

STATE OF UTAH  
OFFICE OF THE UTAH STATE AUDITOR



TINA M. CANNON  
UTAH STATE AUDITOR

**Utah State University**

**Athletics Department**

**Agreed-Upon Procedures**

**For the year ended June 30, 2025**

**Report No. 25-23**

**Office of the Utah State Auditor**

Audit Leadership:

Tina M. Cannon, State Auditor

Caleb Tindall, CPA, Audit Supervisor

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# Independent Auditor's Report

To the Board of Trustees, Audit Committee,  
and  
Brad L. Mortensen, President  
Utah State University

We have performed the procedures enumerated below on Utah State University's (University) compliance with the National Collegiate Athletic Association (NCAA) *2025 Agreed-upon Procedures Guide* (Guide) for the year ended June 30, 2025. University management is responsible for compliance with the Guide.

Utah State 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, 2025. 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 Athletic Department (Department). 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 Department are the same as those addressed in connection with the audit of the University's financial statements for June 30, 2025. 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 Department. We were originally engaged by the University to perform agreed-upon procedures for Affiliated and Outside Organizations outlined in the Guide, which was identified as the Blue A Collective. Before we performed these agreed-upon procedures on the Blue A Collective, University leadership requested that our office no longer perform these procedures for their outside organization, Blue A Collective. Therefore, we did not perform the agreed-upon procedures for Affiliated and Outside Organizations as outlined in the Guide. Except for the Blue A Collective, all booster group activity is under the accounting control of the University; therefore, we performed no additional procedures on booster group activities.

### **Statement of Revenues and Expenses Agreed-Upon Procedures**

- D. We obtained the Athletic Department's Statement of Revenues and Expenses (the Statement) for the year ended June 30, 2025, 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. 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:**

##### *1. Ticket Sales*

We compared tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenue reported by the University in the

Statement and the related attendance figures for Football and Men's Basketball and recalculated totals.

2. *Student Fees*

We compared and agreed student fees reported by the University in the Statement for the reporting period to student enrollments during the same reporting period and recalculated totals.

3. *Direct Institutional Support*

We compared the direct institutional support recorded by the University during the reporting period with institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculate totals.

4. *Contributions*

We obtained and reviewed supporting documentation for each contribution of moneys, goods, or services received directly by the Department from any affiliated or outside organization, agency, or group of individuals (two or more) not included above (e.g., contributions by corporate sponsors) that constituted 10% or more in aggregate for the reporting year of all contributions received for intercollegiate athletics during the reporting period and recalculated totals.

5. *Conference Distributions and Conference Distributions of Post-Season Generated Revenue*

- a. We obtained and inspected agreements related to the University's conference distributions and to participation in revenues from tournaments during the reporting period for relevant terms and conditions.
- b. We compared and agreed the related revenues to the University's general ledger and/or the Statement and recalculated totals.

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

**Expense Procedures:**

6. *Athletic Student Aid*

- a. We selected a sample of 34 student athletes, representing 10% of student athletes receiving aid, from the listing of University student aid recipients during the reporting period.
- b. We obtained individual student account detail for each selection and compared total aid in the University's student system to the student's detail in the NCAA's Compliance Assistant (CA) software.
- c. We performed a check to ensure the information for each student selected was accurately reported in the NCAA's CA software using the criteria listed in the NCAA Guide.

- d. We recalculated totals for each sport and overall.

For all 34 students selected in our Athletic Student Aid sample, we identified variances ranging from (\$16,820.74) to \$18,425.60 between the student aid in the University's student system to the student's detail in the NCAA's Compliance Assistant (CA) software, with an aggregate net of (\$147,280.62) in differences for all students selected.

*7. Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities*

- a. We obtained and inspected a listing of coaches employed by the University and related entities during the reporting period. We selected a sample of 8 coaches' contracts, representing 10% of coaches' contracts that included football, and men's and women's basketball from the listing.
- b. We compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the University and related entities in the Statement during the reporting period.
- c. We obtained and inspected payroll summary registers for the reporting period for each selection. We compared and agreed payroll summary registers from the reporting period to the related coaching salaries, benefits, and bonuses paid by the University and related entities expense recorded by the University in the Statement during the reporting period.
- d. We compared and agreed the totals recorded to any employment contracts executed for the sample selected and recalculated totals.

*8. Support Staff/Administrative Compensation, Benefits, and Bonuses Paid by the University and Related Entities*

- a. We selected a sample of 10 support staff/administrative personnel employed by the University and related entities during the reporting period.
- b. 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.

