,459
Endowment and investment income	-	-	-	2,441	-	2,441
Other revenues	-	-	-	53,100	739,774	792,874
Total revenues	<u>5,708,841</u>	<u>936,366</u>	<u>399,032</u>	<u>9,236,497</u>	<u>8,072,082</u>	<u>24,352,818</u>
EXPENSES						
Athletic student aid	1,989,057	312,707	311,010	1,748,647	-	4,361,421
Guarantees	300,000	8,000	1,000	11,100	-	320,100
Coaching salaries, benefits, and bonuses	1,812,999	595,316	398,019	1,358,885	-	4,165,219
Support staff and administrative salaries, benefits, and bonuses	213,712	38,700	45,850	-	2,394,633	2,692,895
Severance payments	119,018	72,329	-	40,294	24,073	255,714
Recruiting	146,986	94,732	73,501	83,459	52,824	451,502
Team travel	792,448	275,238	211,538	851,823	-	2,131,047
Equipment, uniforms, and supplies	401,323	67,110	30,932	257,736	117,485	874,586
Game expenses	105,005	116,080	74,948	137,640	787,294	1,220,967
Fundraising, marketing, and promotion	-	-	-	6,439	483,845	490,284
Direct facilities, maintenance, and rental	-	-	-	4,210	3,716,606	3,720,816
Spirit groups	-	-	-	-	29,608	29,608
Indirect facilities and administrative support	-	-	-	-	1,447,683	1,447,683
Medical expenses and medical insurance	-	3,500	-	1,613	483,235	488,348
Memberships and dues	1,230	2,490	800	4,630	286,636	295,786
Other operating expenses	126,281	66,767	16,423	33,085	844,493	1,087,049
Total expenses	<u>6,008,059</u>	<u>1,652,969</u>	<u>1,164,021</u>	<u>4,539,561</u>	<u>10,668,415</u>	<u>24,033,025</u>
Excess (deficiency) of revenues over (under) expenses	<u>\$ (299,218)</u>	<u>\$ (716,603)</u>	<u>\$ (764,989)</u>	<u>\$ 4,696,936</u>	<u>\$ (2,596,333)</u>	<u>\$ 319,793</u>