Missouri University of Science and Technology
Independent Accountant’s Report on Applying
Agreed-Upon Procedures
National Collegiate Athletic Association (NCAA)
Year Ended June 30, 2018
Missouri University of Science and Technology
June 30, 2018

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Independent Accountant’s Report on Applying Agreed-Upon Procedures

The Chancellor and Management of Missouri University of Science and Technology and the Board of Curators of the University of Missouri System, Columbia, Missouri

We have performed the procedures enumerated below, which were agreed to by management of Missouri University of Science and Technology (the University) and members of the Board of Curators of the University of Missouri System, solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (Statement) of the University is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3 for the year ended June 30, 2018. The University’s management is responsible for the Statement of Revenues and Expenses and management’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 for the purpose for which this report has been requested or for any other purpose.

For purposes of all the following agreed-upon procedures, if a specific reporting category is less than 4 percent of total revenues or expenses, no procedures were performed for that specific category. Also, only variances greater than $5,000 were noted in our report.

The procedures performed and the associated findings are as follows:

We obtained the Statement as prepared by the administration of the University. For relevant revenues and expenses categories, we performed the following:

1. We compared the amount of each operating revenue and expense category reported in the Statement during the year ended June 30, 2018, to supporting schedules provided by the administration of the University, noting that they agreed without exception. We recalculated the totals per the supporting schedules, without exception. The following revenue reporting categories were less than 4 percent of total revenues, and the following expense categories were less than 4 percent of total expenses, and therefore, as prescribed in the NCAA Agreed-Upon Procedures Guidelines, no procedures were performed for these categories:

   Revenues
   a. Ticket sales
   b. Guarantees
   c. Contributions
   d. NCAA distributions
   e. Conference distributions
f. Program, novelty, parking and concession sales

g. Royalties, licensing, advertisement and sponsorships

h. Sports camp revenue

i. Athletics restricted endowment and investments income

j. Other operating revenues

**Expenses**

a. Guarantees

b. Recruiting

c. Game expenses

d. Fundraising, marketing and promotion

e. Sports camp expenses

f. Athletic facilities debt service, leases and rental fees

g. Direct overhead and administrative expenses

h. Medical expenses and insurance

i. Memberships and dues

j. Student athlete meals (non-travel)

k. Other operating expenses

2. We inquired of the University’s management whether there were any of the following revenues, expenses or other reporting items during the year ended June 30, 2018, and University management represented that there were no:

**Revenues**

a. Direct state or other government support

b. Less - transfers to institution

c. Indirect institutional support

d. Indirect institutional support – athletic facilities debt service, leases and rental fees

e. In-kind

f. Compensation and benefits provided by a third party

g. Media rights

h. Bowl revenues

**Expenses**

a. Coaching salaries, benefits and bonuses paid by a third party

b. Support staff/administrative compensation, benefits and bonuses paid by a third party

c. Severance payments

d. Spirit groups
e. Indirect institutional support
f. Bowl expenses
g. Bowl expenses – coaching compensation/bonuses

3. We compared each revenue and expense amount over 10 percent of the total revenues or expenses reported in the Statement to prior year amounts and current year budget estimates. We obtained and documented an understanding of any significant variances (10 percent change) from prior year amounts or current year budget estimates, as noted below:

**Current Year Actual Versus Prior Year Actual**

There were no revenue or expense categories over 10 percent of total revenues or expenses with variances from prior year of 10 percent or more.

**Current Year Actual Versus Current Year Budget**

There were no revenue or expense categories over 10 percent of total revenues or expenses with variances from budget of 10 percent or more.

**Operating Revenues**

4. *Student Fees* – We compared and agreed student fees reported by the University in the Statement to student enrollment during the same reporting period and recalculated totals. We obtained documentation of the University’s method for allocating student fees to intercollegiate athletic programs. The University’s management represented there have been no significant changes from the prior year in the method of allocation of student fees to the intercollegiate athletics program. We recalculated the totals of their methodology and agreed the calculation to supporting documentation for student fee totals.

