



Dr. Harold L. Martin, Sr., Chancellor
North Carolina A&T State University
Greensboro, North Carolina

We have performed the procedures enumerated below, which were agreed to by Mr. Robert Pompey Jr., Vice Chancellor Business & Finance, North Carolina A&T State University (NCA&T), solely to assist you in connection with the accompanying statement of revenues and expenses in regards to certain records and transactions of NCA&T for the purpose of complying with National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.16 for the year ended June 30, 2013. 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.

The procedures we performed and the associated findings are as follows and reflect only revenue findings in excess of 10% of total revenues and expense findings in excess of 10% of total expenses:

Agreed-Upon Procedures Program for Revenues

General

Compare and agree each revenue category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare each major revenue account (greater than 10% of the total revenues) to prior-period amounts. Obtain and document an understanding of any variation greater than 10%. Recalculate totals.

We found no exceptions as a result of these procedures.

Ticket Sales

Select a sample of ten events and compare tickets sold during the reporting period, complimentary tickets provided during the reporting period and unsold tickets to the related revenue reported by the institution in the statement and the related attendance figures. Recalculate totals.

We found no exceptions as a result of these procedures.

Student Fees

Compare and agree student fees reported by the institution in the statement for the reporting period to student enrollments during the same reporting period. Obtain and document an understanding of institution's methodology for allocating student fees to intercollegiate athletics programs. Recalculate totals.

We found no exceptions as a result of these procedures.

Guarantees

Select a sample of five settlement reports for away games during the reporting period and agree each selection to the institution's general ledger and/or the statement. Select a sample of ten contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compare and agree each selection to the institution's general ledger and/or the statement. Recalculate totals.

We found no evidence of away game sales. We found no exceptions as a result of the procedures relative to revenues derived from guarantees. There were only five contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period, all of which were subjected to these procedures.

Contributions

Obtain and review supporting documentation for each contribution of moneys, goods or services received directly by an intercollegiate athletics program that constitutes 10% or more of all contributions received for intercollegiate athletics during the reporting period.

We found no contributions that exceeded 10% of all contributions received for intercollegiate athletics during the reporting period.

Compensation and Benefits Provided by a Third-Party

Obtain the summary of revenues from affiliated and outside organizations (the Summary) as of the end of the reporting period from the institution. Select a sample of ten funds from the Summary and compare and agree each selection to supporting documentation, the institution's general ledger and/or the Summary. Recalculate totals. If the third party was audited by independent auditors, obtain the related independent auditors' report.

We found no exceptions as a result of these procedures.

Direct State or Other Governmental Support

Compare direct state or other governmental support recorded by the institution during the reporting period with state appropriations, institutional authorizations and/or other corroborative supporting documentation. Recalculate totals.

There was no direct state or other governmental support recorded by the institution during the reporting period.

Direct Institutional Support

Compare the direct institutional support recorded by the institution during the reporting period with state appropriations, institutional authorizations and/or other corroborative supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

Indirect Facilities and Administrative Support

Compare the indirect institutional support recorded by the institution during the reporting period with state appropriations, institutional authorizations and/or other corroborative supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

NCAA/Conference Distributions Including All Tournament Revenues

Obtain and inspect a sample of ten agreements related to the institution's participation in revenues from tournaments during the reporting period to gain an understanding of the relevant terms and conditions. Compare and agree the related revenues to the institution's general ledger, and/or the statement. Recalculate totals.

We found no exceptions as a result of these procedures. There were only nine agreements related to the institution's participation in revenues from tournaments during the reporting period, all of which were subjected to these procedures.

Program Sales, Concessions, Novelty Sales and Parking

Compare and agree the program sales, concessions, novelty sales and parking revenue category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten program sales, concessions, novelty sales and parking revenue receipts obtained from the above operating revenue supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

Royalties, Licensing, Advertisements and Sponsorships

Obtain and inspect a sample of ten agreements related to the institution's participation in revenues from royalties, licensing, advertisements and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions. Compare and agree the related revenues to the institution's general ledger, and/or the statement. Recalculate totals.

We found no exceptions as a result of these procedures.

Other

Compare and agree the other revenue category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten other operating revenue receipts obtained from the above other revenue supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

Agreed-Upon Procedures Program for Expenses

General

Compare and agree each expense category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare each major expense account (greater than 10% of the total expense for the category) to prior-period amounts. Obtain and document an understanding of any variation greater than 10%. Recalculate totals.

