

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

BALL STATE UNIVERSITY
NCAA FINANCIAL REPORT
MUNCIE, INDIANA

July 1, 2009 to June 30, 2010



FILED
01/13/2011



STATE OF INDIANA

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INDEPENDENT ACCOUNTANT'S REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES

Dr. Jo Ann Gora
President
Ball State University
2000 W. University Avenue
Muncie, Indiana 47306

We have performed the procedures enumerated below, which were agreed to by the management of Ball State University, solely to assist you in evaluating whether the accompanying Statement of Revenue and Expenditures of Ball State University is in compliance with the National Collegiate Athletic Association ("NCAA") Bylaw 6.2.3 for the year ended June 30, 2010. Ball State University's management is responsible for the Statement of Revenue and Expenditures ("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

- a. We obtained the Statement of Revenues and Expenditures for the Year Ended June 30, 2010, Exhibit A, as prepared by management and attached to this document. We recalculated the addition of the amounts on the Statement, traced the University amounts on the Statement to management's worksheets, and to the 3-35600 series of accounts on the University's financial accounting system. We compared the Foundation amounts to a summary of accounts obtained from the Ball State Foundation.
- b. We compared current year amounts with prior year amounts for each classification of University accounts on Exhibit A and supported fluctuations of greater than \$25,000 or 10% of the prior year's amount.
- c. We compared total revenues and expenditures by classification to the prior year's financial report, noting that the current year amounts compare favorably with the prior year amounts.
- d. The attached Statement of Revenues and Expenditures is a summary of the transactions for Intercollegiate Athletics. The Statement includes the revenues and expenditures relating to Intercollegiate Athletics recorded in the Ball State Foundation's (an outside booster organization) accounting records. We did not examine any supporting documentation for the financial information reported by the Ball State Foundation.

INDEPENDENT ACCOUNTANT'S REPORT ON
THE APPLICATION OF AGREED-UPON PROCEDURES
(Continued)

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 Statement of Revenue and Expenditures of Intercollegiate Athletics of Ball State University. 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 the specified parties listed above, and is not intended to be, and should not be, used by anyone other than these specified parties.

STATE BOARD OF ACCOUNTS

A handwritten signature in cursive script that reads "State Board of Accounts".

January 10, 2011

BALL STATE UNIVERSITY
STATEMENT OF REVENUES AND EXPENDITURES
INTERCOLLEGIATE ATHLETICS
For the Year Ended June 30, 2010

	2010					Totals	2009 Total
	Football	Mens Basketball	Womens Basketball	Other Sports	Non-Program Specific		
<u>University Accounts:</u>							
Revenues:							
Ticket sales	\$ 444,371	\$ 243,949	\$ 23,614	\$ 5,197	\$ (2,987)	\$ 714,144	\$ 1,019,853
Contributions	85,349	(151,897)	4,075	289,041	317,188	543,756	1,076,572
Guarantees	950,000	91,316	7,000	14,500	1	1,062,817	258,400
Advertising Sales	-	-	-	-	477,858	477,858	22,478
Concession commissions	18,612	13,524	3,582	597	1,115	37,430	55,561
Royalty and licensing commissions	-	-	-	-	89,379	89,379	67,909
Printed programs	2,210	-	172	11,346	13,701	27,429	15,180
Parking fees	31,668	2,935	-	-	13,467	48,070	66,525
NCAA and MAC revenue	(18,066)	110,333	-	-	1,175,365	1,267,632	1,261,108
Dedicated student fees	-	-	-	-	10,410,593	10,410,593	10,548,140
Additional designated support	(1,592)	(100)	(1,144)	(63,399)	70,334	4,099	422,337
General fund support for:							
Salaries	104,156	-	317,459	976,179	797,767	2,195,561	2,232,049
Staff benefits	42,043	-	78,584	340,082	316,889	777,598	791,097
Other	43,497	3,138	3,620	58,327	30,760	139,342	909,388
TOTAL REVENUES	\$ 1,702,248	\$ 313,198	\$ 436,962	\$ 1,631,870	\$ 13,711,430	\$ 17,795,708	\$ 18,746,597
Expenditures:							
Coaches' salaries	\$ 1,269,804	\$ 418,980	\$ 317,459	\$ 1,198,336	\$ -	\$ 3,204,580	\$ 3,340,470
Salaries and wages	99,012	41,351	30,087	7,689	2,100,788	2,278,927	2,327,130
Staff benefits	368,038	145,135	87,125	408,804	716,288	1,725,390	1,846,601
Operating supplies	209,640	37,845	23,389	119,441	177,955	568,270	759,751
Rental of equipment and facilities	37,351	1,765	192	55,326	42,624	137,258	108,588
Awards	8,276	1,154	5,359	14,495	1,131	30,415	12,035
Guarantees	475,000	231,800	500	6,487	-	713,787	486,000
Telephone	8,210	3,537	2,569	11,349	46,340	72,005	76,306
Travel	473,481	177,674	119,848	671,328	48,906	1,491,237	2,058,435
Meals and lodging	246,570	16,405	12,814	39,244	24,615	339,648	356,689
Officials	62,028	66,013	38,745	70,479	-	237,265	222,352
Postage	9,161	1,477	1,625	6,133	15,259	33,655	56,141
Printing and photography	50,486	25,394	34,795	30,984	10,508	152,167	251,352
Grants-in-aid	1,970,035	284,040	370,702	2,811,352	14,689	5,450,818	5,201,421
Association dues	131,340	1,520	435	6,396	111,702	251,393	254,980
Equipment	52,471	195	11,171	76,390	92,045	232,272	149,212
Repairs and maintenance	80,460	12,636	591	6,167	29,942	129,796	231,496
Insurance	58,817	4,531	26,648	131,315	42,129	263,440	556,903
Other miscellaneous expenses	76,789	42,866	9,272	19,818	334,640	483,385	449,944
TOTAL EXPENDITURES	\$ 5,686,969	\$ 1,514,318	\$ 1,093,326	\$ 5,691,533	\$ 3,809,561	\$ 17,795,708	\$ 18,745,806
REVENUES OVER/(UNDER) EXPENDITURES	\$ (3,984,721)	\$ (1,201,120)	\$ (656,364)	\$ (4,059,663)	\$ 9,901,869	\$ -	\$ 791
<u>Foundation Accounts:</u>							
Revenues	\$ 268,564	\$ 87,580	\$ 17,668	\$ 382,037	\$ 1,771,084	\$ 2,526,933	\$ 3,210,323
Expenditures	229,404	60,264	15,291	219,391	1,635,308	2,159,658	2,398,437
REVENUES OVER/(UNDER) EXPENDITURES	\$ 39,160	\$ 27,316	\$ 2,377	\$ 162,646	\$ 135,776	\$ 367,275	\$ 811,886

