COLORADO STATE UNIVERSITY
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING NATIONAL COLLEGIATE ATHLETIC ASSOCIATION AGREED-UPON PROCEDURES

For the Year Ended June 30, 2019

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING NCAA AGREED-UPON PROCEDURES

Members of the Legislative Audit Committee
Management of Colorado State University

We have performed the procedures enumerated below, which were agreed to by management of the Colorado State University (the University) and the Legislative Audit Committee, solely to assist in evaluating whether the accompanying Statement of Revenues and Expenses (the Statement) of the Colorado State University Department of Intercollegiate Athletics (the Department) is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2019. The University's management is responsible for the Statement and the Statement's 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.

If a specific reporting category is less than 4.0% of the total revenues or expenses, no procedures are required for that specific category.

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

Agreed-Upon Procedures Related to the Statements of Revenues and Expenses

A. Internal Control

1. We obtained and documented information from management, and verified through interview of the Associate Athletic Director for Business Operations, and observation, concerning the internal control environment for the Department. This included the general control environment, use of internal audit, recording of revenues, authorization of expenses, review of budget to actual reports, and processing of specific elements of controls for the Department, such as ticket sales, and initiating, authorizing, processing, and recording entries in the general ledger and financial statements. No exceptions noted.

2. We obtained a listing of all Department personnel. From that list, we selected three individuals - the senior associate athletic director for sports performance, the director of student athlete support services, and the assistant athletic director for development, and performed the following, noting no exceptions:

   - Determined whether the individual participated in the annual meeting when the Chancellor reviews the compliance regulations with the athletic staff.

   - Contacted the individuals selected to inquire whether they understand their responsibilities for NCAA compliance, monitoring compliance and reporting violations.

B. External Organizations

1. We obtained a listing from the University of outside organizations that made contributions directly to the Department. Per discussion with management, the only such organization was the Colorado State University Foundation (the Foundation).

2. We obtained from the sole outside organization (the Foundation) whose contributions exceeded 10% of total contributions reported by the Department for the year ended June 30, 2019, the amount of its contributions. We compared these to the revenues recorded by the Department in the general ledger without exception.

3. We obtained the audited financial statements and required communications to governance letter for the Foundation for the year ended June 30, 2019. We noted no material weaknesses in the reports which would need to be disclosed in the notes to the Statement.

4. We were asked to obtain from the University a listing of expenditures paid by an outside organization on behalf of the Department and compare the amounts to the revenues recorded by the Department. We did not note any expenditures paid by the Foundation on behalf of the Department to outside vendors per discussion with management and review of the communication from the Foundation.

C. Revenues

All Revenue Categories

1. Compared and agreed each operating revenue category reported in the Statements during the reporting period to supporting schedules provided by the institution.

    a. No exceptions noted.

2. Compared and agreed a sample of five operating revenue receipts obtained from the above revenue supporting schedules to adequate supporting documentation.

    a. See procedures performed in specific revenue categories.

3. Compared each major revenue account over 10% of the total revenues to prior period amounts and budget estimates. We obtained and documented an understanding of any significant variances greater than 10% from the prior year.

    a. We compared actual revenues reported on the Statements for the year ended June 30, 2019, to those for the year ended June 30, 2018, and to budgeted amounts. We obtained explanations from management for line item variances exceeding 10% from the prior year and from the budget. No additional procedures were performed with respect to management's representations as to the reasons for the variances. The variances meeting the threshold for explanation are as follows:

Current Year to Prior Year:

Guarantees – The $504,099 (33.9%) increase is due to the football team playing at the University of Florida on September 15, 2018 in which they received $504,099 more in guarantee revenue than last year where they played the University of Alabama in September 2017(during Fiscal Year 2018).

Contributions – The $2,156,138 (29.4%) increase experienced due to Canvas Stadium fundraisers and success in competitions. Football saw an increase of $1,826,395 and Men's golf saw an increase of $150,100.

Third Party Support – The $8,000 (36.4%) increase is related to the University receiving a payment from Rams Sports Properties LLC for the Men's basketball coach during fiscal year 2019.

Direct Institutional Support – The $2,164,740 (11.9%) decrease is due to the Department requiring less institutional support as more funds were used from the Canvas Stadium. Pulled over additional $1,996,376 in Stadium support which enabled a decrease in Direct Institutional support. In fiscal year 2018, excess stadium revenue went into a reserve fund instead.

Conference Distributions – The $297,468 (12.1%) decrease is related to the CSU Football team not playing at a Bowl game in fiscal year 2019.

Royalties, Advertisements, and Sponsorships – The $767,459 (11.2%) increase was due to increase in sponsorships and licensing as a focus to increase self-generated revenues. It was the first year of revenue from the naming rights of Canvas Stadium.

Sports Camp Revenues – The $109,892 (17.2%) increase was due to men's basketball holding more camps accounting for $104,061 of the increase.