Other than the Athletic Student Aid exception noted above, 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).
- 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% therefore, obtaining explanations for the variances was not necessary.

### 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 therefore, obtaining explanations for the variances was not necessary.

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 *2025 Agreed-upon Procedures Guide* for the year ended June 30, 2025. 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.

*Office of the State Auditor*

Office of the Utah State Auditor

Salt Lake City, Utah

January 14, 2026

# Financial Statements

## Statement of Revenue and Expenses for the Year Ended June 30, 2025

	Football	Basketball	Other Sports	Non-Program Specific	Total
<b>Operating revenues:</b>					
1 Ticket sales	2,042,470	1,155,207	89,927	178,884	3,466,488
2 Direct state or other govt support	-	-	224,478	-	224,478
3 Student fees	-	-	-	4,507,811	4,507,811
4 Direct institutional support	553,329	992,527	4,633,633	18,303,632	24,483,121
5 Less - Transfers to institution	-	-	-	-	-
6 Indirect institutional support revenue	2,503,892	808,251	3,396,519	2,683,860	9,392,522
6A Indirect institutional support - Athletic facilities debt service, lease and rental fees	-	-	-	3,350,406	3,350,406
7 Guarantees	1,700,000	141,437	59,500	-	1,900,937
8 Contributions	2,545,279	84,189	122,544	7,946,247	10,698,259
9 In-kind contributions	94,919	127,902	38,108	23,704	284,633
10 Compensation & benefits provided by a third party	-	-	-	-	-
11 Media rights	-	-	-	3,449,920	3,449,920
12 NCAA distributions	-	949,341	875	824,782	1,774,998
13					
Conference Distributions (Non Media and Non Football Bowl)	-	-	-	4,292,400	4,292,400
13A					
Conference Distributions of Football Bowl Generated Revenue	1,997,785	-	-	-	1,997,785
14 Program, novelty, parking and concession sales	-	-	-	95,000	95,000
15 Royalties, licensing, advertisement and sponsorships	-	-	-	3,087,240	3,087,240
16 Sports camp revenues	-	-	-	-	-
17 Athletics restricted endowment and investment income	42,598	38,186	52,377	623,809	756,970
18 Other operating revenue	14,144	1,327,075	25,785	193,849	1,560,853
19 Football Bowl revenues	118,705	-	-	-	118,705
Total operating revenue	<u>11,613,121</u>	<u>5,624,115</u>	<u>8,643,746</u>	<u>49,561,544</u>	<u>75,442,526</u>
<b>Operating expenses:</b>					
20 Athletic student aid	2,921,024	554,548	3,879,564	1,610,240	8,965,376
21 Guarantees	415,000	336,841	21,700	-	773,541
22 Coaching salaries, benefits, & bonuses paid by the University and Related Entities	9,510,488	2,945,563	3,999,354	-	16,455,405
23					
Coaching other compensation & benefits paid by a third party	-	-	-	-	-
24 Support staff salaries, benefits & bonuses paid by the University and Related Entities	210,648	52,937	98,907	6,487,625	6,850,117
25 Support staff other compensation & benefits paid by a third party	-	-	-	-	-
26 Severance payments	213,425	-	166,430	254,883	634,738
27 Recruiting	467,427	122,200	369,700	12	959,339
28 Team travel	1,156,075	730,115	2,593,334	170	4,479,694
29 Sports equipment, uniforms & supplies	1,203,751	168,024	1,107,260	167,724	2,646,759
30 Game expenses	541,910	567,892	548,594	-	1,658,396
31 Fund raising, marketing & promotion	80,981	33,244	48,100	363,200	525,525
32 Sports camp expenses	-	-	-	-	-
33 Spirit groups	-	-	-	21,000	21,000
34 Athletic facilities debt service, leases & rental fees	2,028,891	-	-	1,791,963	3,820,854
35 Direct overhead & admin expenses	69,607	36,527	66,969	771,572	944,675
36 Indirect institutional support expense	2,503,892	808,251	3,396,519	2,683,860	9,392,522
37 Medical expenses & insurance	10,504	-	1,250	866,980	878,734
38 Memberships & dues	-	5,870	24,772	754,589	785,231
39 Student-athlete meals (non-travel)	551,526	45,941	167,756	559,527	1,324,750
40 Other operating expenses	216,586	203,924	214,885	2,824,824	3,460,219
41 Football Bowl expenses	-	-	-	-	-
41A Football Bowl expenses - Coaching compensation/bonuses	-	-	-	-	-
Total operating expenses	<u>22,101,735</u>	<u>6,611,877</u>	<u>16,705,094</u>	<u>19,158,169</u>	<u>64,576,875</u>
Excess/(deficiency) of revenues over/(under) expenses	<u>(10,488,614)</u>	<u>(987,762)</u>	<u>(8,061,348)</u>	<u>30,403,375</u>	<u>10,865,651</u>
<b>Other reporting items:</b>					
50 Excess transfer to institution	-	-	-	-	-
51 Conference realignment expenses	-	-	-	-	-
52 Total athletics related debt	-	-	-	38,912,660	38,912,660
53 Total institutional debt	-	-	-	376,218,015	376,218,015
54 Value of athletics dedicated endowments	-	-	-	8,803,370	8,803,370
55 Value of institutional endowments	-	-	-	616,738,418	616,738,418
56 Total Athletics related capital expenditures	2,471,474	240,627	3,451,095	96,131	6,259,327

