

December 14, 2012

Dr. Michael R. Gottfredson, President  
University of Oregon  
110 Johnson Hall  
Eugene, Oregon 97403

Patricia Snopkowski, Internal Audit Director – OUS  
P.O. Box 488  
Corvallis, Oregon 97339-0488

Dear Dr. Gottfredson and Ms. Snopkowski:

We are pleased to provide you with the enclosed final copies of the National Collegiate Athletic Association agreed upon procedures performed for the year ended June 30, 2012. This engagement was conducted solely to assist the University of Oregon in complying with NCAA Constitution Article 3.2.4.

I have included five copies of the report and would request that those individuals listed below as carbon copies be forwarded copies of the report.

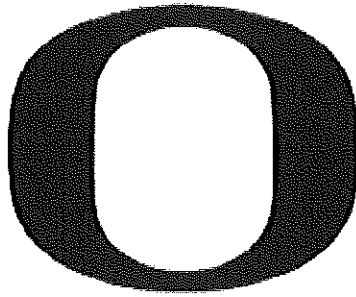
We enjoyed working with your institution and appreciated the professionalism and courtesy of your employees.

Kind Regards,

Scott Simpson



CC: Randy Geller  
Jamie Moffitt  
Rob Mullens  
Eric Roedl  
Mary Ellen Mansfield



UNIVERSITY  
OF OREGON

NCAA Agreed Upon Procedures Report

For the year ended June 30, 2012

## **REPORT OF INDEPENDENT ACCOUNTANTS ON APPLYING AGREED-UPON PROCEDURES**

Dr. Michael R. Gottfredson  
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 3.2.4 for the year ended June 30, 2012. The University is responsible for the Schedule of Revenues and Expenses ("Schedule") and the Schedule's compliance with NCAA Constitution Article 3.2.4. 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 4 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 2 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, 2012, and compared these to revenues recorded by

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the Department in the general ledger. We found contributions confirmed by the Foundation reconciled to amounts recorded by the Department.

3. We obtained and read the audited financial statements for the Foundation for the year ended June 30, 2012. We noted no material weaknesses in the audited financial statements requiring disclosure in the notes to the Schedule.
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 dollar amount of total capitalized assets on 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 compared the policies to the notes of the Schedule. We found them to be in agreement.
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 provided by the University noting no differences.

### **Schedule of Revenues and Expenses – Agreed Upon Procedures**

1. We obtained the Schedule for intercollegiate athletics prepared by management for the year ended June 30, 2012, 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 total revenues and total expenses in the Schedule for the year ended June 30, 2012 to total revenues and total expenses in the Schedule for the year ended June 30, 2011. We obtained explanations from the University for all significant variances between current year and prior year total revenues and total expenses.
3. We compared revenues and expenses in the Schedule to budgeted amounts for the year ended June 30, 2012. We obtained explanations from the University for all significant variances between budget and actual revenues and expenses in excess of \$500,000 and 15% 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 the sample items to supporting documentation provided by the University. We found them to be in agreement.

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3. We compared each major revenue account to prior period amounts and budget estimates and obtained documented explanations from the University for any significant variation.
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. We found them to be in agreement.
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 are not determined by student enrollment in the same reporting period.
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 haphazardly selected 5 contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period. We compared each selection to details supporting the University's general ledger and/or the Schedule. We found them to be in agreement.
11. We recalculated totals for away game guarantee revenues and away game sales without exception.
12. We did not compare 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 as none was reported in the Schedule.
13. We did not recalculate direct state or other governmental support totals as none were reported in the Schedule.
14. We did not compare direct institutional 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 as none was reported in the Schedule.
15. We did not recalculate direct institutional support totals as none were reported in the Schedule.
16. We did not compare indirect facilities and administrative support totals recorded by the University on the Schedule 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.

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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 distribution (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 totals without exception.
24. We haphazardly selected 5 royalties, advertisements and sponsorships 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 royalties, advertisements, and sponsorships 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 compared each selection to the University's general ledger. We found them to be in agreement.
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 reported in the Schedule during the reporting period 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 each operating expense category reported in the Schedule during the reporting period to supporting schedules provided by the University. We found them to be in agreement.
31. We haphazardly selected a sample of 5 athletic operating expense transactions. We compared the sample to supporting documentation provided by the University. We 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 significant variation.
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. We found them to be in agreement.
35. We recalculated totals for athletic student aid totals without exception.

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36. We haphazardly selected a 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 game guarantees expense without exception.
38. We obtained a listing of coaches' employed by the University during the reporting period and haphazardly selected a sample of 5 coaches' contracts for inspection including at least one from selection from football, men's basketball and women's basketball. We compared the financial terms and conditions 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 University during the reporting period. We compared related W-2s and 1099s to the related support staff / administrative salaries, benefits and bonuses paid by the University and recorded as an expense by the University in the Schedule during the reporting period. We found them to be in agreement.
42. We recalculated athletic support staff / administrative salaries, benefits and bonuses paid without exception.
43. We compared severance payments made during the reporting period to the related termination letters or employment contract provided by the University for the 2 recipients identified by the Department. We found them to be in agreement.
44. We recalculated totals 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, uniform 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. We 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.