Endowment and Investment Income – The $52,139 (31.4%) increase was due to interest revenue increasing from $36,019 in fiscal year 2018 to $89,772 in fiscal year 2019. CSU as a whole earned approximately 22% more Treasury Interest in fiscal year 2019 than in 2018.

Other Revenue – The $87,178 (10.4%) decrease is due to Stadium Event's experiencing less revenue in fiscal year 2019. Stadium events had roughly $50,000 less in outside event revenue in fiscal year 2019 than in 2018. In fiscal year 2018 there was a classification error for a suite deposit of $18,300 and a Mountain West Conference (MWC) deposit of $10,000. They should have been classified as tickets and conference distribution respectively.

Budget to Actual:

We noted during our testing that the budget is adopted on a basis that is slightly different from that of the Statement. The Department budgeting process does not include Statement of Revenue and Expenses line items such as indirect institutional support, the allocation to athletics for the University general and administrative expenses, 3rd party support, capital expenses, endowment/investment income, additional direct institutional support and gifts in kind. As such, the comparison performed used budget and actual amounts that are grouped differently than the Statement and does not include all revenues and expenses on the Statement. This is not an exception, as the Department is not required to adopt a budget based on the reporting categories in the Statements. There were two variances over 10% for revenue categories budgeted by the Department. See the analysis below.

Sports Camp Revenues– The $262,074 (26.2%) variance under budget is due to budgetary amounts being derived from historical data. Football also held fewer camps than previous fiscal years.

Other Self-Generated Revenues – The $1,066,118 (16.2%) variance over budget is due to better than expected support through sponsorship, concessions, and development.

Ticket Sales

4. Compared tickets sold during the reporting period, complimentary tickets provided during the reporting period and unsold tickets to the related revenue reported by the institution in the Statements and the related attendance figures. Recalculated totals.

    a. No exceptions noted. We were able to reconcile tickets sold, complimentary tickets, and unsold tickets to revenue recorded.

Student Fees

5. We were asked to compare and agree the budget student fees reported by the institution in the Statements for the reporting period to the budgeted student enrollments during the same reporting period and to recalculate totals.

    a. No exceptions noted. We were able to recalculate budgeted student fees within $164,267 (2.76%) and actual student fees within $162,010 (2.72%).

6. We were asked to obtain and document an understanding of the University's methodology for allocating student fees to the institution.

    a. The University charges each student a separate fee for athletics each year. In the 2019 fiscal year the standard athletic student fee that was charged to each student was $231.22 for the full year.

7. We were asked to obtain the athletics department's methodology for allocation of student fees as generated revenue, if applicable, and recalculate the totals for each sport. We were asked to tie the calculation to supporting documents such as seat manifests, ticket sales reports and student fee totals.

    a. As the University's athletic department does not allocate student fee revenue to specific sports, this procedure was not applicable. All student fees collected are unallocated and used to cover general operating expenses for the athletic department.

Direct State or Other Governmental Support

8. We were asked to compare direct state or other governmental support recorded by the institution during the reporting period with state appropriations, institutional authorization and/or other corroborative supporting documentation and recalculate totals.

    a. As there was no direct state or other governmental support for the year ended June 30, 2019, the procedure was not performed.

Direct Institutional Support

9. Compared the direct institutional support recorded by the institution during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation. Recalculated totals.

    a. As direct institutional support is authorized as part of the budget process, we compared the amount in the Statement to the fund approved budget of $12,801,322, noting a difference of $3,164,657. The difference of $3,164,657 from the budgeted support total was caused by the year end transfer to cover the operating deficit for athletics. In our work over this procedure, we reviewed the ending balance in the athletics organization prior to the final transfer from the institution with the Associate Athletic Director for Business Operations, and the ending deficit was $3,164,657 mentioned above. The final transfer in the transaction detail was a transfer from the institution to athletics to cover the net deficit of $3,164,657.

Transfers Back to Institution

10. We were asked to compare the transfers back to institution with permanent transfers back to institution from the athletics department and recalculate totals.

    a. As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

Indirect Institutional Support

11. We were asked to compare the indirect institutional support recorded by the institution during the reporting period with expense payments, cost allocation detail and other corroborative supporting documentation and to recalculate totals.

    a. As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

Guarantees

12. We were asked to select a sample of five settlement reports for away games during the reporting period and agree each selection to the institution’s general ledger and/or the statements and recalculate totals.

    a. As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

13. We were asked to select a sample of five contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compare and agree each selection to the institution’s general ledger and the Statement and to recalculate totals.

    a. As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

Contributions

14. Obtained a detailed listing of contributions of moneys, goods or services received directly by the Department from any affiliated or outside organization, agency or group of individuals (two or more) or single person not included above (e.g., contributions by corporate sponsors) that constituted 10% or more in aggregate for the reporting year of all contributions received for the Department for the year ended June 30, 2019 and reviewed supporting documentation for each contribution.

    a. No exceptions noted.

