

WRIGHT STATE UNIVERSITY

GREENE COUNTY, OHIO

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES
PERFORMED ON THE INTERCOLLEGIATE ATHLETIC PROGRAM AS
REQUIRED BY NCAA BYLAW 3.2.4.17

JUNE 30, 2020

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPARepoort@ohioauditor.gov
(800) 282-0370

Board of Trustees
Wright State University- NCAA
3640 Col. Glenn Highway
Dayton, Ohio 45435

We have reviewed the *Report on Applying Agreed-Upon Procedures* of Wright State University- NCAA, Greene County, prepared by BKD, LLP, for the period July 1, 2019 through June 30, 2020. 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. Wright State University- NCAA is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

January 7, 2021

This page intentionally left blank.

Wright State University
June 30, 2020

Contents

Independent Accountant’s Report on Applying Agreed-Upon Procedures	1
Statement of Revenues and Expenses	8
Notes to Statement of Revenues and Expenses	9

This page intentionally left blank.

Independent Accountant's Report on Applying Agreed-Upon Procedures

Dr. Sue Edwards, President
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 3.2.4.17 for the year ended June 30, 2020. 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, 2020. 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 4-44 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

- *Direct Overhead & Administrative Expenses* - Management represented that the 10.27% increase was driven by costs associated with improvements made to the volleyball courts and funding for the Rinzler Soccer Complex.

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. *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.
6. *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.
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, 2020.
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, 2020.
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, 2020.
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, 2020, 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, 2020.
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 Sales, Concessions, Novelty Sales and Parking* - 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, 2020.

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, 2020.

Expenses

23. *Athletic Student Aid* - We obtained the detailed listing of athletic student aid and performed the following procedures, noting no exceptions:
 - a. We compared the detail amounts of athletic student aid to the total per the Statement and to the NCAA Membership Financial Reporting System, noting no exceptions.
 - b. As the University utilized the NCAA Compliance Assistance software during Spring and Fall terms, we selected a sample of 10% of student athletes for these terms. As the University did not utilize the NCAA Compliance Assistance software during Summer term, we selected a sample of 20% of student athletes for that term. A total sample of 32 were selected from the listings of the University's student athlete aid recipients. We obtained the individual student account detail for each selection and compared the total aid per student's account detail to the student's aid detail in the NCAA's Membership Financial Reporting System, noting no exceptions.
 - c. We compared the student aid information for each student selected above to their information in the NCAA Membership Financial Reporting System utilizing required NCAA guidelines, including the following, noting no exceptions:
 - i. The equivalency value for each student athlete in all sports, including head-count sports, needs to be converted to a full-time equivalency value. The full-time equivalency value is calculated using the athletic grant amount reported as the numerator and the full grant amount, which is the total cost for tuition, fees, course-related books, room and board for an academic year as the denominator.
 - ii. Grants-in-aid is calculated by using the revenue distribution equivalencies by sport and in aggregate. (Athletic grant amount divided by the full grant amount).
 - iii. Other expenses related to attendance (also known as gap money or cost of attendance) should not be included in grants-in-aid revenue distribution equivalencies. Only tuition, fees, room, board and course-related books are countable for grants-in-aid revenue distribution per Bylaw 20.02.07.
 - iv. The full grant amount should always be the full cost of tuition for an academic year, not semester.
 - v. Student-athletes are to be counted once and should not receive a revenue distribution equivalency value greater than 1.00.

- vi. Athletic grants are valid for revenue distribution purposes only in sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football.
 - vii. Grants-in-aid are valid for revenue distribution purposes in NCAA sports that do not meet the minimum contests and participants' requirements of Bylaw 20.9.6.3.
 - viii. Institutions providing grants to student-athletes labeled as "exhausted eligibility (fifth-year)" or "medical" receive credit in the grants-in-aid component.
 - ix. The athletics and equivalency cannot exceed maximum equivalency limits. However, the total revenue distribution equivalency can exceed maximum equivalency limits due to exhausted eligibility and medical equivalencies (Bylaw 15.5.3.1).
 - x. If a sport is discontinued and the athletic grant(s) are still being honored by the institution, the grant(s) are included in student athlete aid for revenue distribution purposes.
 - xi. All equivalency calculations should be rounded to two decimal places.
 - xii. If a selected student received a Pell Grant, the value of the grant should not be included in the calculation of equivalencies or the total dollar amount of student athletic aid expense for the institution.
 - xiii. If a selected student received a Pell Grant, the student's grant should be included in the total number and total dollar value of Pell Grants reported for revenue distribution purposes in the NCAA Membership Financial Reporting System.
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 Alex Sogard), which included the men's and women's basketball coaches and men's baseball 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, 2020, 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 (Gary Dillabaugh, Jeffery Giles and Elizabeth Verplank) and compared the related salaries, benefits and bonuses paid by the University to the Statement and noted no exceptions.
28. *Support Staff/Administrative Other Compensation and Benefits Paid by a Third Party* - We inquired of the University's management as to whether there were any support staff/administrative compensation or benefits 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, 2020.
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. *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 Facility 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 Institutional Support* - We inquired of the University's management who represented there was no indirect allocated institutional support during the year ended June 30, 2020.
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. *Student-Athlete Meals (non-travel)* - We noted this line item was below the prescribed threshold of 4.0%; thus, no additional procedures were performed.
43. *Other Operating Expenses* - 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, 2020.

