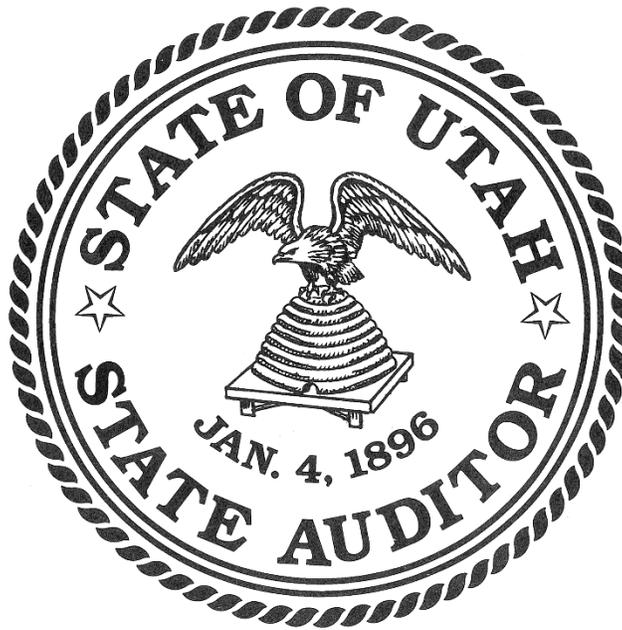


Southern Utah University

Intercollegiate Athletics Programs
Agreed-Upon Procedures Report
For the Year Ended June 30, 2021

Report No. 21-18



OFFICE OF THE STATE AUDITOR

Audit Leadership:

John Dougall, State Auditor
Doug Seager, CPA, Audit Director
Caleb Tindall, CPA, Audit Senior



OFFICE OF THE
STATE AUDITOR

Independent State Auditor's Report

To the Board of Trustees, Audit Committee,
and
Mindy Benson, Interim President
Southern Utah University

We have performed the procedures enumerated below, which were agreed to by Southern Utah University's management, solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (the Statement) of the University's Intercollegiate Athletics Programs (Programs) is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.17 for the year ended June 30, 2021. The University's management is responsible for the Statement and the Statement's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the associated findings are as follows:

Internal Control Agreed-upon Procedures

- A. We reviewed the general control environment for the Programs. As part of this review, we reviewed the organization of the Programs. We also made certain inquiries of management regarding departmental organization, control consciousness of staff, competency of personnel, adequate safeguarding and control of records and assets, the extent of the Internal Audit Department's involvement with athletics, controls over interactions with the Information Technology Department, and other relevant matters. We found no exceptions as a result of these procedures.
- B. We tested samples of Ticket Office cash receipts, Business Office cash receipts, payroll transactions, and non-payroll transactions to ensure that the internal controls of the Programs are the same as those addressed in connection with the audit of the University's financial statements for June 30, 2021. Our sample sizes were limited to 5 items each for cash receipts, payroll, and non-payroll transactions. We found no exceptions as a result of these procedures.
- C. We reviewed and tested the University's procedures for gathering information on the nature and extent of affiliated and outside organization activity for or on behalf of the Programs. All booster group activity is under the accounting control of the University; therefore, we performed no additional procedures.

Statement of Revenues and Expenses Agreed-Upon Procedures

- D. We obtained the Intercollegiate Athletics Programs' Statement of Revenues and Expenses (the Statement) for the year ended June 30, 2021, as prepared by management.
- We agreed the amounts reported on the Statement to the University's general ledger. We ensured that the amounts were reported in accordance with NCAA guidelines and generally accepted accounting principles and then reported to the Programs the matters that came to our attention that caused us to believe an account or item should be adjusted by more than \$100,000.
 - We compared and agreed each operating revenue and expense category that comprised more than 4.0% of total revenues or total expenses, as reported on the Statement during the reporting period, to supporting schedules provided by the University.
 - We compared and agreed samples selected in step B above and in the Revenue and Expense Procedures noted below to adequate supporting documentation.
 - We compared each major revenue and expense account over 10% of the total revenues or total expenses to prior period amounts and budget estimates. We obtained and documented an explanation of any variations greater than 10%. We have reported our analysis as a supplement to this Agreed-Upon Procedures report (see Exhibit I).
 - We reviewed the footnotes to the Statement for propriety and compliance with NCAA guidelines.

We agreed to report on any matter that came to our attention that caused us to believe that any of the specified accounts or items needed to be adjusted by more than \$100,000. We found no exceptions greater than \$100,000 as a result of these procedures.

- E. We performed the following procedures related to the Intercollegiate Athletics Programs.

Revenue Procedures:

Royalties, Licensing, Advertisements, and Sponsorships

1. We obtained and inspected agreements related to the University's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period for relevant terms and conditions.
2. We compared and agreed the related revenues to the University's general ledger and/or the Statement and recalculated totals.

