



UNIVERSITY
OF OREGON

NCAA Agreed Upon Procedures Report

For the year ended June 30, 2015

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

Michael H. Schill
President
University of Oregon
Eugene, Oregon

We have performed the procedures enumerated below, which were agreed to by the University of Oregon solely to assist University of Oregon ("University") Athletic Department ("Department") in complying with the NCAA Bylaw 3.2.4.15 for the year ended June 30, 2015 ("Reporting Period"). The University is responsible for the Schedule of Athletic Department Revenues and Expenses ("Schedule") and the Schedule's compliance with NCAA Bylaw 3.2.4.15. 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:

Minimum Agreed-upon Procedures for Affiliated and Outside Organizations:

1. We obtained from the University a listing of affiliated, outside organizations, agencies or individuals (not under the University's accounting control, as defined in the Manual) that made contributions directly to the University's Athletic Department during the reporting period.
2. We understand the University of Oregon Foundation ("Foundation") is the sole outside organization exceeding 10% of total contributions reported in the Schedule. We compared the contributions made to the Department for the Reporting Period to supporting documentation. We found them to be in agreement.
3. We obtained the Foundation's audited financial statements and any reports to management regarding matters related to the internal control structure for the year ended June 30, 2015 to determine if there are material weaknesses identified which would need to be disclosed in the notes to the Schedule of Athletic Department Revenues and Expenses. The Foundation had no material weaknesses reported.
4. We obtained 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.



Notes and Disclosures included in the Schedule of Revenues and Expenses for the Athletic Department:

1. We read the notes and disclosures included in the Schedule and noted that Foundation contributions of moneys, goods or services to the Department are disclosed.
2. We noted that the source of contributed funds, goods and services along with the value associated with those items are disclosed in the Schedule.
3. We obtained the University's policies and procedures during the Reporting Period for acquiring, approving, depreciating and disposing of the Department's related assets and noted that a description of these policies and procedures is disclosed in the notes to the Schedule.
4. We obtained from the University a listing of the total Department capitalized assets, additions and improvements of facilities by type during the Reporting Period. We compared the dollar amount of total capitalized assets on this listing to the University's general ledger. We found them to be in agreement.
5. We obtained from the University a listing of the repayment schedules for all Department debt maintained by the University for the year ended June 30, 2015. We recalculated the annual principal and interest maturities within the listing and compared total annual maturities to supporting documentation and the University's general ledger. We found them to be in agreement.
6. We noted that the repayment schedules are disclosed in the notes to the Schedule.

Minimum Agreed-upon procedures for Revenues

- **General Ledger**
 1. We obtained the Schedule for the Reporting Period and noted that the amounts reported on the Schedule agree to the University's general ledger.
 2. We compared each operating revenue category greater than .5% of total revenues reported in the Schedule during the Reporting Period to supporting schedules provided by the University. We found them to be in agreement.
 3. We haphazardly selected a sample of 5 operating revenue receipts from the operating revenue supporting schedules obtained above and compared the selected operating revenue receipts to supporting documentation provided by the University. We found them to be in agreement.
 4. We compared each major revenue account over 10% of the total revenues to prior period amounts and budget estimates and obtained documented explanations from the University for any significant variation over the lesser of \$1M or 10%. We noted the variations were primarily the result of the following items: the change in the reporting structure, a one-time non-cash gift of the Hatfield Downlin Complex facility totaling approximately \$95 million received in the prior Reporting Period, and conference distributions related to media rights exceeding budget.

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- **Ticket Sales**

1. 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 for football, men's basketball and women's basketball. We found them to be in agreement.
2. We recalculated totals for tickets sold without exception.

- **Student Fees**

1. 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.
2. We obtained a description of the University's methodology for allocating student fees to intercollegiate athletics programs. The Department does not allocate these fees to sport programs, but recognizes them all centrally as non-program specific.
3. We recalculated totals for student fees without exception.
4. We recalculated the total student fees that are allocated and counted as generated revenue within the Schedule. We recalculated the mathematical accuracy of the fee allocations and compared the totals to supporting documentation such as seat manifests, ticket sales reports and student fee totals without exception.

- **Direct State and Other Government Support**

1. 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.
2. We did not recalculate direct state or other governmental support totals as none were reported in the Schedule.

- **Direct Institutional Support**

1. 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.
2. We did not recalculate direct institutional support totals as none were reported in the Schedule.