We found no exceptions as a result of these procedures.

Athletic Student Aid

Select a sample of ten students from the listing of institutional student aid recipients during the reporting period. Obtain individual student-account detail for each selection and compare total aid allocated from the related aid award letter to the student's account. Recalculate totals.

We found no exceptions as a result of these procedures.

Coaching Salaries, Benefits, and Bonuses Paid by the Institution and Related Entities

Obtain and inspect a listing of coaches employed by the institution and related entities during the reporting period. Select a sample of ten coaches' contracts that must include football, and men's and women's basketball from the above listing. Compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the institution and related entities in the statement during the reporting period. Obtain and inspect W-2s, 1099s, etc., for each selection. Compare and agree related W-2s, 1099s, etc., to the related coaching salaries, benefits and bonuses paid by the institution and related entities expense recorded by the institution in the statement during the reporting period. Recalculate totals.

We found no exceptions as a result of these procedures.

Coaching Other Compensation and Benefits Paid by a Third Party

Obtain and inspect a listing of coaches employed by third parties during the reporting period. Select a sample of ten coaches and compare and agree the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third party and recorded by the institution in the statement during the reporting period. Obtain and inspect W-2s, 1099s, etc., for each selection. Compare and agree related W-2s, 1099s, etc., to the coaching other compensation and benefits paid by a third party recorded by the institution in the statement during the reporting period. Recalculate totals.

We found no evidence of coaching other compensation and benefits paid by a third party.

Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the Institution and Related Entities

Select a sample of ten support staff/administrative personnel employed by the institution and related entities during the reporting period. Obtain and inspect W-2s, 1099s, etc., for each selection. Compare and agree related W-2s, 1099s, etc., to the related support staff/administrative salaries, benefits and bonuses paid by the institution and related entities expense recorded by the institution in the statement during the reporting period. Recalculate totals.

We found no exceptions as a result of these procedures.

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

Select a sample of ten support staff/administrative personnel employed by the third parties during the reporting period. Obtain and inspect W-2s, 1099s, etc., for each selection. Compare and agree related W-2s, 1099s, etc., to the related support staff/administrative other compensation and benefits expense recorded by the institution in the statement during the reporting period. Recalculate totals.

We found no evidence of support-staff/administrative other compensation and benefits paid by a third party.

Severance Payments

Select a sample of ten employees receiving severance payments by the institution during the reporting period and agree each severance payment to the related termination letter or employment contract. Recalculate totals.

We found no exceptions as a result of these procedures. There were only seven employees who received severance payments during the reporting period, all of which were subjected to these procedures.

Recruiting

Obtain and document an understanding of the Institution's recruiting expense policies. Compare and agree to existing institutional- and NCAA-related policies.

We found no exceptions as a result of these procedures.

Team Travel

Obtain and document an understanding of the Institution's team travel policies. Compare and agree to existing institutional- and NCAA-related policies.

We found no exceptions as a result of these procedures.

Equipment, Uniforms and Supplies

Compare and agree the expense category for equipment, uniforms and supplies reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten equipment, uniforms and supplies expenses obtained from the supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

Game Expenses

Compare and agree the game operating expense category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten game expenses obtained from the game operating expense supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

Fund Raising, Marketing and Promotion

Compare and agree the fund raising, marketing and promotion expense category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten fund raising, marketing and promotion expenses obtained from the above supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

Direct Facilities, Maintenance and Rental

Compare and agree the direct facilities, maintenance and rental expense category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten direct facilities, maintenance and rental expenses obtained from the above expense supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

Indirect Facilities and Administrative Support

Obtain and document an understanding of the institution's methodology for allocating indirect facilities support. Recalculate the indirect facilities-support and indirect institutional-support totals reported by the institution in the statement. Compare and agree Indirect Facilities and Administrative Support reported by the institution in the statement to the corresponding revenue category (indirect facilities and administrative support – Category 8) reported by the institution in the statement. Recalculate totals.

We found no exceptions as a result of these procedures.