We found no exceptions as a result of these procedures.

Expense Procedures:

Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities

3. We selected 14 support staff/administrative personnel employed by the University and related entities, which represents a 10% sample of personnel, during the reporting period.
4. We obtained and inspected reporting period payroll summary registers for each selection. We compared and agreed related payroll summary registers to the related support staff/ administrative salaries, benefits, and bonuses paid by the University and related entities expense recorded by the University in the Statement during the reporting period and recalculated totals.

Team Travel

5. We obtained documentation of the University's team travel policies.
6. We compared and agreed these policies to existing University- and NCAA-related policies.
7. We obtained general ledger detail and compared it to the total expenses reported and recalculated totals.

We found no exceptions as a result of these procedures.

Additional Agreed-Upon Procedures

F. Grants-in-Aid:

- We compared and agreed the sports sponsored as reported in the NCAA Membership Financial Reporting System (MFRS) to the Calculation of Revenue Distribution Equivalencies Report (CRDE) from Compliance Assistance (CA).
- We compared current year Grants-in-Aid revenue distribution equivalencies to the prior year reported equivalencies per the Membership Financial Report submission. The variance between years was less than +/- 4%.

G. Sports Sponsorship:

- We obtained the University's Sports Sponsorship and Demographics Form submitted to the NCAA for the reporting year and validated that the countable NCAA sports reported by the University met the minimum requirements set forth in Bylaw 20.9.6.3 related to the number of contests and the number of participants in each contest that are counted toward meeting the minimum contest requirement. We then ensured that the University properly reported these sports as countable for revenue distribution purposes within the MFRS.
- We compared the current year number of Sports Sponsored to the prior year reported total per the Membership Financial Report submission. There were no variances between years.

H. Pell Grants:

- We agreed the total number of Division I student athletes who, during the academic year, received a Pell Grant award and the total value of these Pell Grants reported in the MFRS to a report, generated out of the University's financial aid records, of all student athlete Pell Grants.
- We compared the current year Pell Grants total to the prior year reported total per the Membership Financial Report submission. The variance between years was less than +/- 20 grants.

We found no exceptions as a result of these procedures.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Statement's compliance with NCAA Bylaw 3.2.4.17. 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 for the information and use of the Board of Trustees, Audit Committee, and Administration of the University and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to *Utah Code* Title 63G Chapter 2, this report is a matter of public record, and as such, its distribution is not limited.



Office of the State Auditor
January 11, 2022

Southern Utah University
Intercollegiate Athletics Programs
Statement of Revenues and Expenses
For the Year Ended June 30, 2021

	Administration	Men's Basketball	Football	Other Sports	Total
Revenues:					
Ticket Sales	\$ -	\$ 9,192	\$ 48,239	\$ 18,238	\$ 75,669
Student Fees	-	123,260	583,115	992,717	1,699,092
Direct Institutional Support (Note C)	1,153,960	936,434	3,192,092	5,119,075	10,401,561
Indirect Institutional Support (Note C)	717,400	-	-	-	717,400
Guarantees	-	40,000	-	20,450	60,450
Contributions	228,811	70,030	3,200	165,874	467,915
In-Kind	23,784	-	8,000	3,000	34,784
Media Rights	12,086	-	-	-	12,086
NCAA Distributions	-	56,986	269,586	458,953	785,525
Concessions	838	-	-	-	838
Royalties, Licensing & Sponsorships	274,955	-	-	-	274,955
Endowment Income	19,724	-	-	-	19,724
Other Revenues	171,838	3,600	75	32,950	208,463
Total Revenues	2,603,396	1,239,502	4,104,307	6,811,257	14,758,462
Expenses:					
Financial Aid (Note A)	-	330,374	1,562,922	2,660,779	4,554,075
Guarantees	20,500	-	-	11,759	32,259
Coaching Compensation, University	-	489,596	950,243	1,408,508	2,848,347
Support Staff Compensation, University	2,019,115	47,021	104,415	96,187	2,266,738
Recruiting	-	10,853	66	26,367	37,286
Team Travel	111,505	130,550	169,870	550,402	962,327
Uniforms and Supplies	116,985	45,794	196,651	218,499	577,929
Game Expenses	1,382	104,437	27,920	136,681	270,420
Fund Raising, Marketing & Promotion	6,170	-	-	-	6,170
Athletic Facilities Debt Service, Leases and Rental Fees	-	-	-	-	-
Indirect Institutional Support (Note C)	717,400	-	-	-	717,400
Medical Expenses & Insurance	215,727	-	-	1,438	217,165
Memberships and Dues	92,798	6,956	-	8,402	108,156
Other Operating Expenses	689,797	46,096	39,568	94,683	870,144
Total Expenses	3,991,379	1,211,677	3,051,655	5,213,705	13,468,416
Excess (Deficiency) of Revenues over Expenses	\$ (1,387,983)	\$ 27,825	\$ 1,052,652	\$ 1,597,552	1,290,046
Encumbrances					500
Net Increase (Decrease) in Net Position					<u>1,290,546</u>