- **Transfers Back to Institution**

1. We compared transfers back to the University with permanent transfers back to the University from the Athletics Department. We found them to be in agreement.
2. We recalculated totals for transfers back to the institution without exception.

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- **Indirect Institutional Support**

1. We did not compare indirect institutional support recorded by the University on the Schedule during the Reporting Period expense payments and cost allocation detail provided by the University as none was reported in the Schedule.
2. We did not recalculate indirect institutional support totals as none were reported in the Schedule.

- **Guarantees**

1. We haphazardly selected a sample of 5 settlement reports for away games during the Reporting Period and agreed each selection to the University's general ledger and the Schedule. We found them to be in agreement.
2. We haphazardly selected a sample of 5 contractual agreements pertaining to revenues derived from guaranteed contests during the Reporting Period. We compared each selection to the University's general ledger and/or the Schedule of Revenues and Expenses. We found them to be in agreement
3. We recalculated totals for away game sales and guarantees without exception.

- **Contributions**

1. There were no contributions of moneys, goods or services received directly by an intercollegiate athletics department program from any affiliated or outside organization, agency or group of individuals (two or more) not already included with those contributions identified under Affiliated and Outside Organizations above that constitutes 10 percent or more of all contributions received for the athletics department during the reporting period. As such, we did not obtain and agree contributions from parties other than the Foundation to supporting documentation provided by the University.

- **In-Kind Donation Revenue**

1. We compared in-kind donation revenue recorded by the University during the Reporting Period with a schedule of in-kind donations provided by the Department. We found them to be in agreement.
2. We recalculated the in-kind donation contribution revenue totals without exception.

- **Compensation and Benefits Provided by a Third Party**

1. We obtained the Summary of Revenues from affiliated and outside organizations (the "Summary") as of June 30, 2015 from the University and haphazardly selected a sample of 5 transactions to agree to the University's general ledger. We found them to be in agreement.
2. We recalculated the Summary totals without exception.
3. The third party, Nike, was audited by independent auditors, and as such, we obtained the related independent auditor's report.

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- **Media Rights**

1. We haphazardly selected a sample of 5 media rights agreements (broadcast, television, and radio) received by the University or through their conference offices from the general ledger during the Reporting Period and obtained and inspected the media rights agreements.
2. We compared the media rights revenues recorded in the Schedule to a summary statement of all media rights identified by the University and to the University's general ledger. We found them to be in agreement.
3. We recalculated the media rights revenue totals without exception.

- **NCAA Distributions**

1. We compared amounts recorded in the revenue and expense reporting to the University's general ledger detail for NCAA Distributions recorded in the Schedule. We found them to be in agreement.
2. We recalculated the NCAA Distributions total without exception.

- **Conference Distributions**

1. We haphazardly selected a sample of 5 of the University's conference distributions and participation in revenues from tournaments from the general ledger during the Reporting Period and obtained and inspected the related conference distribution agreements. We found them to be in agreement.
2. We compared revenues from Conference Distributions, including all tournament revenues, reported on the Schedule, to the University's general ledger. We found them to be in agreement.
3. We recalculated conference distributions (including all tournament revenues) totals without exception.

- **Program Sales, Concessions, Novelty Sales and Parking**

1. We compared the amount recorded as Program Sales, Concessions, Novelty Sales and Parking revenue on the Schedule for the Reporting Period to the amount recorded within the University's general ledger. We found them to be in agreement.
2. We recalculated program sales, concessions, novelty sales, and parking totals without exception.

- **Royalties, Licensing, Advertisements, and Sponsorships**

1. We obtained and inspected agreements related to the University's participation in revenues from royalties, licensing, advertisements and sponsorships during the Reporting Period.
2. We compared royalties, licensing, advertisement, and sponsorship revenues from the Schedule to the amounts recorded on the University's general ledger. We found them to be in agreement.
3. We recalculated royalties, licensing, advertisements, and sponsorships totals without exception.

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- **Sports Camp Revenues**

1. 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. We found them to be in agreement.
2. For the 5 selections, we obtained and inspected the sports-camp contracts between the University and the individuals conducting the sports-camp during the Reporting Period. We found them to be in agreement.
3. We recalculated sports-camp revenue totals without exception.

- **Athletics Restricted Endowment and Investment Income**

1. We compared 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. We found them to be in agreement.
2. We recalculated endowment and investment income totals without exception.