Medical Expenses and Medical Insurance

Compare and agree the medical expenses and medical insurance expense category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten medical expenses and medical insurance expenses obtained from the above expense supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

Memberships and Dues

Compare and agree memberships and dues expense category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten memberships and dues expenses obtained from the above expense supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

Other Operating Expenses and Transfers to the Institution

Compare and agree the other operating expenses and transfers to the institution categories reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten other operating expenses obtained from the above other operating expense supporting schedules to adequate supporting documentation. Compare and agree any transfers to the institution obtained from the supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures relative to other operating expenses. We did not identify any transfers to the institution.

Agreed-Upon Procedures Program for Outstanding Intercollegiate Athletic Debt

Obtain the repayment schedules for all outstanding Intercollegiate athletic debt maintained by the institution during the reporting period and recalculate the annual maturities (consisting of principal and interest) provided in the schedules obtained. Agree the total annual maturities to supporting documentation and the institution's general ledger. Agree the repayment schedules referred to above to the notes to the statement.

We found no exceptions as a result of these procedures.

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 statement of revenues and expenses. 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 Chancellor and management of North Carolina A&T State University, and the NCAA, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey LLP

Greensboro, North Carolina
December 23, 2013

North Carolina Agricultural and Technical State University

Intercollegiate Athletic Program Statement of Revenues and Expenses Year Ended June 30, 2013

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Revenues:						
Ticket sales	\$ 888,088	\$ 77,325	\$ 1,109	\$ 13,530	\$ —	\$ 980,032
Student activity fees	830,021	727,544	582,499	1,928,541	1,354,783	5,423,388
Guarantees	—	241,500	42,500	—	—	284,000
Contributions	11,641	2,784	11,299	68,844	710,431	804,999
Direct state support	—	—	—	—	—	—
Direct institutional support	386,401	315,634	263,100	876,859	627,379	2,469,373
Indirect facilities and administrative support	517,008	2,293	2,293	560,834	365,702	1,448,130
NCAA Conference distribution	—	—	—	9,400	693,750	703,150
Program sales, concessions and parking	75,008	—	—	—	5,546	80,554
Royalties, advertisements and sponsorships	18,438	10,443	—	18,000	169,271	216,152
Sports camp revenues	9,150	4,465	5,733	1,451	—	20,799
Spirit Groups	—	—	—	—	—	—
Interest income	—	—	—	—	34,740	34,740
Other sources	6,607	1,737	1,648	4,313	56,304	70,609
Total Revenues	2,742,342	1,383,725	910,181	3,481,772	4,017,906	12,535,926
Expenses:						
Athletic student aid	671,564	218,727	279,872	1,493,745	15,518	2,679,426
Guarantees	54,000	7,500	1,500	—	—	63,000
Coaches' salaries and benefits	828,988	418,938	357,176	630,047	—	2,235,149
Severance Payments	17,619	196,858	8,407	46,851	—	269,735
Other salaries and benefits	164,682	32,629	20,541	70,942	1,689,716	1,978,510
Recruiting	49,970	57,817	28,137	48,280	—	184,204
Team travel	217,235	291,275	134,930	522,634	25,446	1,191,520
Equipment, uniforms and supplies	72,008	25,975	36,812	155,950	101,455	392,200
Game expenses	229,174	98,537	56,898	124,271	205,044	713,924
Fundraising, marketing and promotion	25,862	10,824	2,519	1,175	133,479	173,859
Sports camp expenses	10,474	420	3,928	78	—	14,900
Direct facilities maintenance and rental	6,137	2,230	6,094	67,868	64,025	146,354
Spirit groups	—	—	—	—	62,826	62,826
Indirect facilities and administrative support	517,008	2,293	2,293	560,834	365,702	1,448,130
Medical expense and insurance	—	—	—	—	106,783	106,783
Memberships and dues	1,181	575	695	1,871	38,291	42,613
Other operating expenses	6,940	4,503	12,305	9,027	395,807	428,582
Total Operating Expenses	2,872,842	1,369,101	952,107	3,733,573	3,204,092	12,131,715
Excess (Deficiency) of Revenues over Expenses	\$ (130,500)	\$ 14,624	\$ (41,926)	\$ (251,801)	\$ 813,814	\$ 404,211

North Carolina Agricultural and Technical State University

Intercollegiate Athletic Program Notes to the Statement of Revenues and Expenses June 30, 2013

Note 1—Significant Accounting Policies

Organization and Purpose

North Carolina Agricultural and Technical State University is a constituent institution of The University of North Carolina System which is a component unit of the State of North Carolina and an integral part of the State's *Comprehensive Annual Financial Report*. North Carolina Agricultural and Technical State University is classified as a Division I institution by the National Collegiate Athletic Association (NCAA).

