

# **FORT LEWIS COLLEGE**

## **ATHLETICS DEPARTMENT STATEMENT OF REVENUES AND EXPENSES**

### **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES IN ACCORDANCE WITH NATIONAL COLLEGIATE ATHLETIC ASSOCIATION BYLAW 6.2.3.1**

**Fiscal Year Ended June 30, 2019**



**Wall,  
Smith,  
Bateman** Inc.  
Certified Public Accountants

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



Wall,  
Smith,  
Bateman Inc.

President Tom Stritikus, Ph.D.  
President, Fort Lewis College  
1000 Rim Drive, 140 BH  
Durango, CO 81301

Dear Dr. Stritikus:

We have performed the procedures enumerated in the addendum to this report, which were agreed to by the president of Fort Lewis College (the College) and the Office of the State Auditor solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses of the College is in compliance with the National Collegiate Athletic Association ("NCAA") Bylaw 6.2.3.1 for the year ended June 30, 2019. The College's management is responsible for the Statement of Revenues and Expenses (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.

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 Fort Lewis College. 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 procedures performed and the results of those procedures are detailed in the addendum to this report. Exceptions noted are due to deficiencies in internal control over the NCAA financial reporting. Maintaining appropriate financial information is an essential part of the College's overall NCAA compliance.

This report is intended solely for the information and use of the Legislative Audit Committee, the Office of the State Auditor, and Fort Lewis College, and is not intended to be and should not be used by anyone other than these specified parties. However, upon release by the Legislative Audit Committee, this report is a public document.

*Wall, Smith, Bateman Inc.*

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

January 10, 2020

**Certified Public Accountants**

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**FORT LEWIS COLLEGE**  
**ADDENDUM TO AGREED-UPON PROCEDURES**  
**RELATED TO THE STATEMENT OF REVENUES AND EXPENSES**

We obtained the Fort Lewis College Athletics Department Statement of Revenues and Expenses (the Statement) as of June 30, 2019, prepared by management (page 11) and applied procedures as detailed throughout this report. The Statement has been restated to correct errors explained throughout this report, except as otherwise explained. The procedures that we performed and our findings are as follows:

**AFFILIATED AND OUTSIDE ORGANIZATIONS:**

1. Fort Lewis College has identified the Fort Lewis College Foundation (the “Foundation”) as the sole intercollegiate athletics-related affiliated, outside organization. We obtained a listing of expenses paid during the reporting period by the Foundation on behalf of the College and compared the amounts to the revenues reported by the College.

We noted expenses of approximately \$4,400 paid by the Foundation that were not properly included on the Statement prepared by the College. We selected a sample of three of these transactions totaling \$2,937 and compared to supporting documentation. We noted one expense amounting to \$256.80 classified as a fundraising expense rather than an other operating expense. The Statement has been corrected to include these expenses.

2. We obtained and reviewed the Foundation’s audited financial statements and any reports to management regarding matters related to internal control structure for the year ended June 30, 2019. There were no material weaknesses reported.

**REVENUES:**

- We compared and agreed each operating revenue category greater than 4% of total revenues reported in the Statement during the reporting period to the College’s general ledger or supporting schedules that agree to the general ledger provided by the College, as detailed throughout this report.
- We compared and agreed a sample of operating revenue receipts obtained from the above operating revenue supporting schedules to adequate supporting documentation as detailed in the following respective revenue categories.
- We compared each major revenue account over 10% of the total revenues to prior period amounts and budget estimates. There were no variations greater than 10%.

**Ticket Sales**

1. This category is less than 4% of the total revenues, therefore, no procedures are required for this specific category.

**Student Fees**

2. We compared and agreed student fees reported by the College in the Statement to the reporting of student enrollments during the same reporting period and recalculated totals.

We noted a variance of \$3,755 (0.4% of student fees reported in the Statement) between the student fees we recalculated using full-time equivalent student enrollment reported compared to the student fees reported in the Statement. However, as our recalculation is based on data obtained at a certain point in time, it does not include variables, such as withdrawals, that may have an effect on the actual fees assessed.

In addition, we noted \$575 was incorrectly included in the student fees balance rather than Other Operating Expenses in the Statement of Revenues and Expenses. The College corrected the overstatement.