5. *Direct Institutional Support* – We compared the detail of direct institutional support to the related revenue reported in the Statement, noting they agreed without exception. We selected a sample of three items and obtained supporting documentation, noting they agreed without exception.

**Operating Expenses**

6. *Athletic Student Aid* – As the University utilized the NCAA Compliance Assistance (CA) software, we selected a sample of 10 percent of the student athletes, with a maximum sample size of 40 (sample size was 40), from the listing of the University student aid recipients. We obtained individual student account detail for each selection and compared total aid allocated from the squad list 2017-2018 ($453,730) to the students’ account screenshots ($457,942), noting an aggregate difference of $4,212. The University’s management represented that each of these differences are a result of the award being based on an estimate, vs. the actual tuition amounts, which are subject to change based on courses taken, book costs, housing selections, summer school, etc.

7. *Coaching Salaries, Benefits and Bonuses Paid by the University and Related Entities* – We obtained a listing of coaches employed by the University during the year ended June 30, 2018. We selected a sample of three coaches’ contracts (Tyler Fenwick – Head Football Coach, Alan Eads – Head Women’s Basketball Coach, and James Glash – Head Men’s Basketball Coach) that included football and men’s and women’s basketball. We agreed the financial terms and conditions, primarily related to base salary, certain bonuses, broadcasting and endorsements, of each selection to the related coaching salaries, benefits and bonuses recorded by the University in the Statement during the year ended June 30, 2018, without exception. We
obtained and agreed payroll summary registers for the reporting year for each selection to the related coaching salaries, benefits and bonuses paid by the University, without exception. We inquired of the University’s management, who represented that no coaches were employed by related entities.

8. **Support Staff/Administrative Compensation, Benefits and Bonuses Paid by the University and Related Entities** – We obtained a detail of all salaries expense and compared to the amount reported in the Statement without exception. We selected a sample of three athletic support staff/administrative personnel employed by the University (Lauren Bartram – Student Assistant, William McIntyre – Student Assistant, and Alex Remillard – Student Assistant). We obtained support for salaries information for each selection and agreed the information to the expense recorded by the University in the Statement without exception.

9. **Sports Equipment, Uniforms and Supplies** – We obtained a general ledger detail and compared it to the expenses reported on the Statement, without exception. We selected a sample of three expenses and agreed them to supporting documentation and recalculated the totals, without exception.

10. **Team Travel** – We updated our documentation of the University’s travel policies and compared them to the NCAA policies, noting no exceptions. We obtained a detail of team travel expenses and compared it to the Statement, noting total expenses agreed without exception. We selected a sample of three expenses from the supporting schedule and compared them to supporting documentation, noting amounts agreed without exception.

**Agreed-Upon Procedures Related to Affiliated and Outside Organization**

11. We inquired of the University’s management who represented that there were no intercollegiate athletics-related outside organizations incurring expenses on behalf of the Intercollegiate Athletics Department (Athletics), which are not under the University’s accounting control.

**Agreed-Upon Procedures Related to Internal Control Over Compliance**

12. We made inquiries of the University controller’s office management and Athletics personnel relating to the procedures and internal accounting controls unique to Athletics, specifically, departmental organization, control consciousness of staff, use of internal auditors in the department, competency of personnel, adequate safeguarding and control of records and assets and controls over interactions with the Information Technology Department. Based on these inquiries, there were no significant changes from the prior year. We documented our understanding of these controls.

**Agreed-Upon Procedures Related to Sports Sponsored Reported**

13. We compared and agreed the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the institution, noting that they agreed without exception.

14. We obtained the University’s Sport Sponsorship and Demographics Forms report for the year ended June 30, 2018, and compared the countable sports reported by the University with the minimum requirements set forth in NCAA Bylaw 20.9.6.3 for the number of contests and number of participants in each contest that is counted toward meeting the minimum contest requirement. We noted that the University has reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System.
15. We agreed the total number of Division II student-athletes who, during the academic year, received a Pell Grant award (e.g., Pell Grant recipients on Full Grant-in-Aid) and the total value of these Pell grants reported in the NCAA Membership Financial Reporting System to a report, generated from the University’s financial aid records of all student-athlete Pell Grants, noting no exceptions.

