



UNIVERSITY
OF OREGON

NCAA Agreed Upon Procedures Report

For the year ended June 30, 2009

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Mr. Richard Lariviere
President
University of Oregon
Eugene, Oregon

Oregon University System
Corvallis, Oregon

We have performed the procedures enumerated below, which were agreed to by the Oregon University System, solely to assist University of Oregon ("University") Intercollegiate Athletics Department ("Department") in complying with the NCAA Constitution Article 6.2.3 for the year ended June 30, 2009. The University is responsible for this Schedule of Revenues and Expenses ("Schedule") and the Schedule's compliance with NCAA Constitution Article 6.2.3. 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 management of the University. 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.

The procedures we performed and our findings are as follows:

Internal Control: Policies and Procedures Related to Department – Agreed Upon Procedures

1. We haphazardly selected a sample of four team travel expense reimbursement forms, from four different sports, that included team per diem meal reimbursements. We inspected the reimbursement forms to determine if financial management is monitoring expenses for compliance with established allowable expense guidelines. For the sample selected, we found that financial management is monitoring expenses for compliance with established allowable expense guidelines. No exceptions were identified.
2. We haphazardly selected a sample of two travel card statements from the department. We inspected the travel card statements to determine if financial management is monitoring expenses for compliance with established allowable expense guidelines. No exceptions were identified.

External Organizations – Agreed Upon Procedures

1. We obtained a listing from management of outside organizations that made contributions directly to the Department.

2. We confirmed with the sole outside organization to exceed 10% of total contributions reported in the Schedule, University of Oregon Foundation (Foundation), the total contributions made to the Department for the year ended June 30, 2009, and compared these to revenues reported by the Department in the Schedule. We found that the contributions confirmed by the Foundation agreed to amounts reported by the Department.
3. We obtained and read the audited financial statements for the Foundation for the year ended June 30, 2009. In addition, we inquired of officials at the Foundation and noted that they were not aware of any reports regarding matters related to internal control.
4. We confirmed the amount of expenses paid by the Foundation on behalf of the Department and compared the amounts to the revenues reported by the Department noting no differences.

Capital Assets, Additions and Improvements of Facilities

1. We obtained a listing of total intercollegiate athletics capitalized assets, additions and improvements of facilities summarized by type. We agreed the listing to the University's general ledger and the Schedule noting no differences.
2. We obtained the University's policies and procedures for acquiring, approving, depreciating and disposing of intercollegiate athletics-related assets and agreed significant aspects with the notes to the Schedule.
3. We selected significant capitalized additions made by the University during the reporting period (greater than 10% of total capital additions) and agreed the recorded cost of each selection to supporting documentation noting no differences.

Schedule of Revenues and Expenses – Agreed Upon Procedures

1. We obtained the Schedule prepared by management for the year ended June 30, 2009, which is attached to this report. We proved the arithmetical accuracy of the Schedule and compared the amounts in the Schedule to applicable accounts in the Department's general ledger and found them to be in agreement.
2. We compared revenues and expenses in the Schedule for the year ended June 30, 2009 to revenues and expenses in the Schedule for the year ended June 30, 2008. We obtained explanations from the University for all variances between current year and prior year revenues and expenses in excess of \$602,000 and 10% of their respective line items.
3. We compared revenues and expenses in the Schedule to budgeted amounts for the year ended June 30, 2009. We obtained explanations from the University for all variances between budget and actual revenues and expenses in excess of \$602,000 and 10% of their respective totals.

Minimum Procedures for Revenues and Expenses

1. We compared and agreed each operating revenue category reported in the Schedule during the reporting period to supporting schedules provided by the University and found them to be in agreement.