In-Kind

15. We were asked to compare the in-kind revenue recorded by the institution during the reporting period with a schedule of in-kind donations and to recalculate totals.

    a. As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

Compensation and Benefits Provided by a Third Party

16. We were asked to obtain the summary of revenues from affiliated and outside organizations (the Summary) as of the end of the reporting period from the institution and recalculate totals.

    a. As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed

17. We were asked to select a sample of five funds from the Summary and compare and agree each selection to supporting documentation, the institution's general ledger and/or the Statements.

    a. As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed

18. If the third party was audited by independent auditors, we were asked to obtain the related independent auditors' report.

    a. As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed

Media Rights

19. Obtained and inspected agreements to understand the institution's total media (broadcast, television, radio) rights received by the institution or through their conference offices.

    a. As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

20. Compared and agreed related revenues to the institution's general ledger and the Statement. Ledger totals may be different for total conference distributions if media rights are not broken out separately. Recalculated totals.

    a. As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed

NCAA Distributions

21. We were asked to compare the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and other corroborative supporting documents. Recalculated totals.

    a. As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

Conference Distributions

22. We obtained and inspected agreements related to the institution's conference distributions and participation in revenues from tournaments during the reporting period to gain an understanding of the relevant terms and conditions.

    a. No exceptions noted.

23. Compared and agreed the related revenues to the institution's general ledger, and/or the Statements. Recalculated totals.

    a. No exceptions noted.

Program Sales, Concessions, Novelty Sales and Parking

24. We were asked to compare the amount recorded in the revenue reporting category to a general ledger detail of program sales, concessions, novelty sales and parking as well as any other corroborative supporting documents and to recalculate totals.

    a. As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

Royalties, Advertisements and Sponsorships

25. Selected a sample of five agreements and obtained and inspected agreements related to the institution’s participation in revenues from royalties, licensing, advertisements and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions.

    a. No exceptions noted.

26. Compared and agreed the related revenues to the institution’s general ledger and the Statement. Recalculated totals.

    a. No exceptions noted.

Sports Camp Revenues

27. We were asked to select a sample of five sports camps and inspect the related sports-camp contracts between the institution and persons conducting institutional sports-camps or clinics during the reporting period to obtain an understanding of the institution’s methodology for recording revenues from sports-camps.

    a. As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

28. We were asked to obtain schedules of camp participants.

    a. As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

29. We were asked to select a sample of five individual camp participant cash receipts from the schedule of sports-camp participants and agree each selection to the institution’s general ledger and the Statements and to recalculate totals.

    a. As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

Athletics Restricted Endowment and Investment Income

30. We were asked to obtain and inspect five endowment agreements to gain an understanding of the relevant terms and conditions.

    a. As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

31. We were asked to compare and agree the classification and use of endowment and investment income reported in the Statements during the reporting period to the uses of income deferred within the related endowment agreements and to recalculate totals.

    a. As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

Other

32. We were asked to perform minimum agreed upon procedures referenced for all other revenue categories and recalculate the totals.

    a. As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

Bowl Revenues

33. We were asked to obtain and inspect a sample of five agreements related to the institution's revenues from post-season bowl participation during the reporting period to gain an understanding of the relevant terms and conditions.

    a. As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

34. We were asked to compare and agree the related revenues to the institution's general ledger and/or the Statements and recalculate totals.

    a. As the total category balance was less than 4.0% of total revenues, it did not meet the threshold for testing. As such, procedure was not performed.

D. Expenses

All Expense Categories

1. Compared and agreed each expense category reported in the Statement during the reporting period to supporting schedules provided by the institution.

    a. No exceptions noted.

2. Compared and agreed a sample of five expenses obtained from the operating expense supporting schedules, referred to in the procedure above, to adequate supporting documentation.

    a. See procedures performed in specific expense categories.

3. Compared each major expense account over 10% of the total expenses to prior period amounts and to budget estimates. We obtained and documented an understanding of any variances greater than 10%.

    a. We compared actual expenses reported on the Statement for the year ended June 30, 2019, to those for the year ended June 30, 2018, and to budgeted amounts. We obtained explanations from management for line item variances exceeding 10% from the prior year and budget. No additional procedures were performed with respect to management's representations as to the reasons for the variances. The variances meeting the threshold for explanation are as follows:

Current Year to Prior Year:

Guarantees – The $329,018 (40.1%) increase was due to attracting better opponents and having more home games during Fiscal Year 2019 than during Fiscal Year 2018. This increase is directly related to paying University of Arkansas $300,000 in fiscal year 2019.

Coaching Other Compensation and Benefits Paid by a Third Party – The $8,000 (36.4%) increase directly related to the 2018 men's basketball coach not fulfilling contract obligations. The new men's basketball coach was paid $8,000 for fulfilling his obligations during the year.

Support Salaries (Camps) – The $9,185 (17.7%) increase was due to the increase in Men's Basketball camps held in fiscal year 2019.

Severance Payments – The $750,000 (100.0%) decrease was due to buy-out of the Men's Basketball coaches contract in fiscal year 2018.

Recruiting – The $229,132 (25.8%) increase was related to player departures from the Men's Basketball and Men's Football teams.

