

WESTERN STATE COLORADO UNIVERSITY

Athletics Department
Statement of Revenues and Expenses
Independent Accountants' Report on Applying
Agreed-Upon Procedures in Accordance with
National Collegiate Athletic Association Bylaw 6.2.3.1.1
Year ended June 30, 2013

WESTERN STATE COLORADO UNIVERSITY

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Members of the Legislative Audit Committee
Western State Colorado University
Grand Junction, Colorado

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES IN ACCORDANCE WITH NATIONAL COLLEGIATE ATHLETIC ASSOCIATION BYLAW 6.2.3.1.1

We have performed the procedures enumerated below, which were agreed to by the Legislative Audit Committee and management of Western State Colorado University (the University), solely to assist you in evaluating whether the accompanying statement of revenues and expenses (the Statement) of the Intercollegiate Athletics Department of Western State Colorado University (the Intercollegiate Athletics Department), is in compliance with the National Collegiate Athletic Association ("NCAA") Constitution 6.2.3.1.1 for the year ended June 30, 2013. The University's management is responsible for the Statement and for the Intercollegiate Athletics Department'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.

Agreed-Upon Procedures Related to the Statement of Revenues and Expenses of the Intercollegiate Athletics Department of Western State Colorado University

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

- Procedure 1: We obtained from the University identification of all intercollegiate athletics-related affiliated and outside organizations. The only organization identified was the Western State Colorado University Foundation (the Foundation). We agreed detailed amounts contributed by the Foundation to amounts recorded in the University's records as of June 30, 2013, without exception.
- Procedure 2: We obtained an understanding of the University's methodology for allocating student fees to Intercollegiate Athletics Department. We recalculated student fees and compared them to student fees per the Statement, without exception.
- Procedure 3: We selected five guarantee contracts for away games during the year ended June 30, 2013. We agreed the contract amounts to the University's general ledger and the total reported on the Statement, without exception.
- Procedure 4: We obtained from University officials a detailed listing of contributions received directly by the Intercollegiate Athletics Department, which identified any contributions from outside organizations, agencies, or groups of individuals (two or more), that constitute ten percent or more of all contributions received for the Intercollegiate Athletics Department during the year ended June 30, 2013. We recalculated the contribution revenue and noted that the Foundation accounted for 100% of the revenues. We also read the disclosure in the notes to the Statement and verified the disclosure of the source of funds.

- Procedure 5: We obtained the breakout of direct institutional support by type of support including amounts to fund scholarships for athletes, amounts to fund salaries of the Intercollegiate Athletics Department, and other funding for athletics generated by the University's auxiliary funds. We recalculated totals in the breakout of direct institutional support, without exception. We compared each type of direct institutional support recorded by the University during the year ended June 30, 2013 to authorized amounts in the University's budget approved by the University's Board of Trustees and verified that actual amounts of support were within budget limits.
- Procedure 6: We compared and agreed NCAA distributions reported in the Statement during the year ended June 30, 2013 to supporting schedules provided by the University. We selected all receipts from the NCAA and agreed them to their supporting documentation, without exception.
- Procedure 7: We selected a sample of five camp cash receipts from the schedule of sports camp participants and agreed them to their supporting documentation, without exception.
- Procedure 8: We compared actual expenses reported on the Statement, by the Intercollegiate Athletics Department, for the year ended June 30, 2013 to budget estimates and to those actual expenses for the year ended June 30, 2012 and obtained explanations from management on variances exceeding \$10,000 from the June 30, 2012 balance as follows:
- i. *Guarantees* – Guarantees decreased over the prior year due to the University engaging in less guarantee contracts in the current year.
 - ii. *Contributions* – Contributions increased over the prior year due to the Foundation providing more funds to the University.
 - iii. *Direct Institutional Support* – Direct Institutional Support increased from the prior year due to the University increasing the scholarship pool as well as an increase in the number of coaches on salary and the University giving a salary increase.
 - iv. *NCAA/Conference Distributions* – NCAA/Conference Distributions increased from the prior year due to the University's sports teams attending more regional and national events.
 - v. *Sports Camp Revenues* – Sports camp revenues increased from the prior year due to the addition of two new sport programs, women's soccer and women's swimming and diving, as well as an increase in overall camp attendance.
 - vi. *Athletics Student Aid* – Athletics Student Aid increased from the prior year due to the University increasing the amount available for scholarships.
 - vii. *Coaching Salaries and Benefits* – Coaching Salaries and Benefits increased from the prior year due to the addition of two new sport programs, women's soccer and women's swimming and diving.
 - viii. *Fund Raising, Marketing and Promotion* – Fund Raising, Marketing and Promotion decreased from the prior year due to the University incurring a large amount of promotional and marketing expenses in fiscal year 2012 for the addition of women's soccer and women's swimming and diving in fiscal year 2013. These expenses were not incurred in fiscal year 2013.
 - ix. *Equipment, Uniforms and Supplies* – Equipment, Uniforms and Supplies increased from the prior year mainly due to the addition of two new sport programs, women's soccer and women's swimming and diving, in the current year.
 - x. *Sports Camp Expenses* – Sports Camp Expenses increased from the prior year due to an increase in the number of camps offered, as noted above, and an increase in attendance.

