

Wright State University

Independent Accountant's Report on Applying Agreed-Upon Procedures
Performed on the Intercollegiate Athletic Program as
Required by NCAA Bylaw 3.2.4.15

June 30, 2019

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Wright State University
3640 Col. Glenn Highway
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We have reviewed the *Independent Accountant's Report on Applying Agreed-Upon Procedures* of the Wright State University NCAA Report, Greene County, prepared by BKD, LLP, for the period July 1, 2018 through June 30, 2019. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Wright State University is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 20, 2019

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Wright State University
June 30, 2019

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Independent Accountant's Report on Applying Agreed-Upon Procedures

Dr. Sue Edwards, Provost
Wright State University
Dayton, Ohio

We have performed the procedures enumerated below, which were agreed to by management of Wright State University (University), solely to assist you with respect to evaluating whether the accompanying statement of revenues and expenses (the Statement) of the University and the related notes are in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2019. 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 either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and findings obtained are described below.

Statement of Revenues and Expenses

1. We obtained the Statement, as prepared by the Department of Athletics of the University (Athletics), for the year ended June 30, 2019. We compared the revenue and expense amounts reported on the Statement which were greater than 4.0% of revenues or expenses, respectively, to the supporting schedules prepared by management of the University, noting they agreed without exception.
2. We compared a sample (see items 4-46 below) of operating revenue receipts and operating expenses obtained from the above operating revenue and expense supporting schedules to adequate supporting schedules. No exceptions were noted.
3. We compared each major revenue category greater than 10% of total revenues and each major expense category greater than 10% of total expenses on the Statement to prior year amounts and current year budgeted amounts. We obtained, from management of the University, and documented an understanding of any significant variances (greater than 10% change) from prior year amounts and current year budgeted amounts and noted the following:

Actual Revenue and Expenses as Compared to Prior Year

- *Team Travel* - Management indicated that the 19.51% increase is primarily attributable to the men's basketball team's involvement in travel to tournaments outside of the country.

Actual Revenue and Expenses to Current Year Budget

No variances met the above criteria.

Revenues

4. *Ticket Sales* - We noted this line item was below the prescribed threshold of 4.0%; thus, no additional procedures were performed.
5. *Student Fees* - We inquired as to whether student fees are allocated to Athletics, and the University's management represented there are no restricted student fee allocations from the University to Athletics. All allocations are unrestricted and reported as direct institutional support.
6. *Direct State or Other Governmental Support* - We noted this line item was below the prescribed threshold of 4.0%; thus, no additional procedures were performed.
7. *Direct Institutional Support* - We compared direct institutional support recorded by Athletics with institutional transfer authorizations held by the Controller's Office of the University and noted no exceptions.
8. *Transfers Back to the Institution* - We inquired of the University's management who represented there were no transfers back to the institution during the year ended June 30, 2019.
9. *Indirect Institutional Support* - We inquired of the University's management who represented there was no indirect institutional support during the year ended June 30, 2019.
10. *Guarantees* - We noted this line item was below the prescribed threshold of 4.0%; thus, no additional procedures were performed.
11. *Contributions* - We noted this line item was below the prescribed threshold of 4.0%; thus, no additional procedures were performed.
12. *In-Kind* - We inquired of the University's management who represented there were no in-kind revenues during the year ended June 30, 2019.
13. *Compensation and Benefits Provided by a Third Party* - We inquired of the University's management as to whether Athletics received any revenues or contributions to specifically support compensation or benefits from outside organizations for the year ended June 30, 2019, and they represented there were no compensation or benefits provided by third parties.
14. *Media Rights* - We inquired of the University's management who represented there was no media rights revenue during the year ended June 30, 2019.
15. *NCAA Distributions* - We noted this line item was below the prescribed threshold of 4.0%; thus, no additional procedures were performed.
16. *Conference Distributions* - We noted this line item was below the prescribed threshold of 4.0%; thus, no additional procedures were performed.
17. *Program Novelty, Parking and Concession Sales* - We noted this line item was below the prescribed threshold of 4.0%; thus, no additional procedures were performed.
18. *Royalties, Licensing, Advertisements and Sponsorships* - We noted this line item was below the prescribed threshold of 4.0%; thus, no additional procedures were performed.
19. *Sports Camps Revenues* - We noted this line item was below the prescribed threshold of 4.0%; thus, no additional procedures were performed.
20. *Athletics Restricted Endowment and Investment Income* - We inquired of the University's management who represented there was no athletics restricted endowment and investment income during the year ended June 30, 2019.

