

DRAFT 11/09/2018

University of Wyoming

Independent Accountant's Report on Applying Agreed-upon Procedures
Performed on the Intercollegiate Athletics Program as
Required by NCAA Bylaw 3.2.4.15.1
Year Ended June 30, 2018

University of Wyoming
June 30, 2018

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**Independent Accountant's Report on
Applying Agreed-upon Procedures**

To the Board of Trustees of the
University of Wyoming
Laramie, Wyoming

We have performed the procedures enumerated in this report, which were agreed to by the University of Wyoming (the University), solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (the Statement) of the University and related notes are in compliance with the National Collegiate Athletic Association's (NCAA) Bylaw 3.2.4.15.1 for the year ended June 30, 2018. Management of the University is solely responsible for the Statement and the compliance with those requirements. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of our testing are described below.

1. We obtained the Statement, as prepared by the administration of the University and compared the amounts disclosed in the Statement to the University's general ledger.

For revenues and expenses categories above the 4.0% threshold of total revenues and expenses, we performed the following:

2. We compared the amount of each operating revenue and expense category reported in the Statement during the year ended June 30, 2018, to supporting schedules provided by the administration of the University, noting that they agreed without exception. We recalculated the totals per the supporting schedules, without exception. The following revenue reporting categories were less than 4.0% of total revenues, and the following expense categories were less than 4.0% of total expenses, and therefore, as prescribed in the NCAA Agreed-upon Procedures Guidelines, no procedures were performed for these categories:

Revenues

- a. Less – transfers to University
- b. Indirect University support
- c. Guarantees
- d. In-kind contributions
- e. Compensation and benefit provided by a third party
- f. Media rights
- g. Conference distributions

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- h. Program, novelty, parking and concession sales
- i. Athletics restricted endowment and investments income
- j. Other operating revenues
- k. Bowl revenues

Expenses

- a. Guarantees
 - b. Coaching salaries, benefits and bonuses paid by a third party
 - c. Support staff/administrative compensation, benefits and bonuses paid by a third party
 - d. Recruiting
 - e. Sports equipment, uniforms and supplies
 - f. Game expenses
 - g. Spirit groups
 - h. Athletic facilities debt service, leases and rental fees
 - i. Direct overhead and administrative expenses
 - j. Indirect University support
 - k. Medical expenses and medical insurance
 - l. Memberships and dues
 - m. Student-athlete meals (non-travel)
 - n. Bowl expenses
 - o. Bowl expenses – coaching compensation/bonuses
3. We inquired of the University's management whether there were any of the following revenues, expenses or other reporting items during the year ended June 30, 2018, and University management represented that there were none:

Revenues

- a. Indirect institutional support – athletic facilities debt service, lease and rental fees
- b. Sports camp revenues

Expenses

- a. Severance payments
- b. Sports camp expenses

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4. We compared each revenue and expense amount over 10% of the total revenues or expenses reported in the Statement to prior year amounts and current year budget estimates. We noted no variances greater than 10% between amounts reported in the Statements and current year budget estimates. We obtained and documented an understanding of any significant variances (10% change) from prior year amounts, as noted below:

Current Year Actual Versus Prior Year Actual

- *Contributions* – Increased by \$669,844, or 9.3%, due to an increased amount of contributions received from the Cowboy Joe Club.
 - *Fund Raising, Marketing and Promotion* – Increased \$3,944,083, or 427%, due to all operational expenses for Cowboy Joe Club being included in the expense line item for the current year, whereas no Cowboy Joe Club expense activity was included in the prior year.
5. For revenue and expense categories that exceeded 4% of total revenues and expenses, we compared and agreed a sample, defined as 10% of operating receipts and expenses unless otherwise noted, from the supporting schedules to adequate supporting documentation, as noted below:

Operating Revenues

6. *Ticket Sales* – We compared the detail of ticket sales revenue to tickets sold, complementary tickets provided and unsold tickets for the year ended June 30, 2018, per the supporting schedule to the related revenue reported in the Statement, noting they agreed without exception. For football and men’s basketball ticket revenue, we compared the detail of the number of tickets multiplied by ticket prices to the detail of revenues for those sports, noting that they agreed without exception.
7. *Student Fees* – We compared and agreed the detail of student fees reported by the University in the statement for the reporting to student enrollments during the same reporting period and recalculated the totals within a 0.5% difference. We obtained documentation of the institution’s methodology for allocating student fees to intercollegiate athletic programs. The University is not reporting an allocation of student fees countable as generated revenue to each individual sport.
8. *Direct State or Other Government Support* – We compared a sample of direct state support recorded by the University during the reporting period with corroborative supporting documentation and recalculated totals without exception.
9. *Direct University Support* – We compared a sample of direct institutional support recorded by the University during the reporting period with corroborative supporting documentation and recalculated totals without exception.
10. *Contributions* – We obtained the supporting documentation for contributions received specifically to support athletics, noting that all contributions were received from the Cowboy Joe Club. We selected a sample of contributions, agreed them to supporting documentation, and recalculated totals without exception.
11. *NCAA Distributions* – We compared a sample of amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and other corroborative supporting documents and recalculated totals without exception.

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12. *Royalties, Licensing, Advertisements and Sponsorships* – We selected a sample from the listing of revenues and obtained the Learfield Communications, Inc. (\$2,100,000) agreement related to the University’s participation in revenues from royalties, licensing, advertisements and sponsorships during the year ended June 30, 2018, and documented the relevant terms and conditions. We agreed the amounts per the contract to the supporting schedule of such revenues and the total of the supporting schedule to the Statement without exception.

Operating Expenses

13. *Athletic Student Aid* – As the University utilized the NCAA Compliance Assistance (CA) software, we selected a sample of 10% of the student athletes (40 students), with a maximum sample size of 40, from the listing of the University student aid recipients. We obtained individual student account detail for each selection and compared total aid allocated from the squad list 2017-2018 to the students’ account screenshots. We recalculated totals for each sport and overall. We performed the following and noted findings, as discussed below:
- a. We compared the equivalency value in the CA software for each student athlete (rounded to two decimal places) to supporting documentation. For each student athlete, we noted:
 - i. If an athlete participates in more than one sport, the award was only included in one sport.
 - ii. Other expenses related to attendance were not included in grants-in-aid revenue distribution equivalencies. Only tuition, fees, room, board, and course related materials were included.
 - iii. The grant amount represented the full cost of tuition for an academic year, rather than a semester.
 - iv. No sports were discontinued during fiscal year 2018.
 - v. None had exhausted their athletics eligibility.
 - vi. Only athletic grants were awarded in sports which the NCAA conducts championship competitions, emerging sports for women or football.
 - vii. Grants-in-aid were valid for revenue distribution purposes in NCAA sports that did not meet the minimum contests and participants’ requirements of Bylaw 20.9.6.3.
 - viii. The University is providing grants to student-athletes listed on the CRDE as “Exhausted Eligibility (fifth-year)” or “Medical” receive credit in the grants-in-aid component.
 - ix. The athletics aid equivalency did not exceed maximum equivalency limits.
 - x. If a selected student received a Pell Grant, the value of the grant was not included in the calculation of equivalencies or the total dollar amount of student athletic aid expense for the institution.

Findings:

- a. We noted one student quit the team in the fall semester and their athletics’ scholarship was paid in the following spring semester.
- b. We were unable to recalculate the equivalency for nine students due to the equivalency certified and calculated on a 12-credit hour semester.

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14. *Coaching Salaries, Benefits and Bonuses Paid by the University and Related Entities* – We obtained a listing of coaches employed by the University during the year ended June 30, 2017. We selected a sample of five coaches’ contracts (Craig Bohl – Head Football Coach, Scott Hazelton – Assistant Football Coach, Brent Vigen – Assistant Football Coach, Allen Edwards – Head Men’s Basketball Coach, and Joseph Legerski – Head Women’s Basketball Coach) that included football and men’s and women’s basketball. We agreed the financial terms and conditions, primarily related to base salary, certain bonuses, broadcasting and endorsements, of each selection to the related coaching salaries, benefits and bonuses recorded by the University in the Statement during the year ended June 30, 2018, without exception. We obtained and agreed payroll summary registers for the reporting year for each selection to the related coaching salaries, benefits and bonuses paid by the University, without exception. We compared and agreed the totals recorded to the employment contracts executed for the sample selected and recalculated totals without exception.
15. *Support Staff/Administrative Compensation, Benefits and Bonuses Paid by the University and Related Entities* – We selected a sample of six athletic support staff/administrative personnel employed by the University (Michael Ananosen – Equipment, Jacob Chapman – Football, Timothy Harkins – Media Relations, Lincoln Mansch – Media Relations, David Primus – Marketing and Branding, and Justine Tydings – Soccer). We obtained supporting salary information for each selection, recalculated and agreed the information to the expense recorded by the University in the Statement without exception.
16. *Team Travel* – We obtained documentation of the University’s travel policies and compared them to the NCAA policies, noting no exceptions. We obtained the general ledger detail for team travel and compared to the amount reported in the Statement and recalculated the total without exception.
17. *Fundraising, Marketing and Promotion* – We obtained general ledger detail and compared to total expenses reported without exception. We selected a sample of transactions to view supporting documentation to validate existence of the transactions and accuracy of recording and recalculated totals without exception.
18. *Other Operating Expenses* – We obtained general ledger detail and compared to the total expenses reported without exception. We selected a sample of 30 transactions to view supporting documentation to validate existence of the transactions and accuracy of recording and recalculated totals without exception.