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

## Notes to the Statement of Revenue and Expenses for the Year Ended June 30, 2025

Accrual Basis - The accompanying Statement of Revenues and Expenses (Statement) presents the results of financial activity of Utah State University's Athletic Department and has been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles except for the following:

- Direct Institutional Support Revenues and Athletic Student Aid Expenses have not been reduced for scholarship allowances.
- Tuition waivers have been reported as Direct Institutional Support and Athletic Student Aid Expense.
- Contribution revenues are recognized in the Statement when both received and used, rather than when pledged or received, as required by the NCAA.
- Debt service payments paid by the University for Athletic related debt have been reported as Indirect Institutional Support Revenue and Athletic facilities debt service expense, as required by the NCAA.
- Debt service payments paid by Athletic endowment distributions for Athletic related debt have been reported as Athletic endowment income and Athletic facilities debt service expense, as required by the NCAA.
- Debt service payments and supplementary information for internal loan programs are reported on this statement, as required by the NCAA.

Capital Assets - The University's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletic-related capital assets is the same as for all University capital assets. For management purposes and accountability, assets have been capitalized and depreciation expense recorded to distribute costs over the useful life of the assets.

Capital assets are recorded at cost at date of acquisition, or fair market value at the date of donation in the case of gifts.

The University capitalizes all equipment with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Buildings costing \$250,000 or more are capitalized, as are improvements to buildings costing \$250,000 or more that extend the useful life of the building. Improvements other than buildings costing \$250,000 and purchased software costing \$100,000 or more are capitalized when acquired.

The University computes depreciation using the straight-line composite method over the estimated useful life of the assets. The estimated useful lives are as follows: buildings 10-40 years, improvements other than buildings 5-20 years, equipment 3-15 years, and purchased software 5-10 years.

Revenue Allocation - Revenues from operations have been allocated to the activity generating the income. Gifts and investment income have been allocated based on management decisions of the Athletic Department.

Student fee revenue was allocated 100% to Non-Program Specific activities.

The state appropriations were allocated through direct institutional support based on the actual payments made in support of Football, Basketball, Other Sports, and Non-Program Specific activities.

Utah State University announced its intention to leave the Mountain West Conference to join the Pac-12 Conference. Following this announcement, Utah State, along with four other institutions, entered into litigation to determine an agreed-upon exit fee amount.

As part of the Mountain West Conference's actions during this process, NCAA and Mountain West revenues expected for FY25 were withheld and applied toward exit fees. To help offset this shortfall, the Pac-12 Conference provided Utah State Athletics with \$3,500,000 and University administration provided \$2,724,197.79.

The FY25 distribution and withholdings are summarized below:

- FY25 Distribution Total: \$7,137,454.50
- Total Payments made: \$913,266.61
- Withheld Toward Exit Fees: \$6,224,187.89

Revenues received during a given fiscal year but not expended are carried forward for use by the Athletic Department in future fiscal years.

Sports Accounting - The major sports, which include men's football and basketball, are reported separately. Other sports in which the University participates are combined and reported as "Other Sports". The administrative functions of the Athletic Department and activities which support all sports have been combined for reporting purposes under the caption "Non-Program Specific".

Indirect Institutional Support Revenue - Indirect facilities and administrative support includes overhead not charged directly to the athletic department. These charges include operation and maintenance expenses for athletic related buildings allocated to units based on square footage and an institutional support expense allocated based on total salaries, wages, and benefits of the Athletic Department. Of the \$9,392,522 in indirect support, \$2,249,046 is operation and maintenance expense

for the athletic facilities, \$5,977,605 is capital improvements to athletic facilities, and \$1,165,871 is institutional support expense.