Basis of Presentation

The Statement of Revenues and Expenses presents the University's intercollegiate athletic program's activity in accordance with the National Collegiate Athletic Association Financial Audit Guidelines. Those guidelines require only a presentation of the current funds revenues and expenses by major program. The Statement of Revenues and Expenses reflects the revenue and expense classifications prescribed by the NCAA. This presentation is not intended to provide a complete presentation of the program's financial position or its changes in net assets and cash flows.

Basis of Accounting

The Statement of Revenues and Expenses was prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Non-Monetary Transactions

The University reports goods and services received either by donation or in an exchange transaction at their fair value at the date of receipt.

During the year, food, medical services, lodging, advertising, leased vehicles and facilities were provided to the University at no charge. Where gifts were provided in exchange for free tickets or advertising, ticket sales and advertising revenue were recorded for fair value of the free tickets and advertising with the remainder recorded as gift revenue in the preceding Statement of Revenues and Expenses.

During the year, coaching services were provided at no charge to the University. The value of these donations has been recorded as gifts in the preceding Statement of Revenues and Expenses.

Note 2—Related Parties

Funds have been established within the North Carolina A&T University Foundation, Inc. (the Foundation) for the benefit of the University's Intercollegiate Athletics Program. In addition, the Aggie Athletic Foundation, Inc. a separate legal entity, has been established to promote and support the University's Intercollegiate Athletics

North Carolina Agricultural and Technical State University

Note 2—Related Parties, continued

Program. During the fiscal year, payments were made to third parties on behalf of the University's athletic program by the Aggie Athletic Foundation and by the Foundation. That indirect support totaled \$98,654 and \$98,837, respectively. These amounts are reported as contributions, investment income, advertisement revenue and expenses in the preceding Statement of Revenue and Expenses.

Note 3—Contributions

The University did not directly receive gifts from individuals or outside organizations that constituted 10% or more of all contributions received for the Intercollegiate Athletics Program during the year.

Note 4—Capital Assets

Capital Assets are stated at cost at date of acquisition or construction and at fair value at date of donation in the case of gifts. The University capitalizes assets that have a value or cost in excess of \$5,000 at the date of acquisition and an expected useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 10 to 20 years for equipment and 50 years for facilities.

As of and for the year ended June 30, 2013, the cost of capital equipment and facilities and related annual depreciation expense for the Intercollegiate Athletics Program are listed below:

	<u>Cost</u>	<u>Depreciation</u>
Stadium	\$3,914,422	\$ 77,748
Stadium press box	\$5,067,808	191,135
Video Display	726,785	96,905
Stadium upgrades	751,440	30,058
Stadium track	1,723,678	34,474
Softball field	308,755	6,175
Equipment	154,515	7,912
Totals	<u>\$12,647,403</u>	<u>\$444,407</u>

North Carolina Agricultural and Technical State University

Note 5—Long-Term Liabilities

Bonds Payable

The University was indebted for bonds payable on the Stadium System as follows:

	Series	Interest Rate Ranges	Final Maturity Date	Original Amount of Issue	Principal Paid Through 6/30/13	Principal Outstanding 6/30/13
UNC System Pool Stadium System	2011C	2.00-4.50	10/01/2031	\$3,365,000	\$ 295,000	\$3,070,000
Add Unamortized Premium						10,438
						<u>\$3,080,438</u>

The future annual requirements to pay principal and interest on the bonds at June 30, 2013, are as follows:

Fiscal Year	Annual Requirements Bonds Payable	
	Principal	Interest
2014	\$ 120,000	\$ 113,219
2015	120,000	110,519
2016	125,000	107,456
2017	130,000	103,944
2018	130,000	100,044
2019	135,000	95,901
2020	140,000	91,256
2021	145,000	86,541
2022	150,000	81,837
2023	155,000	76,687
2024	160,000	70,775
2025	170,000	64,175
2026	175,000	57,275
2027	180,000	50,175
2028	190,000	42,300
2029	200,000	33,525
2030	205,000	24,412
2031	215,000	14,962
2032	225,000	5,063
	<u>\$3,070,000</u>	<u>\$1,330,066</u>