

**Grand Valley State University
National Collegiate Athletics Association**

Agreed-upon Procedures Report

June 30, 2014

Grand Valley State University National Collegiate Athletics Association Report

Contents

Report Letter	1-7
Intercollegiate Athletics Program Statement of Revenues and Expenditures	8
Notes to Intercollegiate Athletics Program Statement of Revenues and Expenditures	9-10
Appendix A	11

Independent Accountant's Report on the Application of Agreed-upon Procedures

Mr. Thomas Haas, President
Grand Valley State University
Allendale, MI 49401

We have performed the procedures enumerated below, which were agreed to by the president of Grand Valley State University (the "University"), solely to assist you in evaluating whether the accompanying Intercollegiate Athletics Program statement of revenues and expenditures of Grand Valley State University is in compliance with the National Collegiate Athletics Association (NCAA) Constitution 6.2.3.1.1 for the year ended June 30, 2014. Grand Valley State University's management is responsible for the statement of revenues and expenditures (the "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 Expenditures

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

Internal Control Structure

- A. In preparation for our procedures related to the University's internal control structure:
- 1) We met with the Director of Intercollegiate Athletics and inquired about the general control environment over intercollegiate athletic finances, the level of control consciousness in the University, the competence of personnel, and the protection of records and equipment.
 - 2) We obtained the audited financial statements for the year ended June 30, 2014 and any additional reports regarding internal controls and any corrective action taken in response to comments concerning the internal control structure.
 - 3) We obtained any documentation of the accounting systems and procedures unique to the Intercollegiate Athletics Department. We determined the ticket collection and receipting procedures are unique to the Intercollegiate Athletics Department. We then performed the following procedures:

Mr. Thomas Haas, President
Grand Valley State University

Procedure: We selected one football game and one women’s basketball game and traced ticket collections per the receipting process for such games to the reconciliation and documentation of the related cash deposit amount with the bank.

Result: We obtained cash batch reports for the receipts selected for testing, as well as the related review and approval documentation. We traced one deposit from each event posted in the general ledger and found no discrepancies.

The ticket cash receipt amounts for the two transactions were as follows:

Event Date	Sporting Event	Total		
		Ticket Sales	Deposit Amount	Deposit Date
10/19/2013	Football vs. Northern Michigan University	\$ 30,501	\$ 4,979	10/17/2013
1/23/2014	Basketball vs. Lake Superior State University	2,610	224	1/30/2014

EADA Reporting

- B. We obtained the financial data detailing operating revenues, expenses, and capital related to the University’s Intercollegiate Athletics Program that is submitted to the NCAA, referred to as “EADA reporting,” and agreed the amounts to the Intercollegiate Athletics Program statement of revenues and expenditures for the reporting period.

Result: We noted no exceptions.

Capital Expenditure Survey and Related Debt

- C. In preparation for our procedures related to the capital expenditure survey, we requested the capital expenditure survey for the reporting period, prepared by management; we obtained the University’s policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets; and we obtained repayment schedules for all outstanding intercollegiate athletics debt maintained by the University during the reporting period. We then performed the following procedures:

- 1) **Procedure:** As of August 15, 2013, the capital expenditure survey has been removed from the submission to the NCAA, and instead fields for athletics and institutional debt service and debt balance have been added to the miscellaneous information screen. We agreed the data provided for the submission to the NCAA to the University’s general ledger including additions, deletions, and book values as disclosed in the report in Notes 2 and 3.

Result: We noted no exceptions.

Mr. Thomas Haas, President
Grand Valley State University

- 2) **Procedure:** We recalculated the annual maturities (consisting of principal and interest) provided in the schedules obtained. We then agreed the total annual maturities as disclosed in the report to supporting documentation and the University's general ledger as disclosed in Note 3.

Result: We traced all annual maturities to the debt agreement maturity schedules and noted no exceptions.

Intercollegiate Athletics Restricted and Endowment and Plant Funds

- D. **Procedure:** We obtained a summary of additions to restricted funds related to intercollegiate athletics exceeding 10 percent as well as changes exceeding 10 percent to endowment and plant funds related to intercollegiate athletics, prepared by management. These additions are disclosed in the report.

Result: We noted one addition over 10 percent to endowment funds during the year and no significant changes over 10 percent to restricted funds. We disclosed the significant addition in Note 1.

Statement of Revenues and Expenditures

- E. **Procedure:** We obtained the Intercollegiate Athletics Program statement of revenues and expenditures for the reporting period prepared by management and agreed all amounts back to the University's general ledger.

