University of Missouri – Kansas City
Independent Accountant’s Report on Applying
Agreed-Upon Procedures
National Collegiate Athletic Association (NCAA)
Year Ended June 30, 2019
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Independent Accountant’s Report on Applying
Agreed-Upon Procedures

The Chancellor and Management of the University of
Missouri – Kansas City 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 the University of Missouri – Kansas City (the University), 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 3.2.4.15.1 for the year ended June 30, 2019. The University’s management is responsible for the Statement of Revenues and Expenses and management’s compliance with the NCAA 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.

The procedures performed and the associated findings are as follows:

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

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, 2019, to supporting schedules created from the general ledger 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. Indirect institutional support
   d. NCAA distributions
   e. Conference distributions
f. Royalties, licensing, advertisement and sponsorships

g. Sports camp

h. Athletics restricted endowment and investments income

i. Other operating revenues

Expenses

a. Guarantees

b. Recruiting

c. Sports equipment, uniforms and supplies

d. Game expense

e. Fundraising, marketing and promotion

f. Sports camp

g. Spirit groups

h. Direct overhead and administrative expenses

i. Indirect institutional support

j. Medical expense and insurance

k. Membership and dues

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, 2019 and University management represented that there were no:

Revenues

a. Direct state or other government support

b. Less – transfers back to the institution

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

d. In-kind

e. Compensation and benefits provided by a third party

f. Media rights

g. Program, novelty, parking and concession sales

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. Athletic facilities debt service, leases and rental fees
e. Student-athlete meals (non-travel)
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**

- *Direct Institutional Support* – Increased by $14,114,135, or 167 percent, due to a campus transfer in for the purpose of covering previous deficit balances.

**Current Year Actual Versus Current Year Budget**

- *Direct Institutional Support* – Actual exceeded budget by $12,055,562, or 115 percent, due to a campus transfer in for the purpose of covering previous deficit balances.
- *Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University* – Budget exceeded actual by $384,813, or 21 percent, due to several administrative staff positions being vacant for several months and were filled halfway through the year.
- *Team Travel* – Budget exceeded actual by $184,128, or 12 percent, due to several non-conference games being played closer to home, thus reducing actual costs incurred.

**Operating Revenues**

4. *Student Fees* – We compared student fees revenue per the Statement for the year ended June 30, 2019 to supporting detail during the same reporting period, noting they agreed without exception. We selected a sample of three student fees revenue transactions from the supporting schedule and agreed to the supporting documentation without exception.

5. *Direct Institutional Support* – We compared supporting documentation for direct institutional support to the Statement for the year ended June 30, 2019, noting that they agreed without exception. We selected a sample of four direct institutional support transactions from the supporting schedule and agreed it to supporting documentation without exception.
6. Contributions – We compared supporting documentation for contributions received specifically to support athletics, with such amounts reported in the Statement, noting that they agreed without exception. There was one transaction that represented greater than 10 percent of the total contributions revenue recorded for the year ended June 30, 2019. We obtained supporting documentation for the contribution over 10 percent of total contribution revenue as well as two additional contributions. We recalculated the support and agreed amounts to the supporting schedule without exception.

Operating Expenses

7. Athletic Student Aid – We recalculated totals for each sport and overall. 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 23), 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 2018-2019 ($498,984) to the students’ account screenshots ($420,573), noting an aggregate difference of $78,411. The University’s management represented that each of these differences are a result of the award being based on an estimate versus the actual tuition amounts, which are subject to change based on courses taken, book costs, housing selections, summer school, etc. We performed the following for each student-athlete selected and, where applicable, no exceptions were noted:

a. We compared the equivalency value in the CA software for each student-athlete (rounded to two decimal places) to supporting documentation.
b. We noted that grants-in-aid were calculated by using the revenue distribution equivalencies by sport and in aggregate (athletic grant amount divided by the full grant amount).
c. We noted that other expenses related to attendance (also known as gap money or cost of attendance) was not included in grants-in-aid revenue distribution equivalencies. Only tuition, fees, room, board and course-related books were counted for grants-in-aid revenue distributions.
d. The grant amount represented the full cost of tuition for an academic year, rather than a semester.
e. If an athlete participated in more than one sport, the award was only included in one sport.
f. Athletics grants were for sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football.
g. Grants-in-aid were for sports that meet the minimum contests and participants’ requirements of Bylaw 20.9.6.3. None of the selected items represented grants to student-athletes listed on the Calculation of Revenue Distribution Equivalencies Report as “Exhausted Eligibility” or “Medical.”
h. No sports were discontinued during fiscal year 2019.
i. None had exhausted their athletics eligibility.
j. Only athletic grants were awarded in sports which the NCAA conducts championship competitions, emerging sports for women or football.
k. If a selected student received a Pell Grant, the value of the grant was not included in the calculation of equivalencies or the total dollar amount of student athletic aid expense for the institution.
1. The University’s report for all students who received a Pell Grant in 2019 agreed to the total number and total value of Pell Grants reported for revenue distribution purposes in the NCAA Membership Financial Reporting System.

8. **Coaching Salaries, Benefits and Bonuses Paid by the University** – We obtained a listing of coaches employed by the University during the year ended June 30, 2019. We selected a sample of three coaches’ contracts (William Donlon – Men’s Head Basketball Coach and Jacinta Hoyt – Women’s Head Basketball Coach) that included men’s and women’s basketball and one other sport (Christia Posey – Head Volleyball Coach). We obtained employment contracts and 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, 2019, 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.

9. **Support Staff/Administrative Compensation, Benefits and Bonuses Paid by the University** – We selected a sample of three athletic support staff/administrative personnel employed by the University (Ursula Gurney – Deputy Athletics Director, Brandon Martin – Athletics Director and Matty Richardson – Assistant Trainer). We obtained supporting salary information for each selection and agreed the information to the expense recorded by the University in the Statement 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 supporting schedules for team travel and compared them to the amount reported in the Statement without exception. We selected a sample of three travel expenses from the supporting schedule and agreed them to supporting documentation without exception.

11. **Other Operating Expenses** – We obtained a supporting schedule related to other operating expenses and compared to the amount reported in the Statement for the year ended June 30, 2019, noting they agreed without exception. We selected a sample of three expenses from the supporting schedule and agreed to supporting documentation without exception.

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

12. 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**

13. We made inquiries of the University of Missouri System 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

14. 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.

15. We obtained the University’s Sport Sponsorship and Demographics Forms report for the year ended June 30, 2019, 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 the University has reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System.

16. We 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) 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

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

18. Total Athletics Related Debt – We obtained repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. We recalculated annual maturities (consisting of principal and interest) provided in the schedules obtained which totaled $6,460,162. We agreed the total annual maturities and total outstanding athletic related debt to the University’s general ledger as of June 30, 2019.

19. Total Institutional Debt – We agreed the total outstanding University debt of $215,328,334 to the University’s June 30, 2019 general ledger, without exception.

20. Value of Athletics Dedicated Endowments – We obtained a schedule of all athletics dedicated endowments maintained by Athletics and the University, which totaled $273,781. We agreed the fair market value in the schedules to supporting documentation and the general ledger as of June 30, 2019.

21. Value of Institutional Endowments – We agreed the total outstanding University Institutional endowments of $152,799,604 to the University’s June 30, 2019 general ledger, without exception.

22. Total Athletics Related Capital Expenditures – We obtained a schedule of athletics-related capital expenditures made by Athletics and the University during the reporting period. We obtained general ledger detail and compared to the total expenses reported without exception. We inquired of the University’s management, who represented that there were no capital asset additions related to athletics in fiscal year 2019; therefore, no procedures were completed on this line item.
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 3.2.4.15.1. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified party listed above, and is not intended to be, and should not be used by anyone other than this specified party.

