

**EASTERN WASHINGTON UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

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

YEAR ENDED JUNE 30, 2013

**EASTERN WASHINGTON UNIVERSITY INTERCOLLEGIATE ATHLETICS PROGRAM
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INDEPENDENT ACCOUNTANTS' REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES

Dr. Rodolfo Arevalo, President
Eastern Washington University
Cheney, Washington

We have performed the procedures enumerated below, which were agreed to by the Chief Executive of Eastern Washington University (EWU) ("institution"), solely to assist you in evaluating whether the accompanying statement of revenues and expenses of the EWU Intercollegiate Athletics Program ("Athletics") is in compliance with the National Collegiate Athletic Association ("NCAA") Bylaw 3.2.4.16 for the year ended June 30, 2013. Management is responsible for the statement of revenues and expenses ("statement") and the statement'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

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

- We obtained the statement for the year ended June 30, 2013, as prepared by management. We compared and agreed each of the operating revenue and expense categories during the reporting period to supporting schedules provided by the institution. We compared major revenue and expense accounts to prior-period amounts and budget estimates, and documented our understanding of any significant variances. No findings were noted.
- We documented management's understanding of policies and procedures used for acquiring, approving, depreciating, and disposing of Athletics-related assets. We obtained a schedule of assets capitalized, additions, transfers, dispositions, and depreciation for the year ended June 30, 2013, and agreed amounts to underlying reports and Athletics' general ledger. No findings were noted.

Agreed-Upon Procedures Related to the Statement of Revenues and Expenses (Continued)

- We performed additional procedures as follows:

Revenues:

Ticket Sales and Concessions – We reconciled tickets sold, complimentary tickets, and unsold tickets to revenues recorded through the accounting system. We inquired regarding ticket-taking procedures with the Athletics Director, and inquired as to the disposal of unsold tickets. We performed analytical tests by recalculating estimated expected revenues of ticket sales for football, men’s basketball, women’s basketball, and volleyball based on published ticket prices and actual tickets sold, and compared those prices to actual recorded revenues. No findings were noted.

Student Activity Fees – We confirmed the allocation of student activity fees reported by the institution with the EWU Accounting Office. We obtained a narrative on the criteria, applied analytical procedures, and recomputed the allocation for student fees to the EWU Intercollegiate Athletics Program. No findings were noted.

Guarantees – We judgmentally selected five settlement reports for away games during the period and agreed amounts per each sample report to the general ledger. We judgmentally selected five contractual agreements pertaining to revenues derived from guaranteed contests. We compared the amounts per agreements to cash receipts. No findings were noted.

Contributions, Endowment, and Other Income – We vouched income received directly from the Eastern Washington University Foundation (“Foundation”), including cash and endowment income, via confirmation with the Foundation. No findings were noted.

Direct Institutional Appropriations – We compared direct institutional support recorded by the institution during the reporting period with state appropriated and work study revenues documentation. We recalculated the total amounts. No findings were noted.

Indirect Facilities and Administrative Support – We recomputed the indirect support allocation calculations made by the institution, inspected documents evidencing the methodology used, and recalculated several allocations for accuracy. We also agreed total indirect revenues to total indirect expenses. No findings were noted.

NCAA and Conference Distributions – We obtained and inspected agreements related to EWU’s participation in revenues from tournaments during the reporting period. We vouched three revenue receipts to original letters and remittance check copies, agreed to reported revenues in the general ledger, and recalculated the totals. No findings were noted.

Royalties, Advertisements, and Sponsorships – We obtained and inspected one agreement related to the institution’s participation in revenues from royalties, advertisements, and sponsorship. We then compared and agreed revenues from one sponsorship to the institution’s general ledger. The totals were recalculated. No findings were noted.

Agreed-Upon Procedures Related to the Statement of Revenues and Expenses (Continued)

Revenues (Continued):

Sports Camps Revenues – We obtained and inspected original camp brochures related to Athletic's participation in revenues from holding sports camps during the reporting period to obtain an understanding of Athletic's methodology for recording these revenues. Schedules of participants were obtained and we judgmentally selected five individual camp participant cash receipts and agreed to the general ledger. The totals were recalculated. No findings were noted.

Other Income – We compared and agreed each category of other income in the statement during the reporting period to the supporting schedules provided. The totals were recalculated. No findings were noted.

Expenses:

Athletic Student Aid – We obtained a listing of institutional student aid recipients during the reporting period. We randomly selected a sample of 20 student scholarships for testing and verified that the scholarships were awarded in accordance with the EWU Intercollegiate Athletics Program's policies. We determined that scholarships were accurately applied to the proper student accounts. No findings were noted.

Game Guarantees – We obtained and inspected three away game settlement reports received by Athletics during the reporting period and agreed the related expenses to Athletics' general ledger. We obtained and inspected three contractual agreements pertaining to expenses recorded by Athletics from guaranteed games during the reporting period. We compared and agreed amounts expensed by Athletics during the reporting period to Athletics' general ledger. The totals were recalculated. No findings were noted.