Result: We found no discrepancies between the statement and the University's general ledger. We noted no mathematical inaccuracies in the statement and no discrepancies between the amounts on the statement and the consolidating worksheets.

- F. **Procedure:** We compared each revenue and expenditure amount from the statement to prior year amounts and budget estimates. We obtained and documented any variations exceeding 10 percent.

Result: We received explanations from the Intercollegiate Athletics Department for the variances between the prior year and current year greater than 10 percent and disclosed them in Appendix A. We noted management had not prepared a budget to actual analysis that agreed to the statement of revenues and expenditures.

Revenues

G. Procedure: We agreed the amounts for ticket sales, royalties, advertisements, sponsorships, and sports camps reported in the statement during the reporting period to supporting schedules provided by the University.

Result: The supporting schedules provided by the University agreed to the statement except as noted below:

1) Ticket Sales

Procedure: We agreed tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenue reported by the University in the statement and related attendance figures and recalculated totals. We agreed a sample of two revenue receipts obtained from the above revenue supporting schedules to supporting documentation. The items tested are as follows:

<u>Event Date</u>	<u>Sporting Event</u>	<u>Ticket Sales Amount</u>	<u>Deposit Amount</u>
10/19/2013	Football vs. Northern Michigan University	\$ 30,501	\$ 4,979
1/23/2014	Basketball vs. Lake Superior State University	2,610	224

Result: We agreed the revenue receipts to wire transfer detail and a report of tickets sold. We noted no exceptions.

2) Royalties, Advertisements, and Sponsorships

Procedure: We obtained and inspected a sample of five agreements related to the University's participation in revenues from royalties, advertisements, and sponsorships during the reporting period. We agreed the related revenues to the University's general ledger. We also recalculated totals. We agreed a sample of five revenue receipts obtained from the above revenue supporting schedules to contractual agreement and copy of check. The items tested are as follows:

<u>Posting Date</u>	<u>Vendor</u>	<u>Amount Received</u>
4/9/2014	Peppinos	\$ 1,000
1/22/2014	Jet's Pizza	1,500
11/6/2013	Main Street Pub	1,000
6/27/2013	Taco Bell	11,517
9/6/2013	Meijer	20,000

Result: We noted no exceptions.

3) Sports Camp Revenues

Procedure: We inspected sports camp contracts between the University and a sample of five persons conducting the University sports camps or clinics during the reporting period. We obtained schedules of camp participants. We selected a sample of five individual camp participant cash receipts from the schedule of sports camp participants and agreed each selection to the University's general ledger, and recalculated totals. We agreed a sample of five revenue receipts obtained from the above revenue supporting schedules to copy of check. The items tested are as follows:

<u>Posting Date</u>	<u>Camp</u>	<u>Amount</u>
6/20/2014	Football	\$ 405
2/3/2014	Football	250
4/28/2014	Men's Basketball	900
8/1/2013	Men's Basketball	450
5/16/2014	Women's Soccer	309

Result: We noted no exceptions.

Expenditures

H. **Procedure:** We compared each of the indicated expenditure categories below in the statement during the reporting period to supporting schedules provided by the University.

Result: The supporting schedules provided by the University agreed to the statement without exception.

We performed the following procedures for the indicated expenditure category:

I) Athletic Student Aid

Procedure: We selected a sample of 10 students from the listing of University student aid recipients during the reporting period. We obtained individual student-account detail for each selection and agreed total aid allocated from the related aid award letter to the student's account and recalculated totals. We agreed a sample of 10 expenses obtained from the above expense supporting schedules to supporting documentation.

Result: We noted no other exceptions.

The students' accounts tested are summarized below:

Student Tested	Amount Disbursed
1	\$ 12,614
2	2,000
3	27,232
4	16,356
5	11,955
6	10,966
7	9,000
8	16,293
9	8,500
10	9,000

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

Procedure: We obtained and inspected a listing of coaches employed by the University and related entities during the reporting period. We selected a sample of six coaches' contracts for football, men's and women's basketball, track and field, women's volleyball, and tennis from the above listing. We agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the University and related entities in the statement during the reporting period. We obtained and inspected W-2s for each selection. We agreed related W-2s to the related coaching salaries, benefits, and bonuses paid by the University and related entities expense recorded by the University in the statement during the reporting period, and recalculated totals.

Result: We noted no exceptions.