Team Travel – The $407,465 (13.2%) decrease is due no bowl games in fiscal year 2019. The travel expense for the football team's Bowl game in fiscal year 2018 was $430,557.

Sports Camp Expenses – The $66,723 (18.4%) increase was due to Men's Basketball holding more camps in fiscal year 2019 compared to 2018. Men's Basketball camps had an increase of $69,349 from fiscal year 2018 to 2019.

Facilities Lease/Debt Payments/Lease and Rental Fees – The $4,033,987 (88.9%) increase is due to the University increasing the amount of Stadium Bond payments. The Bond Payments increased by $3,409,193 from fiscal year 2018 to 2019.

Spirit Groups – The $19,770 (45.1%) increase is due to the Department flying a band and cheer group to the Mountain West Conference (MWC) tournament in fiscal year 2019. Due to scheduling conflicts, it resulted in $25,000 more in expenses.

Medical Expenses and Medical Insurance – The $213,247 (25.6%) decrease was due to a new provider contract in 2019 which decreased medical expenses in fiscal year 2019.

Other Operating Expenses – The $314,486 (11.6%) decrease was partially due to no bowl game being played in Fiscal Year 2019 which accounted for $36,539. In addition, there was a reclassification of Aspire Ticket Sales expense from negative revenue in fiscal year 2018 to an expense category in 2019 accounting for $214,000 of this difference.

Budget to Actual:

We noted during our testing that the budget is adopted on a basis that is slightly different from that of the Statements. As such, the comparison performed used budget and actual amounts that are grouped differently than the Statements and does not include all revenues and expenses on the Statements. This is not an exception, as the Department is not required to adopt a budget based on the reporting categories in the Statements. There were five variances over 10% for expense categories budgeted by the Department.

Salaries and Benefits – The $1,867,115 (10.5%) variance under budget is due to CSU paying out fewer bonuses to athletics staff during Fiscal Year 2019 than in Fiscal Year 2018. The budgeted amount assumes every position is filled for the full year and employee turnover creates salary savings.

Debt Service – The $185,794 (28.3%) variance under budget is due to only partial payments remaining for payoff of the Moby Arena loan and an equipment loan.

Operations – The $1,642,068 (16.6%) variance over budget is due to items not included in the original budget relating to facility projects, Arkansas game guarantee, insurance, awards, meals, men's basketball recruiting and team travel, football recruiting, meals and team travel, and softball facility, equipment, and recruiting. These projects were all given the go ahead as there were decreases in salaries and benefits.

Stadium Operations – The $109,466 (61.1%) variance over budget is due to reorganization of some custodial expenses from game day designation.

Sports Camp Expenses – The $306,462 (30.6%) variance under budget is due to budgeting conservatively and support being better than anticipated.

Athletic Student Aid

4. Selected a sample of students (no less than 10% of the total student athletes, with a maximum sample size of 40, as the institution uses the NCAA's Compliance Assistant software to prepare athletic aid detail) from the listing of institutional student aid recipients during the reporting period. Data was captured by the institution through the creation of a squad list for each sponsored sport.

    a. No exceptions noted.

5. Obtained individual student-account detail for each selection and compared total aid allocated in the institution's student system to the student's detail from the NCAA Membership Financial Reporting System.

    a. No exceptions noted.

6. Performed a check of each student selected to ensure their information was reported accurately in either the NCAA's Compliance Assistant software or entered directly into the NCAA Membership Financial Reporting System using the following criteria:

    a. No exceptions noted.

        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 on the Calculation of Revenue Distribution Report (CDRE) from CA as the numerator and the full grant amount which is the total cost for tuition, fees, books, room and board for an academic year as the denominator. If using the NCAA Compliance Assistant software, this equivalency value should already be calculated for you on that CDRE report labeled "Revenue Distribution Equivalent Award."

        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 be the full cost of tuition for an academic year, not semester or quarter.

        v. Student-athletes are to be counted once and should not receive a revenue distribution equivalency greater than 1.00.

        vi. Athletic grants are valid for revenue distribution purposes only in sports in which the NCAA conducts championship 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 are listed on the CDRE as "Exhausted Eligibility (fifth-year)" or "Medical" receive credit in the grants-in-aid component.

ix. The athletics aid equivalency cannot exceed minimum equivalency limits. However, the total revenue distribution equivalency can exceed maximum equivalency limits due to exhausted eligibility and medical equivalencies (reference Bylaw 15.5.3.1).

x. If a sport is discontinued and the athletic grant is still being honored by the institution, the grant is included in student-athlete aid for revenue distribution purposes.

xi. If a student received a Pell Grant, ensure the value of the grants is not included in the calculation of equivalencies or the total dollar amount of student athletic aid expense.

xii. All equivalency calculations should be rounded to two decimal places.

xiii. If a selected student received a Pell Grant, ensure the student's grant was included in the total number and total value of Pell Grants reported for Revenue Distribution purposes in the NCAA Membership Financial Reporting Database.

