

**EASTERN WASHINGTON UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

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

YEAR ENDED JUNE 30, 2012

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

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

We have performed the procedures enumerated below, which were agreed to by the Chief Executive of Eastern Washington University (EWU) ("institution"), solely to assist you in evaluating whether the accompanying statement of revenues and expenses of the EWU Intercollegiate Athletics Program ("Athletics") is in compliance with the National Collegiate Athletic Association ("NCAA") Bylaw 3.2.4.16 for the year ended June 30, 2012. Management is responsible for the statement of revenues and expenses ("statement") and the statement's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

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

- We obtained the statement for the year ended June 30, 2012, as prepared by management. We compared and agreed each of the operating revenue and expense categories during the reporting period to supporting schedules provided by the institution. We obtained supporting documentation for the operating revenues and expenses and agreed it to the supporting schedules provided by the institution. We compared major revenue and expense accounts to prior-period amounts and budget estimates, and documented our understanding of any significant variances. No findings were noted.
- We obtained an understanding of policies and procedures used for acquiring, approving, depreciating, and disposing of Athletics-related assets. We obtained a schedule of assets capitalized, additions, transfers, dispositions, and depreciation for the year ended June 30, 2012. No findings were noted.

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

- We performed additional procedures as follows:

Revenues:

Ticket Sales and Concessions – We reconciled tickets sold, complimentary tickets, and unsold tickets to revenues recorded through the accounting system. We reviewed ticket-taking procedures with the Athletics Director, and inquired as to the disposal of unsold tickets. We performed analytical tests by recalculating estimated expected revenues of several home games based on published ticket prices and actual tickets sold, and compared those prices to actual recorded revenues. No findings were noted.

Student Activity Fees – We confirmed the allocation of student activity fees reported by the institution with the EWU Accounting Office. We reviewed the criteria, applied analytical procedures to, and determined the reasonableness for allocating student fees to the EWU Intercollegiate Athletics Program. No findings were noted.

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

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

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

Indirect Facilities and Administrative Support – We reviewed indirect support allocation calculations made by the institution, gained an understanding of the methodology used, and recalculated several allocations for accuracy. We also agreed total indirect revenues to total indirect expenses. No findings were noted.

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

Royalties, Advertisements, and Sponsorships Revenues – We obtained and inspected agreements related to the institution’s participation in revenues from royalties, advertisements, and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions. We compared and agreed the related revenues to the institution’s general ledger. The totals were recalculated. No findings were noted.

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

Revenues (continued):

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

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

Expenses:

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

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

Coaches' Salaries, Benefits, and Bonuses – We obtained and inspected a listing of coaches employed by Athletics during the reporting period. A sample of coaches' contracts was selected, which included coaches from the football, men's basketball, and women's basketball teams. We compared and agreed the financial terms and conditions from each sample contract to the related coaches' salaries, benefits, and bonuses recorded by Athletics in the statement during the reporting period. We compared and agreed the supporting documentation to the related coaches' salaries, benefits, and bonuses paid by Athletics and reported by Athletics in the statement during the reporting period. The totals were recalculated. No findings were noted.

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

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

Expenses (continued):

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

Equipment, Uniforms, Supplies, and Other Expenses – We compared and agreed equipment, uniforms, supplies, and other expenses reported in the statement during the period to supporting schedules. We compared and agreed a sample of these expenses obtained from the supporting schedules to supporting documentation. The totals were recalculated. No findings were noted.

Game Expenses – We compared and agreed game expenses reported in the statement during the reporting period to supporting schedules. We compared and agreed a sample of these expenses obtained from the supporting schedules to supporting documentation. The totals were recalculated. No findings were noted.

Dues and Membership Expenses – We compared and agreed dues and membership expenses reported in the statement during the reporting period to supporting schedules. We compared and agreed a sample of operating expenses obtained from the supporting schedules to supporting documentation. We compared expenses to prior-period amounts and budgeted estimates. The totals were recalculated. No findings were noted.

Sports Camps Expenses – We compared and agreed sports camps expenses in the statement during the reporting period to supporting schedules. We compared and agreed a sample of operating expenses obtained from the supporting schedules to adequate supporting documentation. The totals were recalculated. No findings were noted.

Direct Facilities, Maintenance, and Rental – We compared and agreed direct facilities, maintenance, and rental expenses in the statement during the reporting period to supporting schedules. We compared and agreed a sample of these expenses obtained from the supporting schedules to adequate supporting documentation. The totals were recalculated. No findings were noted.

Medical Expenses and Medical Insurance – We compared and agreed medical expenses and medical insurance in the statement during the reporting period to supporting schedules. We compared and agreed a sample of these expenses obtained from the supporting schedules to adequate supporting documentation. The totals were recalculated. No findings were noted.

Indirect Facilities and Administrative Support – We obtained and documented an understanding of Athletics’ methodology for allocating indirect facilities and administrative support. We compared and agreed the indirect facilities and administrative support expenses in the statement to the corresponding indirect facilities and administrative support revenues reported by Athletics. The totals were recalculated. No findings were noted.

