

COLORADO MESA UNIVERSITY

**REPORT OF INDEPENDENT ACCOUNTANT
ON THE APPLICATION OF
AGREED-UPON PROCEDURES**

Fiscal year ended June 30, 2013

COLORADO MESA UNIVERSITY

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Tim Foster, President
Colorado Mesa University
Grand Junction, Colorado

INDEPENDENT ACCOUNTANTS' REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Legislative Audit Committee and management of Colorado Mesa 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 Colorado Mesa 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 Athletic Department of Colorado Mesa University

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

- Procedure 1: We obtained management's representation related to internal controls over ticket sales. We obtained management's summary of tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets and compared to the related revenue reported by the University in the Statement and the related attendance figures. We selected a sample of ticket sales from five athletic events and agreed them to their supporting documentation, without exception.
- Procedure 2: We obtained from the University identification of all intercollegiate athletics-related affiliated and outside organizations. The only organization identified was the Colorado Mesa 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 3: We agreed guarantee revenue recorded in the Statement as of June 30, 2013 to supporting transaction detail from the University's accounting records, 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 an outside organizations, agency, or group of individuals (two or more), that constitute 10 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 34.3 percent of total contribution revenues. We also read the disclosure in the notes to the Statement and verified the disclosure of the source of funds. We selected a sample of five contributions and agreed them to their supporting documentation, without exception.

Procedure 5: We compared direct institutional support recorded by the University during the reporting period with University authorization. We recalculated totals without exception.

Procedure 6: We compared indirect institutional support recorded by the University during the reporting period with University authorizations. We recalculated totals without exception.

Procedure 7: We compared and agreed NCAA distributions reported in the Statement during the reporting period to supporting schedules provided by the University. We selected a sample of five receipts from the NCAA and agreed them to their supporting documentation, without exception.

Procedure 8: We compared and agreed program sales and concessions reported in the Statement during the reporting period to supporting schedules provided by the University. We selected a sample of five revenue receipts and agreed them to their supporting documentation, with one exception.

Finding 1: One of the five revenue receipts selected had an amount that did not match supporting documentation. The Concessions Register Summary Reports were \$10 greater than the Deposit Form, which had an original receipt amount of \$1,721.32.

Procedure 9: We obtained the sponsorship agreement related to the University's participation in revenues from sponsorships. We compared and agreed sponsorship revenues reported in the Statement during the reporting period to supporting schedules provided by the University, without exception.

Procedure 10: We obtained an understanding of the University's methodology for recording revenues from sports-camps. We selected a sample of five camp cash receipts from the schedule of sports camp participants and agreed receipts selected to their supporting documentation, without exception.

Procedure 11: We compared and agreed other operating revenue reported in the Statement during the reporting period to supporting schedules provided by the University. We selected a sample of five revenue receipts and agreed them to their supporting documentation, without exception. We calculated the percentage of other operating revenues to total revenues and verified that the ratio was less than 5 percent.

Procedure 12: We compared actual revenues and expenses reported on the Statement, by the Intercollegiate Athletics Department, for the year ended June 30, 2013 to budget estimates and to those for the year ended June 30, 2012 and obtained explanations from management on variances exceeding \$19,000 from the June 30, 2012 balance as follows:

- a. *Ticket Sales* – Ticket sales increased from the prior year due to increased attendance, which can be attributed to the success of the Women's Basketball team and a new coaching staff for the football team.
- b. *Contributions* – Contributions increased from the prior year due to increased support from the Foundation.
- c. *Direct Institutional Support* – Direct institutional support increased from the prior year due to increased participation, events, and programs.