7. Recalculated totals for each sport and overall.

    a. No exceptions noted.

Guarantees

8. We were asked to obtain and inspect a sample of five visiting institution's away-game settlement reports received by the institution during the reporting period and agreed related expenses to the institution's general ledger and/or the Statement.

    a. As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

9. We were asked to obtain and inspect a sample of five contractual agreements pertaining to expenses recorded by the institution from guaranteed contests during the reporting period. We were asked to compare and agree related amounts expensed by the institution during to the institution's general ledger and/or the Statement and to recalculate totals.

    a. As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities

10. Obtained and inspected a listing of coaches employed by the institution and related entities during the reporting period.

    a. No exceptions noted.

11. Selected a sample of five coaches' contracts or annual salary letter that included football, and men's and women's basketball from the above listing.

    a. The women's basketball head coach incorrectly received the University-wide merit increase of 2.5% instead of the 2% outlined in the coaching agreement. This resulted in additional pay of $1,200 during 2019.

12. Compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the institution and related entities in the statements during the reporting period.

    a. No exceptions noted.

13. Obtained and inspected payroll summary registers for the reporting year for each selection.

    a. No exceptions noted.

14. Compared and agreed payroll summary registers from the reporting period to the related coaching salaries, benefits and bonuses paid by the institution and related entities expense recorded by the institution in the Statement during the reporting period for each selection.

    a. No exceptions noted.

15. Compared and agreed the totals recorded to any employment contracts executed for the sample selected.

    a. No exceptions noted.

16. Recalculated totals.

    a. No exceptions noted.

Coaching Other Compensation and Benefits Paid by a Third Party

17. We were asked to obtain and inspect a listing of coaches employed by third parties during the reporting period.

    a. As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

18. We were asked to select a sample of five coaches that included football, men's, and women's basketball from the listing and agree the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third party and recorded by the institution in the Statement during the reporting period.

    a. As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

19. We were asked to obtain and inspect reporting period payroll summary registers for each selection.

    a. As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

20. We were asked to compare and agree the related payroll summary register to the coaching other compensation and benefits paid by a third party expenses recorded by the institution in the Statement during the reporting period for each selection and recalculate totals.

    a. As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities

21. Selected a sample of five support staff/administrative personnel employed by the institution and related entities during the reporting period.

    a. No exceptions noted.

22. Obtained and inspected reporting period summary payroll register for each selection.

    a. No exceptions noted.

23. Compared and agreed related summary payroll register to the related support staff/administrative salaries, benefits and bonuses paid by the institution and related entities expense recorded by the institution in the statements during the reporting period for each selection. Recalculated totals.

    a. No exceptions noted.

Support Staff/Administrative Other Compensation and Benefits Paid by a Third Party

24. We were asked to select a sample of five support staff/administrative personnel employed by the third parties during the reporting period.

    a. As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

25. We were asked to obtain and inspect reporting period payroll summary registers for each selection.

    a. As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

26. We were asked to compare and agree the related payroll summary registers to the related support staff/administrative other compensation and benefits expense recorded by the institution in the statements during the reporting period for each selection and recalculate totals.

    a. As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

Severance Payments

27. We were asked to select a sample of five employees receiving severance payments by the institution during the reporting period and agreed each severance payment to the related termination letter or employment contract and to recalculate totals.

    a. As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

Recruiting

28. We were asked to obtain and document an understanding of the institution's recruiting expense policies.

    a. As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

29. We were asked to compare and agree to existing institutional and NCAA-related policies.

    a. As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

30. We were asked to obtain general ledger detail and compare to the total expenses reported.

    a. As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

Team Travel

31. We were asked to obtain and document an understanding of the institution's team travel policies.

    a. No exceptions noted.

32. We were asked to compare and agree to existing institutional and NCAA-related policies.

    a. No exceptions noted.

33. We were asked to obtain general ledger detail and compare to the total expenses reported.

    a. No exceptions noted.

Equipment, Uniforms and Supplies

34. We were asked to obtain general ledger detail and compare to the total expenses reported. We were asked to select a sample of five transactions to validate existence of transaction and accuracy of recording and to recalculate totals.

    a. No exceptions noted.

Game Expenses

35. Obtained general ledger detail and compared to the total expenses reported. Selected a sample of five transactions to validate existence of transaction and accuracy of recording. Recalculated totals.

    a. No exceptions noted.

Fund Raising, Marketing and Promotion

36. We were asked to obtain general ledger detail and compare to the total expenses reported. We were asked to select a sample of five transactions to validate existence of transaction and accuracy of recording and to recalculate totals.

    a. As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

Sports Camp Expenses

37. We were asked to obtain general ledger detail and compare to the total expenses reported. We were asked to select a sample of five transactions to validate existence of transaction and accuracy of recording and to recalculate totals.

    a. As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

Spirit Groups

38. We were asked to obtain general ledger detail and compare to the total expenses reported. We were asked to select a sample of five transactions to validate existence of transaction and accuracy of recording and recalculate totals.

    a. As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

Athletic Facility Debt Service, Leases and Rental Fees

39. Obtained a listing of debt service schedules, lease payments and rental fees for athletics facilities for the reporting year. Compared a sample of five facility payments, including the top two highest facility payments, to additional supporting documentation (e.g. debt financing agreements, leases, rental agreements.)

    a. No exceptions noted.