2. We haphazardly selected a sample of 5 athletic operating revenue receipts. We compared and agreed the sample items to supporting documentation and found them to be in agreement.
3. We compared each major revenue account to prior period amounts and budget estimates and obtained documented explanations from the University for any variation in excess of \$602,000 and 10% of their respective line items.
4. We compared revenue from tickets sold during the reporting period, complimentary tickets provided during the reporting period and unsold tickets to the related revenue reported by the University in the Schedule and the related attendance figures. No exceptions were noted.
5. We recalculated totals for tickets sold without exception.
6. We did not compare and agree student fees reported by the University in the Schedule to student enrollments during the same reporting period as student fees is not determined by student enrollment.
7. We obtained a description of the University's methodology for allocating student fees to intercollegiate athletics programs. We determined the methodology was consistently applied in the Schedule.
8. We recalculated totals for student fees without exception.
9. We haphazardly selected 5 settlement reports for away games during the reporting period and compared each selection to details supporting the University's general ledger and the Schedule. We found them to be in agreement.
10. We obtained and inspected a sample of 5 haphazardly selected contractual agreements pertaining to revenues recorded by the University from guaranteed contests during the reporting period. We found the revenue reported on the University's general ledger to be in agreement with the revenue agreed upon in the contracts.
11. We recalculated totals for away game guarantee revenues and away game sales without exception.
12. We compared direct state or other governmental support recorded by the University on the Schedule during the reporting period with state appropriations, institutional authorizations and/or other corroborative supporting documentation provided by the University without exception.
13. We recalculated direct state or other governmental support totals presented in the Schedule without exception.
14. We did not compare direct institutional support recorded by the University during the year ended June 30, 2009 with state appropriations, institutional authorizations and / or other corroborative supporting documentation, as none was reported in the Schedule.
15. We did not recalculate direct institutional support totals as none were recorded.
16. We did not compare indirect facilities and administrative support totals recorded by the University during the reporting period with state appropriations, University

authorizations and / or other corroborative supporting documentation as none was reported in the Schedule.

17. We did not recalculate indirect facilities and administrative support totals as none were reported in the Schedule.
18. We compared revenues from NCAA and Conference Distributions, including all tournament revenues, reported on the Schedule, to the University's general ledger. We found them to be in agreement.
19. We recalculated NCAA and Conference distributions (including tournament revenues) totals without exception.
20. We haphazardly selected 5 broadcast, television, radio and internet rights revenues transactions recorded on the University's general ledger and compared each selection to support provided by the University and to the Schedule. We found them to be in agreement.
21. We recalculated broadcast, television, radio and internet rights totals without exception.
22. We haphazardly selected 5 program sales, concessions, novelty sales and parking revenue transactions recorded on the University's general ledger and compared each selection to support provided by the University and to the Schedule. We found them to be in agreement.
23. We recalculated program sales, concessions, novelty sales, and parking total without exception.
24. We haphazardly selected 5 royalty, advertisement and sponsorship revenue transactions recorded on the University's general ledger and compared each selection to support provided by the University and to the Schedule. We found them to be in agreement.
25. We recalculated royalty, sponsorship and advertisement revenue totals without exception.
26. We obtained a listing of sports camp participants and haphazardly selected a sample of 5 individual camp participant cash receipts and agreed each selection to the University's general ledger without exception.
27. We recalculated sports camp revenue totals without exception.
28. We did not compare and agree the classification and use of endowment and investment income to the uses of income defined within the related endowment agreement because the endowment or investment income reported in the Schedule is interest income from the Oregon Treasury.
29. We recalculated endowment and investment income totals without exception.
30. We compared and agreed each operating expense category reported in the Schedule during the reporting period to supporting schedules provided by the University and found them to be in agreement.
31. We haphazardly selected a sample of 5 athletic operating expense invoices. We compared and agreed the sample to supporting documentation and found them to be in agreement.

32. We compared each major expense account to prior period amounts and budget estimates and obtained documented explanations from the University for any variation in excess of \$602,000 and 10% of their respective line items.
33. We recalculated totals for each major expense account reported in the Schedule without exception.
34. We haphazardly selected a sample of 5 student athletes from the listing of institutional student aid recipients during the reporting period. We obtained individual student account detail for each selection and compared total aid allocated from the related aid award letter to the student and found them to be in agreement.
35. We recalculated totals for athletic student aid presented in the Schedule without exception.
36. We obtained and inspected a haphazardly selected sample of 5 contractual agreements pertaining to expenses recorded by the University from guaranteed contests during the reporting period. We compared and agreed related amounts expensed by the University for contest guarantees to the University's general ledger and the Schedule. We found them to be in agreement.
37. We recalculated totals for away game sales and guarantees expense without exception.
38. We obtained a listing of coaching staff members and haphazardly selected a sample of 5 coaching contracts for inspection. We compared the terms of each contract to related W-2s and 1099s and agreed them to related coaching salary, benefits and bonuses expensed by the University in the general ledger and the Schedule. We found them to be in agreement.
39. We recalculated totals for coaching salaries, benefits and bonuses paid without exception.
40. We recalculated coaching salaries, benefits, and bonuses paid by a third party without exception.
41. We haphazardly selected a sample of 5 athletic support staff / administrative personnel employed by the institution and related parties during the reporting period. We compared related W-2s and 1099s to the related support staff / administrative salaries, benefits and bonuses paid by the institution and recorded as an expense by the institution in the Schedule during the reporting period. We found them to be in agreement.
42. We recalculated support staff / administrative salaries, benefits and bonuses paid by the institution and related entities reported in the Schedule without exception.
43. We agreed severance payments to the related termination letter and settlement agreement for the one payee within the Department. We found them to be in agreement.
44. We recalculated the total for severance payments without exception.
45. We haphazardly selected a sample of 5 equipment, uniform, and supplies expenses and compared each expense to supporting documentation provided by the University. We found them to be in agreement.
46. We recalculated totals for equipment, uniforms and supplies without exception.

47. We haphazardly selected a sample of 5 game related expenses and compared each expense to supporting documentation provided by the University and found them to be in agreement.
48. We recalculated totals for game expenses without exception.
49. We haphazardly selected a sample of 5 fundraising, marketing, or promotion expenses and compared each to supporting documentation provided by the University. We found them to be in agreement.
50. We recalculated totals for fundraising, marketing, and promotion expenses without exception.
51. We haphazardly selected a sample of 5 sports camp expenses and compared each expense to supporting documentation provided by the University. We found them to be in agreement.
52. We recalculated totals for sports camp expenses without exception.
53. We haphazardly selected a sample of 5 direct facilities, maintenance and rental expenses and agreed them to supporting documentation provided by the University without exception.
54. We recalculated totals for direct facilities, maintenance and rental expenses without exception.
55. We did not compare and agree indirect facilities and administrative support expenses reported by the University in the Schedule to the corresponding revenue category reported in the Schedule as none were reported.
56. We did not recalculate indirect facilities and administrative support totals as none were reported in the Schedule.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the presentation and compliance of the accompanying Schedule of Revenues and Expenses of University of Oregon. 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 management of the University, management of the Oregon University System, and authorized representatives of the NCAA and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams LLP

Eugene, Oregon
January 6, 2010

UNIVERSITY OF OREGON INTERCOLLEGIATE ATHLETICS DEPARTMENT

SCHEDULE OF REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2009 (Unaudited)

	Football	Men's Basketball	Women's Basketball	Other Sports Men	Other Sports Women	Non-Sport Specific	Total
REVENUES:							
Ticket Sales	\$ 12,183,061	\$ 2,168,962	\$ 236,454	\$ 463,385	\$ 44,009	\$ -	\$ 15,095,871
Student Incidental Fees	-	-	-	-	-	1,399,352	1,399,352
Guarantees	2,034,614	127,841	25,226	290,651	1,360	-	2,479,692
Contributions	42,591	2,862	3,591	165,201	13,798	17,217,918	17,445,961
Compensation & Benefits Provided by Third Party	30,000	8,500	8,500	17,000	34,500	21,250	119,750
Sports Lottery Proceeds	-	-	-	-	-	1,398,093	1,398,093
NCAA/Conference Distributions	-	-	-	-	-	9,660,013	9,660,013
Tournament Revenue	692,690	-	-	54,694	56,586	-	803,970
Broadcast, Television, Radio & Internet Rights	-	-	-	-	-	3,326,846	3,326,846
Program Sales, Concessions, Novelty Sales & Parking	11,540	20	-	18,420	-	3,108,954	3,138,934
Royalties, Licensing, Advertising & Sponsorship	-	-	1,167	-	18,000	710,000	729,167
Sports Camp Revenue	142,719	127,476	13,347	132,225	317,690	-	733,457
Endowment & Investment Income	31,168	-	-	9,949	-	60,966	102,083
Other Revenue	107,068	11,472	1,963	-	-	2,495,554	2,616,057
Total Revenues	15,275,451	2,447,133	290,248	1,151,525	485,943	39,398,946	59,049,246
EXPENSES:							
Athletic Student Financial Aid	2,600,358	469,780	480,654	1,182,732	2,709,025	137,392	7,579,941
Guarantees	1,235,000	372,703	21,500	85,497	45,582	-	1,760,282
Coaching Salaries, Benefits & Bonuses Paid by the University and Related Parties	5,016,796	2,073,547	1,010,849	2,171,574	1,629,904	-	11,902,670
Coaching Other Compensation and Benefits Paid by a Third-Party	30,000	8,500	8,500	17,000	34,500	-	98,500
Support Staff/Administrative Salaries, Benefits & Bonuses Paid by the University & Related Entities	211,469	3,191	61,472	160,598	161,224	10,795,146	11,393,100
Support Staff/Administrative Compensation & Benefits Paid by a Third-Party	-	-	-	-	-	21,250	21,250
Severance Payments	-	-	-	-	-	287,018	287,018
Recruiting	642,580	160,464	73,731	145,041	231,887	-	1,253,703
Team Travel	1,928,655	380,514	271,144	593,990	999,150	-	4,173,453
Equipment, Uniforms & Supplies	210,772	36,639	10,471	100,359	104,467	-	462,708
Game Expenses	2,389,256	555,741	332,773	264,826	208,934	3,215	3,754,745
Fund Raising, Marketing & Promotions	275,191	87,045	59,504	244,401	274,057	2,197,296	3,137,494
Sports Camp Expenses	228,480	140,013	12,256	120,498	326,147	-	827,394
Direct Facilities, Maintenance & Rental	2,494	2,910	239	19,763	1,133	5,816,173	5,842,712
Spirit Groups	-	-	-	-	-	238,616	238,616
Medical Expenses & Medical Insurance	183,190	13,846	6,941	19,927	25,016	608,732	857,652
Memberships & Dues	300	725	433	1,157	2,745	694,776	700,136
Other Operating Expenses	939,880	205,059	106,164	217,101	268,785	4,220,366	5,957,355
Total Expenses	15,894,421	4,510,677	2,456,631	5,344,464	7,022,556	25,019,980	60,248,729
Excess (deficiency) of operating revenues over expenses before depreciation	(618,970)	(2,063,544)	(2,166,383)	(4,192,939)	(6,536,613)	14,378,966	(1,199,483)
Depreciation expense	-	-	-	-	-	(4,927,759)	(4,927,759)
Excess (deficiency) of operating revenues over expenses after depreciation	\$ (618,970)	\$ (2,063,544)	\$ (2,166,383)	\$ (4,192,939)	\$ (6,536,613)	\$ 9,451,207	\$ (6,127,242)
Other Support and transfers to other funds							
Foundation support for outside vendors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,648,020	\$ 1,648,020
Gift-in-kind trade outs	-	-	-	-	-	109,022	109,022
Foundation support for outside vendors	-	-	-	-	-	(1,648,020)	(1,648,020)
Gift-in-kind trade outs	-	-	-	-	-	(109,022)	(109,022)
Transfers in from Other Funds	-	-	-	-	-	531	531

See notes to Schedule of Revenue and Expenses

**UNIVERSITY OF OREGON INTERCOLLEGIATE
ATHLETICS DEPARTMENT
NOTES TO SCHEDULE OF REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2009 (Unaudited)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of revenues and expenses has been prepared on the accrual basis of accounting.

2. NET OPERATING LOSS

As with nearly all sectors of private and public industry, UO Athletics was negatively affected by the recent and ongoing downturn in the national economy. The Net Operating Loss shown on these financial statements is reflective of that. At June 30, 2009, nearly \$2.2 million in pledges made to the Duck Athletic Fund, a component of the UO Foundation, remained outstanding. In prior years, these pledges were realized in a more timely manner and the cash transferred to UO Athletics prior to year-end. Due to the weakened economy, the cash for all of the pledges had not been received prior to year end, but was in-hand at the UO Foundation prior to August 31, 2009, and was transferred to UO Athletics in October, 2009. This timing difference related to pledge fulfillment was both unprecedented and unanticipated. It should be noted that other institutional funds were not and will not be used to alleviate the Net Operating Loss on the books at June 30, 2009.

3. CONTRIBUTIONS

Contributions received by the Department that constituted more than 10% of all contributions were made by the University of Oregon Foundation in the amount of \$16,032,743. Payments made on behalf of the Department by the Foundation and in-kind gifts totaled \$1,648,020 and \$109,022 respectively.

4. CAPITALIZATION OF ASSETS

The Department capitalizes individual assets that exceed \$5,000 if the life expectancy is greater than one year. The Department uses straight-line depreciation with zero salvage value and a useful life is determined for each asset.

5. CHANGES TO PLANT FUNDS

The following summarizes the changes to the various plant construction funds managed by the Department during the year ended June 30, 2009:

Fund Balance as of July 1, 2008	\$ 1,070,015
Revenues and transfers in	3,452
Expenses and transfers out	<u>1,031,709</u>
Fund Balance as of June 30, 2009	<u>\$ 41,758</u>

Additional changes in the capitalized value of plant construction funds managed outside of the Department during the year ended June 30, 2009:

Matt Knight Basketball Arena	\$ 36,043,051
PK Park Baseball Field	\$ 7,824,951
Hayward Field Track	\$ 15,535