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

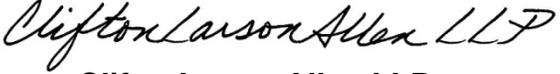
Expenses (continued):

Other Operating Expenses – We compared and agreed other operating expenses in the statement during the reporting period to supporting schedules. We compared and agreed a sample of operating expenses obtained from the supporting schedules to adequate supporting documentation. We compared other operating expenses to prior-period amounts and budget estimates. Significant variations were investigated. The totals were recalculated. No findings were noted.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying statement of revenues and expenses of the EWU Intercollegiate Athletics Program with NCAA Bylaw 3.2.4.16. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The accompanying statement of revenues and expenses of the EWU Intercollegiate Athletics Program for the year ended June 30, 2012, has not been audited, reviewed, or compiled by us and, accordingly, we do not express an opinion or any other form of assurance on it.

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


CliftonLarsonAllen LLP

Spokane, Washington
January 3, 2013

**EASTERN WASHINGTON UNIVERSITY INTERCOLLEGIATE ATHLETICS PROGRAM
STATEMENT OF REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2012**

	<u>FOOTBALL</u>	<u>MEN'S BASKETBALL</u>	<u>WOMEN'S BASKETBALL</u>	<u>OTHER SPORTS</u>	<u>NON-PROGRAM SPECIFIC</u>	<u>TOTAL</u>
OPERATING REVENUES						
Ticket Sales	\$ 132,120	\$ 21,777	\$ 5,665	\$ 2,052	\$ -	\$ 161,614
Student Fees	-	-	-	-	2,056,020	2,056,020
Guarantees	450,000	318,773	25,365	16,440	-	810,578
Contributions	106,132	73,386	7,967	20,738	455,284	663,507
Direct State or Other Government Support	1,173	-	8,997	3,450	35,488	49,108
Direct Institutional Support	1,029,916	268,669	575,901	1,631,977	1,637,613	5,144,076
Indirect Facilities and Administrative Support	167,243	82,528	70,926	285,717	184,272	790,686
NCAA/Conference Distributions Including All Tournament Revenues	-	16,000	-	-	547,146	563,146
Broadcast, Television, Radio, and Internet Rights	-	-	-	-	-	-
Program Sales, Concessions, Novelty Sales, and Parking	-	-	-	-	6,136	6,136
Royalties, Advertisements, and Sponsorships	-	-	-	-	308,209	308,209
Sports Camps Revenues	362,490	150,886	25,441	34,083	-	572,900
Endowment and Investment Income	-	-	-	-	-	-
Other	-	-	-	-	34	34
Subtotal Operating Revenues	<u>2,249,074</u>	<u>932,019</u>	<u>720,262</u>	<u>1,994,457</u>	<u>5,230,202</u>	<u>11,126,014</u>
OPERATING EXPENSES						
Athletics Student Aid	1,044,175	254,689	274,573	1,005,818	78,088	2,657,343
Game Guarantees	-	49,321	11,365	13,440	-	74,126
Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities	684,652	332,046	254,342	677,959	-	1,948,999
Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities	1,361	455	9,043	3,450	1,486,210	1,500,519
Recruiting	46,823	23,685	14,600	25,809	-	110,917
Team Travel	480,183	142,845	108,227	427,272	-	1,158,527
Equipment, Uniform, and Supplies	281,869	25,933	20,552	213,179	224,209	765,742
Game Expenses	-	-	-	-	26,112	26,112
Fund Raising, Marketing, and Promotion	-	-	-	-	68,987	68,987
Sports Camps Expenses	257,233	51,088	11,737	15,653	-	335,711
Direct Facilities, Maintenance and Rental	6,834	975	3,231	6,352	63,990	81,382
Spirit Groups	-	-	-	-	-	-
Indirect Facilities and Administrative Support	167,243	82,528	70,926	285,717	184,272	790,686
Medical Expenses and Medical Insurance	-	-	-	-	93,449	93,449
Memberships and Dues	34,800	62,674	71,160	19,015	55,447	243,096
Other Operating Expenses	184,696	78,340	32,575	131,781	658,878	1,086,270
Subtotal Operating Expenses	<u>3,189,869</u>	<u>1,104,579</u>	<u>882,331</u>	<u>2,825,445</u>	<u>2,939,642</u>	<u>10,941,866</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	<u>\$ (940,795)</u>	<u>\$ (172,560)</u>	<u>\$ (162,069)</u>	<u>\$ (830,988)</u>	<u>\$ 2,290,560</u>	<u>\$ 184,148</u>

See accompanying Notes to Statement of Revenues and Expenses.

**EASTERN WASHINGTON UNIVERSITY INTERCOLLEGIATE ATHLETICS PROGRAM
NOTES TO STATEMENT OF REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2012**

NOTE 1 CONTRIBUTIONS

Contributions received and used by the EWU Intercollegiate Athletics Program from the Eastern Washington University Foundation (Foundation) during the year ended June 30, 2012, were \$342,778. These contributions constituted more than 10 percent of all contributions received for intercollegiate athletics during the reporting period. Total contributions received through the Foundation on behalf of the EWU Intercollegiate Athletics Program during the year ended June 30, 2012, were \$738,511.

NOTE 2 CAPITAL ASSETS

Equipment and improvements are recorded at cost. Consistent with the state of Washington policy, the EWU Intercollegiate Athletics Program capitalizes equipment and improvements that have a cost of at least \$5,000. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets. Capital assets, net of related accumulated depreciation and including \$352,272 in additions during the year, were \$388,973 at June 30, 2012.