3. We obtained documentation of the College's methodology for allocating student fees to intercollegiate athletics programs.

We compared and agreed five student accounts athletic fee charges to supporting documentation, without exception.

4. Not applicable as the College's athletics department does not report that an allocation of student fees should be countable as generated revenue.

### **Direct State or Other Governmental Support**

5. We inquired with management regarding direct state or other governmental support recorded during the reporting period. The College represented that no direct state or other governmental support was received.

### **Direct Institutional Support**

6. We compared the direct institutional support recorded by the College during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculated totals, without exception.

### **Transfers Back to Institution**

7. We inquired with management regarding transfers back to the College recorded during the reporting period. The College represented that no transfers back to the College from the athletics department occurred.

### **Indirect Institutional Support**

8. We compared the indirect institutional support recorded by the institution during the reporting period with cost allocation detail and recalculated the totals, without exception.

### **Guarantees**

9. We inquired with management regarding guarantees to the College recorded during the reporting period. The College represented that there were no guarantees received.
10. Not applicable.

## **Contributions**

11. We reviewed the College's detailed accounting records to identify any contributions of moneys, goods or services received directly by an intercollegiate athletics program from any affiliated or outside organization, agency or group of individuals (two or more) not included above (e.g., contributions by corporate sponsors) that constitutes 10 percent or more in aggregate for the reporting year of all contributions ( $\$465,216 \times 10\% = 46,522$ ) received for intercollegiate athletics during the reporting periods. We identified four such contributions in the amounts of \$150,000, \$52,501, \$55,993, and \$72,064. We obtained and reviewed all supporting documentation for each contribution and recalculated totals, without exception.

## **In-Kind**

12. We inquired with management regarding in-kind support recorded during the reporting period. The College represented that no in-kind revenue was received besides contributions that were made as a result of a licensing or sponsorship agreements reported in other categories of the Statement.

## **Compensation and Benefits Provided by a Third Party**

13. We inquired with management regarding compensation and benefits provided by a third-party recorded during the reporting period. The College represented that no compensation and benefits provided by a third-party were received.

## **Media Rights**

14. We inquired with management regarding agreements related to the College's total media (broadcast, television, radio) rights received by the College or through their conference offices. The College represented that there was no participation in the aforementioned agreements during the reporting period.
15. Not applicable.

## **NCAA Distributions**

16. This category is less than 4% of the total revenues, therefore, no procedures are required for this specific category.

## **Conference Distributions and Conferences Distributions of Bowl Generated Revenues**

17. This category is less than 4% of the total revenues, therefore, no procedures are required for this specific category.
18. Not applicable.

## **Program Sales, Concessions, Novelty Sales and Parking**

19. This category is less than 4% of the total revenues, therefore, no procedures are required for this specific category.

## **Royalties, Licensing, Advertisements and Sponsorships**

20. We obtained and inspected a sample of four agreements in excess of \$10,000 totaling \$142,440 related to the College's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions.
21. We compared and agreed the related revenues to the College's general ledger and the Statement and recalculated totals without exception.

## **Sports Camp Revenues**

22. This category is less than 4% of the total revenues, therefore, no procedures are required for this specific category.
23. Not applicable.

## **Athletics Restricted Endowment and Investment Income**

24. We inquired with management regarding restricted endowment and investment income. The College represented that there were no restricted endowments or investment income revenues during the reporting period.
25. Not applicable.

## **Other**

26. This category is less than 4% of the total revenues, therefore, no procedures are required for this specific category.

## **Bowl Revenues**

27. We inquired with management regarding bowl revenues. The College represented that there were no bowl revenues during the reporting period.
28. Not applicable.

## **EXPENSES:**

- We compared and agreed each expense category greater than 4% of total expenses reported in the Statement during the reporting period to the College's general ledger or supporting schedules that agree to the general ledger provided by the College, as detailed throughout this report.
- We compared and agreed a sample of expenses obtained from the above operating expense supporting schedules to adequate supporting documentation as detailed in the following respective expense categories.
- We compared each major expense account over 10% of the total expenses to prior period amounts and budget estimates. We obtained and documented an understanding of any variations over 10%, as follows:

- The support staff/admin salaries paid by the College category represents 11.40% of expense and decreased 10.17% or (\$77,819) from the prior year. The decrease is directly related to a reduction in athletic director salaries and benefits due to turnover.