3) Fundraising, Marketing, and Promotion

Procedure: We agreed a sample of five expenses obtained from the above expense supporting schedules to supporting documentation. We recalculated totals. The items tested are as follows:

Description	Date	Amount
1 of 2 payments for 13-14 annual GVSU athletics broadcast	12/20/2013	\$ 40,050
1 inflatable tent and related equipment for football game	8/1/2013	5,500
1,000 GVSU graphic T-shirts purchased for promos	9/12/2013	3,200
1 granite/black monument for Lubbers stadium	10/1/2013	11,700
Apparel gear from Adidas sold at Louie's Locker Room during games	12/9/2013	763

Result: We noted no exceptions.

Mr. Thomas Haas, President
Grand Valley State University

Affiliated and Outside Organizations

- I. In preparation for our procedures related to the University's affiliated and outside organizations, we:
 - 1) Inquired of management as to whether they have identified any affiliated and outside organizations that meet any of the following criteria:
 - i. Booster organizations established by or on behalf of an intercollegiate athletics program.
 - ii. Independent or affiliated foundations or other organizations that have as a principal purpose generating or maintaining grants-in-aid or scholarship funds, gifts, endowments, or other monies, goods, or services to be used entirely or in part by the Intercollegiate Athletics Program.
 - iii. Alumni organizations that have as one of its principal purposes generating monies, goods, or services for or on behalf of an intercollegiate athletics program and that contribute monies, goods, or services directly to an intercollegiate athletics program, booster group, or independent or affiliated foundation as previously noted.
 - 2) We also obtained documentation of the University's practices and procedures for monitoring the internal controls in place and financial activities of these organizations. We inquired of management on the procedures for gathering information on the nature and extent of affiliated and outside organization activity for or on behalf of the University's Intercollegiate Athletics Program.

Result: We noted that there were no such separate organizations. We noted there are clubs within the University that support athletics and all of their activity is operated through the University.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the accompanying Intercollegiate Athletics Program statement of revenues and expenditures. 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.

This report is intended solely for the information and use of Grand Valley State University management and the National Collegiate Athletics Association and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

January 7, 2015

Grand Valley State University National Collegiate Athletics Association Report

Intercollegiate Athletics Program Statement of Revenues and Expenditures Year Ended June 30, 2014