- xi. *Other Operating Expenses* – Other Operating Expenses increased from the prior year due to the addition of two new sports programs, women’s soccer and women’s swimming and diving.

- Finding: During comparison of the budget to actual amounts we found that the University does not budget for each specific line item that is included in the Statement. Only certain line items in the Statement are itemized separately in the University’s budget; therefore, an effective comparison of the University’s budgeted amounts for the Intercollegiate Athletics Department as compared to actual amounts reported in the Statement could not be performed.
- Procedure 9: We calculated the percentage of other operating revenues to total revenues and verified that the ratio was less than five percent.
- Procedure 10: We obtained a listing of University student aid recipients during the year ended June 30, 2013. From the list we selected five student athletes and obtained their financial aid awards. We agreed the amount of financial aid per the University to the respective award letter.
- Procedure 11: We obtained and inspected a schedule of individual coaches employed by the University. We selected a sample of five coaches from the schedule. The coaches selected represented football, men’s and women’s basketball, wrestling and cross country. We obtained the coaching contracts for the coaches selected and compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the University in the Statement during the year ended June 30, 2013, without exception. We recalculated total expenses, without exception. We also obtained and inspected the 2012 W-2 for each coach selected and reconciled the portion of his/her salary recorded in the Statement that is attributable to the calendar year 2012 to each coach’s W-2, without exception.
- Procedure 12: We obtained a schedule of non-coaching staff from the Intercollegiate Athletics Department employed by the University. We selected five individuals from the schedule. We obtained and inspected the 2012 W-2 for each individual selected and reconciled the portion of his/her salary recorded in the Statement that is attributable to the calendar year 2012 to his/her W-2, without exception. We traced each selected salary to the University general ledger, without exception.
- Procedure 13: We obtained the University’s recruiting expense detail. We selected five expenses from the detail. We traced and agreed those expenses to supporting documentation and to the University’s general ledger, without exception.
- Procedure 14: We obtained the University’s athletics travel expenses detail. We selected five travel expenses from the detail. We traced and agreed the expenses to supporting documentation and to the University’s general ledger.
- Finding: For one of the five travel expenses tested, we noted that the University’s policy regarding the return of unspent travel advances to the cashier’s office was not followed. The amount that was not returned to the cashier’s office was \$32.41.
- Procedure 15: We compared and agreed equipment, uniforms, and supplies expenses reported in the Statement during the year ended June 30, 2013 to supporting schedules provided by the University. We selected a sample of five expenses and agreed them to their supporting documentation, without exception.
- Procedure 16: We compared and agreed fund raising, marketing and promotion expenses reported in the Statement during the year ended June 30, 2013 to supporting schedules provided by the University. We selected a sample of five expenses and agreed them to their supporting documentation, without exception.

- Procedure 17: We compared and agreed sports camp expenses reported in the Statement during the year ended June 30, 2013 to supporting schedules provided by the University. We selected a sample of five expenses and agreed them to their supporting documentation, without exception.
- Procedure 18: We compared and agreed medical expenses and medical insurance reported in the Statement during the year ended June 30, 2013 to supporting schedules provided by the University. We selected a sample of five expenses and agreed them to their supporting documentation, without exception.
- Procedure 19: We compared and agreed membership and dues expenses reported in the Statement during the year ended June 30, 2013 to supporting schedules provided by the University. We selected a sample of five expenses and agreed them to their supporting documentation, without exception.
- Procedure 20: We were unable to obtain supporting documentation for a portion of the other operating expenses; therefore, no testing was completed. We calculated the percentage of other operating expenses to total expenses and verified that the ratio was less than ten percent.
- Finding: We were unable to obtain supporting documentation for \$141,494 out of the total other operating expenses of \$321,512.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying statement of revenues and expenses of the Intercollegiate Athletics Department of Western State Colorado University. 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 the specified parties listed above, and is not intended to be and should not be used by anyone other than these specified parties.

Dalby Wendland & Co, P.C.

