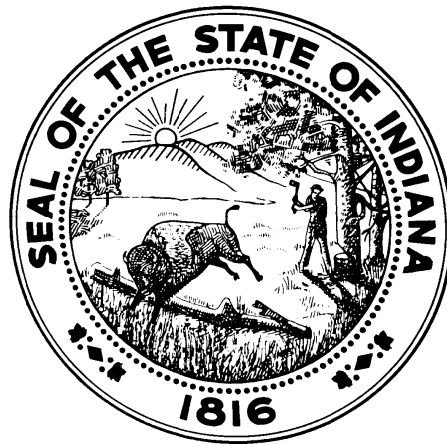


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

AUDIT REPORT  
OF

BALL STATE UNIVERSITY  
NCAA FINANCIAL REPORT  
MUNCIE, INDIANA

July 1, 2008 to June 30, 2009



**FILED**  
12/23/2009





# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

## 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 chief executive 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, 2009. Ball State University's management is responsible for the statement of revenue and expenses ("statement") and the statements 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, 2009, 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 statements 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 the 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 compliance of the accompanying Statement of Revenue and Expenditures 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.

December 10, 2009

STATE BOARD OF ACCOUNTS

*State Board of Accounts*

BALL STATE UNIVERSITY  
STATEMENT OF REVENUES AND EXPENDITURES  
INTERCOLLEGIATE ATHLETICS  
For the Year Ended June 30, 2009

	2009						2008 Total
	Football	Mens Basketball	Womens Basketball	Other Sports	Non-Program Specific	Total	
<u>University Accounts:</u>							
Revenues:							
Ticket sales	\$ 682,935	\$ 283,008	\$ 44,122	\$ 7,518	\$ 2,270	\$ 1,019,853	\$ 714,518
Contributions	164,292	227,310	15,000	333,674	336,296	1,076,572	1,327,953
Guarantees	235,000	-	3,000	20,400	-	258,400	1,498,000
Advertising Sales	-	-	-	-	22,478	22,478	46,300
Concession commissions	33,896	13,496	2,699	2,054	3,416	55,561	37,059
Royalty and licensing commissions	-	-	-	-	67,909	67,909	60,000
Printed programs	1,252	-	799	10,816	2,313	15,180	10,078
Parking fees	54,044	12,481	-	-	-	66,525	46,322
NCAA and MAC revenue	368,066	110,333	44,224	-	738,485	1,261,108	885,333
Dedicated student fees	34,680	-	-	-	10,513,460	10,548,140	8,634,040
Additional designated support	202	762	14,226	127,982	279,165	422,337	372,380
General fund support for:							
Salaries	106,909	-	366,501	962,186	796,453	2,232,049	2,087,807
Staff benefits	41,711	-	93,350	358,805	297,231	791,097	767,611
Other	262,622	1,111	1,620	48,504	595,531	909,388	232,131
<b>TOTAL REVENUES</b>	<b>\$ 1,985,609</b>	<b>\$ 648,501</b>	<b>\$ 585,541</b>	<b>\$ 1,871,939</b>	<b>\$ 13,655,007</b>	<b>\$ 18,746,597</b>	<b>\$ 16,719,532</b>
Expenditures:							
Coaches' salaries	\$ 1,213,125	\$ 578,778	\$ 366,501	\$ 1,182,065	\$ -	\$ 3,340,470	\$ 3,083,200
Salaries and wages	91,175	39,907	32,704	6,270	2,157,074	2,327,130	1,955,261
Staff benefits	384,739	137,643	103,155	417,507	803,557	1,846,601	1,498,975
Operating supplies	313,288	48,534	14,431	220,520	162,978	759,751	695,263
Rental of equipment and facilities	34,394	576	192	40,082	33,344	108,588	98,859
Awards	3,670	546	630	7,189	-	12,035	19,344
Guarantees	325,000	151,000	8,000	2,000	-	486,000	202,444
Telephone	15,363	6,452	4,339	10,325	39,827	76,306	98,757
Travel	789,912	203,018	151,254	831,697	82,554	2,058,435	1,915,259
Meals and lodging	276,649	18,319	10,983	34,809	15,929	356,689	368,074
Officials	51,487	58,230	39,577	63,498	9,560	222,352	209,118
Postage	15,711	2,922	2,394	8,299	26,815	56,141	55,206
Printing and photography	87,074	26,944	21,033	58,213	58,088	251,352	127,019
Grants-in-aid	1,837,367	357,146	353,457	2,668,547	(15,096)	5,201,421	5,156,883
Association dues	130,075	-	487	6,100	118,318	254,980	81,804
Equipment	42,972	(12,303)	1,668	49,422	67,453	149,212	259,085
Repairs and maintenance	78,729	9,011	6,930	6,282	130,544	231,496	189,187
Insurance	329,875	50,097	15,770	119,373	41,788	556,903	299,300
Provision for doubtful accounts	-	-	-	-	-	-	505
Other miscellaneous expenses	155,551	83,351	13,625	27,237	170,180	449,944	405,989
<b>TOTAL EXPENDITURES</b>	<b>\$ 6,176,156</b>	<b>\$ 1,760,171</b>	<b>\$ 1,147,130</b>	<b>\$ 5,759,435</b>	<b>\$ 3,902,913</b>	<b>\$ 18,745,806</b>	<b>\$ 16,719,532</b>
<b>REVENUES OVER/(UNDER) EXPENDITURES</b>	<b>\$ (4,190,547)</b>	<b>\$ (1,111,670)</b>	<b>\$ (561,589)</b>	<b>\$ (3,887,496)</b>	<b>\$ 9,752,094</b>	<b>\$ 791</b>	<b>\$ -</b>
<u>Foundation Accounts:</u>							
Revenues	\$ 253,358	\$ 66,723	\$ 32,733	\$ 342,589	\$ 2,514,921	\$ 3,210,323	\$ 8,061,030
Expenditures	248,807	77,478	20,597	395,646	1,655,909	2,398,437	8,038,819
<b>REVENUES OVER/(UNDER) EXPENDITURES</b>	<b>\$ 4,551</b>	<b>\$ (10,755)</b>	<b>\$ 12,136</b>	<b>\$ (53,058)</b>	<b>\$ 859,012</b>	<b>\$ 811,886</b>	<b>\$ 22,211</b>

