

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

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

BALL STATE UNIVERSITY
NCAA FINANCIAL REPORT
MUNCIE, INDIANA

July 1, 2013 to June 30, 2014



FILED
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STATE OF INDIANA

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

Dr. Paul W. Ferguson
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, 2014. 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, 2014, 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 as a result of applying these procedures.
- 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 as a result of applying these procedures.
- 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.

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.

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

February 26, 2015

BALL STATE UNIVERSITY
STATEMENT OF REVENUES AND EXPENSES
INTERCOLLEGIATE ATHLETICS
For the Year Ended June 30, 2014

	2014					Totals	2013 Totals
	Football	Mens Basketball	Womens Basketball	Other Sports	Non-Program Specific		
University Accounts:							
Revenues:							
Ticket sales	\$ 430,660	\$ 200,002	\$ 11,739	\$ 20,195	\$ 328,361	\$ 990,957	\$ 570,066
Contributions	45,008	25,000	10,000	210,766	610,230	901,004	1,064,080
Guarantees	650,000	-	-	10,000	175,000	835,000	1,039,000
Advertising sales	-	-	-	-	430,859	430,859	502,855
Concession commissions	10,492	7,624	2,019	337	546	21,018	39,378
Royalty and licensing commissions	-	-	-	-	28,951	28,951	12,366
Printed programs	-	-	-	-	-	-	-
Parking fees	29,016	1,777	-	16,045	-	46,838	44,185
NCAA and MAC revenue	-	-	-	-	1,424,703	1,424,703	1,543,223
Dedicated student fees	-	-	-	-	11,237,600	11,237,600	A 10,910,300
General fund transfers	-	-	-	-	3,162,719	3,162,719	B 1,773,423
Additional designated support	1,440	-	60,000	108,000	-	169,440	52,596
General fund support for:							
Salaries	146,000	-	387,721	1,032,392	938,863	2,504,976	2,347,242
Staff benefits	48,180	-	127,948	340,689	309,825	826,642	774,590
Other	13,205	100,200	1,444	46,736	268,463	430,048	130,889
TOTAL REVENUES	1,374,001	334,603	600,871	1,785,160	18,916,120	23,010,755	20,804,193
Expenditures:							
Coaches' salaries	1,355,825	623,279	387,721	1,335,165	-	3,701,990	3,704,676
Salaries and wages	350,580	40,000	42,287	60,077	2,400,145	2,893,089	2,756,590
Staff benefits	367,774	159,925	154,468	435,421	681,241	1,798,829	1,696,181
Operating supplies	294,226	158,388	78,315	790,092	236,185	1,557,206	1,360,988
Rental of equipment and facilities	15,485	1,316	576	2,400	381,478	401,255	113,814
Awards	26,678	4,983	5,027	47,194	380	84,262	25,989
Guarantees	150,000	13,000	1,500	-	-	164,500	373,000
Telephone	7,893	2,558	2,595	9,596	57,280	79,922	73,120
Travel	312,912	168,688	168,396	550,620	70,767	1,271,383	1,205,087
Meals and lodging	211,247	16,232	4,606	42,474	57,308	331,867	218,506
Officials	51,031	60,000	25,500	157,834	696	295,061	281,093
Postage	11,245	1,016	806	4,749	8,191	26,007	30,946
Printing and photography	14,500	2,435	2,382	9,180	167,760	196,257	172,917
Grants-in-aid	2,693,930	439,969	468,465	3,395,848	49,288	7,047,500	6,663,377
Association dues	3,028	2,665	800	7,463	121,514	135,470	271,291
Equipment	18,365	37,475	17,808	37,840	925,027	1,036,515	87,685
Repairs and maintenance	24,925	4,246	202	5,056	34,324	68,753	46,218
Insurance	175,902	13,494	4,400	102,355	155,329	451,480	341,836
Other miscellaneous expenses	59,808	60,681	65,339	71,888	980,222	1,237,938	1,024,001
Transfers	175	-	-	(9,550)	273,625	264,250	291,800
TOTAL EXPENSES	6,145,529	1,810,350	1,431,193	7,055,702	6,600,760	23,043,534	20,739,115
REVENUES OVER/(UNDER) EXPENSES	\$ (4,771,528)	\$ (1,475,747)	\$ (830,322)	\$ (5,270,542)	\$ 12,315,360	\$ (32,779)	C \$ 65,078
Foundation Accounts:							
Revenues	\$ 1,558,086	\$ 32,173	\$ 9,178	\$ 757,644	\$ 1,502,723	\$ 3,859,804	\$ 3,025,581
Expenditures	1,136,222	50,056	17,038	519,078	828,770	2,551,164	1,636,739
REVENUES OVER/(UNDER) EXPENSES	\$ 421,864	\$ (17,883)	\$ (7,860)	\$ 238,566	\$ 673,953	\$ 1,308,640	\$ 1,388,842

A = Dedicated student fees only, in previous years additional University support has been included in this line item.

B = Includes \$1,880,511 to fund FY14 athletics deficit from FOAP 320650-110010-810010-1014.

C = Negative balance is primarily the result the Student/Athlete Opportunity Fund. Net result of operations in this fund for FY14 was \$(33,387).

The accompanying notes are an integral part of the statement.

BALL STATE UNIVERSITY
NOTES TO THE SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
AS OF JUNE 30, 2014

Note 1. Basis of Presentation

The accompanying Schedule of Revenues and Expenses of Intercollegiate Athletics Programs has been prepared on the accrual basis of accounting. The purpose of the Schedule is to present a summary of revenues and expenditures of the intercollegiate athletics programs of the University for the year ended June 30, 2014. The Schedule includes those intercollegiate athletics revenues and expenditures made on behalf of the University's athletics programs by outside organizations not under the accounting control of the University. Because the Schedule 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 schedule identified separately as Foundation Accounts.

Note 3. Capital Assets

Capital assets consists of buildings and equipment 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.

BALL STATE UNIVERSITY
NOTES TO THE SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
AS OF JUNE 30, 2014
(Continued)

A summary of changes in capital assets associated with the Intercollegiate Athletic Program follows for the year ended June 30, 2014.

<u>Category</u>	<u>July 1, 2013 Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014 Balance</u>
Depreciable capital assets:				
Buildings	\$ 63,094,800	\$ 473,587	\$ -	\$ 63,568,387
Equipment	<u>805,189</u>	<u>-</u>	<u>40,775</u>	<u>764,414</u>
Total capital assets	<u>63,899,989</u>	<u>473,587</u>	<u>40,775</u>	<u>64,332,801</u>
Less: accumulated depreciation				
Buildings	23,859,382	1,295,101	-	25,154,483
Equipment	<u>588,291</u>	<u>25,160</u>	<u>-</u>	<u>613,451</u>
Total accumulated depreciation	<u>24,447,673</u>	<u>1,320,261</u>	<u>-</u>	<u>25,767,934</u>
Total net capital assets	<u>\$ 39,452,316</u>	<u>\$(846,674)</u>	<u>\$ 40,775</u>	<u>\$ 38,564,867</u>

Note 4. Student Athlete Opportunity Fund

A cash balance of \$64,250 was in the Student/Athlete Opportunity Fund at July 1, 2013. A balance of \$30,704 was in the fund at June 30, 2014. The net result of operations in the SAOF was \$(33,387).