Agreed-upon Procedures Related to Affiliates and Outside Organizations

19. The University identified the University of Wyoming Foundation (the Foundation) as an outside intercollegiate athletics-related organization incurring expenses on behalf of Athletics which are not under the University’s accounting control. We obtained Cowboy Joe Club’s report and verified the activity was included in the Statement. We confirmed activity with the Foundation and ensured the activity was included in the Statement.
20. We obtained the audited financial statements as of and for the year ended June 30, 2018 for the Foundation and the management letter for the Foundation noting no matters that would significantly affect the Statement.

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Agreed-upon Procedures Related to Internal Control

21. We obtained an understanding of the internal control environment and accounting systems unique to Athletics that have not been addressed in connection with the audit of the University's financial statements. We documented our understanding of these internal controls.

Additional Minimum Agreed-upon Procedures

22. *Grants-in-Aid* – We compared and agreed the sports sponsored reported in the NCAA Membership Financial Reporting System to the Calculation of Revenue Distribution Equivalencies Report (CRDE) from CA noting a difference in the amount of \$1,260,603 due to the equivalencies certified and calculated on the 12-credit hour semester as compared to the actual number of credit hours the students are enrolled in for the semester.
23. *Sports Sponsorship* – We obtained the University's Sports Sponsorship and Demographics Forms Report for the reporting year. We validated that the countable sports reported by the University meet the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and the number of participants in each contest that is counted toward meeting the minimum-contest requirements. We ensured that the University has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System.
24. *Pell Grants* – We agreed the total number of Division I student-athletes that received a Pell Grant award and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report generated out of the institutions financial aid records, of all student-athlete Pell Grants, noting the amounts agreed without exception.

Agreed-upon Procedures for Other Reporting Items

25. *Excess Transfers to Institution and Conference Realignment Expenses* – We inquired of the University's management whether there were any excess transfers to the University and conference realignment expenses during the year ended June 30, 2018, and University management represented that there were none.
26. *Total Athletics Related Debt* – We obtained repayment schedules for all outstanding intercollegiate athletics debt during the reporting period, noting the total amount outstanding as of June 30, 2018 was \$2,871,000. We recalculated annual maturities (consisting of principal and interest) provided in the schedules obtained which totaled the original loan amount of \$4,000,000. We agreed the total annual maturities and total outstanding athletic related debt to supporting documentation.
27. *Total Institutional Debt* – We agreed the total outstanding University debt of \$89,700,660 to supporting documentation and the University's June 30, 2018, audited financial statements, without exception, for principal and interest payments.
28. *Value of Athletics Dedicated Endowments* – We obtained a confirmation directly from the Foundation of all Athletics dedicated endowments maintained by the Foundation. We agreed the fair market value in the schedules to supporting documentation, the general ledger and the University's June 30, 2018, audited financial statements without exception.

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29. *Value of Institutional Endowments* – We agreed the total fair market value of the University’s endowments to supporting documentation, the University’s general ledger and June 30, 2018, audited financial statements without exception.

30. *Total Athletics Related Capital Expenditures* – We obtained a schedule of Athletics-related capital expenditures made by Athletics and the University during the reporting period. We obtained general ledger detail and compared to the total expenses reported without exception. We selected a sample of transactions to validate existence of transactions and accuracy of recording and recalculated totals without exception.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or a review, the objective of which would be the expression of an opinion or conclusion, respectively, on evaluating whether the University’s Statement and the related notes were prepared in compliance with the NCAA Bylaw 3.2.4.15.1. Accordingly, we do not express such an opinion or conclusion. 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.