Additional Minimum Agreed-Upon Procedures

45. We compared and agreed the sports sponsored reported in the NCAA Membership Financial Reporting System to the records of the University, noting no discrepancies. Additionally, we compared the grants-in-aid revenue distribution equivalencies to prior year's submission noting a variance of 5.5%. Per management, this variance is due to the following factors:
 - a. *Swimming and Diving*: This program was cut in 2017-2018. The University has been honoring scholarships until the swimming and diving student-athletes have graduated. There were seven students on athletics aid in 2018-2019 and only one student in 2019-2020.
 - b. *Men's and Women's Tennis*: A head coaching change in men's and women's tennis also resulted in the new head coach reviewing his scholarships and rosters.
 - c. *Men's and Women's Soccer*: There was an increase in student-athletes (primarily men's soccer and women's soccer) graduating after the fall semester so the equivalencies were smaller.
 - d. *Other*: The variance can also be explained by a few student-athletes quitting a team or transferring after the first semester as well as a couple of student-athletes being deemed medically incapacitated.
46. 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. However, we did note that baseball, men's golf, men's and women's tennis, and softball did not report any contests due to the COVID-19 global pandemic. These were not reported as exceptions in accordance with the blanket waiver for Spring sports provided by the NCAA. Additionally, we compared the current year number of sports sponsored to prior year noting no variances.
47. Once countable sports were confirmed per number 46 above, we compared the countable sports per the Sports Sponsorship Demographics Forms Report to the NCAA Membership Financial Reporting System, noting no discrepancies.
48. 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

49. *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, 2020.
50. *Total Athletics-Related Debt* - We inquired of the University's management who represented there was no athletics-related debt during the year ended June 30, 2020.
51. *Total Institutional Debt* - We agreed the total outstanding debt of the University to supporting documentation and the University's audited financial statements, without exception.
52. *Value of Athletics-Dedicated Endowments* - We inquired of the University's management who represented a schedule of athletics-dedicated endowments is not maintained. Management indicated Wright State University Foundation (Foundation) holds all endowment funds for the benefit of athletics which are pooled with other University Funds. However, we were able to agree the total fair market value of endowments to supporting documentation and the Foundation's audited financial statements, without exception, as described at item 53 below.
53. *Value of Institutional Endowments* - We agreed the total fair market value of endowments held by the Foundation for the benefit of the University to supporting documentation, the Foundation's general ledger and the Foundation's audited financial statements, without exception.
54. *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, 2020.

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 11, 2020

Wright State University
Statement of Revenues and Expenses
For the Year Ended June 30, 2020

	Year Ended June 30, 2020				
	Men's Basketball	Women's Basketball	Other Sports	Nonprogram Specific	Total
Operating Revenues					
Ticket sales	\$ 387,265	\$ 8,011	\$ 9,913	\$ -	\$ 405,189
Direct state or other government support	-	1,801	-	6,810	8,611
Direct institutional support	2,398,581	1,501,738	3,991,738	2,038,133	9,930,190
Guarantees	-	36,000	47,500	-	83,500
Contributions	98,943	19,454	226,272	127,010	471,679
NCAA distributions	68,967	34,363	99,113	139,086	341,529
Conference distributions	55,607	-	-	-	55,607
Program sales, concessions, novelty sales and parking	11,481	6,543	54,343	17,863	90,230
Royalties, licensing, advertisements and sponsorships	237,057	237,058	-	-	474,115
Sports camp revenues	300	900	-	-	1,200
Other	-	-	35,149	110,149	145,298
Total operating revenues	<u>3,258,201</u>	<u>1,845,868</u>	<u>4,464,028</u>	<u>2,439,051</u>	<u>12,007,148</u>
Operating Expenses					
Athletics student aid	530,716	565,819	1,892,513	11,880	3,000,928
Guarantees	164,395	5,000	-	-	169,395
Coaching salaries, benefits, and bonuses paid by the University and related entities	1,198,305	526,989	1,025,672	-	2,750,966
Support staff/administrative salaries, benefits and bonuses paid by the University and related entities	429,608	233,820	393,390	1,238,644	2,295,462
Recruiting	37,395	55,912	31,573	-	124,880
Team travel	258,784	186,653	413,442	-	858,879
Sports equipment, uniforms and supplies	59,094	34,372	158,209	-	251,675
Game expenses	203,269	97,259	51,825	-	352,353
Fundraising, marketing and promotion	175,507	15,893	38,935	28,678	259,013
Sport camp expenses	930	2,343	-	-	3,273
Spirit groups	5,735	578	-	-	6,313
Athletics facilities debt service, leases and rental fees	54,369	14,047	19,750	-	88,166
Direct overhead and administrative expenses	27,104	6,276	242,656	967,150	1,243,186
Medical expenses and medical insurance	19,787	25,285	39,090	111,662	195,824
Memberships and dues	450	1,075	4,040	5,089	10,654
Student-athlete meals (non-travel)	32,785	20,258	27,303	4,821	85,167
Other operating expenses	59,968	54,289	125,630	166,687	406,574
Total operating expenses	<u>3,258,201</u>	<u>1,845,868</u>	<u>4,464,028</u>	<u>2,534,611</u>	<u>12,102,708</u>
Excess (Deficiency) of Revenues Over Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (95,560)</u>	<u>\$ (95,560)</u>

Wright State University
Notes to Statement of Revenues and Expenses
June 30, 2020

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 - NATIONAL COLLEGIATE ATHLETICS ASSOCIATION

GREENE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/19/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov