BOARD OF REGENTS
REPORT ITEM

December 8, 2010

Open Session

ATHLETICS DEPARTMENT PROCEDURES
FOR YEAR ENDING JUNE 30, 2010

The attached Independent Auditor’s Report on Agreed-Upon Procedures for the University Intercollegiate Athletics Department was compiled by RubinBrown, LLP at the request of the University solely to assist the University in complying with NCAA Bylaw 6.2.3.1. In August 2004, the National Collegiate Athletic Association (NCAA) legislation was amended to change the NCAA financial reporting timeline and to update the agreed-upon procedures to reflect the changes in reporting definitions approved by the membership.

The Statement of Revenues and Expenditures for Intercollegiate Athletics has been prepared using the amended reporting definitions and includes the operations of the Intercollegiate Athletics department, revenues and expenditures related to various sports camps, and athletic expenditures paid directly by the Foundation. The review did not disclose any material findings which require action by the University.

Constitution 6.2.3. Division I Requirement (as amended). All revenues, expenses and capital expenditures for or in behalf of a Division I member institution’s intercollegiate athletics programs, including those by any affiliated or outside organization, agency or group of individuals (two or more), shall be subject to an annual agreed-upon procedures (in addition to any regular financial audit policies and procedures of the institution). The agreed-upon procedures report should be prepared for the institution by a qualified independent accountant who is not a staff member of the institution and who is selected either by the institution’s chief executive or by an institutional administrator from outside the athletics department designated by the chief executive officer.

Constitution 6.2.3.1 Division I Requirement (as amended). The agreed-upon procedures report for one fiscal year shall be completed and presented to the chief executive on or before January 15 following the end of the institution’s fiscal year.
SOUTHEAST MISSOURI STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS
DEPARTMENT
INDEPENDENT ACCOUNTANTS' REPORT
ON APPLICATION OF
AGREED-UPON PROCEDURES
JUNE 30, 2010
Independent Accountants’ Report On
Application Of Agreed-Upon Procedures

Management and the Board of Regents
Southeast Missouri State University
Cape Girardeau, Missouri

We have performed the procedures enumerated below, which were agreed to by Southeast Missouri State University (the University), solely to assist the University in evaluating whether the accompanying Statement of Revenues and Expenses (the Statement) of the University is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1 for the year ended June 30, 2010. The University’s management is responsible for the aforementioned financial statement elements, accounts and items and the internal control over financial reporting and compliance. 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 the 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.

Our procedures and findings are as follows:

Procedures Related To Revenues

1. Agreement To General Ledger

   a. We obtained the University’s Intercollegiate Athletics Department Statement of Revenues and Expenses from management. We compared and agreed each category of revenues per the Statement of Revenues and Expenses to the University’s general ledger.

   Conclusion:

   No exceptions were found as a result of applying these procedures.

2. Ticket Sales

   a. We compared total ticket sales revenue to the prior period amount. We obtained and documented management’s explanation for any variation exceeding 10% and $10,000.
Conclusion:

Total ticket sales revenue increased by approximately $74,000 or 19% from prior year. Management explained that the increase was primarily attributable to basketball complimentary tickets which increased approximately $68,000 primarily due to extra complimentary tickets given out for the "Show Me Center Sell-Out" game promotion.

b. We compared total ticket sales revenue to the budgeted amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

Conclusion:

Total ticket sales revenues were approximately $157,000 or 52% higher than budget. Management explained that the variance was primarily attributable to football and basketball complimentary tickets totaling almost $217,500 which are not budgeted. The effect of unbudgeted complimentary tickets is offset by lower than budgeted ticket sales of approximately $60,000, due to lower game attendance.

c. We obtained supporting schedules of basketball tickets sold during the reporting period and season tickets pledged during the reporting period for men's and women's basketball. We recalculated the supporting detail and agreed amounts to those recorded on the Statement. We obtained and documented management's explanation of variations between the supporting detail and the amounts recorded on the Statement.

Conclusion:

Recalculated totals per the supporting detail agreed within a 1% range of variance to the Statement.

d. We compared and agreed a sample of five revenue receipts per the 2009-2010 men's and women's basketball and football ticket sales revenue transaction detail schedules to supporting documentation (copy of check or credit card receipt, the Cashier Closeout Report envelope, and deposit slip from the Cashiers).

Conclusion:

No exceptions were found as a result of applying these procedures.
3. **Student Athletic Fees**

   a. We compared student athletic fees revenue to the prior period amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

   **Conclusion:**

   No variations exceeding 10% and $10,000 were found as a result of applying these procedures.

   b. We compared total student athletic fees revenue to the budgeted amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

   **Conclusion:**

   No variations exceeding 10% and $10,000 were found as a result of applying these procedures.

   c. We obtained and inspected the supporting transaction detail of student athletic fees revenue. We recalculated the total student athletic fees revenue recorded in the detail listing and agreed it to the amounts recorded in the general ledger.

   **Conclusion:**

   No exceptions were found as a result of applying these procedures.

   d. We obtained and documented an understanding of the University's policies for allocating student athletic fees to the intercollegiate athletic program.

   **Conclusion:**

   No exceptions were found as a result of applying these procedures.

   e. We compared and agreed student athletic fees reported by the University to enrollments during the current period. We obtained and documented management's explanation of any variation exceeding 10% and $10,000 of amounts recorded in the general ledger.
Conclusion:

No variations exceeding 10% and $10,000 were found as a result of applying these procedures.

4. Guarantees

a. We compared total guarantee revenues to the prior period amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

Conclusion:

No variations exceeding 10% and $10,000 were found as a result of applying these procedures.

b. We compared total guarantee revenues to the budgeted amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

Conclusion:

No variations exceeding 10% and $10,000 were found as a result of applying these procedures.

c. We obtained and inspected supporting transaction detail of guarantee revenues. We recalculated the total guarantee revenues recorded in the detail listing and agreed it to amounts recorded on the general ledger.

Conclusion:

No exceptions were found as a result of applying these procedures.

d. We obtained supporting documentation, including guarantee settlement reports and contractual agreements, for three guarantee revenues. We recalculated the supporting documentation and compared and agreed amounts to the general ledger.

Conclusion:

No exceptions were found as a result of applying these procedures.
5. Contributions

a. We compared total contributions revenue to the prior period amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

Conclusion:

No variations exceeding 10% and $10,000 were found as a result of applying these procedures.

b. We compared total contributions revenue to the budgeted amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

Conclusion:

Total contributions revenue was higher than budget by approximately $140,000 or 44%. Management explained that gifts in kind and expenses paid for by the Southeast Missouri University Foundation (the Foundation), which totaled $163,000 in the current year, are not budgeted. This is offset by lower than budgeted transfers from the Foundation which, per management, is due to the uncertainty involved in forecasting what the Foundation will be able to transfer in a given year.

c. We obtained and inspected supporting transaction detail of contributions revenue. We recalculated the total contributions revenue recorded in the detail listing and agreed to amounts recorded on the general ledger.

Conclusion:

No exceptions were found as a result of applying these procedures.

d. We obtained supporting documentation, including the check copy or Transfer of Funds Form, for contributions revenue that constituted 10% and $10,000 or more of the combined total of contributions and sponsorships received. We recalculated the supporting documentation and compared and agreed the amounts to the general ledger.

Conclusion:

No exceptions were found as a result of applying these procedures.
6. **Direct State And Other Government Support**

a. We compared total direct state and other government support revenue to the prior period amount. We obtained and documented management’s explanation for any variation exceeding 10% and $10,000.

*Conclusion:*

No variations exceeding 10% and $10,000 were found as a result of applying these procedures.

b. We compared total direct state and other government support revenue to the budgeted amount. We obtained and documented management’s explanation for any variation exceeding 10% and $10,000.

*Conclusion:*

No variations exceeding 10% and $10,000 were found as a result of applying these procedures.

c. We obtained and inspected supporting transaction detail of direct state and other government support revenue. We recalculated the total direct state and other government support revenue recorded in the detail listing and agreed to amounts recorded on the general ledger.

*Conclusion:*

No exceptions were found as a result of applying these procedures.

7. **Direct Institutional Support**

a. We compared total direct institutional support revenue to the prior period amount. We obtained and documented management’s explanation for any variation exceeding 10% and $10,000.

*Conclusion:*

No variations exceeding 10% and $10,000 were found as a result of applying these procedures.

b. We compared total direct institutional support revenue to the budgeted amount. We obtained and documented management’s explanation for any variation exceeding 10% and $10,000.
Conclusion:

No variations exceeding 10% and $10,000 were found as a result of applying these procedures.

c. We obtained and inspected supporting transaction detail of direct institutional support revenue. We recalculated the total direct institutional support revenue recorded in the detail listing and compared and agreed to amounts recorded on the general ledger.

Conclusion:

No exceptions were found as a result of applying these procedures.

8. Indirect Facilities And Administrative Support

a. We compared total indirect facilities and administrative support revenue to the prior period amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

Conclusion:

Total indirect facilities and administrative support revenue increased by approximately $59,000 or 27% from prior year. Management explained that the increase was primarily attributable to maintenance support related to the move of administrative offices to the new Broadway location during the reporting period.

b. We compared total indirect facilities and administrative support revenue to the budgeted amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

Conclusion:

Management explained this is a revenue category that is only included in the University's Intercollegiate Athletics Department Statement of Revenues and Expenses and therefore is not budgeted by the University.
c. We obtained and inspected supporting transaction detail of indirect facilities and administrative support revenue. We recalculated the total indirect facilities and administrative support revenue recorded in the detail listing and compared and agreed to amounts recorded on the general ledger. We verified the indirect facilities and administrative support revenue appropriately related to athletics.

Conclusion:

No exceptions were found as a result of applying these procedures.

9. NCAA/Conference Distributions

a. We compared total NCAA/Conference Distributions revenue to the prior period amount. We obtained and documented management’s explanation for any variation exceeding 10% and $10,000.

Conclusion:

Total NCAA/Conference distribution revenue increased by approximately $58,000 or 11% from prior year. Management explained that the increase was primarily attributable to annual increases in distributions from the University’s athletic conference and the NCAA.

b. We compared total NCAA/Conference Distributions revenue to the budgeted amount. We obtained and documented management’s explanation for any variation exceeding 10% and $10,000.

Conclusion:

Total NCAA/Conference distributions revenue was higher than budget by approximately $78,000 or 15%. Management explained that higher amount was mostly due to unbudgeted receipts including a Basketball Enhancement match of $13,000 and Special Assistance Fund revenues of approximately $46,500.

c. We obtained and inspected supporting transaction detail of NCAA/Conference Distributions revenue. We recalculated the total NCAA/Conference Distributions revenue recorded in the detail listing and agreed to amounts recorded on the general ledger.
Conclusion:

No exceptions were found as a result of applying these procedures.

d. We obtained and inspected supporting documentation, including related agreements, for one NCAA distribution. We recalculated the supporting documentation, and compared and agreed the amounts to the general ledger.

Conclusion:

No exceptions were found as a result of applying these procedures.

10. Broadcast, Television, Radio And Internet Rights

a. We compared total broadcast, television, radio and internet rights revenue to the prior period amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

Conclusion:

No variations exceeding 10% and $10,000 were found as a result of applying these procedures.

b. We compared total broadcast, television, radio and internet rights revenue to the budgeted amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

Conclusion:

No variations exceeding 10% and $10,000 were found as a result of applying these procedures.

c. We obtained and inspected supporting transaction detail of broadcast, television, radio and internet rights revenue. We recalculated the total broadcast, television, radio and internet rights revenue recorded in the detail listing and compared and agreed to amounts recorded on the general ledger.

Conclusion:

No exceptions were found as a result of applying these procedures.
d. We compared and agreed one broadcast, television, radio or internet rights revenue selected from the supporting revenue transaction detail to supporting documentation (including the broadcast agreement, check copy, Cashier Closeout Report envelope and deposit slip from the Cashiers' Office).

**Conclusion:**

No exceptions were found as a result of applying these procedures.

11. **Program Sales And Concessions**

a. We compared total program sales and concessions revenue to the prior period amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

**Conclusion:**

No variations exceeding 10% and $10,000 were found as a result of applying these procedures.

b. We compared total program sales and concessions revenue to the budgeted amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

**Conclusion:**

No variations exceeding 10% and $10,000 were found as a result of applying these procedures.

c. We obtained and inspected supporting transaction detail of program sales and concessions revenue. We recalculated the total program sales and concessions revenue recorded in detail listing and agreed to amounts recorded on the general ledger.

**Conclusion:**

No exceptions were found as a result of applying these procedures.
d. We compared and agreed a sample of five program sales and concessions revenues selected from the supporting transaction detail to supporting documentation (including the check copy or General Receipts document, Cashier Closeout Report envelope and deposit slip from the Cashiers' Office).

Conclusion:

No exceptions were found as a result of applying these procedures.

12. Royalties, Licensing, Advertisements And Sponsorships

a. We compared total royalties, licensing, advertisements and sponsorships revenue to the prior period amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

Conclusion:

Royalties, licensing, advertisements and sponsorships revenue decreased by $17,000 or 25%. Management explained that the decrease is due to businesses spending less on such contracts in the current fiscal year.

b. We compared total royalties, licensing, advertisements and sponsorships revenue to the budgeted amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

Conclusion:

Total royalties, licensing, advertisements and sponsorships revenue was lower than budget by approximately $50,000 or 49%. Management explained that the variance was mostly attributed to businesses spending less money on advertising during tough economic times.

c. We obtained and inspected supporting transaction detail of royalties, licensing, advertisements and sponsorships revenue. We recalculated the total royalties, licensing, advertisements and sponsorships revenue recorded in the detail listings and agreed to amounts recorded on the general ledger.

Conclusion:

No exceptions were found as a result of applying these procedures.
d. We compared and agreed a sample of five royalties, licensing, advertisements and sponsorships revenues selected from the supporting transaction detail to supporting documentation (including any agreements, the check copy or General Receipts document, Cashier Closeout Report envelope and deposit slip from the Cashiers' Office).

Conclusion:

No exceptions were found as a result of applying these procedures.

13. Sports Camp Revenue

a. We compared total sports camp revenue to the prior period amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

Conclusion:

Sports camp revenue decreased by approximately $12,000 or 16%. Management explained that the Men's Basketball sports camps decreased approximately $6,500 due to one less camp being offered, and Gymnastics sports camps decreased by approximately $17,600 due to less overall camp attendance and only a one-day camp being offered. Additionally, Women's Basketball sports camps increased approximately $8,500 due to higher attendance at the skills camp.

b. We compared total sports camp revenue to the budgeted amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

Conclusion:

Management explained this is a revenue category that is only included in the University's Intercollegiate Athletics Department Statement of Revenues and Expenses and therefore is not budgeted by the University.

c. We obtained and inspected supporting transaction detail of sports camp revenue. We recalculated the total sports camp revenue recorded in the detail listings and agreed to amounts recorded on the general ledger.
Conclusion:

No exceptions were found as a result of applying these procedures.

d. We obtained and inspected a schedule of camp participants for Volleyball camp and Girls Basketball camp. We compared and agreed sports camp revenues reported by the University to sports camp enrollments during the current period. We recalculated sports camp revenues and obtained and documented management's explanation of any variances exceeding 10% and $10,000 of amounts recorded on the general ledger.

Conclusion:

No exceptions were found as a result of applying these procedures.

e. We compared and agreed a sample of five Volleyball camp participants and five Women's Basketball camp participants selected from the supporting transaction detail to supporting documentation (including the credit card receipt or General Receipts document, and Cashier Closeout Report envelope from the Cashiers' Office).

Conclusion:

RubinBrown was unable to review the supporting documentation for two of the participants selected for the Women's Basketball Team camp, as sufficiently detailed records were not retained. As an alternative procedure RubinBrown attempted to reconcile the total amount of camp revenue with the camp roster list which displayed all participants who attended and their related fees. Total sports camp revenue for all three camps based on the camp roster totaled $17,240. Total camp revenue as recorded in the general ledger totaled $17,030, resulting in a difference of $210. Management explained that the difference results from discrepancies between the participants who registered and the participants that actually attended the event.

14. Other Revenue

a. We compared total other revenue to the prior period amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.
Conclusion:

Other (miscellaneous reimbursements) revenue decreased by approximately $27,000 or 63%. Management explained that miscellaneous revenues are small and vary from year to year. Most of the difference is attributable to two large receipts in the prior reporting period that did not occur in the current reporting period totaling approximately $23,500.

b. We compared total other revenue to the budgeted amount. We obtained and documented management’s explanation for any variation exceeding 10% and $10,000.

Conclusion:

Management noted they do not budget these revenues given their nature and inconsistency.

c. We obtained and inspected supporting transaction detail of other revenue. We recalculated the total other revenue recorded in the detail listing and agreed to amounts recorded in the general ledger.

Conclusion:

No exceptions were found as a result of applying these procedures.

d. We compared and agreed one reimbursement selected from the supporting transaction detail to supporting documentation (including any agreements, the check copy or General Receipts document, the Cashier Closeout Report envelope and deposit slip from the Cashiers’ Office).

Conclusion:

No exceptions were found as a result of applying these procedures.

Procedures Related To Expenses

1. Agreement To General Ledger

a. We obtained the University’s Intercollegiate Athletics Department Statement of Revenues and Expenses from management. We compared and agreed each category of expenses per the Statement of Revenues and Expenses to the general ledger.
Conclusion:

No exceptions were found as a result of applying these procedures.

2. Athletic Student Aid

a. We compared total athletic student aid expenses to the prior period amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

Conclusion:

No variations exceeding 10% and $10,000 were found as a result of applying these procedures.

b. We obtained and inspected supporting transaction detail of athletic student aid expenses. We recalculated the total athletic student aid expenses recorded in the detail listing and agreed to amounts recorded on the general ledger.

Conclusion:

Several differences totaling $7,885 were noted between the detail listing and the general ledger. Management explained that historically there have been slight differences between the student financial aid detail provided by the Financial Aid office and student financial aid per the general ledger due to cutoff differences (student financial aid posted in one fiscal period in Financial Aid and a different fiscal period in Accounting).

c. We obtained and inspected a listing of athletic student aid recipients. We obtained and inspected supporting documentation, including the award letter and student record, for five athletic student aid recipients. We recalculated the supporting documentation and compared and agreed the amounts to the general ledger.

Conclusion:

A difference of $487 was identified for one student athlete during testing. The difference was caused by an error in the Banner system, where the student was inappropriately issued a credit on his account. Management is working to correct the issue during fiscal year 2011.
3. **Guarantees**

   a. We compared total guarantee expenses to the prior period amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

   Conclusion:

   Guarantees expenses increased approximately $32,000 or 76%. Management explained that the increase was primarily attributable to one football guarantee of $25,000 paid during the reporting period.

   b. We obtained and inspected supporting transaction detail of guarantee expenses. We recalculated the total guarantee expenses recorded in the detail listing and agreed to amounts recorded on the general ledger.

   Conclusion:

   No exceptions were found as a result of applying these procedures.

   c. We compared and agreed a sample of five guarantee expenses selected from the supporting transaction detail to supporting documentation (including the guarantee contract, purchase order/requisition form, and cash disbursement documentation such as cancelled check).

   Conclusion:

   We noted that one expense included in the sample represented travel costs relating to guarantee games that management reclassified to guarantee expenses. After we selected our sample and performed the procedures above, management moved all travel expenses relating to guarantee games from guarantee expense and into team travel on the University's Intercollegiate Athletics Department Statement of Revenues and Expenses in order for presentation to be consistent with prior year.

4. **Coaching Salaries, Benefits And Bonuses Paid By The University**

   a. We compared coaching salaries, benefits and bonuses expenses to the prior period amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.
Conclusion:

No variations exceeding 10% and $10,000 were found as a result of applying these procedures.

b. We obtained and inspected supporting transaction detail of coaching salaries, benefits and bonuses expenses. We selected a sample of support transaction detail reports (football, men's basketball, men's basketball sports camp, women's basketball, soccer, gymnastics and gymnastics sports camp) and recalculated the total coaching salaries, benefits and bonuses expenses recorded in the detail listing and agreed to amounts recorded on the general ledger.

Conclusion:

No exceptions were found as a result of applying these procedures.

c. We compared and agreed a sample of five coaching salaries, benefits and bonuses expenses selected from the supporting transaction detail to supporting documentation (including the contract and/or personnel action form, Additional Payments form and W-2s).

Conclusion:

No exceptions were found as a result of applying these procedures.

5. Support Salaries Paid By The University

a. We compared support salaries expenses to the prior period amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

Conclusion:

No variations exceeding 10% and $10,000 were found as a result of applying these procedures.

b. We obtained and inspected supporting transaction detail of support salaries expenses. We selected a sample of support transaction detail reports (football, men's basketball, women's basketball and three nonprogram specific reports) and recalculated the total support staff expenses recorded in the detail listing and compared and agreed to amounts recorded on the general ledger.
Conclusion:

No exceptions were found as a result of applying these procedures.

c. We compared and agreed a sample of support staff salaries expenses selected from the supporting transaction detail to supporting documentation (including the contract and/or personnel action form, Additional Payments form and W-2s).

Conclusion:

No exceptions were found as a result of applying these procedures.

6. Recruiting

a. We compared recruiting expenses to the prior period amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

Conclusion:

Recruiting expenses decreased approximately $27,000 or 16%. Management explained that recruiting for men's and women's basketball decreased approximately $11,000 and $10,000, respectively. Recruiting expenses were lower for Men's Basketball due to less recruiting activity as a result of a change in coaches. Recruiting expenses were lower for Women's Basketball due to more recruits in the prior reporting period. The 2009/2010 Women's Basketball team had nine new players, whereas the 2010/2011 team only has three new players.

b. We compared and agreed the University's recruiting expenses policies to the NCAA-related policies.

Conclusion:

No exceptions were found as a result of applying these procedures.

c. We obtained and inspected supporting transaction detail of recruiting expenses. We recalculated the total recruiting expenses recorded in the detail listing and compared and agreed to amounts recorded on the general ledger.
Conclusion:

No exceptions were found as a result of applying these procedures.

d. We compared and agreed a sample of five recruiting expenses selected from the supporting transaction detail to supporting documentation (including the vendor invoice/expense report/travel cash advance form and cash disbursement documentation such as cancelled check).

Conclusion:

No exceptions were found as a result of applying these procedures.

7. Team Travel

a. We compared team travel expenses to the prior period amount. We obtained and documented management’s explanation for any variation exceeding 10% and $10,000.

Conclusion:

No variations exceeding 10% and $10,000 were found as a result of applying these procedures.

b. We compared and agreed the University’s team travel expenses policies to the NCAA-related policies.

Conclusion:

No exceptions were found as a result of applying these procedures.

c. We obtained and inspected supporting transaction detail of team travel expenses. We recalculated the total team travel expenses recorded in the detail listing and compared and agreed to amounts recorded on the general ledger.

Conclusion:

No exceptions were found as a result of applying these procedures.
d. We compared and agreed a sample of five team travel expenses selected from the supporting transaction detail to supporting documentation (including the vendor invoice/expense report/travel cash advance form and cash disbursement documentation such as cancelled check).

Conclusion:

No exceptions were found as a result of applying these procedures.

8. Equipment, Uniforms And Supplies

a. We compared equipment, uniforms and supplies expenses to the prior period amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

Conclusion:

No variations exceeding 10% and $10,000 were found as a result of applying these procedures.

b. We obtained and inspected supporting transaction detail of equipment, uniforms and supplies. We recalculated the total equipment, uniforms and supplies recorded in the detail listing and agreed to amounts recorded on the general ledger.

Conclusion:

No exceptions were found as a result of applying these procedures.

c. We compared and agreed a sample of five equipment, uniforms and supplies expenses selected from the supporting transaction detail to supporting documentation (including the vendor invoice and cash disbursement documentation such as cancelled check).

Conclusion:

No exceptions were found as a result of applying these procedures.

9. Game Expenses

a. We compared game expenses to the prior period amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.
Conclusion:

No variations exceeding 10% and $10,000 were found as a result of applying these procedures.

b. We obtained and inspected supporting transaction detail of game expenses. We recalculated the total game expenses recorded in the detail listing and agreed to amounts recorded on the general ledger.

Conclusion:

No exceptions were found as a result of applying these procedures.

c. We compared and agreed a sample of five game expenses selected from the supporting transaction detail to supporting documentation (including the vendor invoice/expense report/travel cash advance form and cash disbursement documentation such as cancelled check).

Conclusion:

No exceptions were found as a result of applying these procedures.

10. Fundraising, Marketing And Promotion

a. We compared fundraising, marketing and promotion expenses to the prior period amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

Conclusion:

Fundraising, marketing and promotion expenses increased approximately $13,000 or 35%. Management explained that the increase is mostly due to higher payments for website hosting in the current reporting period.

b. We obtained and inspected supporting transaction detail of fundraising, marketing and promotion expenses. We recalculated the total fundraising, marketing and promotion expenses recorded in the detail listing and agreed to amounts recorded on the general ledger.

Conclusion:

No exceptions were found as a result of applying these procedures.
c. We compared and agreed a sample of five fundraising, marketing and promotion expenses selected from the supporting transaction detail to supporting documentation (including the vendor invoice/expense report/travel cash advance form and cash disbursement documentation such as cancelled check, or the internal charge form).

**Conclusion:**

No exceptions were found as a result of applying these procedures.

**11. Sports Camp Expenses**

a. We compared sports camp expenses to the prior period amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

**Conclusion:**

Sports camp expenses decreased by approximately $18,000 or 38%. Management explained that the decrease is related to the decrease in sports camp revenues.

b. We obtained and inspected supporting transaction detail of sports camp expenses. We recalculated the total sports camp expenses recorded in the detail listing and agreed to amounts recorded on the general ledger.

**Conclusion:**

No exceptions were found as a result of applying these procedures.

c. We compared and agreed a sample of five sports camp expenses selected from the supporting transaction detail to supporting documentation (including the vendor invoice and cash disbursement documentation such as cancelled check, or the internal charge form).

**Conclusion:**

No exceptions were found as a result of applying these procedures.
12. Direct Facilities, Maintenance And Rental

a. We compared direct facilities, maintenance and rental expenses to the prior period amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

Conclusion:

Direct facilities, maintenance and rental expenses decreased approximately $21,500 or 54%. Management explained that the decrease is mainly due to higher expenses in the nonprogram-specific category, specifically the painting of Houck Field in the prior reporting period.

b. We obtained and inspected supporting transaction detail of direct facilities, maintenance and rental expenses. We recalculated the total direct facilities, maintenance and rental expenses in the detail listing and agreed to amounts recorded on the general ledger.

Conclusion:

No exceptions were found as a result of applying these procedures.

c. We compared and agreed a sample of five direct facilities, maintenance and rental expenses selected from the supporting transaction detail to supporting documentation (including the internal charge form, work order and any other supporting documentation).

Conclusion:

A $189 difference was identified due to a clerical error made where an expense was inadvertently billed twice through the internal change system.

13. Other Operating Expenses

a. We compared other operating expenses to the prior period amount. We obtained and documented management's explanation for any variation exceeding 10% and $10,000.

Conclusion:

No variations exceeding 10% and $10,000 were found as a result of applying these procedures.
b. We obtained and inspected supporting transaction detail of other operating expenses. We recalculated the total other operating expenses recorded in the detail listing and agreed to amounts recorded on the general ledger.

Conclusion:

No exceptions were found as a result of applying these procedures.

c. We compared and agreed a sample of five other operating expenses selected from the supporting transaction detail to supporting documentation (including the vendor invoice/expense report form and cash disbursement documentation such as cancelled check).

Conclusion:

No exceptions were found as a result of applying these procedures.

14. Other Procedures

a. We compared total budget to total expenditure by index number. We obtained and documented management’s explanation of any variation exceeding 15% and $25,000.

Conclusion:

We noted the following variations in excess of 15% and $25,000 as a result of applying these procedures:

One time commitment to athletics expense was higher than budget by $261,000 or 100%. Management explained that the one-time transfer was to help implement the recommendations from Carr Sports Associates.

Post Season Awards expenses (index 100458) were lower than budget by $65,000 or 100%. Management explained that the post season awards budget is transferred during the year to the various post season organizations for the sports that have post season expenses not covered by post season revenue. In the current reporting period approximately $50,000 was transferred to various post season organizations within the Athletics fund throughout the year.
Guarantees men expenses (index 100472) were higher than budget by over $34,000 or 326%. Management explained that the athletics department tried to make sure all expenditures related to guarantee games were classified in this index this reporting period, but did not reclassify budgeted amounts from another organization within the athletics fund this reporting period.

Nonbudget entries expenses (index 102010) were higher than budget by over $241,000 or 100%. Management explained that these items are not line items in the yearly budget.

Men’s and Women’s Track Post-Season expenses (index 100474) of $38,000 were not initially budgeted. Budgeted funds were transferred from index 100458 to index 100474 throughout the reporting period.

There were approximately $705,000 of actual expenses (such as expenses paid for by the Foundation, severance payments, athletics insurance premium) for which no budget to actual comparison could be made. Management explained that these expenses are not line items in the University’s budget.

b. We did not compare line item expenses in the Statement of Revenues and Expenses to the budgeted amounts. University management has explained that the University’s budgeting process does not specifically identify expenses on the same level of detail as presented in the Statement of Revenues and Expenses as they budget in a different manner.

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 University Intercollegiate Athletics Department Statement of Revenues and Expenses for the year ended June 30, 2010, or the specified elements, accounts and items or internal control over financial reporting and compliance described above. 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 Southeast Missouri State University and is not intended to be and should not be used by anyone other than these specified parties.

RulinsBrown LLP

November 22, 2010
SOUTHEAST MISSOURI STATE UNIVERSITY  
INTERCOLLEGIATE ATHLETICS DEPARTMENT  
STATEMENT OF REVENUES AND EXPENSES  
Page 1 Of 2  
For The Year Ended June 30, 2010

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Football</th>
<th>Men's Basketball</th>
<th>Women's Basketball</th>
<th>Other Sports</th>
<th>Nonprogram Specific</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ticket sales</td>
<td>$103,565</td>
<td>$236,664</td>
<td>$108,216</td>
<td>$7,637</td>
<td>$933</td>
<td>$457,015</td>
</tr>
<tr>
<td>Student athletic fees</td>
<td>15,000</td>
<td>72,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>759,569</td>
</tr>
<tr>
<td>Guarantees</td>
<td>—</td>
<td>—</td>
<td>815</td>
<td>29,960</td>
<td>515,283</td>
<td>546,058</td>
</tr>
<tr>
<td>Contributions</td>
<td>35,399</td>
<td>26,240</td>
<td>9,373</td>
<td>95,151</td>
<td>290,615</td>
<td>456,778</td>
</tr>
<tr>
<td>Direct institutional support</td>
<td>1,150,857</td>
<td>480,803</td>
<td>381,897</td>
<td>1,701,695</td>
<td>1,720,166</td>
<td>5,435,413</td>
</tr>
<tr>
<td>Indirect facilities and administrative support</td>
<td>20,567</td>
<td>3,454</td>
<td>3,453</td>
<td>29,100</td>
<td>221,588</td>
<td>278,162</td>
</tr>
<tr>
<td>NCAA conference distributions</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>598,353</td>
</tr>
<tr>
<td>Broadcast, TV, radio and internet rights</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>10,133</td>
<td>10,133</td>
</tr>
<tr>
<td>Program sales, concessions, novelty sales</td>
<td>1,369</td>
<td>12,949</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>40,168</td>
</tr>
<tr>
<td>and parking</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>54,486</td>
</tr>
<tr>
<td>Royalties, advertisements and sponsorships</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>51,366</td>
</tr>
<tr>
<td>Sports camps</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>61,499</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>—</td>
<td>—</td>
<td>206</td>
<td>5,417</td>
<td>10,151</td>
<td>15,774</td>
</tr>
</tbody>
</table>

**Total Revenues**  
1,326,757  
832,110  
503,960  
1,868,960  
4,279,824  
8,811,611

See the accompanying notes to financial statements.
SOUTHEAST MISSOURI STATE UNIVERSITY  
INTERCOLLEGIATE ATHLETICS DEPARTMENT  

STATEMENT OF REVENUES AND EXPENSES  
Page 2 Of 2  
For The Year Ended June 30, 2010  