	Men's Basketball	Men's Football	Men's Men's Tennis	Men's Baseball	Men's Men's Track	Women's Basketball	Women's Volleyball	Women's Softball	Women's Soccer	Women's Tennis	Women's Golf	Women's Track	Men's Men's Golf	Men's Swimming	Women's Swimming	Women's Lacrosse	Nonprogram- specific	Total
Operating Revenue																		
Ticket sales	\$ 11,928	\$ 326,707	\$ -	\$ -	\$ 16,218	\$ 8,284	\$ 8,528	\$ -	\$ 4,370	\$ -	\$ -	\$ 13,269	\$ -	\$ 209	\$ 186	\$ 668	\$ 10,234	\$ 400,601
Guarantees	13,250	-	-	-	-	14,250	-	-	-	-	-	-	-	-	-	-	-	27,500
Contributions	12,958	42,039	735	21,023	12,078	2,212	6,952	12,411	1,906	898	4,748	9,064	7,758	1,661	1,473	2,707	113,186	253,809
Direct institutional support	559,520	2,017,905	125,308	439,806	445,106	510,967	440,735	371,423	498,615	186,633	293,957	477,369	162,069	217,187	269,270	366,160	1,977,070	9,359,100
Indirect facilities and administrative support	105,749	347,820	9,505	62,800	95,432	98,880	86,179	61,872	96,095	11,617	32,067	78,080	10,576	33,118	29,369	47,701	552,490	1,759,350
NCAA/Conference distributions - Including all tournament revenue	-	39,900	9,678	14,250	22,828	-	5,700	8,645	34,205	9,678	9,378	28,614	2,565	10,254	10,254	-	318,642	524,591
Program sales, concessions, novelty sales, and parking	110	45,655	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35,377	81,142
Royalties, advertisements, and sponsorships	5,000	15,000	1,800	5,000	8,250	5,000	5,000	5,000	5,000	2,200	2,000	6,750	2,000	2,650	2,350	5,000	847,541	925,541
Sports camp revenue	37,467	51,990	203	39,810	53,960	116,439	93,612	23,223	125,916	248	15,853	44,149	-	17,405	15,435	46,110	14,482	696,302
Endowment and investment income	-	-	-	3,500	8,000	-	1,000	3,500	-	1,000	750	2,000	750	1,000	-	1,000	-	42,827
Other	825	56,309	2,445	40,556	75,872	20,000	46,970	5,512	82,646	2,988	13,043	62,077	55	20,690	18,348	85,155	60,296	593,787
Total operating revenue	746,807	2,943,325	149,674	626,745	737,744	776,032	694,676	491,586	848,753	215,262	371,796	721,372	185,773	304,174	346,685	554,501	3,949,645	14,664,550
Operating Expenditures																		
Athletic student aid	232,361	853,783	77,774	215,834	213,291	233,390	187,484	166,718	228,443	129,536	124,577	262,197	59,962	116,655	179,233	185,360	74,945	3,541,543
Guarantees	2,700	-	-	-	-	800	-	-	-	-	-	-	-	-	-	-	50,000	53,500
Coaching salaries, benefits, and bonuses paid by the University	257,924	833,361	23,022	153,170	232,761	239,971	210,050	150,907	234,379	28,137	78,211	190,440	25,794	79,824	70,787	116,345	-	2,925,083
Support staff/administration salaries, benefits, and bonuses paid by the University	-	14,980	162	-	-	1,199	144	-	-	198	-	-	-	951	844	-	1,347,537	1,366,015
Recruiting	19,792	53,017	975	2,539	8,093	11,590	8,449	5,501	6,462	1,192	2,039	6,622	-	107	95	4,196	-	130,669
Team travel	54,207	127,718	22,172	111,357	112,981	47,465	61,941	66,934	93,958	25,350	32,256	112,120	22,497	37,847	34,804	60,539	6,207	1,030,353
Equipment, uniforms, and supplies	31,783	191,517	14,396	36,776	31,663	29,399	25,913	25,086	32,969	17,479	27,630	25,906	10,626	18,888	17,065	49,774	-	586,870
Game expenses	13,724	16,086	952	4,950	9,358	12,208	9,832	3,740	3,240	1,163	-	7,657	-	323	287	13,193	464,803	561,516
Fundraising, marketing, and promotion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	836,272
Sports camp expenses	30,567	15,419	85	32,533	28,811	82,290	76,722	8,094	124,945	104	10,908	23,573	-	15,344	13,607	49,741	-	512,743
Spirit groups	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	66,732
Indirect facilities and administrative support	105,749	347,820	9,505	62,800	95,432	98,880	86,179	61,872	96,095	11,617	32,067	78,080	10,576	33,118	29,369	47,701	552,490	1,759,350
Medical expenses and medical insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	80,206
Memberships and dues	82	-	151	66	79	-	-	180	365	184	185	65	-	159	141	1,000	19,973	22,630
Other operating expenses	(8,161)	86,646	1,072	5,361	28,364	6,791	14,626	4,600	31,732	1,311	69,132	37,137	64,193	10,951	9,712	49,745	642,865	1,056,077
Total operating expenditures	740,728	2,540,347	150,266	625,386	760,833	763,983	681,340	493,632	852,588	216,271	377,005	743,797	193,648	314,167	355,944	577,594	4,142,030	14,529,559
Excess of revenue over (under) expenditures	\$ 6,079	\$ 402,978	\$ (592)	\$ 1,359	\$ (23,089)	\$ 12,049	\$ 13,336	\$ (2,046)	\$ (3,835)	\$ (1,009)	\$ (5,209)	\$ (22,425)	\$ (7,875)	\$ (9,993)	\$ (9,259)	\$ (23,093)	\$ (192,385)	\$ 134,991

Grand Valley State University National Collegiate Athletics Association Report

Notes to Intercollegiate Athletics Program Statement of Revenues and Expenditures Year Ended June 30, 2014

Note 1 - Contributions

The individual contribution of monies, goods, or services received directly by the University's Intercollegiate Athletics Program from any affiliated or outside organization, agency, or individuals (e.g., contributions by corporate sponsors) that constitutes 10 percent or more of all contributions received for intercollegiate athletics during the year ended June 30, 2014 is as follows:

Source of Funds, Goods, and Services	Value
Kelly Cares Foundation (Endowment)	\$ 50,000

Note 2 - Intercollegiate Athletics-related Assets

Property and equipment are recorded at cost or, if donated, the fair value at the time of donation. Expenditures for maintenance and repairs are charged to current expenditures as incurred. Depreciation is computed using the straight-line method. No depreciation is recorded on land. Expenditures for major renewals and betterments that extend the useful lives of the assets are capitalized. Estimated service lives range from 3-20 years depending on class.