Coaches' Salaries, Benefits, and Bonuses – We obtained and inspected a listing of coaches employed by Athletics during the reporting period. We judgmentally selected a sample of six coaches' contracts, which included coaches from the football, men's basketball, and women's basketball teams. We compared and agreed the financial terms and conditions from each sample contract to the related coach's salaries, benefits, and bonuses recorded by Athletics in the statement during the reporting period. We also obtained W-2s, 1099s, etc., for each sample selection and compared and agreed the related W-2s, 1099s, etc., to the related coach's salaries, benefits, and bonuses paid by Athletics and reported by Athletics in the statement during the reporting period. The totals were recalculated. No findings were noted.

Support/Administrative Staff Salaries, Benefits, and Bonuses – We obtained and inspected a listing of the support and administrative staff employed by Athletics during the reporting period. We judgmentally selected five support/administrative employees, obtained W-2s, 1099s, etc., and compared and agreed the related W-2s, 1099s, etc., to the related support and administrative staff's salaries, benefits, and bonuses paid by Athletics and reported by Athletics in the statement during the reporting period. The totals were recalculated. No findings were noted.

Agreed-Upon Procedures Related to the Statement of Revenues and Expenses (Continued)

Expenses (Continued):

Team Travel and Recruiting – We obtained and documented an understanding of Athletics’ travel and recruiting expense policies and compared them to existing institutional and NCAA-related policies. We then judgmentally selected eight away games, vouched selected travel expenses to supporting invoices, and agreed expenses recorded by Athletics in the statement during the reporting period to Athletics’ general ledger. The totals were recalculated. No findings were noted.

Equipment, Uniforms, and Supplies – We compared and agreed equipment, uniforms, supplies, and other expenses reported in the statement during the period to supporting schedules. We judgmentally selected two expenses and compared and agreed the amounts obtained from the supporting schedules to supporting invoices. We compared these expenses to prior period amounts and budgeted estimates. Significant variances were investigated and documented. The totals were recalculated. No findings were noted.

Game Expenses – We compared and agreed game expenses reported in the statement during the reporting period to supporting schedules. We judgmentally selected one of these expenses and compared and agreed the amounts obtained from the supporting schedules to supporting invoices. We compared game expenses to prior period amounts and budgeted estimates. Significant variations were investigated and documented. The totals were recalculated. No findings were noted.

Fundraising, Marketing, and Promotion – We compared and agreed fundraising, marketing, and promotion expenses reported in the statement during the reporting period to supporting schedules. We judgmentally selected a sample of one expense obtained from the supporting schedules and compared and agreed the amount to supporting invoices. We compared fundraising, marketing, and promotion expenses to prior period amounts and budget estimates. Significant variations were investigated and documented. The totals were recalculated. No findings were noted.

Sports Camps Expenses – We compared and agreed sports camps expenses in the statement during the reporting period to supporting schedules. We judgmentally selected four sports camp expenses and compared and the amounts from the supporting schedules to supporting invoices. We compared sports camp expenses to prior period amounts and budgeted estimates. Significant variations were investigated and documented. The totals were recalculated. No findings were noted.

Direct Facilities, Maintenance, and Rental – We compared and agreed direct facilities, maintenance, and rental expenses in the statement during the reporting period to supporting schedules. We judgmentally selected one of these expenses and compared and agreed the amount obtained from supporting schedules to supporting invoices. We compared direct facilities, maintenance, and rental expenses to prior period amounts and budgeted estimates. Significant variations were investigated and documented. The totals were recalculated. No findings were noted.

Agreed-Upon Procedures Related to the Statement of Revenues and Expenses (Continued)

Expenses (Continued):

Indirect Facilities and Administrative Support – We obtained a narrative on the Athletics' methodology for allocating indirect facilities and administrative support. We compared and agreed the indirect facilities and administrative support expenses in the statement to the corresponding indirect facilities and administrative support revenues reported by Athletics. The totals were recalculated. No findings were noted.

Medical Expenses and Medical Insurance – We compared and agreed medical expenses and medical insurance in the statement during the reporting period to supporting schedules. We judgmentally selected one of these expenses obtained from the supporting schedules and compared and agreed the amount to supporting invoices. We compared these expenses to prior period amounts and budgeted estimates. Significant variations were investigated and documented. The totals were recalculated. No findings were noted.

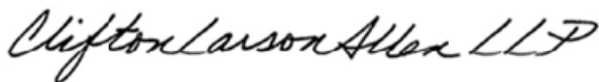
Membership and Dues – We compared and agreed dues and membership expenses reported in the statement during the reporting period to supporting schedules. We judgmentally selected four operating expenses and compared and agreed the amounts to supporting invoices. We compared dues and membership expenses to prior period amounts and budgeted estimates. Significant variations were investigated and documented. The totals were recalculated. No findings were noted.

Other Operating Expenses – We compared and agreed other operating expenses in the statement during the reporting period to supporting schedules. We judgmentally selected six of these operating expenses obtained from the supporting schedules and compared and agreed the amounts to supporting invoices. We compared other operating expenses to prior period amounts and budget estimates. Significant variations were investigated and documented. The totals were recalculated. No findings were noted.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying statement of revenues and expenses of the EWU Intercollegiate Athletics Program with NCAA Bylaw 3.2.4.16. 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.