A = Includes \$1,560,660 to Fund Deficit from Account 3-35600-0921, and an increase in student service fees of \$500,000.

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, 2009

Note 1. Basis of Presentation

The accompanying Statement of Revenues and Expenses 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, 2009. 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 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 \$3.2 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 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 the Intercollegiate Athletics follows for the year ended June 30, 2009.

BALL STATE UNIVERSITY  
NOTES TO THE STATEMENT OF REVENUES AND EXPENSES OF  
INTERCOLLEGIATE ATHLETICS  
AS OF JUNE 30, 2009  
(Continued)

Category	2008 Beginning Balance	Additions	Deletions	2009 Ending Balance
Depreciable Capital Assets:				
Buildings	\$ 66,576,355	\$ 106,228	\$ 4,129,921	\$ 62,552,662
Equipment	<u>617,023</u>	<u>32,275</u>	<u>6,700</u>	<u>642,598</u>
Total Capital Assets	<u>67,193,378</u>	<u>138,503</u>	<u>4,136,621</u>	<u>63,195,260</u>
Less: Accumulated Depreciation				
Buildings	19,587,070	(818,953)	-	18,768,117
Equipment	<u>498,287</u>	<u>37,938</u>	<u>103,688</u>	<u>432,537</u>
Total Accumulated Depreciation	<u>20,085,357</u>	<u>(781,015)</u>	<u>103,688</u>	<u>19,200,654</u>
Total Net Capital Assets	<u>\$ 47,108,021</u>	<u>\$ 919,518</u>	<u>\$ 4,032,933</u>	<u>\$ 43,994,606</u>

Note 4. Student Athlete Opportunity Fund

The University received \$143,238 from the NCAA to benefit student-athletes or their families in the 2009 fiscal year. Of those monies, \$27,391 was spent for those purposes in the current fiscal year and is included in the report. The remaining amount, \$115,847, was deferred and will be shown as an expense in future periods as the expense is incurred.