The current year capitalized additions and deletions to facilities during the year ended June 30, 2014 are as follows:

	Current Year Additions	Current Year Deletions
Football Athletics Facilities	\$ -	\$ -
Basketball Athletics Facilities	-	-
Other Athletics Facilities	-	-
Total Athletics Facilities	<u>\$ -</u>	<u>\$ -</u>
Other University Facilities	<u>\$ 74,413,637</u>	<u>\$ 2,348,013</u>

Grand Valley State University National Collegiate Athletics Association Report

Notes to Intercollegiate Athletics Program Statement of Revenues and Expenditures Year Ended June 30, 2014

Note 2 - Intercollegiate Athletics-related Assets (Continued)

The total estimated book values of property, plant, and equipment, net of depreciation, of the University as of the year ended June 30, 2014 are as follows:

	Estimated Book Value
Athletics-related Property, Plant, and Equipment Balance	\$ 26,124,243
University's Total Property, Plant, and Equipment Balance	\$ 901,470,561

Note 3 - Intercollegiate Athletics-Related Debt

The annual debt service and debt outstanding for the University as of the year ended June 30, 2014 is as follows:

	Annual Debt Service	Debt Outstanding
Athletically-related Facilities	\$ 595,150	\$ 6,232,881
University's Total	\$ 23,110,785	\$ 251,400,000

The repayment schedule for all outstanding intercollegiate athletics debt maintained by the University during the year ended June 30, 2014 is as follows:

Fiscal Year	Principal	Interest	Total
2015	\$ 196,920	\$ 398,230	\$ 595,150
2016	203,718	386,870	590,588
2017	209,910	375,132	585,042
2018	216,787	363,525	580,312
2019	227,565	350,078	577,643
2020-2024	1,375,148	1,513,831	2,888,979
2025-2029	2,078,624	976,539	3,055,163
2030-2034	1,708,409	159,735	1,868,144
2035	15,800	307	16,107
Total	\$ 6,232,881	\$ 4,524,247	\$ 10,757,128

Grand Valley State University National Collegiate Athletics Association Report

Variance Explanations Appendix A

	2013-2014	2012-2013	Dollar	Percentage	
	Total	Total	Change	Change	Explanation
Revenue					
Ticket sales	\$ 400,601	\$ 314,969	\$ 85,632	27.19%	In Fall 2013, there were seven regular-season home football games versus five in fall 2012.
Athletic guarantees	27,500	15,500	12,000	77.42%	Both men's and women's basketball received guarantees from MSU in 2013-2014.
Contributions	253,809	222,870	30,939	13.88%	Gifts to ICA operations increased about \$24,000 and gifts to the Irwin Fund increased approximately \$7,000.
NCAA/Conference distribution including all tournament revenue	524,591	217,779	306,812	140.88%	Football played in four post-season games in fall 2013 versus none in fall 2012.
Program sales, concessions, novelty sales, and parking	81,142	39,691	41,451	104.43%	In fall 2013, two additional regular-season football games increased parking, concessions, and program sales. Louie's Locker Room sales also increased.
Royalties, advertisements, and sponsorships	925,541	519,271	406,270	78.24%	Increase in football home games increased sponsorship revenue along with more complete reporting of in-kind sponsorships.
Endowment and investment income	42,827	38,000	4,827	12.70%	Reflects growing endowment which generates higher spending distribution.
Other	593,787	660,452	(66,665)	-10.09%	In FY 2013, Irwin funds provided \$25,000 for football's charter flight to Eugene, Oregon, and funding from special projects added \$21,474 to cover the higher level of football expenses. Women's basketball received additional funding of \$9,668 from special projects in FY 2013.
Expenditures					
Guarantees	53,500	4,800	48,700	1014.58%	In FY 2014, there were two \$25,000 guarantees to visiting football teams.
Team travel	1,030,353	1,163,459	(133,106)	-11.44%	In fall 2012, the football team traveled to Oregon and the Upper Peninsula (twice).
Sports camp expense	512,743	441,039	71,704	16.26%	Hosting camps in summer months makes expense timing vary from year to year.
Equipment, uniforms, and supplies	586,870	445,636	141,234	31.69%	In FY 2014, value of Adidas promotional items/uniforms was included.
Game expenses	561,516	277,994	283,522	101.99%	In FY 2014, hosted more regular-season home football games as well as more post-season games in all sports.
Fundraising, marketing, and promotion	836,272	725,349	110,923	15.29%	Marketing team compensation increased as well as Irwin Club fundraising expenses and Louie's Locker Room expenses.
Spirit groups	66,732	59,760	6,972	11.67%	Cheer team expense increased in FY 2014.
Memberships and dues	22,630	4,592	18,038	392.81%	More detailed reporting was available in FY 2014.
Other operating expenses	1,056,077	643,678	412,399	64.07%	In FY 2014, \$80,000 was transferred to two capital projects. In FY 2014, value of in-kind sponsorships was included (about \$200,000).