Agreed-Upon Procedures for Other Reporting Items

16. Excess Transfers to Institution and Conference Realignment Expenses – We inquired of the University’s management, who represented that there were no excess transfers to institution, therefore no procedures were completed on this line item. Additionally, we inquired of the University’s management who represented there were no conference realignment expenses, therefore no procedures were completed on this line item.

17. Total Athletics Related Debt – We inquired of the University’s management, who represented that there was no athletic related debt, therefore no procedures were completed on this line item.

18. Total Institutional Debt – We obtained the total outstanding University debt of $132,659,087 from the University’s June 30, 2018, general ledger.

19. Value of Athletics Dedicated Endowments – We obtained a schedule of all athletics dedicated endowments maintained by Athletics and the University, which totaled $5,308,211. We agreed the fair market value in the schedules to supporting documentation and the general ledger as of June 30, 2018.

20. Value of Institutional Endowments – We agreed the total fair market value of the University’s endowments, $169,495,009 to the University’s June 30, 2018 general ledger, without exception.

21. Total Athletics Related Capital Expenditures – We obtained a schedule of athletics-related capital expenditures made by Intercollegiate Athletics Department and the University during the reporting period. We obtained general ledger detail and compared to the total expenses reported without exception. We selected six additions totaling $1,475,114 and agreed them to supporting documentation without exception.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or a review, the objective of which would be the expression of an opinion or conclusion, respectively, on evaluating whether the University’s Statement and the related note were prepared in compliance with the NCAA Bylaw 6.2.3. 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 management of Missouri University of Science and Technology and members of the Board of Curators of the University of Missouri System, and is not intended to be, and should not be used by anyone other than these specified parties.

BKD, LLP

Kansas City, Missouri
January 10, 2019
### Missouri University of Science and Technology

#### Statement of Revenues and Expenses

**Year Ended June 30, 2018**

<table>
<thead>
<tr>
<th></th>
<th>Men's Football</th>
<th>Women's Basketball</th>
<th>Other Sports</th>
<th>Non Program Specific</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ticket sales</td>
<td>$ 11,152</td>
<td>$ 3,717</td>
<td>$ 3,717</td>
<td>$ 3,717</td>
<td>$ 23,847</td>
</tr>
<tr>
<td>Student fees</td>
<td>144,490</td>
<td>80,077</td>
<td>74,235</td>
<td>412,706</td>
<td>454,952</td>
</tr>
<tr>
<td>Direct institutional support</td>
<td>1,107,827</td>
<td>433,656</td>
<td>380,390</td>
<td>2,363,484</td>
<td>819,016</td>
</tr>
<tr>
<td>Guarantees</td>
<td>-</td>
<td>17,000</td>
<td>4,500</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contributions</td>
<td>44,447</td>
<td>2,624</td>
<td>926</td>
<td>51,612</td>
<td>13,309</td>
</tr>
<tr>
<td>NCAA distributions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,666</td>
<td>1,000</td>
</tr>
<tr>
<td>Conference distributions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>48,440</td>
</tr>
<tr>
<td>Athletics restricted, advertisements and sponsorships</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>27,125</td>
</tr>
<tr>
<td>Team travel</td>
<td>62,214</td>
<td>43,518</td>
<td>29,204</td>
<td>388,832</td>
<td>1,000</td>
</tr>
<tr>
<td>Game expenses</td>
<td>45,258</td>
<td>4,993</td>
<td>10,463</td>
<td>111,751</td>
<td>9,040</td>
</tr>
<tr>
<td>Athletic facilities debt service, leases and rental fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,040</td>
<td>-</td>
</tr>
<tr>
<td>Direct overhead and administrative expenses</td>
<td>2,019</td>
<td>-</td>
<td>-</td>
<td>9,144</td>
<td>121,384</td>
</tr>
<tr>
<td>Medical expenses and insurance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12</td>
<td>185,807</td>
</tr>
<tr>
<td>Student-athlete meals (non-travel)</td>
<td>20,337</td>
<td>4,951</td>
<td>5,095</td>
<td>13,096</td>
<td>-</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>541</td>
<td>5,824</td>
<td>3,211</td>
<td>9,676</td>
<td>84,565</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>1,403,695</td>
<td>554,168</td>
<td>479,212</td>
<td>2,987,704</td>
<td>1,484,647</td>
</tr>
</tbody>
</table>