40. Compared amounts recorded to amounts listed in the general ledger detail for each selection. Recalculated totals.

    a. No exceptions noted.

Direct Overhead and Administration Expenses

41. Obtained general ledger detail and compared to the total expenses reported. Selected a sample of five transactions to validate existence of transaction and accuracy of recording. Recalculated totals.

    a. As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

Indirect Institutional Support

42. This procedure is performed in conjunction with testing of Indirect Institutional Support – Revenue.

    a. As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

Medical Expenses and Medical Insurance

43. We were asked to obtain general ledger detail and compare to the total expenses reported. We were asked to select a sample of five transactions to validate existence of transaction and accuracy of recording. Recalculated totals.

    a. As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

Memberships and Dues

44. We were asked to obtain general ledger detail and compare to the total expenses reported. We were asked to select a sample of five transactions to validate existence of transaction and accuracy of recording and recalculate totals.

    a. As the total category balance was less than 4.0% of total expenses, it did not meet the threshold for testing. As such, procedure was not performed.

Other Operating Expenses and Transfers to Institution

45. Obtained general ledger detail and compared to the total expenses reported. Selected a sample of five transactions to validate existence of transaction and accuracy of recording. Recalculated totals.

    a. No exceptions noted.

Student-Athlete Meals (non-travel)

46. We were asked to obtain general ledger detail and compare to the total expenses reported. We were asked to select a sample of five transactions to validate existence of transaction and accuracy of recording and to recalculate totals.

    a. As the total category balance was less than 4.0% of total expenses, it does not meet the threshold for testing. As such, procedure was not performed.

Bowl Expenses

47. We were asked to obtain the general ledger detail and compare to the total expenses reported. We were asked to select a sample of five transactions to validate existence of transaction and accuracy of recording and to recalculate totals.

    a. As the total category balance was less than 4.0% of total expenses, it does not meet the threshold for testing. As such, procedure was not performed.

E. Additional Minimum Agreed Upon Procedures

1. Compared and agreed the sports sponsored reported in the NCAA Membership Financial Reporting System to the Calculation of Revenue Distribution Equivalencies Report (CDRE) from the institution. The NCAA Membership Financial Reporting System populates the sports from the NCAA Membership Database as they are reported by the institution. For any discrepancies in the sports sponsored between the NCAA Membership Financial Reporting System and the CDRE, we were asked to inquire about the discrepancies and report the justification of the discrepancy in the report. No discrepancies/exceptions noted.

    a. Compare current year grants-in-aid revenue distribution equivalencies to prior year reported equivalencies per the membership financial report submission. Inquire and document an explanation for any variance great than +/- 4%.

        i. Women’s Outdoor track equivalencies decreased 100%. All changes were driven from roster turnover and coaches decisions to spend more or less money on scholorships

        ii. Women’s Swimming and Diving and tennis equivalencies decreased by 4.37% and 6.25%. Women’s Volleyball equivalencies increased by 5.31%. All changes were driven from roster turnover and coaches decisions to spend more or less money on scholorships

2. Obtained the institution's Sports Sponsorship and Demographics Forms Report for the reporting year. We validated that the countable sports reported by the institution 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. Post season contests are not countable toward the contest requirements; regular season only. If the institution requested and/or received a waiver related to minimum contests or minimum participants for a particular sport, that sport would not qualify as a sponsored sport for the purposes of revenue distribution. Also, only sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football are eligible. We ensured that the institution had properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. No exceptions noted.

    a. Compare current year number of Sports Sponsored to prior year reported total per the Membership Financial Report submission. Inquire and document an explanation for any variance.

        i. No variances noted

3. Compared and agreed the total number of Division I student-athletes who, during the academic year, received a Pell Grant award (e.g. Pell Grant recipients on Full Grant-In-Aid, Pell Grant recipients on Partial Grants-In Aid and Pell Grant recipients with no Grants-In-Aid) and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated out of the institution's financial aid records, of all student-athlete Pell Grants. Note: individual student-aid files testing in step D.6 above should tie any selected student athletes who received Pell Grants back to the report of all student athlete Pell Grants to test the completeness and accuracy of the report. No exceptions noted.

    a. Compare current year Pell Grants total to prior year reported total per the Membership Financial Report submission. Inquire and document an explanation for any variance greater than +/- 20 grants.

        i. No variances greater than +/- 20 grants noted

F. Minimum Agreed Upon Procedures for Other Reporting Items

Excess Transfers to Institution and Conference Realignment Expenses

1. We were asked to obtain general ledger detail and compare it to total expenses reported, as well as select a sample of five transactions to validate existence and accuracy of recording, and recalculate totals. As there were no excess transfers to institution and conference realignment expenses for the year ended June 30, 2019, the procedure was not performed.