Minimum Agreed-upon procedures for Expenses

1. We compared and agreed each expense category greater than .5% of total expenses reported in the Schedule during the Reporting Period to supporting schedules provided by the University. We found them to be in agreement.
2. We haphazardly selected a sample of 5 operating expense receipts obtained from the expense supporting schedules obtained above and compared to supporting documentation provided by the University. We found them to be in agreement.
3. We compared each major expense account to prior period amounts and budget estimates. We obtained documented explanations from the University for any significant variation over the lesser of \$1M or 10%. We noted the variations were primarily the result of the following items: the change in the reporting structure and budgeting for cash needs.

- **Athletic Student Aid**

1. We haphazardly selected a sample of no less than 10% of the total student athletes (39 selections) 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. For each student athlete selected, we noted their information was submitted within the NCAA Compliance Assistant software or entered directly into the NCAA Membership Financial Reporting System based upon NCAA prescribed criteria as defined in the 2015 NCAA Agreed Upon Procedures Manual (pages 39 through 40).
2. We recalculated totals for athletic student aid by sport and overall without exception.

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Guarantees

1. We obtained and inspected the visiting institution's away-game settlement reports received by the University during the Reporting Period and agreed the related expenses to the University's general ledger and the Schedule. We found them to be in agreement.
2. We haphazardly selected a sample of 5 contractual agreements pertaining to expenses recorded by the University from guaranteed contests during the Reporting Period. We obtained and inspected these contractual agreements. 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.
3. We recalculated totals for away game sales and guarantees without exception.

- **Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities**

1. We obtained a listing of coaches employed by the University and related entities during the Reporting Period. We haphazardly selected a sample of 5 coaches' contracts that included football, and men's and women's basketball.
2. We compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the University and related entities in the Schedule during the Reporting Period. We found them to be in agreement.
3. We compared and agreed related W-2's, 1099's, or similar IRS reporting forms to the related coaching salaries, benefits and bonuses paid by the University and related entities expense recorded by the University in the Schedule during the reporting period. We found them to be in agreement.
4. We recalculated totals for coaching salaries, benefits, and bonuses paid by the University without exception.

- **Coaching Other Compensation and Benefits Paid by a Third Party**

1. We obtained a listing of coaches employed by third parties during the Reporting Period. We haphazardly selected a sample of 5 coaches employed by a third party and compared and agreed the financial terms and conditions of each coach selected employed by a third party to the related coaching and other compensation and benefits paid by a third party and recorded by the University in the Schedule during the Reporting Period. We obtained and inspected the related W-2s', 1099s', etc. for each of the 5 selected coaches employed by a third party and compared these to other compensation and benefits paid by third party expenses as recorded by the University in the Schedule during the Reporting Period. We found them to be in agreement.
2. We recalculated coaching compensation and benefits paid by a third party without exception.

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- **Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities**

1. We haphazardly selected a sample of 5 support staff/administrative personnel employed by the University and related parties during the Reporting Period. We compared and agreed related W-2s', 1099s', etc. 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.
2. We recalculated support staff/administrative salaries, benefits and bonuses paid by the University and related entities without exception.

- **Support Staff/Administrative Other Compensation and Benefits Paid by a Third Party**

1. We obtained a listing of support staff/administrative personnel employed by third parties during the Reporting Period. We haphazardly selected a sample of 5 support staff/administrative personnel employed by a third party and compared and agreed the financial terms and conditions of each support staff/administrative personnel selected employed by a third party to the related compensation and benefits paid by a third party and recorded by the University in the Schedule during the Reporting Period. We obtained and inspected the related W-2s', 1099s', etc. for each of the 5 selected support staff/administrative personnel employed by a third party and compared these to other compensation and benefits paid by a third party expenses as recorded by the University in the Schedule during the Reporting Period. We found them to be in agreement.
2. We recalculated support staff/administrative personnel compensation and benefits paid by a third party without exception.

- **Severance Payments**

1. We compared severance payments made during the Reporting Period to the related termination letter or employment contract provided by the University for the 3 recipients identified by the Department. We found them to be in agreement.
2. We recalculated severance payment totals without exception.

- **Recruiting Expenses**

1. We obtained the University's recruiting expense policies. We compared these policies and agreed them to the existing University- and NCAA - related policies. We found them to be in agreement.
2. We compared recruiting expenses for the Reporting Period on the Schedule to amounts recorded in the University's general ledger. We found them to be in agreement.