Denver, Colorado

University of Wyoming
Intercollegiate Athletics Program
Statement of Revenues and Expenses (Unaudited)
Year Ended June 30, 2018

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-program Specific	Total
Operating Revenues						
Ticket sales	\$ 3,326,165	\$ 628,263	\$ 262,848	\$ 96,559	\$ 331,836	\$ 4,645,671
Direct state or other government support	1,344,037	539,767	351,896	848,313	915,987	4,000,000
Student fees	-	-	-	-	2,088,235	2,088,235
Direct University support	4,095,916	1,042,833	895,655	3,996,407	2,994,610	13,025,421
Less: transfers to University	-	-	-	-	(345,233)	(345,233)
Indirect University support	-	-	-	-	530,548	530,548
Guarantees	1,000,000	55,000	22,000	7,200	-	1,084,200
Contributions	-	-	-	-	7,887,353	7,887,353
In-kind	104,742	45,280	28,038	97,669	413,780	689,509
Compensation and benefits provided by a third party	25,156	22,450	6,325	191,650	23,811	269,392
Media rights	949,905	154,636	-	-	-	1,104,541
NCAA distributions	-	515,240	-	-	3,288,123	3,803,363
Conference distributions	1,403,170	79,684	12,000	-	-	1,494,854
Program, novelty, parking and concession sales	469,093	76,678	28,628	13,372	187,318	775,089
Royalties, licensing, advertisement and sponsorships	-	-	-	-	2,034,259	2,034,259
Athletics restricted endowment and investments income	32,336	61,356	127,703	285,423	232,802	739,620
Other operating revenue	121,724	51,341	-	32,330	268,708	474,103
Bowl revenues	609,716	-	-	-	-	609,716
	<u>13,481,960</u>	<u>3,272,528</u>	<u>1,735,093</u>	<u>5,568,923</u>	<u>20,852,137</u>	<u>44,910,641</u>
Total operating revenues						

University of Wyoming
Intercollegiate Athletics Program
Statement of Revenues and Expenses (Unaudited) (continued)
Year Ended June 30, 2018

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-program Specific	Total
Operating Expenditures						
Athletics student aid	2,572,414	421,129	396,229	2,964,613	443,234	6,797,619
Guarantees	950,000	336,500	51,500	54,250	-	1,392,250
Coaching salaries, benefits and bonuses paid by the University and related entities	4,361,464	1,279,553	789,748	2,055,669	-	8,486,434
Coaching salaries, benefits and bonuses paid by a third party	20,687	15,650	6,325	180,848	-	223,510
Support staff/administrative compensation, benefits and bonuses paid by the University and related entities	458,095	232,353	103,434	271,709	6,423,835	7,489,426
Support staff/administrative compensation, benefits and bonuses paid by a third party	1,269	9,500	-	10,800	24,313	45,882
Recruiting	494,085	177,338	49,915	166,028	-	887,366
Team travel	568,546	547,224	461,451	1,157,461	-	2,734,682
Sports equipment, uniforms and supplies	524,295	89,636	28,103	247,449	68,219	957,702
Game expenses	288,317	141,872	112,075	88,648	712,753	1,343,665
Fundraising, marketing and promotion	4,109	1,165	-	2,559	4,860,718	4,868,551
Spirit groups	-	-	-	-	76,970	76,970
Athletic facilities debt service, leases and rental fees	-	-	-	-	450,000	450,000
Direct overhead and administrative expenses	19,573	17,417	14,908	176,388	1,123,848	1,352,134
Indirect University support	-	-	-	-	530,548	530,548
Medical expenses and medical insurance	-	-	-	-	889,708	889,708
Memberships and dues	2,705	1,339	99	14,753	529,618	548,514
Student-athlete meals (non-travel)	611,484	46,967	47,877	117,522	234,210	1,058,060
Other operating expenses	53,160	20,338	12,290	25,518	1,897,260	2,008,566
Bowl expenses	653,656	-	-	-	-	653,656
Bowl expenses - coaching compensation/bonuses	209,865	-	-	-	-	209,865
	<u>11,793,724</u>	<u>3,337,981</u>	<u>2,073,954</u>	<u>7,534,215</u>	<u>18,265,234</u>	<u>43,005,108</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>\$ 1,688,236</u>	<u>\$ (65,453)</u>	<u>\$ (338,861)</u>	<u>\$ (1,965,292)</u>	<u>\$ 2,586,903</u>	<u>\$ 1,905,533</u>