|                     |                |                    |              |                      |             |
| **Operating Expenses:** |                |                    |              |                      |             |
| Athletic student aid | 958,183        | 328,308            | 256,854      | 1,725,097            | -           | 3,268,442  |
| Guarantees          | -              | 4,905              | 6,944        | 6,567                | -           | 18,416     |
| Coaching salaries, benefits and bonuses paid by the University and related entities | 297,760        | 128,726            | 136,991      | 630,050              | -           | 1,193,527  |
| Support staff/administrative compensation, benefits and bonuses paid by the University and related entities | -              | -                  | -            | -                    | 653,299     | 653,299     |
| Recruiting          | 12,514         | 10,112             | 17,547       | 26,936               | -           | 67,100     |
| Team travel         | 62,214         | 43,518             | 29,204       | 388,832              | -           | 523,768    |
| Game expenses       | 45,258         | 4,993              | 10,463       | 111,751              | 9,040       | 286,164    |
| Athletic facilities debt service, leases and rental fees | -              | -                  | -            | 9,040                | -           | 9,040      |
| Direct overhead and administrative expenses | 2,019          | -                  | -            | 9,144                | 121,384     | 133,317    |
| Medical expenses and insurance | -              | -                  | -            | 12                   | 185,807     | 185,911    |
| Student-athlete meals (non-travel) | 20,337         | 4,951              | 5,095        | 13,096               | -           | 43,479     |
| Other operating expenses | 541            | 5,824              | 3,211        | 9,676                | 84,565      | 103,817    |
| **Total operating expenses** | 1,424,463      | 554,213            | 490,146      | 3,037,283            | 1,206,448   | 6,712,553  |

| Excess (deficiency) of revenues over expenses and transfers | $ (20,768) | $ (45) | $ (10,934) | $ (49,579) | $ 278,199 | $ 196,873 |

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*See Accompanying Independent Accountant’s Report on Applying Agreed-Upon Procedures*
Note 1: Summary of Accounting Policies

Basis of Presentation

The Statement of Revenues and Expenses of the Intercollegiate Athletics Department of Missouri University of Science and Technology (the University) is prepared on a modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America.

Capital Assets

Buildings are structures consisting of the building shell, exterior walls, interior framing floors, ceilings and all permanent structures that cannot be readily moved without disrupting the basic building structure or services to the building. Buildings and building components are recorded at historical cost, or when acquired by gift or bequest, at the fair market value at the date of the gift. Infrastructure assets include streets, pavements, landscaping, utility and telephone distribution systems and parking lots. Infrastructure assets are recorded at historical costs of all identifiable costs associated with the construction of the asset. Equipment includes all items that are not permanently affixed to buildings, have a useful life greater than two years and have a unit cost of $5,000 or more.

Depreciation is computed using the straight-line method, beginning from the date the asset is placed into service or the date payment is rendered for the asset. Capital assets are depreciated over the estimated useful lives as follows:

<table>
<thead>
<tr>
<th>Category of Capital Assets</th>
<th>Useful Lives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building and building components</td>
<td>10 to 40 years</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>8 to 25 years</td>
</tr>
<tr>
<td>Equipment</td>
<td>5 to 17 years</td>
</tr>
</tbody>
</table>

When capital assets are retired or otherwise disposed, the cost and related accumulated depreciation are removed from the accounts.
A summary of the University’s capital assets allocated to the Intercollegiate Athletics Department as of June 30, 2018, net of related depreciation, is as follows:

<table>
<thead>
<tr>
<th>Category of Capital Assets</th>
<th>Net Book Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building and building components</td>
<td>$6,484,392</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>2,898,605</td>
</tr>
<tr>
<td>Equipment</td>
<td>933,219</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$10,316,216</strong></td>
</tr>
</tbody>
</table>

Missouri University of Science and Technology
Note to the Statement of Revenues and Expenses
June 30, 2018