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- 53. We haphazardly selected a sample of 5 direct facilities, maintenance and rental expenses and compared them to supporting documentation provided by the University. We found them to be in agreement.
- 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  
December 14, 2012



## EXHIBIT A

## UNIVERSITY OF OREGON INTERCOLLEGIATE ATHLETICS DEPARTMENT

SCHEDULE OF REVENUES AND EXPENSES  
YEAR ENDED JUNE 30, 2012 (Unaudited)

	Football	Men's Basketball	Women's Basketball	Other Sports Men	Other Sports Women	Non-Sport Specific	Total
<b>REVENUES:</b>							
Ticket Sales	\$ 19,431,447	\$ 2,961,486	\$ 204,623	\$ 529,144	\$ 219,975	\$ 2,967	\$ 23,349,642
Student Incidental Fees	-	-	-	-	-	1,524,044	1,524,044
Guarantees	2,100,000	56,537	-	16,204	-	-	2,172,741
Contributions	14,484,661	1,110,900	-	147,157	2,584	16,642,334	32,387,616
Compensation and Benefits Provided by a Third Party	31,000	8,500	8,500	19,000	39,000	22,000	128,000
Sports Lottery Proceeds	-	-	-	-	-	951,816	951,816
NCAA/Conference Distributions Including All Tournament Revenues	11,101,101	3,011,471	-	-	1,800	866,628	14,981,000
Broadcast, Television, Radio & Internet Rights	-	-	-	-	-	278,362	278,362
Program Sales, Concessions, Novelty Sales & Parking	1,843,075	562,734	73,707	368,581	113,828	1,888,135	4,850,060
Royalties, Licensing, Advertising & Sponsorship	24,353	-	-	-	18,000	8,151,396	8,193,749
Sports Camp Revenue	213,557	93,025	7,637	237,031	402,840	35,310	989,400
Endowment & Investment Income	34,977	-	-	3,896	-	107,473	146,346
Other Revenue	2,688,561	345,621	51,242	169,403	4,110	1,424,115	4,683,052
Total Revenues	51,952,732	8,150,274	345,709	1,490,416	802,117	31,894,580	94,635,828
<b>EXPENSES:</b>							
Athletics Student Financial Aid	3,193,209	504,116	584,917	1,267,567	3,632,432	179,237	9,361,478
Guarantees	3,093,972	662,645	116,300	44,071	37,985	-	3,954,973
Coaching Salaries, Benefits & Bonuses Paid by the University and Related Parties	7,863,103	3,014,782	1,402,386	2,349,316	2,826,704	-	17,456,291
Coaching Other Compensation and Benefits Paid by a Third-Party	31,000	8,500	8,500	19,000	39,000	-	108,000
Support Staff/Administrative Salaries, Benefits & Bonuses Paid by the University & Related Entities	254,315	84,448	30,940	36,603	67,412	12,946,039	13,419,757
Support Staff/Administrative Other Compensation and Benefits Paid by a Third-Party	-	-	-	-	-	22,000	22,000
Recruiting	606,918	287,390	92,834	129,328	223,131	-	1,339,601
Team Travel	1,180,623	522,452	258,331	790,592	1,338,005	-	4,090,003
Equipment, Uniforms & Supplies	893,880	39,161	20,324	104,342	142,696	-	1,200,403
Game Expenses	1,406,671	439,933	155,693	99,961	112,296	-	2,214,554
Fund Raising, Marketing & Promotions	35,981	22,529	8,631	71,792	26,213	1,093,527	1,258,673
Sports Camp Expenses	49,024	134,371	21,013	194,260	286,933	391,771	1,077,372
Direct Facilities, Maintenance & Rental	310,796	31,398	17,279	125,949	35,890	23,906,749	24,428,061
Spirit Groups	-	-	-	-	-	205,906	205,906
Medical Expenses & Medical Insurance	198,273	25,495	22,658	58,078	77,934	712,074	1,094,512
Memberships & Dues	630	1,155	640	6,365	8,116	61,587	78,493
Other Operating Expenses	1,402,115	236,061	138,055	287,883	444,931	5,892,229	8,401,274
Total Expenses	20,520,510	6,014,436	2,878,501	5,585,107	9,299,678	45,411,119	89,709,351
Excess (deficiency) of operating revenues over expenses before depreciation	31,432,222	2,135,838	(2,532,792)	(4,094,691)	(8,497,561)	(13,516,539)	4,926,477
Depreciation expense	-	-	-	-	-	(11,094,429)	(11,094,429)
Excess (deficiency) of operating revenues over expenses after depreciation	\$ 31,432,222	\$ 2,135,838	\$ (2,532,792)	\$ (4,094,691)	\$ (8,497,561)	\$ (24,610,968)	\$ (6,167,952)
<b>Other Support and transfers to other funds</b>							
Foundation support for outside vendors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,753,534	\$ 1,753,534
Gift-In-kind trade outs	-	-	-	-	-	975,151	975,151
Foundation support for outside vendors	-	-	-	-	-	(1,753,534)	(1,753,534)
Gift-In-kind trade outs	-	-	-	-	-	(975,151)	(975,151)

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, 2012 (Unaudited)**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**2. 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 \$30,689,328. Payments made on behalf of the Department by the Foundation and in-kind gifts totaled \$1,753,534 and \$975,151, respectively.

**3. 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.

**4. SPORTS CAMPS**

The Department segregates sports camp activity into a separate fund delineated for individual team fund raising. The majority of the activity in this fund is revenue and expenses related to sport camps, (i.e. receipts from participants, payments for participant housing or equipment), however, teams are allowed to spend the profits from their camps on team equipment or activities as a supplement to their departmental budget. Therefore, a small amount of team expenses may end up in the sport camp category.

**5. CHANGES TO CAPITALIZED ASSETS**

Additions to the capitalized value of funds managed outside of the Department during the year ended June 30, 2012:

Autzen Stadium	\$ 230
Len Casanova Athletic Center (Pittman Room)	\$ 149,998
Matt Knight Basketball Arena	\$ 2,490,963
PK Park Baseball Field	\$ 440,041
Hayward Field	\$ 34,199
Pape Fields	\$ 1,106,192
Casanova Center (North Site Utilities)	\$ 3,012,553