21. *Other Operating Revenue* - We noted this line item was below the prescribed threshold of 4.0%; thus, no additional procedures were performed.
22. *Bowl Revenues* - We inquired of the University's management who represented there were no bowl revenues during the year ended June 30, 2019.

Expenses

23. *Athletic Student Aid* - We recalculated totals from the NCAA Membership Financial Reporting System (System) for each sport and overall without exception. As the University utilized the NCAA Compliance Assistance software during Spring and Fall terms, we selected a sample of 10% of students. As the University did not utilize the NCAA Compliance Assistance software during Summer term, we selected a sample of 20% of students. A total sample of 32 was selected from the listings of the University's student athlete aid recipients and performed the following:
 - a. For each selection, we obtained individual student account detail and compared total aid allocated from the student account system to the amounts reported to the System, noting no exceptions.
 - b. For each selection, we performed a check of each student selected and compared their information in the System and noted all students whose full grant amount agreed to internal documentation.
 - c. For each selection who received a Pell Grant, we noted the value of the grant was not included in the calculation of equivalencies or the total dollar amount of student athletic aid. We also noted if the students selected were included in the total number and total value of Pell Grants reported, noting no exceptions.
24. *Guarantees* - We noted this line item was below the prescribed threshold of 4.0%; thus, no additional procedures were performed.
25. *Coaching Salaries, Benefits and Bonuses Paid by the University and Related Entities* - We obtained a listing of coaches employed by the University and randomly selected three coaches (Scott Nagy, Katrina Merriweather and Pat Ferguson), which included the men's and women's basketball coaches and women's soccer coach. We compared and agreed the financial terms and conditions of their contracts, and compared the salaries and bonuses for each selection to the related coaching salaries, benefits and bonuses recorded in the Statement and noted no exceptions. We obtained payroll summary registers for the year ended June 30, 2019, for each selection and agreed them to the related coaching salaries, benefits and bonuses paid by the University and related entities expense recorded by the University in the Statement and noted no exceptions.
26. *Coaching Other Compensation and Benefits Paid by a Third Party* - We inquired of the University's management, as to whether there were any coaching compensation or benefits paid by a third party and they represented there were no other compensation or benefits provided by third parties.
27. *Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities* - We selected a sample of three support staff/administrative personnel employed by the University (Rachel Nichols, Brianna Albers and Chris Bethel) and compared the related salaries, benefits and bonuses paid by the University to the Statement and noted no exceptions.

28. *Support Staff/Administrative Salaries, Benefits and Bonuses Paid by a Third Party* - We inquired of the University's management as to whether there were any support staff/administrative salaries, benefits or bonuses paid by a third party and they represented there were no support staff/administrative compensation or benefits provided by third parties.
29. *Severance Payments* - We inquired of the University's management who represented there were no severance payments during the year ended June 30, 2019.
30. *Recruiting* - We noted this line item was below the prescribed threshold of 4.0%; thus, no additional procedures were performed.
31. *Team Travel* - We obtained the team travel policies for Athletics and compared them to the NCAA policies. No exceptions were noted. We obtained the supporting schedule for team travel expenses and agreed the amounts in the supporting schedules to the Statement, noting no exceptions.
32. *Sports equipment, Uniforms and Supplies* - We noted this line item was below the prescribed threshold of 4.0%; thus, no additional procedures were performed.
33. *Game Expenses* - We noted this line item was below the prescribed threshold of 4.0%; thus, no additional procedures were performed.
34. *Fundraising, Marketing and Promotion* - We noted this line item was below the prescribed threshold of 4.0%; thus, no additional procedures were performed.
35. *Sports Camp Expenses* - We noted this line item was below the prescribed threshold of 4.0%; thus, no additional procedures were performed.
36. *Spirit Groups* - We noted this line item was below the prescribed threshold of 4.0%; thus, no additional procedures were performed.
37. *Athletic Debt Service, Leases and Rental Fees* - We noted this line item was below the prescribed threshold of 4.0%; thus, no additional procedures were performed.
38. *Direct Overhead and Administrative Expenses* - We obtained the general ledger detail and compared it to the total expenses reported. We selected a sample of three transactions noting the existence of the transaction and recalculated the totals, noting no exceptions.
39. *Indirect Allocated Institutional Support* - We inquired of the University's management who represented there was no indirect allocated institutional support during the year ended June 30, 2019.
40. *Medical Expenses and Medical Insurance* - We noted this line item was below the prescribed threshold of 4.0%; thus, no additional procedures were performed.
41. *Memberships and Dues* - We noted this line item was below the prescribed threshold of 4.0%; thus, no additional procedures were performed.
42. *Other Operating Expenses* - We noted this line item was below the prescribed threshold of 4.0%; thus, no additional procedures were performed.
43. *Student-Athlete Meals* - We noted this line item was below the prescribed threshold of 4.0%; thus, no additional procedures were performed.
44. *Bowl Expenses* - We inquired of the University's management who represented there were no bowl expenses during the year ended June 30, 2019.
45. *Bowl Expenses - Coaching Compensation/Bonuses* - We inquired of the University's management who represented there were no bowl expenses related to coaching compensation and bonuses during the year ended June 30, 2019.