University of Wyoming
Intercollegiate Athletics Program
Notes to the Statement of Revenues and Expenses
Year Ended June 30, 2018
(Unaudited)

Note 1: Summary of Presentation Policies

The accompanying Schedule of Revenues and Expenses presents only the transactions of Athletics, which includes the activities of Cowboy Joe Club, an affiliated athletics organization under the University's control, and not other transactions for the University. Cowboy Joe Club activity is supervised by the Senior Associate Athletic Director for Development and Revenue Enhancement. The purpose of the Cowboy Joe Club is to promote the University by providing financial support. Athletics cash is maintained and accounted for within the University's pooled cash.

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 primary sports in which Athletics participates are reported separately. All other sports have been combined and reported within the category "Other Sports". The administrative functions of Athletics, which supports all sports, have been combined and reported within the category "Non-program Specific".

Note 2: Concentration of Donor Sources

Cowboy Joe Club is the single largest donor source to Athletics with 100% of cash contributions of the total contributions for the year ended June 30, 2018. The cash contributions received from the Cowboy Joe Club represent gifts from various donors made for the benefit of Athletics. The Foundation is the single largest source of athletics restricted endowment and investments income. The restricted endowments and investment income are used for various expenses for Athletics. The total funds available by the Foundation for the benefit of Athletics is \$1,321,896 as of June 30, 2018.

Note 3: Property, Plant and Equipment

Athletics-related assets are accounted for consistent with the University's policies for property, plant and equipment. Capital assets are stated at cost at date of acquisition or, in the case of gifts, at fair market value at date of gift. Property, plant and equipment valued at \$5,000 or more and having an estimated useful life of greater than one year is capitalized. Renovations to buildings, infrastructure and land improvements significantly increase the value or extend the expense of the structure are capitalized. Routine repairs and maintenance are charged to operating expenses in the year in which the expense was incurred. Depreciation of capital assets is computed on a straight-line basis over the estimated useful lives of the respective assets, generally 50 years for building, 15 to 30 years for land and building improvements and infrastructure, and 3 to 7 years for equipment.

University of Wyoming
Intercollegiate Athletics Program
Notes to the Statement of Revenues and Expenses
Year Ended June 30, 2018
(Unaudited)

At June 30, 2018, Athletic property, plant and equipment consisted of:

	Balance June 30, 2017	Additions	Balance June 30, 2018
Cost of capital assets			
Infrastructure	\$ 558,621	\$ -	\$ 558,621
Land improvements	10,047,621	-	10,047,621
Buildings	96,601,098	-	96,601,098
Equipment	4,267,961	486,636	4,754,597
Construction in progress	40,414,819	29,275,718	69,690,537
	<u>151,890,120</u>	<u>29,762,354</u>	<u>181,652,474</u>
Accumulated depreciation			
Infrastructure	542,218	1,640	543,858
Land improvements	4,789,513	656,911	5,446,424
Buildings	33,406,396	1,886,696	35,293,092
Equipment	3,879,612	257,390	4,137,002
	<u>42,617,739</u>	<u>2,802,637</u>	<u>45,420,376</u>
Net book value	<u><u>\$ 109,272,381</u></u>	<u><u>\$ 26,959,717</u></u>	<u><u>\$ 136,232,098</u></u>

Note 4: Long-term Liabilities

Long-term liabilities of Athletics consisted of the following at June 30, 2018:

Internal administrative loan payable in the amount of \$4,000,000 due to the University of Wyoming in annual principal and interest installments of \$400,000 in the year ended June 30, 2016, and \$450,000 each year thereafter, through June 30, 2025, interest bearing 2.5% secured by equipment, as of June 30, 2018

\$ 2,871,000

University of Wyoming
Intercollegiate Athletics Program
Notes to the Statement of Revenues and Expenses
Year Ended June 30, 2018
(Unaudited)

Aggregate maturities required on the long-term liability as of June 30, 2018 are as follows:

2019	\$	378,225
2020		387,681
2021		397,373
2022		407,307
2023		417,490
Thereafter		<u>882,924</u>
	<u>\$</u>	<u>2,871,000</u>

The University of Wyoming's debt is comprised of revenue bonds totaling \$85,551,221 and capital leases of \$4,149,439.