



## Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Trustees  
Utah Valley University  
Orem, Utah

We have performed the procedures enumerated below, which were agreed to by the president of Utah Valley University, solely to assist you in evaluating whether the accompanying statement of revenues and expenses of Utah Valley University's Intercollegiate Athletic Department is in compliance with the National Collegiate Athletic Association (NCAA) bylaw 3.2.4.15 for the year ended June 30, 2015. Utah Valley University's management is responsible for the statement of revenues and expenses and its compliance with NCAA 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.

The procedures that we performed and our findings are summarized as follows:

### INTERNAL CONTROL

1. We reviewed the general control environment for the Utah Valley University (UVU) Intercollegiate Athletic Department. As part of this review, we looked at the organization of the UVU Intercollegiate Athletic Department. We made certain inquiries of management regarding control consciousness, competence of personnel, adequate safeguarding and control of records and assets, the extent of the Internal Audit Department's involvement with athletics, and the controls over interactions with the Information Technology Department.

We also tested the specific elements of the control environment and accounting systems that are unique to the UVU Intercollegiate Athletic Department that have not been addressed in connection with the audit of the University's financial statements. This included testing through inquiry and observation (i.e. walk-throughs of cash receipts (ticket and business offices), payroll, and nonpayroll transactions) to ensure that internal controls of the UVU Intercollegiate Athletic Department are the same as those addressed in connection with the audit of the University's financial statements for June 30, 2015.

We found no exceptions as a result of these procedures.

2. We reviewed and tested the University's procedures for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the Intercollegiate Athletic Department. The only booster group activity is the Wolverine Club, which is under the accounting control of the University.

We found no exceptions as a result of these procedures.

## STATEMENT OF REVENUE AND EXPENSES

1. We obtained the UVU Athletics' statement of revenues and expenses (the Statement) for the year ended June 30, 2015 as prepared by management and presented as Exhibit 1 to this report. We agreed the revenues and expenses on the statement to the University's general ledger and supporting schedules, as applicable. We ensured that the amounts were reported in accordance with NCAA guidelines and generally accepted accounting principles.

We found no exceptions as a result of these procedures.

2. We compared revenue and expense amounts reported in the Statement greater than 10 percent of total revenue or expense to prior year amounts and budget estimates. We obtained and documented an understanding of any significant variances of \$1,000,000 or more from the prior year.

The results of our analysis identified no significant variances from the prior year that required additional understanding or explanation.

3. We performed the following procedures related to UVU Athletics' revenues and recalculated the totals for each category as follows:
  - a. Ticket Sales – We agreed the amount reported to supporting schedules and agreed receipts to supporting documentation.
  - b. Student Fees – We obtained an understanding of the University's methodology for allocating student fees to athletic programs.
  - c. Direct Institutional Support – We compared the amount reported on the Statement with the University's supporting budget transfer documentation.
  - d. Indirect Institutional Support – We compared the amount reported on the Statement with the University's cost allocation detail.
  - e. Guarantees – We agreed the amount reported on the Statement to supporting schedules and agreed receipts to supporting documentation.
  - f. Contributions – We agreed the amount reported on the Statement to supporting schedules and agreed receipts to supporting documentation.
  - g. NCAA Distributions – We agreed the amount reported on the Statement to supporting schedules and agreed receipts to supporting documentation.
  - h. Conference Distributions – We agreed the amount reported on the Statement to supporting schedules and agreed receipts to supporting documentation.
  - i. Program, Novelty, Parking, and Concessions Sales – We agreed the amount reported on the Statement to supporting schedules and agreed receipts to supporting documentation.
  - j. Royalties, Licensing, Advertisements, and Sponsorships – We agreed the amount reported on the Statement to supporting schedules and agreed receipts to supporting documentation.
  - k. Athletics Restricted Endowment and Investment Income – We agreed the amount reported on the Statement to supporting schedules.
  - l. Other Operating Revenue – We agreed the amount reported on the Statement to supporting schedules.

We found no exceptions as a result of these procedures.