Additional Minimum Agreed-Upon Procedures

46. We compared and agreed the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the University, noting no discrepancies. Additionally, we compared the grants-in-aid revenue distribution equivalencies to prior year's submission noting no variance greater than +/-4%.
47. We obtained the University's Sports Sponsorship and Demographics Forms Report for the fiscal year and noted if the countable sports reported by the University met 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 requirement, noting no discrepancies. Additionally, we compared the current year number of sports sponsored to prior year noting no variances.
48. Once countable sports were confirmed per number 47 above, we compared the countable sports per the Sports Sponsorship Demographics Forms Report to the NCAA Membership Financial Reporting System, noting no discrepancies.
49. We agreed the total number of student-athletes who received a Pell Grant award during the academic year and the total value of these Pell Grants reported in the System to a report generated from the University's student financial aid system, noting no discrepancies. Additionally, we compared the current year Pell Grant totals to the prior year reported total per the Membership Financial Report submission noting no variances greater than 20 grants.

Other Reporting Items

50. *Excess Transfers to Institution and Conference Realignment Expenses* - We inquired of the University's management who represented there were no excess transfers or conference realignment expenses during the year ended June 30, 2019.
51. *Total Athletics-Related Debt* - We inquired of the University's management who represented there was no athletics-related capital debt during the year ended June 30, 2019.
52. *Total Institutional Debt* - We agreed the total outstanding debt of the University to supporting documentation and the University's audited financial statements, without exception.
53. *Value of Athletics-Dedicated Endowments* - We inquired of the University's management who represented a schedule of athletics-dedicated endowments is not maintained, indicating all athletic-related funds are pooled within multiple funds along with many other University Funds. However, we were able to agree the total fair market value of University endowments to supporting documentation, the University's general ledger and the audited financial statements, without exception, as described at item 55 below.
54. *Value of Institutional Endowments* - We agreed the total fair market value of University endowments to supporting documentation, the University's general ledger and the audited financial statements, without exception.
55. *Total Athletics Related Capital Expenditures* - We inquired of the University's management who represented there were no athletic-related capital expenditures during the year ended June 30, 2019.

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 whether the Statement and the related notes were prepared in compliance with the requirements noted above. 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.

BKD, LLP

Cincinnati, Ohio
December 16, 2019

Wright State University
Statement of Revenues and Expenses
For the Year Ended June 30, 2019