- d. *Indirect Facilities and Administrative Support* – In comparing current year Indirect facilities and administrative support and prior year Indirect facilities and administrative support, no significant variation was noted from prior year. Indirect facilities and administrative support is not a budgeted line item for the University.
- e. *NCAA/Conference Distributions Including All Tournament Revenues* - – In comparing current year NCAA/Conference distributions and prior year NCAA/Conference distributions, no significant variation was noted from prior year. NCAA/Conference distributions including all tournament revenues is budgeted within miscellaneous revenues and not as its own line item.
- f. *Program Sales, Concessions, Novelty Sales and Parking* – Program sales, concessions, novelty sales and parking increased from the prior year due to increased attendance at athletic events.
- g. *Sports Camp Revenues* – Sports camp revenues increased from the prior year due to the addition of cheerleading, strength and conditioning, swimming, and women’s lacrosse camps.
- h. *Other Revenues* – Other revenues increased from the prior year due to increased participation, events, and programs.
- i. *Athletic Student Aid* – Athletic student aid decreased from the prior year due to funding being used in other areas. Additionally, fewer scholarships were awarded for tuition and fees and flat dollar scholarships have been awarded instead.
- j. *Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities* – Coaching salaries, benefits, and bonuses paid by the University and related entities increased from the prior year due to increased participation, events, and programs.
- k. *Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities* – Support Staff/Administrative salaries, benefits, and bonuses paid by the University and related entities increased from the prior year due to increased participation, events, and programs.
- l. *Severance Payments* – Severance payments increased from the prior year due to Fiscal Year 2013 having the first severance payment in several years.
- m. *Team Travel* – Team travel increased from the prior year due to increased participation, events, and programs.
- n. *Equipment, Uniforms and Supplies* – Equipment, uniforms and supplies decreased from the prior year due to the fact that during Fiscal Year 2012 the University changed its name and had to incur a large expense to purchase new practice and game apparel reflecting the new name.
- o. *Game Expenses* – Game expenses increased from the prior year due to increased participation, events, and programs.
- p. *Fund Raising, Marketing and Promotion* – Fund raising, marketing and promotion increased from the prior year due to increased attendance at athletic events.
- q. *Sports Camp Expenses* – Sports camp expenses increased from the prior year due to the addition of four new sport camps.
- r. *Spirit Groups* – Spirit groups decreased from the prior year due to the Foundation spending less during Fiscal Year 2013 than Fiscal Year 2012.
- s. *Medical Insurance* – Medical insurance increased from the prior year due to increased premiums and coverage for more athletes.

- t. *Indirect Facilities and Administrative Support* – In comparing current year Indirect facilities and administrative support and prior year Indirect facilities and administrative support, no significant variation was noted from prior year. Indirect facilities and administrative support is not a budgeted line item for the University.
- u. *Other Operating Expenses* – Other Operating Expenses increased from the prior year due to increased participation, events, and programs.

- Procedure 13: We obtained a listing of University student aid recipients during the reporting period. From the list we selected five student athletes and obtained their financial aid awards. We agreed the amounts of financial aid per the University to the respective award letter, without exception.
- Procedure 14: We agreed guarantee expense recorded in the Statement as of June 30, 2013 to supporting transaction detail from the University's accounting records, without exception.
- Procedure 15: 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, as well as other sports. We obtained the coaching contracts for the five 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 reporting period. 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 his/her W-2.
- Procedure 16: We obtained a schedule of noncoaching staff 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 their salary recorded in the Statement that is attributable to the calendar year 2012 to their W-2. We traced each selected salary to the University general ledger without exception.
- Procedure 17: We obtained and inspected the termination letter relating to the severance payment received by one employee. We agreed the related payment recorded by the University to the termination letter. We traced and agreed the amount in the Statement to the University's general ledger without exception.
- Procedure 18: 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 the University's general ledger, without exception.
- Procedure 19: We obtained the University's athletic travel expense detail. We selected five travel expenses from the detail. We traced and agreed the expenses to supporting documentation and the University's general ledger, without exception.
- Procedure 20: We compared and agreed equipment, uniforms, and supplies expenses reported in the Statement during the reporting period to supporting schedules provided by the University. We selected a sample of five expenses and agreed them to their supporting documentation, without exception.
- Procedure 21: We compared and agreed game expenses reported in the Statement during the reporting period to supporting schedules provided by the University. We selected a sample of five expenses and agreed them to their supporting documentation, without exception.

- Procedure 22: We compared and agreed fund raising, marketing and promotion expenses reported in the Statement during the reporting period to supporting schedules provided by the University. We selected a sample of five expenses and agreed them to their supporting documentation, without exception.
- Procedure 23: We compared and agreed sports camp expenses reported in the Statement during the reporting period to supporting schedules provided by the University. We selected a sample of five expenses and agreed them to their supporting documentation, without exception.
- Procedure 24: We compared and agreed spirit group expenses reported in the Statement during the reporting period to supporting schedules provided by the University. We selected a sample of five expenses and agreed them to their supporting documentation, without exception.
- Procedure 25: We compared and agreed medical expenses and medical insurance reported in the Statement during the reporting period to supporting schedules provided by the University. We selected the only expense and agreed it to the supporting documentation, without exception.
- Procedure 26: We compared indirect institutional support recorded by the University during the reporting period with University authorizations. We traced and agreed the amounts presented as expenses to amounts presented as revenues. We recalculated totals, without exception.
- Procedure 27: We compared and agreed membership and dues expenses reported in the Statement during the reporting period to supporting schedules provided by the University. We selected a sample of five expenses and agreed them to their supporting documentation, without exception.
- Procedure 28: We compared and agreed other operating expenses reported in the Statement during the reporting period to supporting schedules provided by the University. We selected a sample of five expenses and agreed them to their supporting documentation, without exception. We also calculated the percentage of other operating expenses to total expenses noting that the ratio was greater than 10 percent. The top three categories of expenses include printing for programs, costs of goods sold for concessions, and personnel recruiting expenses.