4. We performed the following procedures related to UVU Athletics' expenses and recalculated the totals for each category as follows:
  - a. Athletic Student Aid – We randomly selected a sample of 35 student athletes receiving student aid during the year ended June 30, 2015. This sample represents 10 percent of all student athletes receiving student aid during the year. For each student selected, we obtained the individual student's account detail and compared the total student aid to the student's award letter.
  - b. Guarantees - We agreed the amount reported on the Statement to supporting schedules.
  - c. Coaching Salaries and Benefits – We selected eleven coaches and agreed their compensation to the related employment contracts and payroll general ledger summaries.
  - d. Support Staff Salaries and Benefits – We selected four employees and agreed their compensation to the related payroll general ledger summaries.
  - e. Recruiting – We compared the amount reported on the Statement with the University's general ledger.
  - f. Team Travel – We compared the amount reported on the Statement with the University's general ledger and compared the team travel policy with NCAA policy.
  - g. Sports Equipment, Uniforms, and Supplies – We compared the amount reported on the Statement with the University's general ledger. We selected six disbursements and compared the amounts to the University's general ledger.
  - h. Game Expenses – We compared the amount reported on the Statement with the University's general ledger. We selected four disbursements and compared the amounts to the University's general ledger.
  - i. Fund Raising, Marketing, and Promotion – We compared the amount reported on the Statement with the University's general ledger. We selected four disbursements and compared the amounts to the University's general ledger.
  - j. Athletic Facility Debt Service, Leases, and Rental Fees – We compared the amount reported on the Statement with the University's general ledger. We selected two disbursements and compared the amounts to the University's general ledger.
  - k. Direct Overhead and Administrative Expenses – We compared the amount reported on the Statement with the University's general ledger. We selected four disbursements and compared the amounts to the University's general ledger.
  - l. Medical Expenses and Insurance – We compared the amount reported on the Statement with the University's general ledger. We selected one disbursement and compared the amount to the University's general ledger.
  - m. Memberships and Dues – We compared the amount reported on the Statement with the University's general ledger. We selected two disbursements and compared the amounts to the University's general ledger.
  - n. Other – We compared the amount reported on the Statement with the University's general ledger. We selected four disbursements and compared the amounts to the University's general ledger.

We found no exceptions as a result of these procedures.

## NCAA MEMBERSHIP FINANCIAL REPORTING SYSTEM

5. We compared the reported sports sponsored in the NCAA Membership Financial Reporting System to the squad lists of the University.

We found no exceptions as a result of these procedures.

These agreed-upon procedures do not constitute an audit or a review of Utah Valley University's Intercollegiate Athletic Department statement of revenues and expenses, the objective of which is the expression of an opinion or limited assurance on the compliance of the accompanying statement of revenues and expenses of Utah Valley University Intercollegiate Athletic Department. Accordingly, we do not express such opinions or limited assurances. 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 NCAA, the board of trustees and management of Utah Valley University, and is not intended to be and should not be used by anyone other than these specified parties.

*Squire & Company, PC*

Orem, Utah  
January 29, 2016

UTAH VALLEY UNIVERSITY  
INTERCOLLEGIATE ATHLETIC DEPARTMENT  
STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2015

OPERATING REVENUE

Ticket Sales	68,079
Direct State or Other Government Support	-
Student Fees	4,572,418
Direct Institutional Support	4,307,684
Less - Transfers to Institution	-
Indirect Institutional Support	1,560,054
Guarantees	264,593
Contributions	201,682
In-Kind	
Compensation and Benefits provided by third party	
Media Rights	-
NCAA Distributions	574,417
Conference Distributions (Non Media or Bowl)	130,803
Program, Novelty, Parking & Concession Sales	63,442
Royalties, Licensing, Advertisement & Sponsorships	260,040
Sports Camp Revenues	-
Athletics Restricted Endowment and Investments Income	12,651
Other Operating Revenue	30,056
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Total Revenue	\$ 12,045,918

OPERATING EXPENSES

Athletic Student Aid	2,127,682
Guarantees	22,685
Coaching Salaries and Benefits	2,475,548
Support Staff Salaries and Benefits	2,254,317
Severance Payments	-
Recruiting	196,039
Team Travel	1,442,787
Sports Equipment, Uniforms & Supplies	546,103
Game Expenses	334,951
Fund Raising, Marketing, Promotion	144,203
Sports Camp Expenses	-
Spirit Groups	-
Athletic Facilities Debt Service, Leases & Rental Fee	62,993
Direct Overhead and Administrative Expenses	293,499
Indirect Institutional Support	1,560,054
Medical Expenses & Insurance	303,148
Memberships and Dues	168,242
Other	174,495
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Total Expenses	\$ 12,106,746

EXCESS OF REVENUES OVER (UNDER) EXPENSES	<hr/> <hr/> \$ (60,828)
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*The accompanying notes are an integral part of this statement.*

UTAH VALLEY UNIVERSITY  
INTERCOLLEGIATE ATHLETICS DEPARTMENT  
NOTES TO THE STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statement has been prepared on the accrual basis of accounting. State Appropriated Revenues and Financial Aid expenses have not been reduced for scholarship allowances. The financial statement presents the results of financial activity of the Intercollegiate Athletics Department. The University accounting and budgeting practices do not allocate all applicable revenues and expenses to individual sport programs. Therefore, all Intercollegiate Athletic Department financial activity has been combined and shown in one column. The significant accounting policies followed are described below.