- **Team Travel**

1. We obtained the University's team travel expense policies. We compared these policies and agreed them to the existing University and NCAA - related policies. We found them to be in agreement.
2. We compared team travel expenses for the Reporting Period on the Schedule to amounts recorded in the University's general ledger. We found them to be in agreement.

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- **Equipment, Uniforms, and Supplies**

1. We compared amounts reported for equipment, uniforms and supplies in the Schedule during the Reporting Period to the general ledger detail provided by the University. We found them to be in agreement.
2. We haphazardly selected a sample of 5 equipment, uniform, and supplies expenses and agreed each expense to supporting documentation provided by the University. We found them to be in agreement.
3. We recalculated totals for equipment, uniforms and supplies without exception.

- **Game Expenses**

1. We compared amounts reported for game expenses in the Schedule during the Reporting Period to the general ledger detail provided by the University. We found them to be in agreement.
2. We haphazardly selected a sample of 5 game related expenses and agreed each expense to supporting documentation provided by the University. We found them to be in agreement.
3. We recalculated totals for game expenses without exception.

- **Fundraising, Marketing and Promotion**

1. We compared amounts reported for fundraising, marketing and promotion in the Schedule during the Reporting Period to the general ledger detail provided by the University. We found them to be in agreement.
2. We haphazardly selected a sample of 5 fundraising, marketing, or promotion expenses and agreed each to supporting documentation provided by the University. We found them to be in agreement.
3. We recalculated totals for fundraising, marketing, and promotion expenses without exception.

- **Sport Camp Expenses**

1. We compared amounts reported for sport camp expenses in the Schedule during the Reporting Period to the general ledger detail provided by the University. We found them to be in agreement.
2. We haphazardly selected a sample of 5 sports camp expenses and agreed each to supporting documentation provided by the University. We found them to be in agreement.
3. We recalculated totals for sports camp expenses without exception.

- **Spirit Groups**

1. We compared amounts reported for spirit groups in the Schedule during the Reporting Period to the general ledger detail provided by the University. We found them to be in agreement.
2. We haphazardly selected a sample of 5 spirit group expenses and agreed each to supporting documentation provided by the University. We found them to be in agreement.
3. We recalculated totals for spirit group expenses without exception.

- **Athletic Facility Debt Service, Leases and Rental Fees**

1. We obtained a listing of debt service schedules, lease payments, and rental fees for athletics facilities for the Reporting Period. We haphazardly selected 5 debt service charges and compared these to supporting documentation provided by the University. We found them to be in agreement.
2. We compared athletic facility debt service, lease payments and rent fees recorded in the Schedule during the Reporting Period to the general ledger detail provided by the University. We found them to be in agreement.
3. We recalculated athletic facility debt service, lease payments and rental fees without exception.

- **Direct and Overhead Administrative Expenses**

1. We obtained the general ledger detail for direct overhead and administrative expenses provided by the University and compared the amounts to the expenses recorded during the Reporting Period in the Schedule. We found them to be in agreement.
2. We haphazardly selected 5 direct and overhead administrative expenses and compared these to supporting documentation provided by the University. We found them to be in agreement.
3. We recalculated totals for direct overhead and administrative expenses without exception.

- **Medical Expenses and Medical Insurance**

1. We obtained the University's general ledger detail for medical expenses and medical insurance and compared the amount to the expenses recorded during the Reporting Period in the Schedule. We found them to be in agreement.
2. We haphazardly selected a sample of 5 medical expenses and medical insurance premium expenses for student athletes and agreed each to supporting documentation provided by the University. We found them to be in agreement.
3. We recalculated totals for medical expenses and medical insurance premium expenses without exception.

- **Memberships and Dues**

1. We obtained the general ledger detail for memberships and dues provided by the University and compared the amount to the expenses recorded during the Reporting Period in the Schedule. We found them to be in agreement.
2. We haphazardly selected a sample of 5 membership and dues expenses and agreed each to supporting documentation provided by the University. We found them to be in agreement.
3. We recalculated totals for membership and dues expenses without exception.

- **Other Operating Expenses and Transfers to Institution**

1. We haphazardly selected a sample of 5 other operating expenses, including transfers to the University during the Reporting Period and agreed each to supporting documentation provided by the University. We found them to be in agreement.