	Men's Basketball	Women's Basketball	Other Sports	Nonprogram Specific	Total
Operating Revenues					
Ticket sales	\$ 382,024	\$ 7,464	\$ 13,020	\$ -	\$ 402,508
Direct state or other government support	-	1,509	-	9,371	10,880
Direct institutional support	2,121,443	1,338,240	4,124,679	2,452,114	10,036,476
Guarantees	100,000	43,000	29,600	-	172,600
Contributions	235,208	29,798	75,060	19,443	359,509
NCAA distributions	80,061	111,447	89,413	125,710	406,631
Conference distributions	130,630	1,079	7,120	2,170	140,999
Program, novelty, parking and concession sales	36,671	9,339	73,024	49,219	168,253
Royalties, licensing, advertisements and sponsorships	230,033	230,034	-	-	460,067
Sports camp revenues	11,650	5,747	-	-	17,397
Other	2,427	2,000	31,190	189,967	225,584
	<u>3,330,147</u>	<u>1,779,657</u>	<u>4,443,106</u>	<u>2,847,994</u>	<u>12,400,904</u>
Operating Expenses					
Athletics student aid	459,174	504,711	1,906,385	17,882	2,888,152
Guarantees	127,000	4,500	-	-	131,500
Coaching salaries, benefits, and bonuses paid by the University and related entities	1,173,287	528,041	1,020,555	-	2,721,883
Support staff/administrative salaries, benefits and bonuses paid by the University and related entities	352,157	163,520	374,240	1,429,058	2,318,975
Recruiting	76,270	81,219	37,830	-	195,319
Team travel	523,529	217,470	532,333	-	1,273,332
Sports equipment, uniforms and supplies	55,213	33,963	175,828	6,395	271,399
Game expenses	203,596	64,887	98,744	-	367,227
Fundraising, marketing and promotion	109,317	22,992	30,641	55,480	218,430
Sport camp expenses	4,754	3,518	746	-	9,018
Spirit groups	3,991	3,998	-	-	7,989
Athletics facilities debt service, leases and rental fees	53,748	13,431	31,451	-	98,630
Direct overhead and administrative expenses	46,686	25,301	57,394	975,741	1,105,122
Medical expenses and medical insurance	2,236	22,593	34,596	144,863	204,288
Membership and dues	760	825	3,685	5,626	10,896
Student-athlete meals (nontravel)	37,756	27,296	46,899	11,382	123,333
Other operating expenses	100,673	61,392	91,779	171,042	424,886
	<u>3,330,147</u>	<u>1,779,657</u>	<u>4,443,106</u>	<u>2,817,469</u>	<u>12,370,379</u>
Excess of Revenues Over Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,525</u>	<u>\$ 30,525</u>

Wright State University
Notes to Statement of Revenues and Expenses
June 30, 2019

Note 1: Summary of Presentation Policies

The amounts in the accompanying statement of revenues and expenses were obtained from Wright State University's (University) general ledger, which is maintained on an accrual basis. All revenues and expenses directly related to various sports were disclosed as such, except items which were not applicable. The primary purpose of the agreed-upon procedures report is to ensure the president of the University is made aware of all financial activity (both internal and external) for athletics purposes and to assist the University in exercising control over the financial activity made by or on behalf of the intercollegiate athletics program.

Note 2: Property, Plant and Equipment

Capital assets include land, land improvements, infrastructure, buildings, machinery, equipment, software, library books, publications and construction in progress. They are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. Building renovations that materially increase the value or extend the useful life of the structure are also capitalized. Normal repairs and maintenance are expensed in the year in which the expenses are incurred. The threshold for capitalizing moveable equipment with an estimated useful life of more than one year is \$5,000. Using the straight-line method, capital assets are depreciated over their estimated useful lives; generally, 40 years for buildings, 30 years for land improvements and infrastructure, 15 years for library books and publications, and 5 to 10 years for machinery and equipment. The University does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are not encumbered or sold for financial gain. Consequently, such collections are not recognized in the financial statements. The capitalization threshold for the purchase of moveable equipment may be waived when the acquisition is related to a major project. Moveable equipment items attributable to a major project may be capitalized and depreciated over a five-year useful life. A major project is defined as a project in which: (1) the total construction cost (building improvement, land improvement, infrastructure, etc.) is anticipated to be \$100,000 or more and the moveable capital equipment expenditures are expected to be at least \$100,000; or (2) although the construction costs are anticipated to be less than \$100,000, the total project costs, including moveable equipment, are anticipated to be at least \$200,000.

Note 3: Contributions From the Wright State University Foundation, Inc.

The Wright State University Foundation, Inc. (Foundation) receives gifts and contributions that are restricted for the related athletics programs. These funds are used when additional funds are needed for current expenses and/or special projects. Foundation revenues are recorded in the Statement in an amount equal to the amount expended during the fiscal year. There were no amounts greater than 10% of total contributions for athletics.

OHIO AUDITOR OF STATE KEITH FABER



WRIGHT STATE UNIVERSITY-NCAA

GREENE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 2, 2020**