

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, 2012 to June 30, 2013



FILED
04/30/2014



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 Revenues and Expenses of Ball State University is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4 for the year ended June 30, 2013. Ball State University's 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

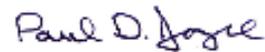
- a. We obtained the Statement of Revenues and Expenses for the Year Ended June 30, 2013, Exhibit A, as prepared by management and attached to this document. We recalculated the addition of the amounts on the Statement, traced the University amounts on the Statement to management's worksheets, and to the 320650-110010 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. No exceptions were found.
- 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 percent of the prior year's amount. No exceptions were found.
- c. We compared total revenues and expenses by classification to the prior year's financial report, noting that the current year amounts compare favorably with the prior year amounts. No exceptions were found.

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

d. The attached Statement of Revenues and Expenses is a summary of the transactions for the Intercollegiate Athletics. The Statement includes the revenues and expenses 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. No exceptions were found.

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 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.


Paul D. Joyce, CPA
State Examiner

January 16, 2014

BALL STATE UNIVERSITY
STATEMENT OF REVENUES AND EXPENSES
OF INTERCOLLEGIATE ATHLETICS
For the Year Ended June 30, 2013

	2013					Totals	2012 Totals
	Football	Mens Basketball	Womens Basketball	Other Sports	Non-Program Specific		
University Accounts:							
Revenues:							
Ticket sales	\$ 321,207	\$ 215,895	\$ 9,182	\$ 9,676	\$ 14,106	\$ 570,066	\$ 1,397,518
Contributions	-	-	-	148,992	915,088	1,064,080	309,944
Guarantees	950,000	85,000	-	4,000	-	1,039,000	1,111,476
Advertising sales	-	-	-	-	502,855	502,855	496,146
Concession commissions	19,657	14,284	3,783	631	1,023	39,378	41,928
Royalty and licensing commissions	-	-	-	-	12,366	12,366	95,490
Printed programs	-	-	-	-	-	-	21,349
Parking fees	27,372	1,677	-	-	15,136	44,185	45,227
NCAA and MAC revenue	-	-	-	-	1,543,223	1,543,223	1,203,915
Dedicated student fees	-	-	-	-	12,683,723	12,683,723	A 11,927,330
Additional designated support	1,000	-	-	51,596	-	52,596	41,698
General fund support for:							
Salaries	116,000	-	372,000	1,023,871	835,371	2,347,242	2,225,052
Staff benefits	38,280	-	122,760	337,877	275,673	774,590	792,686
Other	5,598	-	30,260	50,237	44,794	130,889	215,338
TOTAL REVENUES	1,479,114	316,856	537,985	1,626,880	16,843,358	20,804,193	19,925,097
Expenses:							
Coaches' salaries	1,458,246	554,730	372,000	1,319,701	-	3,704,678	3,407,467
Salaries and wages	308,831	40,000	41,082	78,117	2,288,560	2,756,590	2,642,239
Staff benefits	329,798	158,239	145,912	438,705	623,527	1,696,181	1,789,334
Operating supplies	357,094	75,873	117,044	673,429	137,548	1,360,988	1,180,372
Rental of equipment and facilities	14,596	1,779	224	2,261	94,954	113,814	128,719
Awards	7,626	1,052	1,725	13,890	1,696	25,989	36,848
Guarantees	200,000	173,000	-	-	-	373,000	385,750
Telephone	7,832	2,600	2,621	9,391	50,676	73,120	68,025
Travel	311,734	159,407	174,005	501,950	57,991	1,205,087	1,210,655
Meals and lodging	120,696	12,700	3,776	31,222	50,112	218,506	331,313
Officials	58,563	71,339	42,482	104,421	4,288	281,093	275,944
Postage	15,270	1,887	825	3,654	9,310	30,946	39,564
Printing and photography	54,387	779	835	5,594	111,322	172,917	170,064
Grants-in-aid	2,634,922	386,531	400,283	3,251,462	(9,822)	6,663,377	6,373,663
Association dues	206	-	748	17,913	252,424	271,291	270,598
Equipment	15,877	14,806	2,171	21,522	33,309	87,685	78,892
Repairs and maintenance	10,990	1,506	116	7,126	26,480	46,218	146,116
Insurance	59,528	10,672	2,486	85,003	184,147	341,836	394,125
Other miscellaneous expenses	108,841	85,045	59,814	80,347	689,954	1,024,001	790,511
Transfers	11,827	14,108	10,830	28,900	226,135	291,800	202,220
TOTAL EXPENSES	6,086,864	1,766,053	1,378,979	6,674,608	4,832,610	20,739,115	19,922,419
REVENUES OVER/(UNDER) EXPENSES	\$ (4,607,750)	\$ (1,449,197)	\$ (840,994)	\$ (5,047,728)	\$ 12,010,748	\$ 65,078	\$ 2,678
Foundation Accounts:							
Revenues	\$ 1,277,266	\$ 57,118	\$ 7,577	\$ 391,102	\$ 1,292,519	\$ 3,025,582	\$ 2,002,667
Expenses	241,246	8,634	7,589	192,217	1,187,052	1,636,738	2,233,029
REVENUES OVER/(UNDER) EXPENSES	\$ 1,036,020	\$ 48,484	\$ (12)	\$ 198,885	\$ 105,467	\$ 1,388,844	\$ (230,362)