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2. We recalculated totals for other operating expenses including transfers to the University without exception.
- **NCAA Membership Financial Reporting System:**
 1. We compared and agreed the sports sponsored as reported in the NCAA Membership Financial Reporting System during the Reporting Period to the squad lists of the University. We found them to be in agreement.

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 the University. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the University 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 14, 2016

EXHIBIT A

UNIVERSITY OF OREGON ATHLETICS DEPARTMENT

SCHEDULE OF REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2015 (Unaudited)

	Football	Men's Basketball	Women's Basketball	Other Sports Men	Other Sports Women	Non-Sport Specific	Total
REVENUES:							
Ticket Sales	\$ 22,897,952	\$ 2,228,109	\$ 135,491	\$ 388,240	\$ 199,097	\$ -	\$ 25,848,889
Sports Lottery Proceeds	-	-	-	-	-	440,000	440,000
Less - Transfers to the Institution	-	-	-	-	-	(197,428)	(197,428)
Student Incidental Fees	-	-	-	-	-	1,766,553	1,766,553
Guarantees	-	-	-	15,283	1,000	-	16,283
Contributions	12,519,745	1,245,000	-	313,900	115,697	12,653,322	26,847,664
In-kind Contributions	-	-	-	-	-	189,849	189,849
Compensation and Benefits Provided by a Third Party	45,000	13,000	13,000	27,000	55,500	28,000	181,500
Media Rights	15,913,700	2,808,300	-	-	-	827,381	19,549,381
NCAA Distributions	-	-	-	-	-	1,816,074	1,816,074
Conference Distributions	3,136,685	910,113	-	-	-	735,698	4,782,496
Program Sales, Concessions, Novelty Sales & Parking	3,435,493	465,857	56,560	438,093	255,298	1,079,918	5,731,219
Royalties, Licensing, Advertising & Sponsorship	541,000	140,000	114,000	406,000	603,935	8,486,222	10,291,157
Sports Camp Revenue	203,172	274,257	57,310	228,807	707,565	25,763	1,496,874
Endowment & Investment Income	13,705	-	-	18,522	-	217,516	249,743
Other Revenue	2,295,443	236,301	13,645	82,931	28,947	4,034,003	6,691,270
Total Revenues	61,001,895	8,320,937	390,006	1,918,776	1,967,039	32,102,871	105,701,524
EXPENSES:							
Athletics Student Financial Aid	3,582,508	453,110	518,050	1,421,120	4,026,236	969,770	10,970,794
Guarantees	1,175,000	692,970	144,000	62,900	78,731	-	2,153,601
Coaching Salaries, Benefits & Bonuses Paid by the University and Related Parties	7,444,964	3,036,826	1,017,957	2,355,287	3,082,457	-	16,937,491
Coaching Compensation and Benefits Paid by a Third-Party Support Staff/Administrative Salaries, Benefits & Bonuses Paid by the University & Related Entities	23,000	9,500	8,600	24,500	52,100	-	117,700
Support Staff/Administrative Compensation and Benefits Paid by a Third-Party	1,764,806	596,495	230,789	579,475	667,753	16,780,093	20,619,411
Recruiting	22,000	3,500	4,400	2,500	3,400	28,000	63,800
Team Travel	708,675	235,845	160,022	165,897	243,643	-	1,514,082
Equipment, Uniforms & Supplies	1,142,359	434,174	182,060	1,112,207	1,620,441	-	4,491,241
Game Expenses	1,022,773	218,667	131,063	533,919	755,606	-	2,662,028
Fund Raising, Marketing & Promotions	1,822,598	557,164	186,370	195,676	232,182	-	2,993,990
Sports Camp Expenses	16,186	100,423	4,974	59,846	33,202	1,675,999	1,890,630
Spirit Groups	159,522	148,607	26,177	54,790	284,398	-	673,494
Athletic Facilities Debt Service, Leases and Rental Fees	-	-	-	-	-	282,545	282,545
Direct Overhead & Administrative	-	-	-	986	315	19,570,457	19,571,758
Medical Expenses & Medical Insurance	786,390	144,450	126,653	214,759	318,690	9,962,880	11,553,822
Memberships & Dues	261,616	17,069	4,149	77,920	97,725	1,011,786	1,470,265
Other Operating Expenses	670	815	490	2,368	5,837	70,059	80,239
Total Expenses	791,269	162,269	94,907	176,231	365,550	4,243,441	5,833,667
Excess (deficiency) of operating revenues over expenses before depreciation	20,724,336	6,811,884	2,840,661	7,040,381	11,868,266	54,595,030	103,880,558
Depreciation expense	40,277,559	1,509,053	(2,450,655)	(5,121,605)	(9,901,227)	(22,492,159)	1,820,966
Excess (deficiency) of operating revenues over expenses after depreciation	-	-	-	-	-	(14,122,587)	(14,122,587)
Other Reporting Items	\$ 40,277,559	\$ 1,509,053	\$ (2,450,655)	\$ (5,121,605)	\$ (9,901,227)	\$ (36,614,746)	\$ (12,301,621)
Total Athletics Related Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 224,451,159	\$ 224,451,159
Total Institutional Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 643,516,000	\$ 643,516,000