Southern Utah University
Intercollegiate Athletics Programs
Notes to Statement of Revenues and Expenses
For the Year Ended June 30, 2021

A. Basis of Presentation

The accompanying Statement of Revenues and Expenses (the Statement) has been prepared on the accrual basis of accounting except for the following: Financial aid expenses include scholarship allowances in the amount of \$756,279. Tuition waivers have been reported as Direct Institutional Support and Financial Aid Expense. Gifts or contributions are recognized in the statement when both received and used, rather than when promised or received. Debt service of athletic-related debt is expensed when paid rather than when incurred. The purpose of the Statement is to present a summary of the financial activity of the Intercollegiate Athletics Programs of the University for the year ended June 30, 2021. Because the Statement presents only a selected portion of the activity of the University, it is not intended to and does not present either the financial position or changes in financial position for the University in total.

B. Allocation Among Sports

The revenues and expenses of the major sports, which include men's basketball and football, are reported separately. All other sports have been combined and reported as "Other Sports." The administrative functions of the Intercollegiate Athletics Programs, which support all sports, have been combined for reporting purposes in the column "Administration." All revenues and expenses have been allocated based on the Athletic Department's management decisions and categorized as instructed by the NCAA's revenue and expense policies and procedures.

C. Institutional Support

Direct Institutional support represents allocation by the University administration of general unrestricted funds for various athletic Programs. The allocations were primarily used to fund the salaries of athletic administration, coaches, and other athletic Programs personnel. Allocations for scholarships, tuition waivers, and financial aid are also included.

Additionally, the University incurs expenses for accounting, payroll, physical plant, and other general administrative costs, including depreciation, that benefit the Intercollegiate Athletics Programs. These costs have been allocated to the Intercollegiate Athletic Programs and are reported in this statement as Indirect Institutional Support as revenue and an offsetting expense.

D. Contributions

There were no direct contributions to the Intercollegiate Athletics Programs greater than ten percent of the total gift revenue from any affiliated or outside organization, agency, or individual. In addition, there were no gifts greater than ten percent of the

Southern Utah University
Intercollegiate Athletics Programs
Notes to Statement of Revenues and Expenses
For the Year Ended June 30, 2021

total gift revenue from groups of two or more individuals. In addition, there were no significant changes to endowments for the Intercollegiate Athletic Programs during the year ended June 30, 2021.

E. Capital Assets

The University's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related capital assets is the same as for all University capital assets.

Capital assets are recorded at historical cost or acquisition 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 (\$3,000 or more for fiscal years prior to 2015), and an estimated useful life greater than one year. Buildings, renovations to buildings, infrastructure, and land improvements with a cost of \$100,000 or more are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. All land is capitalized and not depreciated.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets—30 to 40 years for buildings, 20 to 40 years for infrastructure, land improvements, and library collections, and 3 to 20 years for equipment.

Southern Utah University
Intercollegiate Athletics Programs
Auditor's Analysis of Significant Variances
For the Year Ended June 30, 2021

10% Variance Comparison of Actual Current Year to Actual Prior Year

Operating Revenues	2021 Totals	2020 Totals	Variance \$ Over/(Under)	Variance % Over/(Under)
Student Fees	1,699,092	1,731,974	-32,882	-1.90%
Direct Institutional Support	10,401,651	9,689,245	712,406	7.35%
Operating Expenses				
Financial Aid	4,554,075	4,600,169	-46,094	-1.00%
Coaching Compensation, University	2,848,347	2,939,574	-91,227	-3.10%
Support Staff Compensation, University	2,266,738	2,455,999	-189,261	-7.71%

10% Variance Comparison of Actual Current Year to Current Year Budget Estimate

Operating Revenues	2021 Totals	Budget Estimate	Variance \$ Over/(Under)	Variance % Over/(Under)
Student Fees	1,699,092	1,549,356	149,736	9.66%
Direct Institutional Support	10,401,651	10,856,129	(454,478)	-4.19%
Operating Expenses				
Financial Aid	4,554,075	4,551,033	3,042	0.07%
Coaching Compensation, University	2,848,347	N/A	N/A	N/A
Support Staff Compensation, University	2,266,738	N/A	N/A	N/A
Combined Coach and Staff Compensation	5,115,085	5,251,026	-135,941	-2.59%