The College prepares an annual budget for the athletics department; however, it is not classified in a manner to facilitate comparison to individual financial statement lines.

### **Athletic Student Aid**

29. We selected a sample of 52 student-athletes (20% of the total student-athletes) from the listing of institutional student aid recipients during the reporting period. Data was captured by the College through the creation of a squad list for each sponsored sport.
30. We obtained individual student account detail for each selection and compared total aid to the related aid award letter and to the squad list, without exception.
31. Not applicable, Division II.
32. We recalculated totals for each sport and overall, without exception.

### **Guarantees**

33. This category is less than 4% of the total revenues, therefore, no procedures are required for this specific category.
34. Not applicable.

### **Coaching Salaries, Benefits, and Bonuses Paid by the College and Related Entities**

35. We obtained and inspected a listing of coaches employed by the College during the reporting period, and selected a sample of five of 12 head coaches' contracts including a football coach, a men's basketball coach, a women's basketball coach, a men's soccer coach, and a women's softball coach totaling \$380,921 from the listing. We also selected five of 23 assistant coaches' contracts including a football coach, a men's basketball coach, a women's basketball coach, a women's soccer coach, and a men's soccer coach totaling \$200,312 from the listing.
36. We compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the College in the Statement during the reporting period, without exception.
37. We obtained and inspected payroll summary registers for the reporting year for each selection. We compared and agreed payroll summary registers from the reporting period to the related coaching salaries, benefits and bonuses paid by the College and related entities expense recorded by the College in the Statement during the reporting period, without exception.
38. We compared and agreed the totals recorded to any employment contracts executed for the sample selected and recalculated totals, without exception.

### **Coaching Compensation and Benefits Paid by a Third Party**

- 39. We inquired with management regarding coaching compensation and benefits paid by a third-party. The College represented that all coaches are employed solely by the College.
- 40. Not applicable.
- 41. Not applicable.

### **Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the College and Related Entities**

- 42. We selected a sample of five of 20 support staff/administrative personnel employed by the College during the reporting period, the salaries and benefits of which totaled \$374,262.
- 43. We obtained and inspected reporting period summary payroll registers for each selection. We compared related summary payroll registers to the related support staff administrative salaries, benefits and bonuses paid by the College and agreed expenses recorded by the College in the Statement during the reporting period and recalculated totals. No exceptions were noted.

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

- 44. We inquired with management about support staff/administrative other compensation and benefits paid by a third-party. The College represented that all support staff/administrative employees are employed solely by the College.
- 45. Not applicable.

### **Severance Payments**

- 46. We inquired with management regarding employees receiving severance payments from the College. The College represented that there were no severance payments during the reporting period.

### **Recruiting**

- 47. This category is less than 4% of the total expenses, therefore, no procedures are required for this specific category.
- 48. Not applicable.
- 49. Not applicable.

### **Team Travel**

- 50. We obtained documentation of the College's team travel policies.
- 51. We compared and agreed the existing College policies to NCAA-related policies, without exception.
- 52. We obtained general ledger details and compared it to the total expenses reported and recalculated totals, without exception.

We selected a sample of ten transactions totaling \$71,736 from the two largest sports balances included in the team travel expense category and compared to supporting documentation, without exception.

### **Equipment, Uniforms, and Supplies**

53. We obtained general ledger details and compared it to the total expenses reported and recalculated totals, without exception.

We selected a sample of nine transactions totaling \$65,895 from the three largest general ledger account balances included in the equipment, uniforms, and supplies category and validated the existence of the transaction, accuracy of recording, and recalculated totals. We noted exceptions as follows:

- a. The College was unable to provide adequate supporting documentation for \$2,175 to CMC Neptune for uniforms.

### **Game Expenses**

54. This category is less than 4% of the total expenses, therefore, no procedures are required for this specific category.

### **Fundraising Marketing and Promotion**

55. This category is less than 4% of the total expenses, therefore, no procedures are required for this specific category.

### **Sports Camp Expenses**

56. This category is less than 4% of the total expenses, therefore, no procedures are required for this specific category.