See notes to Schedule of Revenue and Expenses

**UNIVERSITY OF OREGON
ATHLETICS DEPARTMENT
NOTES TO SCHEDULE OF REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2015 (Unaudited)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Revenues and Expenses has been prepared on the accrual basis of accounting, except for the Athletic Facilities Debt Service, Leases and Rental Fees line item, which includes principal payments on athletics related debt.

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 \$26,802,678. Payments made on behalf of the Department by the Foundation and in-kind gifts totaled \$1,990,016 and \$189,849, respectively.

3. CAPITALIZATION OF ASSETS

Capital assets are recorded at cost on the date acquired or at fair market value on the date donated. The Department capitalizes equipment with unit cost of \$5,000 or greater and an estimated useful life of greater than one year. Real property acquisitions are capitalized if they meet the capitalization threshold of \$50,000 to \$100,000 depending on the type. Expenditures that increase the functionality and/or extend the useful life of the real property are capitalized if they meet thresholds of \$50,000 to \$100,000. Intangible assets with a value of \$100,000 are capitalized. Expenditures below the capitalization thresholds, including repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

The Department capitalizes interest expense on projects exceeding \$5,000,000 that are partially or fully funded by debt or internally generated funds.

Depreciation is computed using the straight line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings, 10 to 20 years for infrastructure, land improvements, and improvements other than buildings, 10 years for library materials and 5 to 11 years for equipment. Amortization terms of intangible assets vary depending on the factors relating to the specific asset. Depreciation is not applied to land, construction in progress, museum collections, works of art, and historical treasures or library special collections.

4. SPORTS CAMPS

The Department segregates sports camp activity into a separate fund delineated for individual team fundraising. The majority of the activity in this fund is revenue and expenses related to sports 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 sports camp category.

5. ATHLETICS RELATED DEBT

The following is long-term debt for the Department for the period ended June 30, 2015:

<u>Description</u>	<u>Interest Rates</u>	<u>Maturity</u>	<u>Balance at June 30, 2015</u>
Williams Bakery*	7.30%	June 30, 2035	\$ 14,070,022
Matthew Knight Arena*	5.88%	June 30, 2039	186,765,000
Autzen Stadium Expansion*	5.25%	June 30, 2031	23,616,137
			<u>\$ 224,451,159</u>

*Debt listed above represents only the portion of debt allocated to athletics.

The schedule of principal and interest payments for the Department as of June 30, 2015 is as follows:

	<u>Williams Bakery</u>	<u>Matthew Knight Arena</u>	<u>Autzen Stadium Expansion</u>
2016 \$	1,357,800 \$	14,514,391 \$	2,940,000
2017	1,357,800	14,514,704	2,940,000
2018	1,357,800	14,514,185	2,535,000
2019	1,357,800	14,513,852	2,535,000
2020	1,357,800	14,517,083	2,535,000
2021-2025	6,789,000	72,573,956	9,375,000
2026-2030	6,789,000	72,572,701	9,375,000
2031-2035	6,771,634	72,575,762	1,805,661
2036-2040	-	58,061,371	-
Total Debt Service \$	27,138,634 \$	348,358,007 \$	34,040,661
Interest Component of Future Payments \$	<u>(13,068,612) \$</u>	<u>(161,593,007) \$</u>	<u>(10,424,524)</u>
Principal Portion of Future Payments \$	<u>14,070,022 \$</u>	<u>186,765,000 \$</u>	<u>23,616,137</u>