DALBY, WENDLAND & CO., P.C.
Grand Junction, Colorado

January 8, 2014

WESTERN STATE COLORADO UNIVERSITY

STATEMENT OF REVENUES AND EXPENSES

For the year ended June 30, 2013

	<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						
Operating Revenues						
Ticket Sales	\$ 6,062	\$ 1,392	\$ 1,392	\$ 5,838	\$ -	\$ 14,684
Student Fees	70,943	35,125	35,125	109,693	127,641	378,527
Guarantees	25,000	22,000	6,000	-	-	53,000
Contributions	96,438	12,016	3,051	153,125	284,557	549,187
Direct Institutional Support	652,939	282,092	245,194	728,291	329,449	2,237,965
NCAA/Conference Distributions	-	-	-	46,959	-	46,959
Advertising	-	-	-	-	1,970	1,970
Concession Sales	-	-	-	-	7,679	7,679
Sports Camp Revenues	120,868	52,358	42,800	393,258	-	609,284
Other Operating Revenues	560	-	-	430	-	990
<i>Subtotal Operating Revenue</i>	<u>972,810</u>	<u>404,983</u>	<u>333,562</u>	<u>1,437,594</u>	<u>751,296</u>	<u>3,900,245</u>
EXPENSES						
Operating Expenses						
Athletics Student Aid	388,077	157,564	130,881	454,113	-	1,130,635
Coaching Salaries and Benefits	221,918	119,128	109,753	437,174	-	887,973
Support Staff Salaries and Benefits	-	-	-	-	327,761	327,761
Recruiting	10,901	10,400	7,500	19,904	6,412	55,117
Team Travel	63,799	14,240	23,682	163,489	-	265,210
Fund Raising, Marketing and Promotion	-	-	-	7,870	22,003	29,873
Equipment, Uniforms and Supplies	85,135	17,187	4,753	66,367	68,873	242,315
Game Expenses	7,958	7,496	6,770	7,547	11,495	41,266
Sports Camp Expenses	105,433	58,870	27,091	376,886	-	568,280
Medical Expenses and Medical Insurance	-	-	-	-	13,579	13,579
Memberships and Dues	-	150	-	991	18,574	19,715
Other Operating Expenses	45,850	7,144	5,337	121,687	141,494	321,512
<i>Subtotal Operating Expenses</i>	<u>929,071</u>	<u>392,179</u>	<u>315,767</u>	<u>1,656,028</u>	<u>610,191</u>	<u>3,903,236</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenses</i>	<u>\$ 43,739</u>	<u>\$ 12,804</u>	<u>\$ 17,795</u>	<u>\$ (218,434)</u>	<u>\$ 141,105</u>	<u>\$ (2,991)</u>

WESTERN STATE COLORADO UNIVERSITY
INTERCOLLEGIATE ATHLETICS DEPARTMENT
NOTES TO STATEMENT OF REVENUES AND EXPENSES (UNAUDITED)

Year ended June 30, 2013

NOTE 1 - BASIS OF PRESENTATION

The accompanying statement of revenues and expenses presents the results of financial activity of the Intercollegiate Athletics Department of Western State Colorado University (the Intercollegiate Athletics Department) and is not intended to present the operations of the University as a whole.

The accompanying statement of revenues and expenses has been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when an obligation is incurred.

For reporting purposes, the major sports in which the University participates are combined by and reported by the following major categories: Football, Men's Basketball, Women's Basketball and Other Sports. The first three categories represent individual activities whereas the last one represents the combined activity of multiple sports. The administrative functions of the Western State Colorado University Athletics Department, which supports all sports, have been combined and reported within the Non-Program Specific category.

NOTE 2 - CONCENTRATION OF DONOR SOURCES

The Western State Colorado University Foundation (the Foundation) was the single donor source for the Intercollegiate Athletics Department with contributions of \$602,187 for the year ended June 30, 2013. The contributions received from the Foundation represent gifts from various donors made on behalf of the Intercollegiate Athletics Department.

NOTE 3 - CAPITAL ASSETS

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings, 20 years for land improvements, and three to ten years for equipment.

Capital assets activity for the year ended June 30, 2013 was:

	Beginning Balance	Additions	Disposals	Ending Balance
Non-depreciable Capital Assets				
Construction in progress	\$ 9,751,767	\$ 20,826,039	\$ -	\$ 30,577,806
<i>Total Non-depreciable Capital Assets</i>	<u>\$ 9,751,767</u>	<u>\$ 20,826,039</u>	<u>\$ -</u>	<u>\$ 30,577,806</u>
Depreciable Capital Assets				
Land improvements	\$ 603,024	\$ -	\$ -	\$ 603,024
Buildings and improvements	7,278,154	-	-	7,278,154
Equipment	86,106	27,820	-	113,926
<i>Total Depreciable Capital Assets</i>	7,967,284	27,820	-	7,995,104
Less accumulated depreciation:				
Land improvements	(195,983)	(30,151)	-	(226,134)
Buildings and improvements	(5,320,503)	(334,680)	-	(5,655,183)
Equipment and vehicles	(78,144)	(2,839)	-	(80,983)
<i>Total Accumulated Depreciation</i>	<u>(5,594,630)</u>	<u>(367,670)</u>	<u>-</u>	<u>(5,962,300)</u>
<i>Net Depreciable Capital Assets</i>	<u>\$ 2,372,654</u>	<u>\$ (339,850)</u>	<u>\$ -</u>	<u>\$ 2,032,804</u>

NOTE 4 - DEBT

Certain University bonds payable are related to athletics facilities and improvements. However, the bonds are repaid from University resources other than those reported on the accompanying statement of revenues and expenses of the Intercollegiate Athletics Department. Therefore, the bonds are not considered direct Intercollegiate Athletics Department debt.

A bound report may be obtained by calling the
Office of the State Auditor
303-869-2800

Please refer to the Report Control Number below when requesting this report.

Report Control Number: [1303F-A](#)