

Southern Utah University

Intercollegiate Athletics Program
Agreed-Upon Procedures Report
For the Year Ended June 30, 2022

Report No. 22-20



OFFICE OF THE STATE AUDITOR

Audit Leadership:

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



OFFICE OF THE
STATE AUDITOR

Independent Auditor's Report

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

We have performed the procedures enumerated below on Southern Utah University's (University) compliance with the National Collegiate Athletic Association (NCAA) 2022 *Agreed-upon Procedures Guide* (Guide) for the year ended June 30, 2022. University management is responsible for compliance with the Guide.

Southern Utah University has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in evaluating whether the University complied with the Guide for the year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and the associated findings are as follows:

Internal Control Agreed-upon Procedures

- A. We reviewed the general control environment for the Intercollegiate Athletics Program (Program). As part of this review, we reviewed its organization. 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 Program are the same as those addressed in connection with the audit of the University's financial statements for June 30, 2022. 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 Program. 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 Program's Statement of Revenues and Expenses (the Statement) for the year ended June 30, 2022, 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.
- 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 1).
- 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 Program.

Revenue Procedures:

NCAA Distributions

1. We compared the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and other corroborative supporting documents and recalculated totals.

We found no exceptions greater than \$100,000 as a result of these procedures.

Expense Procedures:

Equipment, Uniforms, and Supplies

2. We obtained general ledger detail and compared it to the total expenses reported. We selected a sample of 5 transactions to validate the existence of and accuracy in recording the transactions and recalculated totals.

Other Operating Expenses and Transfers to Institution

3. We obtained general ledger detail and compared it to the total expenses reported. We selected a sample of 5 transactions to validate the existence of and accuracy in recording the transactions and recalculated totals.

We found no exceptions greater than \$100,000 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). There were no noted discrepancies between the reports.
- 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 and noted the variance between years was -2. The Program no longer sponsors Men's and Women's Tennis in fiscal year 2022.

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.

Except as noted in Sports Sponsorship, we found no exceptions as a result of these procedures.

We were engaged by the University to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. An agreed-upon procedures engagement involves 1) performing specific procedures that the University has agreed to and acknowledged to be appropriate for the intended purpose of the engagement, and 2) reporting on findings based on the procedures performed. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the University's compliance with the NCAA's *2022 Agreed-upon Procedures Guide* for the year ended June 30, 2022. 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.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to agreed-upon procedure engagements.

A handwritten signature in cursive script that reads "Office of the State Auditor".

Office of the State Auditor
Salt Lake City, Utah
January 11, 2023

Southern Utah University
Intercollegiate Athletics Program
Statement of Revenues and Expenses
For the Year Ended June 30, 2022

Revenues	Men's				Total
	Administration	Basketball	Football	Other Sports	
Ticket Sales	\$ -	\$ 85,822	\$ 110,841	\$ 45,535	\$ 242,198
Student Fees	-	135,053	644,798	1,040,666	1,820,517
Direct Institutional Support (Note C)	1,204,966	1,042,974	3,336,849	5,009,715	10,594,504
Indirect Institutional Support (Note C)	679,500	-	-	-	679,500
Guarantees	-	257,500	1,005,000	10,000	1,272,500
Contributions	201,463	12,490	9,703	308,129	531,785
In-Kind	52,734	-	4,000	7,453	64,187
NCAA Distributions	-	88,298	421,569	680,389	1,190,256
Royalties, Licensing & Sponsorships	358,175	-	-	-	358,175
Endowment Income	24,824	-	-	-	24,824
Other Revenues	397,825	7,453	14,280	61,004	480,562
Total Revenues	\$ 2,919,487	\$ 1,629,590	\$ 5,547,040	\$ 7,162,891	\$ 17,259,008
Expenses:					
Financial Aid (Note A)	-	\$ 419,827	\$ 1,704,354	\$ 2,750,731	\$ 4,874,912
Guarantees	2,815	10,000	-	10,164	22,979
Coaching Compensation, University	-	555,323	1,142,991	1,573,933	3,272,247
Support Staff Compensation, University	2,122,275	63,041	118,706	107,264	2,411,286
Recruiting	-	45,490	63,908	101,765	211,163
Team Travel	277,942	263,669	644,775	865,257	2,051,643
Uniforms and Supplies	152,277	50,172	166,806	275,857	645,112
Game Expenses	1,468	98,896	47,912	153,387	301,663
Fund Raising, Marketing & Promotion	24,899	-	-	-	24,899
Indirect Institutional Support (Note C)	679,500	-	-	-	679,500
Medical Expenses & Insurance	245,548	463	-	7,374	253,385
Memberships and Dues	325,518	7,450	-	20,816	353,784
Other Operating Expenses	888,578	36,353	82,079	145,377	1,152,387
Total Expenses	4,720,820	1,550,684	3,971,531	6,011,925	16,254,960
Excess (Deficiency) of					
Revenues over Expenses	(\$ 1,801,333)	\$ 78,906	\$ 1,575,509	\$ 1,150,966	\$ 1,004,048
Encumbrances					-
Net Increase (Decrease) in Net Position					<u>\$ 1,004,048</u>

The accompanying notes are an integral part of this financial statement.

Southern Utah University
Intercollegiate Athletics Program
Notes to Statement of Revenues and Expenses
For the Year Ended June 30, 2022

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 \$774,083. 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, 2022. 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 program 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 Program. These costs have been allocated to the Intercollegiate Athletic Program 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 Program 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 total gift revenue from groups of two or more individuals. In addition, there were no significant changes to endowments for the Intercollegiate Athletic Program during the year ended June 30, 2022.

Southern Utah University
Intercollegiate Athletics Program
Notes to Statement of Revenues and Expenses
For the Year Ended June 30, 2022

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.

Leased assets are recorded at the present value of payments expected to be made during the lease term.

Southern Utah University
Intercollegiate Athletics Program
Auditor's Analysis of Significant Variances
For the Year Ended June 30, 2022

Exhibit 1

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

	2022	2021	Variance \$	Variance %	
Operating Revenues	Totals	Totals	Over/(Under)	Over/(Under)	
Student Fees	\$ 1,820,517	\$ 1,699,092	\$ 121,425	7.15%	
Direct Institutional Support	10,594,504	10,401,561	192,943	1.85%	
Operating Expenses					
Financial Aid	4,874,912	4,554,075	320,837	7.05%	
Coaching Compensation, University	3,272,247	2,848,347	423,900	14.88%	A
Support Staff Compensation, University	2,411,286	2,266,738	144,548	6.38%	
Team Travel	2,051,643	962,327	1,089,316	113.20%	B

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

	2022	Budget	Variance \$	Variance %	
Operating Revenues	Totals	Estimate	Over/(Under)	Over/(Under)	
Student Fees	\$ 1,820,517	\$ 1,780,505	\$ 40,012	2.25%	
Direct Institutional Support	10,594,504	10,442,349	152,155	1.46%	
Operating Expenses					
Financial Aid	4,874,912	5,248,555	-373,643	-7.12%	
Coaching Compensation, University	3,272,247	N/A	N/A	N/A	
Support Staff Compensation, University	2,411,286	N/A	N/A	N/A	
Combined Coach and Staff Compensation	5,683,533	5,745,166	-61,633	-1.07%	
Team Travel	2,051,643	1,908,668	142,975	7.49%	

A This increase was driven by several factors including the addition of new coaching staff, and a cost of living and market adjustment pay increase.

B This increase was due to the competition schedule returning to normal after playing a limited schedule during FY21 due to the COVID pandemic.