A = includes \$1,114,682 to fund deficit from FOAP 320650-110010-810010-1014

The accompanying notes are an integral part of the statement.

BALL STATE UNIVERSITY
NOTES TO THE STATEMENT OF REVENUES AND EXPENSES
OF INTERCOLLEGIATE ATHLETICS
AS OF JUNE 30, 2012

Note 1. Basis of Presentation

The accompanying Statement of Revenues and Expenses (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 expenses of the intercollegiate athletics of the University for the year ended June 30, 2013. The Statement includes those intercollegiate athletics revenues and expenses 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 for the year then ended. Revenues and expenses not directly identifiable to a specific sport are reported under the category "Non-Program Specific."

Note 2. Affiliated Organizations

The University athletic accounts received over \$3 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 expenses that do not extend the useful life of the asset, and expenses 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.

BALL STATE UNIVERSITY
NOTES TO THE STATEMENT OF REVENUES AND EXPENSES
OF INTERCOLLEGIATE ATHLETICS
AS OF JUNE 30, 2012
(Continued)

A summary of changes in capital assets associated with the Intercollegiate Athletics follows for the year ended June 30, 2013.

<u>Category</u>	<u>July 1, 2012 Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2013 Balance</u>
Depreciable capital assets:				
Buildings	\$ 63,094,800	\$ -	\$ -	\$ 63,094,800
Equipment	<u>837,563</u>	<u>-</u>	<u>32,374</u>	<u>805,189</u>
Total capital assets	<u>63,932,363</u>	<u>-</u>	<u>32,374</u>	<u>63,899,989</u>
Less: accumulated depreciation				
Buildings	22,607,266	1,252,116	-	23,859,382
Equipment	<u>552,141</u>	<u>36,150</u>	<u>-</u>	<u>588,291</u>
Total accumulated depreciation	<u>23,159,407</u>	<u>1,288,266</u>	<u>-</u>	<u>24,447,673</u>
Total net capital assets	<u>\$ 40,772,956</u>	<u>\$(1,288,266)</u>	<u>\$ 32,374</u>	<u>\$ 39,452,316</u>

Note 4. Student Athlete Opportunity Fund

The University received \$275,160 from the NCAA to benefit student athletes or their families in the 2013 fiscal year. Of those monies, \$211,364 was spent for those purposes in the current fiscal year and is included in the report, and the remaining \$63,796 remained in this fund at year-end 2013.