*Athletic Department Debt* - The principal balance of all external Athletic Department debt is \$33,680,000 and all internal debt Athletic Department debt is \$5,232,660 at June 30, 2025. The external debt includes 2017 bonds for the Wayne Estes Center in the amount of \$7,150,000, the 2015 Building bonds for the Stadium in the amount of \$19,330,000, Series 2013 bonds for the Stadium/Spectrum in the amount of \$820,000, Series 2022 bonds for the Stadium in the amount of \$6,380,000. In fiscal year 2025, annual external debt service payments totaled \$3,350,406 all of which was related to facilities. Of total external debt service, the institution paid \$3,350,406 and the Athletic department paid \$0.

All external bond debt is secured by a pledge of student building fees. Amounts due on external bonds and contracts payable in future years are as follows:

Utah State University									
Amounts Due on Bonds - Related to Athletics									
As of June 30, 2025									
Fiscal Year	Wayne Estes Center		Stadium Spectrum		Stadium Bonds		Stadium Bonds		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2026	250,000	230,140	820,000	15,375	640,000	721,881	444,000	223,540	3,344,936
2027	265,000	217,202			660,000	702,631	456,000	210,686	2,511,519
2028	280,000	203,515			680,000	682,710	470,000	197,013	2,513,238
2029	290,000	192,606			700,000	661,335	484,000	182,451	2,510,392
2030	300,000	183,731			720,000	638,456	499,000	166,899	2,508,086
2031-2035	1,635,000	776,194			3,995,000	2,801,826	2,767,000	559,880	12,534,900
2036-2040	1,905,000	508,024			4,795,000	2,000,389	1,260,000	68,153	10,536,566
2041-2045	2,225,000	179,631			5,830,000	960,568			9,195,199
2046-2050					1,310,000	48,033			1,358,033
	\$7,150,000	\$2,491,043	\$820,000	\$15,375	\$19,330,000	\$9,217,829	\$6,380,000	\$1,608,622	\$47,012,869

*Contributions and Major Non-Operating Activities* - The Athletic Department received contributions from Cache Valley Electric Company and Jim & Carol Laub Family Foundation in the amount of \$5,759,936 which is greater than ten percent of the total gift revenue from groups of two or more individuals. There were no significant changes to endowments for Intercollegiate Athletics during the year ended June 30, 2025. Contributions of \$594,005 were received in the University's endowment, plant, and agency funds for the benefit of the Athletic Department and have not been reported in this statement. Total contributions received by the University for the benefit of the Athletic Department are as follows:

Contributions reported on Statement of Revenues and Expenditures	\$10,982,892
Contributions received in the University's endowment and plant funds	<u>\$594,005</u>
Total contributions	<u><u>\$11,576,897</u></u>

## Auditor's Analysis of Significant Variances for the Year Ended June 30, 2025

### Exhibit 1

	FY 2025	FY 2024	Variance \$	Variance %	
Operating Revenues	Totals	Totals	Increase/ (Decrease)	Increase/ (Decrease)	
Direct Institutional Support	24,483,121	18,876,812	5,606,309	29.7%	B
Indirect Institutional Support Revenue	9,392,522	5,476,110	3,916,412	71.5%	A
Contributions	10,698,259	7,608,313	3,089,946	40.6%	C
<b>Operating Expenses</b>					
Athletics Student Aid	8,965,376	8,050,408	914,968	11.4%	E
Coaching Salaries, Benefits, etc. paid by USU	16,455,405	10,337,714	6,117,691	59.2%	D
Support Staff Salaries, Benefits, etc. paid by USU	6,850,117	6,158,712	691,405	11.2%	D
Indirect Institutional Support Expense	9,392,522	5,476,110	3,916,412	71.5%	A

- A. The variance was caused by an increase in Women's Soccer field improvements paid for by the University in FY25.
- B. The variance was caused by the University giving additional funding to Athletics in FY25 to help cover the Mountain West withholdings (see *Revenue Allocation* note above).
- C. The variance was caused by increased donor contributions to Athletics in FY25.
- D. The variance was caused by increases to Basketball, Football, and Women's Soccer staff packages, as well as additional staff hiring in FY25.
- E. The variance was caused by increases in out-of-state student athletes, higher tuition rates, and Alston payments for student athletes.