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 revenue and expenses of the Intercollegiate Athletics Department of Colorado Mesa 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

December 31, 2013

COLORADO MESA UNIVERSITY
INTERCOLLEGIATE ATHLETICS DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES (UNAUDITED)

For the year ended June 30, 2013

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating Revenue						
Ticket Sales	\$ 15,633	\$ 23,555	\$ 10,103	\$ 100,939	\$ -	\$ 150,230
Guarantees Received	12,000	-	2,500	-	-	14,500
Contributions	168,235	35,797	36,780	335,717	289,794	866,323
Direct Institutional Support	767,371	248,512	294,954	2,772,586	1,379,322	5,462,745
Indirect Facilities and Administrative Support	-	-	-	-	339,885	339,885
NCAA/Conference Distributions	-	-	9,000	20,112	12,155	41,267
Program Sales, Concessions and Parking	-	-	-	-	82,735	82,735
Royalties, Licensing, Advertisements and Sponsorships	-	-	-	-	30,000	30,000
Sports Camp Revenues	163,333	-	-	195,143	570,110	928,586
Endowment and Investment Income	-	-	-	-	-	-
Other	2,416	-	30	37,649	40,337	80,432
Total Operating Revenue	\$ 1,128,988	\$ 307,864	\$ 353,367	\$ 3,462,146	\$ 2,744,338	\$ 7,996,703
Operating Expenses						
Financial Aid	\$ 291,891	\$ 142,095	\$ 167,888	\$ 853,350	\$ -	\$ 1,455,224
Guarantees Paid	-	474	6,000	8,637	-	15,111
Coaches Compensation	399,987	191,134	111,049	1,210,070	-	1,912,240
Administrative Compensation	-	-	-	-	733,879	733,879
Severance Payments	-	-	-	-	24,231	24,231
Recruiting	13,123	3,828	5,337	31,737	518	54,543
Team Travel	138,884	29,719	34,073	620,256	-	822,932
Equipment, Uniforms and Supplies	76,305	7,469	15,769	265,896	-	365,439
Game Expenses	8,035	1,491	12,317	19,113	27,124	68,080
Fund Raising, Marketing and Promotion	26	-	-	30,369	20,122	50,517
Sports Camp Expenses	200,126	-	-	108,256	496,624	805,006
Spirit Groups	-	-	-	-	44,137	44,137
Medical Insurance	-	-	-	-	99,530	99,530
Indirect Facilities and Administrative Support	-	-	-	-	339,885	339,885
Memberships and Dues	240	125	76	4,697	21,466	26,604
Other Operating Expenses	65,902	17,629	5,815	192,353	857,726	1,139,425
Total Operating Expenses	1,194,519	393,964	358,324	3,344,734	2,665,242	7,956,783
Excess/(Deficiency)	\$ (65,531)	\$ (86,100)	\$ (4,957)	\$ 117,412	\$ 79,096	\$ 39,920

COLORADO MESA 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 (unaudited) presents the results of financial activity of the Intercollegiate Athletics Department of Colorado Mesa University 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 recognized when an obligation is incurred.

For reporting purposes, the major sports in which the University participates are combined and reported by the following categories: football, men's basketball, women's basketball, and other sports. The first three categories represent individual activities and the last represents a combination of all other intercollegiate activities. The administrative functions of the Colorado Mesa University Athletics Department, which supports all sports, have been combined and reported within the category Nonprogram Specific. General administrative costs of the University have been allocated to athletics operations and are reported herein.

NOTE 2 - CONCENTRATION OF DONOR SOURCES

The Colorado Mesa University Foundation was the single largest donor source for the Colorado Mesa University Athletics Department with contributions of \$297,355. Contributions received from the Colorado Mesa University Foundation represent gifts from various donors made on behalf of the Colorado Mesa University 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
Land Improvements	\$ 11,099,460	\$ -	\$ -	\$ 11,099,460
Buildings and Improvements	53,622,157	-	-	53,622,157
	<u>64,721,617</u>	<u>-</u>	<u>-</u>	<u>64,721,617</u>
Less accumulated depreciation:				
Land improvements	(2,042,860)	(554,973)	-	(2,597,833)
Buildings and improvements	<u>(6,253,737)</u>	<u>(1,344,225)</u>	<u>-</u>	<u>(7,597,962)</u>
	<u>(8,296,597)</u>	<u>(1,899,198)</u>	<u>-</u>	<u>(10,195,795)</u>
Net capital assets	<u>\$ 56,425,020</u>	<u>\$ (1,899,198)</u>	<u>\$ -</u>	<u>\$ 54,525,822</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 financial statement and the bonds are not considered direct 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: [1311F-A](#)