Total Athletics Related Debt

2. Obtained repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. Recalculated annual maturities (consisting of principal and interest) provided in schedules obtained. No exceptions noted.

3. Agreed total annual maturities and total outstanding athletic related debt to supporting documentation and the institution's general ledger. No exceptions noted.

Total Institutional Debt

4. Agreed the total outstanding institutional debt to supporting documentation and the institution's audited financial statements (or institution's general ledger). No exceptions noted.

Value of Athletics Dedicated Endowment

5. Obtained the schedule of all athletics dedicated endowments maintained by the affiliated organization (Colorado State University Foundation). Agreed the fair value in the schedule to supporting documentation. No exceptions noted.

Value of Institutional Endowments

6. Agreed the total fair value of institutional endowments to audited financial statements. No exceptions noted.

Total Athletics Related Capital Expenditures

7. Obtained the schedule of athletics related capital expenditures made by athletics, the institution, and affiliated organizations during the reporting period.

8. Obtained the general ledger detail and compared to the total expenses reported. Selected a sample of five transactions to validate existence of transaction and accuracy of recording, Recalculated totals. No exceptions noted.

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 review, the objective of which would be the expression of an opinion or conclusion, respectively, on the compliance of the accompanying Statement of Revenues and Expenses of the Intercollegiate Athletics Department of the University for the year ended June 30, 2019. 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 Legislative Audit Committee, the Colorado Office of the State Auditor, the Colorado State University Board of Governors, the Colorado State University System's Management, and the Colorado State University Intercollegiate Athletic Department and is not intended to be and should not be used by anyone other than those specified parties. However, upon release by the Legislative Audit Committee, this report is a public document.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
December 9, 2019

COLORADO STATE UNIVERSITY
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
STATEMENT OF REVENUES AND EXPENSES
For the Year Ended June 30, 2019 (Unaudited)

	Football	Men's Basketball	Women's Basketball	Other Sports	Non Program Specific	Total
Revenues						
Ticket Sales	$ 5,070,966	$ 447,174	$ 86,465	$ 180,130	$ -	$ 5,784,735
Student Fees	-	-	-	-	5,957,227	5,957,227
Guarantees	1,985,121	-	-	5,000	-	1,990,121
Contributions	6,643,000	53,444	17,005	401,332	2,367,451	9,482,232
In-Kind	-	-	-	-	-	-
Compensation and Benefits Provided by 3rd Party	20,000	5,000	5,000	-	-	30,000
Direct State or Other Government Support	-	-	-	-	-	-
Direct Institutional Support	-	-	-	-	15,965,979	15,965,979
Transfers Back to Institution	-	-	-	-	-	-
Indirect Institutional Support	68,342	255,695	248,393	373,962	1,065,745	2,012,137
NCAA Distributions	-	-	-	40,842	1,083,940	1,124,782
Conference Distributions (Non Media and Non Bowl)	-	-	-	-	2,162,616	2,162,616
Media Rights	846,678	225,781	56,445	-	-	1,128,904
Programs, Concessions, Novelty, Parking and Concession Sales	868,374	281,649	65,899	111,119	-	1,327,041
Royalties, Licensing, Advertising, Sponsorships	4,450,596	-	-	-	3,149,590	7,600,186
Sports Camps Revenues	77,448	121,867	23,170	425,053	102,122	749,660
Endowment and Investment Income	41,212	5,981	10,633	67,898	92,718	218,442
Other	47,448	5,020	8,548	151,370	534,932	747,317
Bowl Revenues	-	-	-	-	-	-
Total Revenues	$ 20,119,185	$ 1,401,610	$ 521,558	$ 1,756,705	$ 32,482,320	$ 56,281,379
Expenses						
Athletic Student Aid	$ 3,757,388	$ 697,072	$ 662,576	$ 4,050,090	$ 276,614	$ 9,443,740
Guarantees	375,000	364,074	75,347	35,778	300,000	1,150,199
Coaching Salaries, Benefits, and Bonuses Paid by the University	4,957,410	1,537,510	691,177	2,083,261	-	9,269,358
Coaching Salaries, Camps	26,537	-	3,851	141,797	-	172,185
Coaching Compensation Paid by 3rd Party	20,000	5,000	5,000	-	-	30,000
Admin Salaries, Benefits, Bonuses paid by University and Related Entities	696,799	222,842	133,131	115,381	5,831,585	6,999,738
Admin Compensation Paid by 3rd Party	19,827	3,929	3,205	28,278	5,949	61,189
Support Salaries, Camps	-	-	-	-	-	-
Severance Payments	-	-	-	-	-	-
Recruiting	530,525	256,670	127,877	191,776	12,000	1,118,848
Team Travel	844,322	415,853	331,327	1,074,650	18,811	2,684,963
Equipment, Uniforms, Supplies	1,437,665	135,259	127,900	591,360	314,727	2,606,909
Game Expenses	1,643,847	285,248	205,076	321,595	103,485	2,559,250
Fund Raising, Marketing, Promotion	70,262	14,404	6,563	52,840	973,813	1,117,881
Sport Camp Expenses	51,063	85,073	15,885	241,092	35,594	428,708
Direct Facilities, Maintenance, and Rental	1,352,369	688	-	22,690	172,932	1,548,678
Athletic Facilities, Debt Service, Lease and Rental Fees	8,218,615	-	-	-	355,417	8,574,032
Spirit Groups	-	-	-	-	63,586	63,586
Indirect Institutional Support	68,342	255,695	248,393	373,962	1,065,745	2,012,137
Medical Expenses and Medical Insurance	21,577	4,103	7,698	34,513	551,907	619,798
Memberships and Dues	6,577	535	9,423	6,633	568,467	591,635
Other Operating Expenses	269,648	75,353	34,436	128,757	1,893,536	2,401,730
Student-Athlete Meals (non-travel)	415,128	55,911	25,161	26,895	311,504	834,598
Bowl Expenses	-	-	-	-	-	-
Total Operating Expenses	$ 24,782,902	$ 4,415,218	$ 2,714,026	$ 9,521,345	$ 12,855,671	$ 54,289,162
Excess (Deficit) of Revenues Over Expenses	$ (4,663,717)	$ (3,013,608)	$ (2,192,468)	$ (7,764,640)	$ 19,626,649	$ 1,992,217