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Men's Football</th>
<th>Men's Basketball</th>
<th>Women's Football</th>
<th>Women's Basketball</th>
<th>Other Sports</th>
<th>Nonprogram Specific</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Athletic student aid</td>
<td>$ 829,812</td>
<td>$ 178,505</td>
<td>$ 212,733</td>
<td>$ 1,180,932</td>
<td>$ 282,457</td>
<td>$ 2,684,439</td>
<td></td>
</tr>
<tr>
<td>Guarantees</td>
<td>—</td>
<td>—</td>
<td>815</td>
<td>4,460</td>
<td>68,560</td>
<td>73,835</td>
<td></td>
</tr>
<tr>
<td>Coaching salaries, benefits and bonuses paid by the University and related entities</td>
<td>572,150</td>
<td>352,272</td>
<td>231,444</td>
<td>877,507</td>
<td>—</td>
<td>2,033,373</td>
<td></td>
</tr>
<tr>
<td>Support staff and administrative salaries, benefits and bonuses paid by the University and related entities</td>
<td>85,614</td>
<td>17,754</td>
<td>12,690</td>
<td>14,478</td>
<td>1,437,076</td>
<td>1,567,612</td>
<td></td>
</tr>
<tr>
<td>Severance payments</td>
<td>—</td>
<td>14,043</td>
<td>—</td>
<td>—</td>
<td>8,320</td>
<td>22,363</td>
<td></td>
</tr>
<tr>
<td>Recruiting</td>
<td>46,986</td>
<td>39,220</td>
<td>17,895</td>
<td>44,617</td>
<td>—</td>
<td>148,718</td>
<td></td>
</tr>
<tr>
<td>Team travel</td>
<td>95,360</td>
<td>71,048</td>
<td>54,738</td>
<td>321,245</td>
<td>45,000</td>
<td>587,391</td>
<td></td>
</tr>
<tr>
<td>Equipment, uniforms and supplies</td>
<td>59,982</td>
<td>27,941</td>
<td>9,914</td>
<td>150,208</td>
<td>49,342</td>
<td>297,387</td>
<td></td>
</tr>
<tr>
<td>Game expenses</td>
<td>24,840</td>
<td>29,135</td>
<td>23,538</td>
<td>45,166</td>
<td>34,917</td>
<td>157,596</td>
<td></td>
</tr>
<tr>
<td>Fundraising, marketing and promotion</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>49,285</td>
<td>49,285</td>
<td></td>
</tr>
<tr>
<td>Sports camps</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>29,995</td>
<td>29,995</td>
<td></td>
</tr>
<tr>
<td>Direct facilities, maintenance and rental</td>
<td>1,860</td>
<td>2,054</td>
<td>338</td>
<td>3,385</td>
<td>10,540</td>
<td>18,177</td>
<td></td>
</tr>
<tr>
<td>Spirit groups</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>24,889</td>
<td>24,889</td>
<td></td>
</tr>
<tr>
<td>Indirect facilities and administrative support</td>
<td>20,567</td>
<td>3,454</td>
<td>3,453</td>
<td>29,100</td>
<td>221,588</td>
<td>278,162</td>
<td></td>
</tr>
<tr>
<td>Medical expenses and medical insurance</td>
<td>—</td>
<td>78</td>
<td>—</td>
<td>206</td>
<td>92,258</td>
<td>93,542</td>
<td></td>
</tr>
<tr>
<td>Membership and dues</td>
<td>720</td>
<td>2,655</td>
<td>145</td>
<td>1,960</td>
<td>36,272</td>
<td>41,752</td>
<td></td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>115,020</td>
<td>223,918</td>
<td>20,523</td>
<td>73,885</td>
<td>264,657</td>
<td>698,303</td>
<td></td>
</tr>
</tbody>
</table>

Total Expenses | 1,852,911 | 962,077 | 588,526 | 2,747,149 | 2,656,156 | 8,806,819 |

Excess (Deficiency) Of Revenues Over Expenses  
$ (526,154) | $ (129,967) | $ (84,566) | $ (878,189) | $ 1,623,668 | $ 4,792 |

See the accompanying notes to financial statements.
1. Notes To Statement Of Revenues And Expenses (Unaudited)

Basis Of Presentation
The Statement of Revenues and Expenses of the Intercollegiate Athletics Department of Southeast Missouri State University (the University) is prepared in conformity with accounting principles generally accepted in the United States of America.

Contributions
There was no individual contribution of monies, goods or services from any affiliated or outside organization, agency, or individuals that constituted 10% or more of all contributions received for intercollegiate athletics during the year ended June 30, 2010.

Indirect Facilities And Administrative Support
General ground support, custodial support and maintenance for Houck, Rosengarten, and the University’s track is allocated as nonprogram specific indirect facilities and administrative support within the Statement of Revenues and Expenses, unless specifically identified as program-specific within a University work order.

Capital Assets
Physical properties are recorded at historical cost or, when donated, at fair market value at the date of gift. All financially significant building and infrastructure additions and improvements are capitalized if the life of the building is extended. Additionally, all purchases of equipment, furnishings, and other personal property with a useful life greater than one year and costing $1,000 or greater are capitalized. Depreciation is computed using the straight-line method, with a full-year expense in the year of acquisition and none in the year of disposal.
Capital assets are depreciated over the estimated useful lives as follows:

<table>
<thead>
<tr>
<th>Capital Assets</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and site improvements</td>
<td>10 to 50</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>10 to 50</td>
</tr>
<tr>
<td>Library books</td>
<td>30</td>
</tr>
<tr>
<td>Machinery and tools</td>
<td>5 to 20</td>
</tr>
<tr>
<td>Office equipment and furnishings</td>
<td>5 to 20</td>
</tr>
<tr>
<td>Scientific equipment and other</td>
<td>5 to 10</td>
</tr>
<tr>
<td>Computer hardware and software</td>
<td>4 to 5</td>
</tr>
<tr>
<td>Vehicles</td>
<td>4 to 6</td>
</tr>
</tbody>
</table>

When capital assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts.

The University does not specifically record capital assets at the Intercollegiate Athletics Department level.

**Debt**

As of June 30, 2010, the University did not have any outstanding debt related to the University's Intercollegiate Athletics.