### **Spirit Groups**

57. We inquired with management regarding spirit group expenses. The College represented that there were no spirit group expenses during the reporting period.

### **Athletic Facility Debt Service, Leases and Rental Fees**

58. We inquired with management regarding athletic facility debt service, leases and rental fee expenses. The College represented that there were no athletic facility debt service, leases and rental fee expenses during the reporting period.

59. Not applicable.

### **Direct Overhead and Administrative Expenses**

60. Inquired with management regarding direct overhead and administrative expenses. The College represented that there were no direct overhead and administrative expenses during the reporting period.

## **Indirect Institutional Support**

61. Tested with revenue section- Indirect Institutional Support.

## **Medical Expenses and Medical Insurance**

62. This category is less than 4% of the total expenses, therefore, no procedures are required for this specific category.

## **Membership and Dues**

63. This category is less than 4% of the total expenses, therefore, no procedures are required for this specific category.

## **Other Expenses and Transfer to Institution**

64. We obtained general ledger details and compared it to the total expenses reported. We selected a sample of four transactions totaling \$66,860 from the two largest general ledger account balances included in the other expenses and transfer to institution expense category and validated the existence of the transaction, accuracy of recording, and recalculated totals, with the following exception:

- a. The College incorrectly included \$15,858 of team travel in the other expenses and transfer to institution expense category. The College corrected the misclassification by reclassifying the \$15,858 from Other Expenses and Transfer to Institutions to Team Travel.

## **Student Athlete Meals (non-travel)**

65. This category is less than 4% of the total expenses, therefore, no procedures are required for this specific category.

## **Bowl Expenses**

66. We inquired with management regarding bowl expenses. The College represented that there were no bowl expenses during the reporting period.

## **OTHER REPORTING ITEMS:**

In order for NCAA to place reliance on the financial reporting for NCAA distributions purposes, the following procedure were performed:

## **Excess Transfers to Institution and Conference Realignment Expenses**

67. We inquired with management regarding excess transfers to institution and conference realignment expenses. The College represented that there were no excess transfers to institution and conference realignment expenses during the reporting period.

**Total Athletics Related Debt**

68. We inquired with management regarding athletics related debt. The College represented that there was no athletic related debt during the reporting period.
69. Not applicable.

**Total Institutional Debt**

70. We agreed the total outstanding institutional debt to supporting documentation and the College's audited financial statements without exception.

**Value of Athletics Dedicated Endowments**

71. We obtained a schedule of all athletics dedicated endowments maintained by athletics, the institution, and affiliated organizations amounting to \$494,644 and agreed the fair market value in the schedules to supporting documentation, the College's general ledgers, and the audited financial statements, without exception.

**Value of Institutional Endowments**

72. We agreed the total fair market value of institutional endowments maintained by athletics, the institution, and affiliated organizations amounting to \$12,396,317 and agreed the fair market value to supporting documentation and the audited financial statements, without exception.

**Total Athletics Related Capital Expenditures**

73. We obtained a schedule of the athletics related capital expenditures made by athletics, the institution, and affiliated organizations during the reporting period totaling \$139,700.
74. We obtained the general ledger detail and compared it to the total expenses reported. In addition, we selected the only capital expenditure transaction and validated the existence and accuracy of recording, and recalculated totals, without exception.

**FORT LEWIS COLLEGE ATHLETICS DEPARTMENT**  
**STATEMENT OF REVENUES AND EXPENSES**  
**FISCAL YEAR ENDING JUNE 30, 2019**