See accompanying notes to the statement of revenues and expenses.

1. BASIS OF ACCOUNTING

The accompanying statements of revenues and expenses present the results of financial activity of the Colorado State University (the University) Department of Intercollegiate Athletics (the Department) and are not intended to present the operations of the University as a whole.

The accompanying statement of revenues and expenses has been prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America, except for the reporting of debt service payments. Under the accrual basis of accounting, revenues are recognized when earned, expenses are recorded when an obligation is incurred, and loans are not recorded as revenue, but rather as a debt transaction. Yet, when debt payments are made, this is reported as an expense in the Statement.

For reporting purposes, the sports in which the University participates are reported separately. The administrative functions of the Department, which support all sports, have been combined and reported within the other category.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies of the Department, which affect significant elements of the accompanying statement of revenues and expenses.

***Revenues* -** Revenues from operations have been allocated based on management's estimate of which sport generated the income. Gifts have been allocated as directed by the donor. Financial aid support has been allocated based on the actual payments made in support of each activity.

Revenues received during a given fiscal year but not expended were either used to cover prior year deficits or are carried forward for use by the Department in future fiscal years, including repayment of the internal campus loans received in prior years.

Capital Assets - Capital assets are stated at cost at the date of acquisition or estimated acquisition value at the date of donation on the University's financial statements. For equipment, the capitalization policy includes all items with a value of $5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings and other improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the Statements.

The Department follows the University's Fiscal Procedures for acquiring and approving intercollegiate athletics-related assets and follows University campus policies and procedures for disposing of intercollegiate athletics-related assets.

Depreciation is computed using the straight-line method and monthly convention over the estimated useful lives of the assets as displayed in the following table.

Asset Class	*Years*
Buildings	10 – 70 *
Improvements Other than Buildings	10 – 21
Equipment	2 – 12

* Certain buildings are componentized and the components may have useful lives similar to Improvements or Equipment.

3. CAPITAL EXPENDITURES

During the year ended June 30, 2019, there were capital expenditures relating to athletics benefiting both athletic programs and the University as a whole. These expenditures were composed of the following:

Construction In Process	$ 1,256,261
Equipment and Software	129,503
	$ 1,385,764

4. CONCENTRATION OF DONOR SOURCES

The Colorado State University Foundation was the single largest donor source to the Department with cash contributions of $2,863,558, for a total of 30% of total contributions, endowments donations and investment income for the year ended June 30, 2019. The cash contributions received from the Foundation represent gifts from various donors made for the benefit of the Department.

5. LONG-TERM OBLIGATIONS

The total Department outstanding balance of $238,110,000 approximates 21.8% of the total University outstanding balance of $1,094,439,328 at June 30, 2019.

The total Department debt service expenditures for the fiscal year ended June 30, 2019 were $8,574,032.

The future minimum debt service payments for the bond payable are shown in the following table.

Fiscal Years	Principal	Interest	Total Debt Service
2020	$ 120,000	$ 8,057,126	$ 8,177,126
2021	4,170,000	8,050,030	12,220,030
2022	4,285,000	7,937,001	12,222,001
2023	4,415,000	7,807,649	12,222,649
2024	4,560,000	7,558,547	12,118,547
Thereafter	220,560,000	149,460,652	370,020,652
Total Debt Service Maturities	$ 238,110,000	$ 188,871,005	$ 426,981,005

6. ENDOWMENT FUNDS

Endowment funds held by the Colorado State University Foundation totaled $425,466,325 at June 30, 2019. Included in this total is $218,442 of endowments dedicated for the benefit of the Department.