BKD, LLP

Kansas City, Missouri
January 14, 2020
### University of Missouri – Kansas City

#### Statement of Revenues and Expenses

#### Year Ended June 30, 2019

<table>
<thead>
<tr>
<th>Men’s Basketball</th>
<th>Women’s Basketball</th>
<th>Other Sports</th>
<th>Non Program Specific</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ticket sales</td>
<td>$ 90,229</td>
<td>$ 10,936</td>
<td>$ 14,546</td>
<td>$ -</td>
</tr>
<tr>
<td>Student fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Guarantees</td>
<td>210,000</td>
<td>58,000</td>
<td>18,700</td>
<td>-</td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,151,345</td>
</tr>
<tr>
<td>Direct institutional support</td>
<td>3,602,371</td>
<td>1,295,682</td>
<td>5,700,899</td>
<td>11,963,582</td>
</tr>
<tr>
<td>Indirect institutional support</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>367,152</td>
</tr>
<tr>
<td>NCAA distributions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>207,300</td>
</tr>
<tr>
<td>Conference distributions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>738,917</td>
</tr>
<tr>
<td>Royalties, licensing, advertisement and sponsorships</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>106,415</td>
</tr>
<tr>
<td>Athletics restricted endowment and investment income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13,399</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>6</td>
<td>2,211</td>
<td>66,601</td>
<td>42,962</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>3,902,606</strong></td>
<td><strong>1,366,829</strong></td>
<td><strong>5,800,746</strong></td>
<td><strong>15,755,677</strong></td>
</tr>
</tbody>
</table>

| Operating Expenses |                    |              |                      |       |
| Athletic student aid | 443,692           | 434,641     | 2,974,751             | 280,779 | 4,133,636 |
| Guarantees            | 2,000              | 2,781       | 6,888                 | -     | 11,669  |
| Coaching salaries, benefits and bonuses paid by the University and related entities | 867,509 | 404,709 | 1,238,341 | - | 2,510,559 |
| Support staff/administrative compensation, benefits and bonuses paid by the University and related entities | 63,833 | 66,537 | - | 1,309,617 | 1,439,987 |
| Recruiting            | 97,147             | 39,522      | 43,583                | 6,172 | 186,424 |
| Team travel           | 370,490            | 192,098     | 786,760               | 10,776 | 1,360,124 |
| Sports equipment uniforms and supplies | 25,812 | 25,988 | 213,751 | 205,238 | 470,789 |
| Game expense          | 76,125             | 75,150      | 81,261                | 126,568 | 359,104 |
| Fundraising, marketing and promotion | - | 28 | 318 | 373,072 | 373,418 |
| Sports camp expenses  | 1,199              | 926         | 11,283                | -     | 13,408  |
| Direct overhead and administrative expenses | 8,738 | 13,278 | 84,612 | 136,714 | 243,342 |
| Spirit groups         | -                  | -           | -                    | 31,746 | 31,746 |
| Indirect institutional support | - | - | - | 367,152 | 367,152 |
| Medical expenses and insurance | 149 | - | 2 | 366,875 | 367,026 |
| Memberships and dues  | 1,976              | 1,202       | 5,749                 | 129,443 | 138,370 |
| Other operating expenses | 287,736 | 39,202 | 77,920 | 566,976 | 971,834 |
| **Total operating expenses** | **2,246,406** | **1,296,062** | **5,525,219** | **3,911,128** | **12,978,815** |

| Excess of revenues over expenses and transfers | $ 1,656,200 | $ 70,767 | $ 275,527 | $ 11,844,549 | $ 13,847,043 |

See Accompanying Independent Accountant’s Report on Applying Agreed-Upon Procedures
University of Missouri – Kansas City
Note to the Statement of Revenues and Expenses
June 30, 2019

Note 1: Summary of Accounting Policies

Basis of Presentation

The Statement of Revenues and Expenses of the Intercollegiate Athletics Department of the University of Missouri – Kansas City (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.

Contributions

One individual contribution of moneys, goods or services from an affiliated or outside organization, agency or individual constituted 10 percent or more of all contributions received for the Intercollegiate Athletics Department during the year ended June 30, 2019 (a $800,000 donation).

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>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, 2019, net of related accumulated 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>$ 8,406,430</td>
</tr>
<tr>
<td>Equipment</td>
<td>127,859</td>
</tr>
<tr>
<td></td>
<td>$ 8,534,289</td>
</tr>
</tbody>
</table>

**Debt**

As of June 30, 2019, the University had outstanding debt related to the Intercollegiate Athletics Department in the amount of $6,460,162, which is detailed in the table below:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Issuance</th>
<th>Principal Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soccer/Track facility - Durwood</td>
<td>Internal Loan - System Facilities, Series 2009A</td>
<td>$ 6,460,162</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$ 6,460,162</td>
</tr>
</tbody>
</table>