	Football	Men's Basketball	Women's Basketball	Other Men's Sports	Other Women's Sports	Non-Program Specific	Total
<b>Revenues</b>							
Ticket Sales	\$ 10,356	\$ 9,523	\$ 8,272	\$ 3,346	\$ 6,523	\$ 715	\$ 38,735
Student Fees	310,098	73,900	75,090	105,720	251,474	85,396	901,678
Direct Institutional Support	938,738	299,168	279,732	387,332	977,169	579,153	3,461,292
Indirect Institutional Support	-	-	-	-	-	571,654	571,654
Guarantees	-	-	-	-	-	-	-
Contributions	10,295	188,020	7,500	34,395	12,520	216,884	469,614
NCAA Distributions	-	869	-	-	-	8,903	9,772
Conference Distributions	-	-	-	-	262	-	262
Program, Novelty, Parking and Concession Sales	-	-	-	-	7,050	21,000	28,050
Royalties, Licensing, Advertisement and Sponsorships	1,950	21,570	43,370	4,450	8,800	242,500	322,640
Sports Camp Revenues	5,620	40,920	16,560	60,530	80,484	7,178	211,292
Athletics Restricted Endowment and Investments Income	-	-	-	-	-	-	-
Other Operating Revenue	1,898	-	-	12,440	29,731	96,794	140,863
<b>Total Revenues</b>	<b>1,278,955</b>	<b>633,970</b>	<b>430,524</b>	<b>608,213</b>	<b>1,374,013</b>	<b>1,830,177</b>	<b>6,155,852</b>
<b>Expenses</b>							
Athletic Student Aid	797,023	266,248	203,159	283,366	696,358	-	2,246,154
Guarantees	-	7,000	5,171	1,000	-	545	13,716
Coaching Salaries, Benefits and Bonuses Paid by the College	260,850	205,507	119,623	140,897	323,715	-	1,050,592
Support Staff/Administrative Salaries Paid by the College	2,044	-	1,493	1,659	9,930	672,028	687,154
Recruiting	9,326	10,633	5,826	5,075	12,583	33,150	76,593
Team Travel	80,411	41,344	32,731	61,313	115,312	-	331,111
Equipment, Uniforms and Supplies	39,305	25,083	14,259	25,568	74,609	92,492	271,316
Game Expenses	12,737	14,050	13,120	5,236	48,833	24,988	118,964
Fund Raising, Marketing and Promotion	385	3,317	3,491	2,552	1,775	42,470	53,990
Sports Camp Expenses	1,781	38,651	13,133	46,300	58,710	(6,122)	152,453
Direct Facilities, Maintenance and Rental	-	-	-	-	-	-	-
Indirect Institutional Support	-	-	-	-	-	571,654	571,654
Medical Expenses and Medical Insurance	4,086	2,625	300	2,821	-	82,495	92,327
Memberships and Dues	-	955	801	864	1,715	20,504	24,839
Student Athlete Meals (non-travel)	1,910	-	-	7,753	14,199	-	23,862
Other Operating Expenses	68,917	14,910	9,163	21,896	45,751	158,115	318,752
<b>Total Operating Expenses</b>	<b>1,278,775</b>	<b>630,323</b>	<b>422,270</b>	<b>606,300</b>	<b>1,403,490</b>	<b>1,692,319</b>	<b>6,033,477</b>
<b>Excess/(Deficiency) of Revenues</b>							
Over/(Under) Expenses	\$ 180	\$ 3,647	\$ 8,254	\$ 1,913	\$ (29,477)	\$ 137,858	\$ 122,375

**FORT LEWIS COLLEGE ATHLETICS DEPARTMENT  
NOTES TO STATEMENT OF REVENUES AND EXPENSES  
YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The statement of revenues and expenses is prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Expenses generally are recorded when a liability is incurred, as under accrual accounting. However, depreciation expense is not reported, but is disclosed below.

Accounting principles generally accepted in the United States require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Substantially all contributions are received through the Fort Lewis College Foundation, Inc. Four specific contributions in the amounts of \$150,000, \$52,501, \$55,993 and \$72,064 were received by the Director of Athletics and the Men's Basketball team in FY2018-19. The contributions were from an anonymous donor and operating transfers from the College and the Boedecker Foundation, respectively.

**NOTE 2 CAPITAL ASSETS**

Capital assets are recorded at cost for items purchased or at current market value at the date of acquisition for donated items. The College capitalizes equipment costing \$5,000 or more and having a useful life in excess of one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 3 to 10 years for equipment and 20 to 50 years for facility improvements. The College Purchasing Director is responsible for controlling property procurement. The Department Director is responsible for informing the Purchasing Director of property received by donation. Department personnel are responsible for the safeguard, care, maintenance and proper use of all property assigned. Because the athletic department is considered to be a general fund activity for reporting purposes, no specific assets are allocated to athletics. There is no debt associated with the athletics department.