A = Includes \$916,526 to Fund Deficit from Account 3-35600-0921.

The accompanying notes are an integral part of the statement.

BALL STATE UNIVERSITY
NOTES TO THE STATEMENT OF REVENUES AND EXPENDITURES OF
INTERCOLLEGIATE ATHLETICS
AS OF JUNE 30, 2010

Note 1. Basis of Presentation

The accompanying Statement of Revenues and Expenditures ("Statement") of Intercollegiate Athletics has been prepared on the accrual basis of accounting. The purpose of the Statement is to present a summary of revenues and expenditures of the intercollegiate athletics of the University for the year ended June 30, 2010. The Statement includes those intercollegiate athletics revenues and expenditures made on behalf of the University's athletics by outside organizations not under the accounting control of the University. Because the Statement presents only a selected portion of the activities of the University, it is not intended to, and does not, present either the financial position, changes in financial position, or cash flows of the University for the year then ended. Revenues and expenditures not directly identifiable to a specific sport are reported under the category "Non-Program Specific."

Note 2. Affiliated Organizations

The University athletic accounts received \$2.5 million from the Ball State University Foundation, Inc. The amounts received are included in the accompanying Statement identified separately as Foundation Accounts.

Note 3. Capital Assets

Capital assets consist of buildings and equipment which are stated at historical cost or actual cost where determinable. Construction-in-progress (CIP) is capitalized at actual cost as expenses are incurred. All gifts of capital assets are recorded at fair market value as of the date of donation.

Repair and replacement expenditures that do not extend the useful life of the asset, and expenditures for personal property of less than \$5,000 are expensed rather than capitalized.

Depreciation is computed using the straight-line method over the useful life of the assets. The useful life is 50 years for buildings and 3 to 10 years for equipment.

A summary of changes in capital assets associated with Intercollegiate Athletics follows for the year ended June 30, 2010.

BALL STATE UNIVERSITY
NOTES TO THE STATEMENT OF REVENUES AND EXPENDITURES OF
INTERCOLLEGIATE ATHLETICS
AS OF JUNE 30, 2010
(Continued)

Category	July 1, 2009 Balance	Additions	Deletions	June 30, 2010 Balance
Depreciable capital assets:				
Buildings	\$ 62,552,662	\$ 145,000	\$ -	\$ 62,697,662
Equipment	642,598	44,040	17,735	668,903
Total capital assets	<u>63,195,260</u>	<u>189,040</u>	<u>17,735</u>	<u>63,366,565</u>
Less: accumulated depreciation				
Buildings	18,768,117	1,336,552	-	20,104,669
Equipment	432,537	39,121	17,735	453,923
Total accumulated depreciation	<u>19,200,654</u>	<u>1,375,673</u>	<u>17,735</u>	<u>20,558,592</u>
Total net capital assets	<u>\$ 43,994,606</u>	<u>\$ (1,186,633)</u>	<u>\$ -</u>	<u>\$ 42,807,973</u>

Note 4. Student Athlete Opportunity Fund

The University received \$374,237 from the NCAA to benefit student athletes or their families in the 2010 fiscal year. Of those monies, \$374,237 was spent for those purposes in the current fiscal year and is included in the report. The remaining amount, \$932, was deferred and will be shown as an expense in future periods as the expense is incurred.