Expenditure Allocation

The University incurs expenses for accounting and other general administrative costs, including depreciation, which benefit athletic programs. These costs have not been allocated to athletic programs. However, a reasonable estimate of indirect costs has been calculated and reported in this statement. The indirect costs have been calculated taking into consideration Operations and Maintenance costs, as well as Institutional Support costs. The Operations and Maintenance costs have been based on square footage, and the Institutional Support costs have been based on salaries.

Capital Assets

Capital assets are recorded at cost on the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Buildings, building additions, building improvements that extend the useful life of the asset, infrastructure, and land improvements are capitalized if the cost is over \$50,000. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the useful lives of the assets. The useful lives of the assets are determined based on estimated actual life of the asset using where possible the guidelines of the State of Utah Standard Useful Life Table.

Contest Agreements

UVU Athletics enters into contest agreements for every game played. Some of these agreements provide the athletics team with non-cash compensation for traveling to other states. This compensation may include, but is not limited to, airfare, ground transportation, hotel stays, and food. The institutions paying for these benefits do not provide UVU with any documentation for including the cost in our financial statement.

UTAH VALLEY UNIVERSITY  
 INTERCOLLEGIATE ATHLETICS DEPARTMENT  
 NOTES TO THE STATEMENT OF REVENUES AND EXPENSES  
 FOR THE YEAR ENDED JUNE 30, 2015

2. **GIFTS**

During fiscal year 2015, the Intercollegiate Athletics Department received a donation to scholarships as a portion of the UCCU Center naming rights contract, totaling \$44,444. This was the only contribution totaling greater than 10% of total contributions.

Restricted gift funds represent donations to the University, the expenses of which have been restricted by donors for use by the Intercollegiate Athletics Department. Included are gifts to the Wolverine Club, which was established by the University to promote fund-raising activities for the Intercollegiate Athletics Department. Restricted gifts include monetary donations and donations in kind. The following schedule shows the restricted receipts and earnings on these gifts for the Intercollegiate Athletics Department. In kind donations are not reported.

Restricted receipts:	
Gifts	\$ 194,182
Investments, Other Income	12,651
Total Receipts	<u>\$ 206,833</u>

3. **CAPITAL ASSETS**

The following are the changes in intercollegiate athletics-related capital assets of the University for the year ended June 30, 2015:

	Book Value 6/30/2014	Increases	Decreases	Book Value 6/30/2015
<b>Capital Assets Being Depreciated</b>				
Buildings*	\$ 30,370,938	\$ 863,940	\$ -	\$ 31,234,878
Equipment	1,779,477	24,483	-	1,803,960
<b>Total Depreciable</b>	<u>32,150,415</u>	<u>888,423</u>	-	<u>33,038,838</u>
 <b>Less Accumulated Depreciation</b>				
Buildings*	12,390,190	1,001,103	-	13,391,293
Equipment	576,371	264,904	-	841,275
<b>Total Accumulated Depreciation</b>	<u>12,966,561</u>	<u>1,266,007</u>	-	<u>14,232,568</u>
 <b>Capital Assets Being Depreciated, Net</b>	<u>19,183,854</u>	<u>(377,584)</u>	-	<u>18,806,270</u>
 <b>Total Capital Assets, Net</b>	<u>\$ 19,183,854</u>	<u>\$ (377,584)</u>	<u>\$ -</u>	<u>\$ 18,806,270</u>

\*Buildings included in this schedule include: The UCCU Events Center, The Baseball Stadium, The Wolverine Service Center Remodel, The UVU Athletic Track & Field Facility, UVU Softball Field Remodel, UCCU Women's Locker Room Remodel, Track Equipment Storage, Soccer Field Bleacher Improvements, one half of the Geneva turf fields, and one half of the PE Building & Remodel.

UTAH VALLEY UNIVERSITY  
INTERCOLLEGIATE ATHLETICS DEPARTMENT  
NOTES TO THE STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2015

**4. BONDS**

The bonds payable associated with the intercollegiate athletics-related facilities at June 30, 2015 consist of the following:

<b>Description</b>	<u>Original Issue</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
MBA 2004A Lease Revenue Bonds (Federally Taxable), due in annual installments through 2019, interest rates 4.5% to 6.0%	\$ 3,900,000	\$ 1,675,000	\$ 295,000
Less Discount	<u>(16,666)</u>	<u>(5,208)</u>	<u>(1,042)</u>
 Total Bonds Payable	 <u>\$ 3,883,334</u>	 <u>\$ 1,669,792</u>	 <u>\$ 293,958</u>

The scheduled maturities of bonds payable at June 30, 2015, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 295,000	\$ 91,650	\$ 386,650
2017	315,000	73,350	388,350
2018	335,000	53,850	388,850
2019	355,000	33,150	388,150
2020	<u>375,000</u>	<u>11,250</u>	<u>386,250</u>
 Total	 <u>\$ 1,675,000</u>	 <u>\$ 263,250</u>	 <u>\$ 1,938,250</u>