The accompanying statement of revenues and expenses of the EWU Intercollegiate Athletics Program for the year ended June 30, 2013, has not been audited, reviewed, or compiled by us and, accordingly, we do not express an opinion or any other form of assurance on it.

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.



CliftonLarsonAllen LLP

Spokane, Washington
December 16, 2013

**EASTERN WASHINGTON UNIVERSITY INTERCOLLEGIATE ATHLETICS PROGRAM
STATEMENT OF REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2013**

	<u>FOOTBALL</u>	<u>MEN'S BASKETBALL</u>	<u>WOMEN'S BASKETBALL</u>	<u>OTHER SPORTS</u>	<u>NON-PROGRAM SPECIFIC</u>	<u>TOTAL</u>
OPERATING REVENUES						
Ticket Sales	\$ 325,320	\$ 42,642	\$ 4,799	\$ 2,291	\$ -	\$ 375,052
Student Fees	-	-	-	-	2,200,000	2,200,000
Guarantees	465,000	222,806	26,204	10,200	-	724,210
Contributions	66,897	59,590	8,918	27,801	454,983	618,189
Direct State or Other Government Support	3,351	-	11,484	3,372	40,727	58,934
Direct Institutional Support	905,607	264,117	617,146	1,731,289	1,610,166	5,128,325
Indirect Facilities and Administrative Support	179,872	81,601	71,018	300,896	217,203	850,590
NCAA/Conference Distributions Including All Tournament Revenues	139,191	-	6,129	-	570,888	716,208
Broadcast, Television, Radio, and Internet Rights	-	-	-	-	-	-
Program Sales, Concessions, Novelty Sales, and Parking	-	-	-	-	-	-
Royalties, Advertisements, and Sponsorships	-	-	-	-	89,178	89,178
Sports Camps Revenues	415,360	158,730	56,716	70,441	-	701,247
Endowment and Investment Income	-	-	-	-	-	-
Other	-	-	-	-	7,627	7,627
Subtotal Operating Revenues	<u>2,500,598</u>	<u>829,486</u>	<u>802,414</u>	<u>2,146,290</u>	<u>5,190,772</u>	<u>11,469,560</u>
OPERATING EXPENSES						
Athletics Student Aid	1,148,598	280,851	314,495	1,073,444	144,728	2,962,116
Game Guarantees	-	10,306	7,404	5,700	-	23,410
Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities	746,864	348,089	256,975	693,195	-	2,045,123
Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities	5,488	-	11,484	3,372	1,556,051	1,576,395
Recruiting	74,851	38,327	16,593	30,708	-	160,479
Team Travel	374,043	158,822	141,709	546,586	-	1,221,160
Equipment, Uniform, and Supplies	256,791	18,548	19,570	170,831	243,689	709,429
Game Expenses	-	-	-	-	35,511	35,511
Fundraising, Marketing, and Promotion	-	-	-	-	35,358	35,358
Sports Camps Expenses	284,122	67,203	29,480	24,362	-	405,167
Direct Facilities, Maintenance and Rental	9,898	620	2,834	1,952	92,416	107,720
Spirit Groups	-	-	-	-	-	-
Indirect Facilities and Administrative Support	179,872	81,601	71,018	300,896	217,203	850,590
Medical Expenses and Medical Insurance	-	-	-	-	161,660	161,660
Memberships and Dues	50,022	128	-	41,824	65,196	157,170
Other Operating Expenses	313,756	164,259	87,069	92,806	428,849	1,086,739
Subtotal Operating Expenses	<u>3,444,305</u>	<u>1,168,754</u>	<u>958,631</u>	<u>2,985,676</u>	<u>2,980,661</u>	<u>11,538,027</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	<u>\$ (943,707)</u>	<u>\$ (339,268)</u>	<u>\$ (156,217)</u>	<u>\$ (839,386)</u>	<u>\$ 2,210,111</u>	<u>\$ (68,467)</u>

See accompanying Notes to Statement of Revenues and Expenses.

**EASTERN WASHINGTON UNIVERSITY INTERCOLLEGIATE ATHLETICS PROGRAM
NOTES TO STATEMENT OF REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2013**

NOTE 1 CONTRIBUTIONS

Contributions received and used by the EWU Intercollegiate Athletics Program from the Eastern Washington University Foundation (Foundation) during the year ended June 30, 2013, were \$364,964. These contributions constituted more than 10 percent of all contributions received for intercollegiate athletics during the reporting period. Total contributions received through the Foundation on behalf of the EWU Intercollegiate Athletics Program during the year ended June 30, 2013, were \$626,387.

NOTE 2 CAPITAL ASSETS

Equipment and improvements are recorded at cost. Consistent with the state of Washington policy, the EWU Intercollegiate Athletics Program capitalizes equipment and improvements that have a cost of at least \$5,000. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets. Capital assets, net of related accumulated depreciation and including \$999,694 in additions and \$28,078 in disposals during the year, were \$1,265,504 at June 30, 2013.