

**UNIVERSITY OF MAINE
DEPARTMENT OF ATHLETICS**

**Agreed-Upon Procedures in Accordance with National
Collegiate Athletic Association Bylaw 3.2.4.17**

June 30, 2020

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C O N T E N T S

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|--|--------------|
| Independent Accountants' Report on Applying Agreed-Upon Procedures in Accordance with NCAA Bylaw 3.2.4.17 | 1-24 |
| Appendix A - Statement of Revenues and Expenditures | 25 |
| Appendix B - Notes to the Statement of Revenues and Expenditures | 26-28 |



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES IN ACCORDANCE WITH NCAA BYLAW 3.2.4.17

Dr. Joan Ferrini-Mundy, President
University of Maine
Orono, Maine

We have performed the procedures enumerated below on the Statement of Revenues and Expenditures (the "Statement") of the Intercollegiate Athletics Department (the "Department") of the University of Maine (the "University") for the year ended June 30, 2020. The University's management is responsible for the compliance with those requirements.

Dr. Joan Ferrini-Mundy, President, has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose solely to assist in evaluating whether the Statement of the Department of the University is in compliance with the National Collegiate Athletic Association (the "NCAA") Bylaw 3.2.4.17. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report, which includes Dr. Joan Ferrini-Mundy, President, and the Board of Trustees and management of the University, and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Procedures Related to Program Revenues and Expenditures

We obtained the Statement for the year ended June 30, 2020, as prepared by the University's management and shown in Appendix A. For the purpose of these procedures, materiality has been determined to be \$34,705 and changes of at least 10% from the respective prior year account balance. We recalculated the mathematical accuracy of the amounts in each column. We compared and agreed the amounts on each line to the corresponding amounts on the supporting schedules and/or worksheets, which agree to the general ledger.

1. Financial Statements and Affiliated Organizations

The University shall identify all intercollegiate athletics-related affiliated and outside organizations and obtain those organizations' statements for the reporting period. Once the University has made these statements available, the independent accountant shall agree the amounts reported in the statement to the organization's general ledger or, alternatively, confirm revenues and expenses directly with a responsible official of the organization. In addition, the University shall prepare a summary of revenues and

expenses for or on behalf of intercollegiate athletics programs affiliated and outside organizations to be included with the agreed-upon procedures report.

Results

According to management, the affiliated organizations of the University are the University of Maine Foundation (the "Foundation") and the University of Maine Alumni Association (the "Alumni Association"). Management has advised us that the affiliated organizations do not incur expenses on behalf of the Athletic Department, instead they serve as a conduit by soliciting and collecting contributions designated for the Athletic Department.

We obtained and examined the University's audited financial statements and noted no items that were listed as material weaknesses or significant deficiencies on the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

We obtained and examined the 2020 audited financial statements of the Foundation. The Foundation received an unmodified opinion. As of the date of this report, the Alumni Association's reviewed financial statements for the year ended June 30, 2020 were in the process of being completed. As a result, we obtained and examined the reviewed financial statements of the Alumni Association for the years ended June 30, 2020. The independent accountant stated in their report that they were not aware of any material modifications that should be made to the Alumni Association's financial statements.

2. Analytical Procedures

Compare each material revenue and expense account to the prior period amounts and current year budget estimates. Obtain and document an understanding of any significant variations.

Results

According to management, the budget prepared for the Athletic Department is primarily used for operations. Consequently, the budget is not presented in a format comparable with the attached Statement. As a result, a comparison between the Statement's amounts and the current year budget was unable to be performed.

We compared the actual revenues and expenses in the Statement for the year ended June 30, 2020 to the respective figures for the year ended June 30, 2019. As agreed, we identified variances of greater than \$34,705 and 10%. We obtained explanations from management regarding the reasons for the variances. They are as follows:

Revenues

Away-Game Guarantees

Away-Game Guarantees decreased by \$339,200 or 24.1% from fiscal year 2019 to fiscal year 2020. While football played the same number of games in FY2019 as FY2020, guarantee revenue from these games went down by approximately \$70,000. Additionally,

Men's Basketball played fewer games in comparison to prior year, resulting in a decrease of approximately \$200,000.

Contributions

Total contributions decreased by \$257,971 or 14.9% from fiscal year 2019 to fiscal year 2020. In FY2019, the University received a gift of \$100,000 to fly the band to a football playoff game. Additionally, the Athletic Department fundraised \$100,000 for a international trip for Women's Basketball. As this was unique to 2019, contribution revenue decreased.

NCAA/Conference Distributions

NCAA/Conference Distributions revenue decreased by \$227,115 or 18.1% from fiscal year 2019 to fiscal year 2020. In fiscal year 2019, Football received \$104,000 from the NCAA for postseason expenses not received in the current year. Additionally, Women's Basketball received \$45,000 from the NCAA for postseason travel expenses that was not received in the current year as the postseason was canceled due to COVID-19. The University also used and recognized \$100,000 more of mental health restricted funds from the NCAA in FY2019 as compared to FY2020.

Expenses

Away-Game Guarantee Expense

Away-Guarantee expenses increased by \$157,189 or 582.5% from fiscal year 2019 to fiscal year 2020. Football did not have a home guarantee game in FY2019, whereas they did in 2020. Additionally, Men's Ice Hockey had an increase of \$38,500 in FY2020. Guarantees vary based on scheduling year-to-year.

Team Travel

Team Travel expenses decreased by \$509,330 or 19.2% from fiscal year 2019 to fiscal year 2020. The decrease resulted as all sports games were cancelled from March 2020 on from COVID-19 restrictions.

Game Expenses

Game Expenses decreased by \$103,359 or 17.4% from fiscal year 2019 to fiscal year 2020. This decrease is a result of a reclassification of expenses related to the rental of the Cross Center of approximately \$200,000 to Athletic Facilities Debt Services, Leases and Rental Fees. Without this reclassification, Game expenses would have increased \$100,000 as security costs increased by approximately \$25,000, game officials for basketball increased by approximately \$20,000. Additionally, minimum wage was increased in the state of Maine in FY20 which increased the cost of gameday staff.

Fundraising, Marketing and Promotion

Fundraising, Marketing and Promotion increased by \$72,773 or 57.1% from fiscal year 2019 to fiscal year 2020. The increase in the current year is due to the University running the broadcast of games for Learfield, which resulted in approximately \$75,000 of expenses to purchase equipment and additional staffing.

Spirit Groups

Spirit Group expenses decreased by \$153,668 or 87.1% from fiscal year 2019 to fiscal year 2020. In FY2019, the University sent the Spirit Group to a football playoff game, resulting in an expense of approximately \$154,000.

Athletic facilities, Debt Service, Leases, and Rental Fees

Athletic facilities, Debt Service, Leases, and Rental Fees increased by \$191,533 or 925% from fiscal year 2019 to fiscal year 2020. This is related to a reclassification of expenses from Game Expenses, of approximately \$200,000.

Other Operating Expenses

Other Operating Expenses decreased by \$211,089 or 16.1% from fiscal year 2019 to fiscal year 2020. The decrease is attributable to COVID-19 as budgets in the Athletic Department were frozen.

3. Ticket Sales

Compare 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 statement and the related attendance figures and recalculate totals.

Results

We agreed the total sales from the general ledger to the Statement without exception. We selected a sample of athletic contest settlement sheets to test. From the sample of ticket sales selected, we compared and agreed tickets sold and complimentary tickets provided to the related revenue and attendance reported by the University for each game. We were able to recalculate the total amount of revenue without exception.

The Men's Basketball game against the University of Vermont, on March 4, 2020 and the Women's Basketball game against Quinnipiac University, on December 15, 2019, were played at the Cross Center, rather than on-campus, and ticket sales were recorded by a third party. The Cross Center provided the University with a ticket sales report that provided the total revenue reimbursed to the University for the year with detail broken down by game. As a result, we were able to perform the procedure as described.

| <u>Sport</u> | <u>Opponent</u> | <u>Date</u> | <u>Amount</u> |
|---------------------|---------------------------|--------------------|----------------------|
| Football | College of William & Mary | 10/26/2019 | \$ 10,055.00 |
| Men's Ice Hockey | Merrimack College | 1/31/2020 | \$ 4,212.00 |
| Women's Basketball | Quinnipiac University | 12/15/2019 | \$ 2,328.02 |
| Men's Basketball | University of Vermont | 3/4/2020 | \$ 14,775.00 |

4. Direct State or Other Governmental Support

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

Results

According to discussions with management, these funds represent work-study funds from the Federal Government used to pay student employees in the Department. We recalculated the total amount without exception to employee reports.

5. Student Fees

Compare and agree student fees reported by the University in the statement for the reporting to student enrollments during the same reporting period and recalculate totals. Obtain documentation of the University's methodology for allocating student fees to intercollegiate athletic programs. If the athletics department is reporting that an allocation of student fees should be countable as generated revenue, recalculate the totals of their methodology for supporting that they are able to count each sport. Tie the calculation to supporting documents such as seat manifests, ticket sales reports and student fee totals.

Results

This procedure is not applicable. Per management, the University does not assess or collect student fees of this type.

6. Direct Institutional Support

Compare the direct institutional support recorded by the University during the reporting period with the University supporting budget transfers documentation and other corroborative supporting documentation and recalculate totals.

Results

We recalculated the total amount without exception.

We agreed the total of the detailed schedule of Direct Institutional support to the Statement.

7. Transfers Back to Institution

Compare the transfers back to the University with permanent transfers back to the University from athletics department and recalculate totals.

Results

This procedure is not applicable. Per management, there were no transfers back to the University.

8. Indirect Institutional Support

Compare the direct institutional support recorded by the University during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculate totals.

Results

As advised by the System Office, indirect support should represent 20% of the University Athletic Department base budget. We recalculated the total amounts without exception.

9. Away-Game Guarantee Revenue

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

Results

We agreed the away-game guarantee revenue from the general ledger to the Statement without exception.

We selected a sample of revenue guarantees from the general ledger provided by the University. For each of the sampled items listed below, we traced and agreed the revenue recorded on the general ledger to the signed contract with the opponent.

| <u>Sport</u> | <u>Opponent</u> | <u>Date</u> | <u>Amount</u> |
|--------------------|---------------------------|---------------|---------------|
| Women's Basketball | North Carolina State | 11/19/2019 | \$ 18,000.00 |
| Football | Georgia Southern | 9/7/2019 | \$325,000.00 |
| Baseball | Louisiana Tech | 2/28-3/1/2020 | \$ 10,000.00 |
| Men's Basketball | University of Connecticut | 12/1/2019 | \$ 85,000.00 |
| Men's Basketball | University of Washington | 12/2/2019 | \$ 90,000.00 |

10. Contributions

Any contributions of moneys, goods or services received directly by an intercollegiate athletics program from any affiliated or outside organization, agency or group of individuals (two or more) not included above (e.g., contributions by corporate sponsors) that constitutes 10 percent or more in aggregate for the reporting year of all contributions received for intercollegiate athletics during the reporting periods shall obtain and review supporting documentation for each contribution and recalculate totals.

Results

We traced the following contributions, which are all from the Foundation, to the proper supporting documentation. The contributions constituted 10% or more of all contributions received for intercollegiate athletics during the reporting period. We reconciled to supporting documentation to the amount recognized and allocated for the fiscal year. Only contributions allocated in the current year are recognized as revenue.

| <u>Description</u> | <u>Amount</u> | <u>Amount Allocated</u> |
|---------------------------------------|---------------|-------------------------|
| Alfond Fund Football Challenge | \$ 250,000.00 | \$250,000.00 |
| Alfond Fund Athletics Challenge | \$ 250,000.00 | \$250,000.00 |
| Doyle Family Athletic Scholarship | \$ 106,000.00 | \$ 0.00 |
| John R. Huard Sr. '67 Football Fund | \$ 100,281.21 | \$ 0.00 |
| Marcelle Coffin Men's Ice Hockey Fund | \$ 132,477.52 | \$ 0.00 |
| John R. Huard, Sr. '67 Football Fund | \$ 50,000.00 | \$ 0.00 |

| <u>Description</u> | <u>Amount</u> | <u>Amount Allocated</u> |
|--|---------------|-------------------------|
| Tom & Sally Savage Hockey Challenge Fund | \$ 101,140.20 | \$ 0.00 |

11. In Kind

Compare the in-kind recorded by the University during the reporting period with a schedule of in-kind donations and recalculate totals.

Results

This procedure is not applicable. According to management and review of the general ledger, in-kind support received during the year ended 2020 was immaterial in the aggregate.

12. 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 University and select a sample of funds from the Summary and compare and agree each selection to supporting documentation, the University's general ledger and/or the Summary and recalculate totals.

Results

According to discussions with management, this procedure is not applicable, as third parties do not provide compensation and benefits to the Athletic Department.

13. Media Rights

Obtain and inspect agreements to understand the University's total media (broadcast, television, radio) rights received by the University or through their conference offices as reported in the statement. Compare and agree the media right revenues to a summary statement of all media rights identified, if applicable, and the University's general ledger and recalculate totals. Ledger totals may be different for total conference distributions if media rights are not broken out separately.

Results

We obtained the supporting schedule that agrees to the Statement. We selected the sample listed below and obtained and inspected the agreements to gain an understanding of the relevant terms and conditions. Item (a) represents the annual fee that the University receives from Black Bear Sports Properties, LLC in exchange for the radio broadcast rights of the University's sporting events, promotional, signage, and sponsorship rights.

The contract between Black Bear Sports Properties, LLC ("BBSP") and the University states that the University was scheduled to receive \$750,000 in fiscal year 2020. We compared and agreed the amount below to the general ledger and contract.

| <u>Vendor</u> | <u>Amount</u> |
|--------------------------------------|---------------|
| a. Black Bear Sports Properties, LLC | \$ 750,000.00 |

14. NCAA Distributions

Compare the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and other corroborative supporting documents and recalculate totals.

Results

We recalculated the total amount without exception.

According to management, no written agreements exist for the payout from the NCAA affiliations. The funds for items (a) through (d) are not restricted and are classified as non-program specific.

We obtained and agreed a detail schedule of NCAA distributions to the general ledger and the Statement. We selected the sample listed below and traced and agreed to the deposits made with the University without exception.

| <u>Description</u> | <u>Amount</u> |
|------------------------------|---------------|
| a. NCAA – Grants-in-Aid | \$488,836.00 |
| b. NCAA – Sports Sponsorship | \$149,340.00 |
| c. NCAA – Other Income | \$ 6,889.00 |
| d. NCAA – Grants-in-Aid | \$ 23,045.00 |

15. Conference Distributions

Obtain and inspect agreements related to the University's conference distributions and participation in revenues from tournaments during the reporting period for relevant terms and conditions. Compare and agree the related revenues to the University's general ledger, and/or the statement and recalculate totals.

Results

We obtained and agreed a detail schedule of conference distributions to the general ledger and the Statement. We selected the sample listed below and traced and agreed to the deposits made with the University without exception. We recalculated the total amount without exception.

| <u>Description</u> | <u>Amount</u> |
|-----------------------------------|---------------|
| a. Hockey East – MIH Postseason | \$ 12,944.40 |
| b. America East – TV Distribution | \$ 97,636.00 |

16. Program Sales, Concessions, Novelty Sales and Parking

Compare the amount recorded in the revenue reporting category to a general ledger detail of program sales, concessions, novelty sales, and parking as well as any other corroborative supporting documents and recalculate totals.

Results

This procedure is not applicable. According to management and review of the general ledger, program sales, concessions, novelty sales, and parking revenue received during the year ended 2020 was immaterial in the aggregate.

17. Royalties, Licensing, Advertisements and Sponsorships

Obtain and inspect agreements related to the University's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period for relevant terms and conditions. Compare and agree the related revenues to the University's general ledger, and/or the statement and recalculate totals.

Results

We obtained the supporting schedule that agrees to the Statement. We selected the sample listed below, and management provided sufficient documentation to gain an understanding of the relevant terms and conditions.

| <u>Description</u> | <u>Amount</u> |
|---------------------------------|----------------------|
| a. Trademark Licensing | \$ 40,000.00 |
| b. CAA Football Flosports | \$ 21,179.00 |
| c. Athletic Pouring Rights Fund | \$ 20,000.00 |
| d. NCAA/Copyright Royalty | \$ 1,809.00 |

18. Sports-Camp Revenues

Inspect sports-camp contract(s) between the University and person(s) conducting University sports-camps or clinics during the reporting period to obtain documentation of the University's methodology for recording revenues from sports-camps. Obtain schedules of camp participants and select a sample of individual camp participant cash receipts from the schedule of sports-camp participants and agree each selection to the University's general ledger, and/or the statement and recalculate totals.

Results

We recalculated the total amount without exception. According to management, University sports camps and clinics are conducted under the auspices of the University and its Athletic Department. We obtained participation listings for all sports camps and clinics and selected a sample to test. For each participant selected, we verified that the participant paid the appropriate amount according to the sport camp price listing, and the respective payment was properly recorded on the general ledger.

| <u>Last Name</u> | <u>Sport</u> | <u>Amount</u> |
|-------------------------|---------------------|----------------------|
| Ewer-Cousin | Men's Basketball | \$ 225.00 |
| Antoniette | Men's Ice Hockey | \$ 636.00 |
| Thorton | Men's Ice Hockey | \$ 312.70 |
| Day | Women's Basketball | \$ 425.00 |
| Hichborn | Women's Basketball | \$ 238.50 |

| <u>Last Name</u> | <u>Sport</u> | <u>Amount</u> |
|------------------|--------------|---------------|
| Milligan | Softball | \$ 339.20 |
| Aselton | Baseball | \$ 636.00 |
| Brooks | Field Hockey | \$ 477.00 |
| Ahefeld | Field Hockey | \$ 477.00 |
| Russell | Field Hockey | \$ 371.00 |

19. Endowment and Investment Income

Obtain and inspect endowment agreements (if any) for relevant terms and conditions. Compare and agree the classification and use of endowment and investment income reported in the statement during the reporting period to the uses of income defined within the related endowment agreement and recalculate totals.

Results

We recalculated the total amount without exception.

We obtained a corresponding schedule listing all athletic-related endowment funds and sampled the following. For sampled items, we traced to the original endowment agreements and noted the funds were distributed in accordance with the terms of the endowment.

| <u>Endowment Fund</u> | <u>Amount</u> |
|----------------------------|---------------|
| Corbett Donald P Fund | \$ 19,822.95 |
| M Chamberlain Peirce Fund | \$ 2,284.08 |
| William P Palmer Ss Fund | \$ 1,136.07 |
| Guy Susi (Athletic) Fund | \$ 1,003.50 |
| Russell V Lathrop Athletic | \$ 1,094.56 |

20. Other Income

Perform minimum agreed-upon procedures referenced for all revenue categories and recalculate totals.

Results

We recalculated the total amount without exception. We received a supporting schedule, from the University Athletic Business Office, to support the other income amount contained on the Statement and selected a sample to test. For each item sampled, we compared and agreed the receipts listed below to adequate supporting documentation without exception.

| <u>Department</u> | <u>Description</u> | <u>Amount</u> |
|-------------------|--------------------|---------------|
| Facility Rental | General Alumni | \$ 4,140.00 |
| Facility Rental | MPA-ME Principals | \$ 2,331.50 |
| Facility Rental | Old Town | \$ 6,255.00 |
| Facility Rental | National Guard | \$ 120.00 |

| <u>Department</u> | <u>Description</u> | <u>Amount</u> |
|----------------------|-----------------------------|---------------|
| Track-Women | Student Athlete Funds | \$ 634.90 |
| Baseball | Baseball Gloves | \$ 1,640.00 |
| Community Engagement | Learfield Broadcasting | \$ 85,000.00 |
| Fundraising | Swim/Diving Spring Training | \$ 13,609.90 |
| Fundraising | Women's Ice Hockey Clinic | \$ 2,250.00 |
| Fundraising | Baseball Grizzlies | \$ 6,860.00 |

21. Bowl Revenue

Obtain and inspect agreements related to the University's revenues from postseason bowl participation during the reporting period to gain an understanding of the relevant terms and conditions. Compare and agree the related revenues to the University's general ledger, and/or the statement and recalculate totals.

Results

According to discussions with management, this procedure is not applicable, as the University did not participate or receive bowl revenue.

22. Athletic Student Aid

Select a sample of students (10% of the total student-athletes for universities who have used NCAA's Compliance Assistant (CA) software to prepare athletic aid detail, with a maximum sample size of 40, and 20% of total student-athletes for universities who have not, with a maximum sample size of 60) from the listing of University student aid recipients during the reporting period. Data should be captured by the University through the creation of a squad/eligibility list for each sponsored sport. Note: The Division I revenue distribution equivalencies (athletic grant amount divided by the full grant amount) should only include tuition, fees, room, board, and required course-related books, per Bylaw 20. Cost of Attendance or Other Expenses Related to Attendance are not countable for revenue distribution purposes. To access revenue distribution equivalencies within Compliance Assistant (CA), go to Reports > Standard Reports > Calculation of Revenue Distribution Equivalencies Report (CRDE)

Obtain individual student account detail for each selection and compare total aid in the University's student system to the student's detail in CA or the University report that ties directly to the NCAA Membership Financial Reporting System.

Perform a check of each student selected to ensure their information was reported accurately in either the NCAA's CA software or entered directly into the NCAA Membership Financial Reporting System using the following criteria:

- *The equivalency value for each student-athlete in all sports, including head-count sports, needs to be converted to a full-time equivalency value. The full-time equivalency value is calculated using the athletic grant amount reported on the Calculation of Revenue Distribution Equivalencies Report (CRDE) from CA as the numerator and the full grant amount which is the total cost for tuition, fees, required course-related books, room and*

board for an academic year as the denominator. If using the NCAA CA software, this equivalency value will be calculated for you on the CRDE report labeled "Revenue Distribution Equivalent Award".

- *Grants-in-aid is calculated by using the revenue distribution equivalencies by sport and in aggregate. (Athletic grant amount divided by the full grant amount).*
- *Other expenses related to attendance (also known as cost of attendance) should not be included in grants-in-aid revenue distribution equivalencies. Only tuition, fees, room, board and course-related books are countable for grants-in-aid revenue distribution per Bylaw 20.02.7). Note: for compliance purposes equivalencies may include other expenses related to attendance per Bylaw 15.02.2, however these expenses are not allowed to be included for revenue distribution equivalencies.*
- *Full grant amount should be entered as a full year of tuition, not a semester or quarter.*
- *Student-athletes are to be counted once, regardless of multiple sport participation, and should not receive a revenue distribution equivalency greater than 1.00.*
- *Athletics grants are valid for revenue distribution purposes only in sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football.*
- *Grants-in-aid are valid for revenue distribution purposes in NCAA sports that do not meet the minimum contests and participants' requirements of Bylaw 20.9.6.3.*
- *Universities providing grants to student-athletes listed on the CRDE as "Exhausted Eligibility (fifth-year)" or "Medical" receive credit in the grants-in-aid component.*
- *The athletics aid equivalency cannot exceed maximum equivalency limits. However, the total revenue distribution equivalency can exceed maximum equivalency limits due to exhausted eligibility and medical equivalencies (reference Bylaw 15.5.3.1).*
- *If a sport is discontinued and the athletic grant(s) are still being honored by the University, the grant(s) are included in student-athlete aid for revenue distribution purposes.*
- *All equivalency calculations should be rounded to two decimal places.*
- *If a selected student received a Pell Grant, ensure the value of the grant is not included in the calculation of equivalencies or the total dollar amount of student athletic aid expense for the University.*

- *If a selected student received a Pell Grant, ensure the student's grant was included in the total number and total dollar value of Pell Grants reported for Revenue Distribution purposes in the NCAA Membership Financial Reporting System.*
- *Recalculate totals for each sport and overall.*

Results

We performed the procedures listed above for athletic student aid and did not note any findings. We recalculated the total amount with three exceptions to the supporting schedule. We obtained a list of students receiving athletic aid from the University. Pursuant to the University's use of the NCAA CA software, our sample size was 28 student-athletes, representing 10% of the total. For each student identified below, we agreed the student's respective aid amount to the amount listed on the award letter and student's business account with three exceptions. We noted three student-athletes whose aid amount did not agree to the amount posted to the general ledger. The Associate Athletic Director for Business advised us that these were posting errors from FY2019 and corrected in the FY2020. We compared the information reported to the NCAA's CA Software without exception. We also ensured that all Pell Grants were included in the total value of Pell Grants for Revenue Distribution purposes as noted in procedure 38. Student identification numbers were redacted from the report at the request of management for privacy purposes.

| <u>Participant's Sport</u> | <u>Amount</u> |
|-----------------------------------|----------------------|
| Baseball | \$ 8,500.00 |
| Baseball | \$24,816.00 |
| Baseball | \$ 1,824.71 |
| Football | \$33,216.83 |
| Football | \$30,691.85 |
| Football | \$14,959.00 |
| Football | \$32,203.44 |
| Men's Basketball | \$36,082.66 |
| Men's Cross Country | \$ 4,051.08 |
| Men's Ice Hockey | \$37,639.61 |
| Men's Ice Hockey | \$37,226.75 |
| Men's Ice Hockey | \$36,701.53 |
| Men's Track, Indoor | \$ 6,941.78 |
| Men's Track, Indoor | \$18,351.50 |
| Men's Track, Outdoor | \$ 4,955.51 |
| Men's Track, Outdoor | \$ 6,304.10 |
| Field Hockey | \$21,993.83 |
| Women's Basketball | \$43,325.77 |
| Women's Ice Hockey | \$38,380.81 |
| Women's Ice Hockey | \$36,009.83 |
| Women's Soccer | \$12,200.83 |
| Softball | \$ 11,687.72 |
| Women's Swimming | \$ 3,480.80 |

| <u>Participant's Sport</u> | <u>Amount</u> |
|----------------------------|---------------|
| Women's Swimming | \$ 10,000.00 |
| Women's Indoor Track | \$ 6,730.52 |
| Women's Indoor Track | \$ 21,132.50 |
| Women's Outdoor Track | \$ 11,184.42 |
| Women's Track & Field | \$ 15,134.89 |

Recommendation

The Financial Aid Office should inform the Athletic Business Office of any adjustments pertaining to athletic aid made subsequent to the close of the fiscal year. The Associate Athletic Director for Business should ensure that the adjustment is included in the Statement in the correct fiscal year.

Management Response

Management agrees with the recommendation. The Athletic Business Office will communicate clearly with the Financial Aid Office to ensure that any adjustments made close to year end are reflected within the correct fiscal year reporting statement.

23. Away-Game Guarantee Expense

Obtain and inspect visiting University's away-game settlement reports received by the University during the reporting period and agree related expenses to the University's general ledger and/or the statement and recalculate totals. Obtain and inspect contractual agreements pertaining to expenses recorded by the University from guaranteed contests during the reporting period. Compare and agree related amounts expensed by the University during to the University's general ledger and/or the statement and recalculate totals.

Results

We agreed the total of the detailed schedule to the Statement.

We received a supporting schedule and selected a sample of contests to test. For each selected item listed below, we agreed the amount per the contract to the amount recorded in the general ledger.

| <u>Sport</u> | <u>Opponent</u> | <u>Date</u> | <u>Amount</u> |
|--------------------|---------------------------|------------------|---------------|
| Women's Basketball | Stonehill College | 10/27/2019 | \$ 1,500.00 |
| Women's Swimming | College of the Holy Cross | 11/9/2019 | \$ 2,000.00 |
| Men's Basketball | Merrimack College | 11/6/2019 | \$ 10,000.00 |
| Men's Ice Hockey | University of Alaska | 10/11-10/12/2019 | \$ 25,000.00 |
| Men's Ice Hockey | University of Nebraska | 1/3-1/4/2020 | \$ 15,000.00 |

24. Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities

Obtain and inspect a listing of coaches employed by the University and related entities during the reporting period. Select a sample of coaches' contracts that must include football, and men's and women's basketball from the listing. Compare and agree 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 statement during the reporting period. Obtain and inspect payroll summary registers for the reporting year for each selection. Compare and agree payroll summary registers from the reporting period to the related coaching salaries, benefits and bonuses paid by the University and related entities expense recorded by the University in the statement during the reporting period. Compare and agree the totals recorded to any employment contracts executed for the sample selected and recalculate totals.

Results

Forms W-2 are prepared on a calendar-year basis reflecting wages that are currently taxable. The University operates on a fiscal year of June 30th and records all salary and wage payments, whether currently taxable, non-taxable or deferred as a current expense in the Statement. The University of Maine System (“System”) prepares and issues W-2’s for all University employees. Accordingly, an employee, who is compensated by more than one state University receives a single W-2 reporting all earned compensation.

We obtained and inspected a list of coaches employed by the University during fiscal year 2020. We selected a sample to test from this list that includes the Men's Football, Men's Basketball and Women's Basketball coaches. We traced the compensation from the general ledger to the payroll reports and contracts provided by Human Resources and agreed without exception.

| <u>Coach</u> | <u>Sport</u> |
|---------------------|---------------------|
| Kurt Von Bargaen | Football |
| Ben Guite | Men’s Ice Hockey |
| Parise Rossignol | Women's Basketball |
| Richard Barron | Men’s Basketball |
| Sara Reichenbach | Women's Ice Hockey |

25. 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 coaches' contracts that must include football, and men's and women's basketball from the listing. 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 University in the statement during the reporting period. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree payroll summary register to the coaching other compensation and benefits paid by third-party expenses recorded by the University in the statement during the reporting period and recalculate totals.

Results

According to discussions with management and review of the general ledger, this procedure is not applicable, as third parties do not provide compensation or benefits to coaches on behalf of the University.

26. Support Staff and Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities

Select a sample of support staff/administrative personnel employed by the University and related entities during the reporting period. Obtain and inspect reporting period summary payroll register for each selection. Compare and agree related summary payroll registers to the related support staff administrative salaries, benefits and bonuses paid by the University and related entities expense recorded by the University in the statement during the reporting period and recalculate totals.

Results

As described above in procedure 24, employees of the University receive a single W-2.

We obtained and inspected a list of support staff and administrative personnel salaries employed by the University during fiscal year 2020 and selected a sample of Department employees listed below to test. We reconciled the salary for the sampled support staff and administrative personnel on the supporting schedule to the respective employee's annual wage rate according to human resources.

| <u>Employee</u> | <u>Title</u> |
|------------------------|---|
| Samantha Hegman | Associate Athletic Director for Compliance/Senior Woman Administrator |
| Matt Curtis | Associate Athletic Director for Business |
| Kevin Ritz | Head Equipment Manager |
| Orla Curran | Assistant Athletic Trainer |
| Ed Youngblood | Athletic Grounds |

27. Support Staff and Administrative Other Compensation and Benefits Paid by a Third Party

Select a sample of support staff/administrative personnel employed by the third parties during the reporting period. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary registers to the related support staff and administrative other compensation and benefits expense recorded by the University in the statement during the reporting period and recalculate totals.

Results

According to discussions with management and review of the general ledger, this procedure is not applicable, as third parties do not provide compensation or benefits to support staff and administrative personnel on behalf of the University.

28. Severance Payments

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

Results

According to discussions with management and review of the general ledger, this procedure is not applicable, as there were no severance payments made by the Athletic Department in fiscal year 2020.

29. Recruiting

Obtain documentation of the University's recruiting expense policies. Compare and agree to existing University and NCAA-related policies. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.

Results

We traced the total expense reported on the supporting schedule and recalculated the totals based on the receipts without exception.

According to management, recruiting expenses are only incurred and approved if the expense is for activity allowed per the current version of the NCAA Division I Manual. Each sports office and coach have either a printed copy of the most recent NCAA Division I Manual or access to an electronic version.

On an annual basis, each coach must pass the NCAA recruiting exam before the coach is allowed to recruit. The University has safeguards to ensure that only coaches who pass the exam can recruit. To ensure safeguards are effective, the University is required to have an NCAA compliance audit annually. We reviewed the 2020 compliance audit which we preformed and noted no issues that will impact this engagement.

Each test is proctored by the Associate Athletic Director for Compliance. For new coaches previously employed by another institution, the Department contacts the Compliance Officer from the other institution and receives written confirmation of the test score and date of the exam. Head coaches submit a list of individuals who recruit annually to the Associate Athletic Director of Compliance, who is responsible for ensuring that all coaches must pass the exam before they are allowed to perform off-campus recruiting. The Associate Athletic Director of Compliance is also responsible for approving all recruiting expenses. Before an expense is approved, she verifies that the coach submitting the cost for approval passed the recruiting exam.

We compared the University's policies to the *NCAA Division Manual*, and the University's policies appear to conform with NCAA-related policies.

30. Team Travel

Obtain documentation of the University's team travel policies. Compare and agree to existing University and NCAA-related policies. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.

Results

We traced the total expense reported on the supporting schedule and recalculated the totals based on the receipts without exception.

On an annual basis, a budget for team travel is developed for each sport. Coaches make arrangements for team travel within budgetary limitations. Coaches receive quotes and create a purchase order, which is approved by the Department's business office.

The University has several travel agencies with which it has contracted for travel arrangements. Coaches are responsible for making hotel arrangements. Meals are either purchased for the team by the coaches, or the students are provided meal money in advance of the trip. On the receipt of meal money, students are required to sign an acknowledgement of receipt.

Each coach has a travel card to be used for hotel, meals and other charges. They are required to submit a copy of the receipts to the Associate Athletic Director for Business who compares the receipt to the charges on the on-line statement. The coach is responsible for the monthly reconciliation of the statement which must also be reviewed by the coaches' supervisor. A receipt is not needed if the coach is using their travel card to pay for his or her own individual meals. A coach is permitted to spend up to \$46 per day on meals, and is required to reimburse the University for expenditures in excess of that amount.

We compared the University's policies to the *NCAA Division I Manual*, and the University's policies appear to conform with NCAA-related policies.

31. Indirect Facilities and Administrative Support

Tested with revenue section- Indirect Institutional Support.

Results

As advised by the System Office, indirect support should represent 20% of the University Athletic Department base budget. We recalculated the total amounts without exception.

32. Athletic Facility Debt Service, Leases and Rental Fees

Obtain a listing of debt service schedules, lease payments and rental fees for athletics facilities for the reporting year. Compare a sample of facility payments including the top two highest facility payments to additional supporting documentation (e.g., debt financing agreements, leases, rental agreements). Compare amounts recorded to amounts listed in the general ledger detail and recalculate totals.

Results

We recalculated the total amount without exception.

We received documentation to support amounts indicated in the Statement and selected a sample to test. For each selection we compared and agreed the expense listed below to supporting documentation.

| <u>Description</u> | <u>Amount</u> |
|--------------------|---------------|
| Cross Center | \$199,770.57 |

33. Operating Expenses

Obtain the general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

Results

We recalculated the total amount without exception.

We received documentation to support amounts indicated in the Statement and selected a sample to test. For each selection we compared and agreed the expense listed below to supporting documentation.

Note: Identifying numbers included in the category description refer to the identifiers noted on the Statement of Revenues and Expenditures (Appendix A).

| <u>Category</u> | <u>Description</u> | <u>Amount</u> |
|-----------------------------------|-------------------------------|---------------|
| 27-Recruiting | Vachon, Amy | \$ 948.93 |
| 27-Recruiting | Vachon, Amy | \$ 3,422.61 |
| 27-Recruiting | Jan Dept ME Card/Women Soccer | \$ 200.00 |
| 27-Recruiting | 12/19 Tradv Flores/Recruits | \$ 180.00 |
| 27-Recruiting | Verizon Wireless | \$ 783.73 |
| 28-Team Travel | Air Planning LLC | \$ 101,055.00 |
| 28-Team Travel | Peyton, Matthew | \$ 6,330.50 |
| 28-Team Travel | Peyton, Matthew | \$ 14,810.20 |
| 28-Team Travel | Babineau, Josette | \$ 9,208.05 |
| 28-Team Travel | Lech, Mark | \$ 1,770.30 |
| 28-Team Travel | Lizzotte, Susan | \$ 14,028.00 |
| 28-Team Travel | Fox, Nicholas | \$ 1,639.18 |
| 28-Team Travel | Fox, Nicholas | \$ 1,535.25 |
| 28-Team Travel | Air Planning LLC | \$ 105,500.00 |
| 29-Equipment, Uniforms & Supplies | IDO- Sherpa | \$ 1,424.00 |
| 29-Equipment, Uniforms & Supplies | WS Emerson CO Inc | \$ 903.00 |
| 29-Equipment, Uniforms & Supplies | NBW* New Balance | \$ 920.22 |
| 29-Equipment, Uniforms & Supplies | Boathouse Sports | \$ 3,315.60 |
| 29-Equipment, Uniforms & Supplies | LLBean Freeport | \$ 248.98 |
| 29-Equipment, Uniforms & Supplies | IDO-sports bras | \$ 912.00 |
| 29-Equipment, Uniforms & Supplies | New Balance Athletic Shoe LLC | \$ 7,497.39 |
| 29-Equipment, Uniforms & Supplies | Coach Comm LLC | \$ 62,096.09 |

| <u>Category</u> | <u>Description</u> | <u>Amount</u> |
|--|-----------------------------------|---------------|
| 30-Game Expenses | Kenneth Dias | \$ 505.00 |
| 30-Game Expenses | Narciso Torres | \$ 150.00 |
| 30-Game Expenses | Dusan Basta | \$ 583.88 |
| 30-Game Expenses | Police 12/15-1/10 | \$ 3,254.89 |
| 30-Game Expenses | Police 2/9-22 | \$ 6,496.33 |
| 30-Game Expenses | Barry A Cohen | \$ 200.00 |
| 31-Fundraising, Marketing & Promotions | Hibu Inc Mid Atlantic Hibu PAC | \$ 8,100.00 |
| 31-Fundraising, Marketing & Promotions | Atlantic Coast Radio LLC | \$ 800.00 |
| 31-Fundraising, Marketing & Promotions | Atlantic Coast Radio LLC | \$ 400.00 |
| 31-Fundraising, Marketing & Promotions | Townsquare Media Bangor LLC | \$ 538.48 |
| 31-Fundraising, Marketing & Promotions | Yourmembership Careers | \$ 299.00 |
| 31-Fundraising, Marketing & Promotions | Vrzina,Igor | \$ 599.00 |
| 32-Sport Camp Expenses | 7/28-8/1 Baseball Overnight | \$ 17,533.60 |
| 32-Sport Camp Expenses | 7/8-11 Boys Ice Hockey Mites | \$ 694.40 |
| 32-Sport Camp Expenses | 7/14-19 Field Hockey | \$ 39,217.92 |
| 32-Sport Camp Expenses | IDO 7/7-11 Girls Soccer Overnight | \$ 15,120.00 |
| 32-Sport Camp Expenses | IDO 7/8-12 Girls Soccer Day | \$ 1,411.20 |
| 32-Sport Camp Expenses | FH Camp Lifeguards August 2019 | \$ 103.50 |
| 35-Direct Overhead & Administrative Expenses | US Cellular | \$ 2,500.00 |
| 35-Direct Overhead & Administrative Expenses | 01/02 Credit Card Fees Dec | \$ 185.06 |
| 35-Direct Overhead & Administrative Expenses | Derba, Nicholas | \$ 100.00 |
| 35-Direct Overhead & Administrative Expenses | Brewer Timing Services Inc | \$ 500.00 |
| 35-Direct Overhead & Administrative Expenses | Laundry Loops Inc | \$ 1,687.00 |
| 37-Medical Expenses & Insurance | Down East Orthopedic Associate | \$ 670.58 |
| 37-Medical Expenses & Insurance | Eastern Maine Medical Center | \$ 455.42 |
| 37-Medical Expenses & Insurance | RB Sports DBA Recovery Pump | \$ 6,015.53 |
| 37-Medical Expenses & Insurance | Cross Insurance | \$ 79,508.00 |
| 37-Medical Expenses & Insurance | Performance Health Supply | \$ 9,040.48 |
| 38-Membership & Dues | America East Conference | \$ 55,000.00 |
| 38-Membership & Dues | NE Intercollegiate Amateur | \$ 300.00 |
| 38-Membership & Dues | Feichenbach, Richard | \$ 601.90 |
| 38-Membership & Dues | CAA Football | \$ 33,750.00 |
| 38-Membership & Dues | Hockey East | \$ 60,000.00 |
| 40-Other Operating Expenses | A-L Tier II LLC | \$ 20,000.00 |
| 40-Other Operating Expenses | A-L Tier II LLC | \$ 15,268.37 |
| 40-Other Operating Expenses | Awards Signs & Trophies LLC | \$ 543.42 |
| 40-Other Operating Expenses | Verizon Wireless | \$ 592.00 |
| 40-Other Operating Expenses | Football Luncheon | \$ 5,600.00 |

34. Student Meals (Non-Travel)

Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

Results

We recalculated the total amount without exception.

We received documentation to support amounts indicated in the Statement and selected a sample to test. For each selection we compared and agreed the expense listed below to supporting documentation.

| <u>Sport</u> | <u>Description</u> | <u>Amount</u> |
|---------------------|---------------------------|----------------------|
| Women's Basketball | Rossignol, Parise | \$ 2,843.69 |
| Women's Track | Track-Women | \$ 1,905.85 |
| Men's Basketball | Barron, Richard | \$ 5,250.00 |
| Men's Cross Country | Lech, Mark | \$ 504.58 |
| Ice Hockey | Culina, Pual | \$13,815.00 |

35. Bowl Expenses

Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

Results

According to discussions with management, this procedure is not applicable, as the University did not participate or incur bowl expenses.

36. NCAA Membership Financial Reporting System

Compare and agree the sports sponsored reported in the NCAA Membership Financial Reporting System to the Calculation of Revenue Distribution Equivalencies Report (CRDE) from Compliance Assistant (CA) or other report that supports the equivalency calculations from the University. The NCAA Membership Financial Reporting System populates the sports from the NCAA Sports Sponsorship and Demographics Form as they are reported by the University. If there is a discrepancy in the sports sponsored between the NCAA Membership Financial Reporting System and the CRDE or other report that supports the equivalency calculations, inquire about the discrepancy and report the justification in the AUP report. Compare current year Grants-in-Aid revenue distribution equivalencies to prior year reported equivalencies per the Membership Financial Report submission. Inquire and document an explanation for any variance great than +/- 4%.

Results

Squad lists maintained by the Department are retrieved directly from Compliance Assistant, which submits and retrieves information directly to the NCAA Membership Financial Reporting System. As a result, all squad lists that are maintained agree with the NCAA Membership Financial Reporting System.

37. Sports Sponsorship and Demographics Forms Report

Obtain the University's Sports Sponsorship and Demographics Form submitted to the NCAA for the reporting year. Validate that the countable NCAA sports reported by the University met the minimum requirements, set forth in Bylaw 20.9.6.3, related to the

number of contests and the number of participants. If the University requested and/or received a waiver related to minimum contests or minimum participants for a sport, that sport would not qualify as a sponsored sport for the purposes of revenue distribution. Also, only sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football are eligible. Once countable sports have been validated, ensure that the University has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. Note: Any discrepancies MUST be resolved within the NCAA Membership Financial Reporting System prior to the report being submitted to the NCAA. Compare current year number of Sports Sponsored to prior year reported total per the Membership Financial Report submission. Inquire and document an explanation for any variance.*

Results

We received the Sports Sponsorship and Demographics Forms Report and validated that the sports reported met the minimum requirements for the number of games played as well as the minimum participants, where applicable. These sports statistics are maintained also with the squad lists, which are in agreement with the NCAA Membership Financial Reporting System. There were no variances when compared to the prior year.

38. Pell Grants

Agree the total number of Division I student-athletes who, during the academic year, received a Pell Grant award (e.g., Pell Grant recipients on Full Athletic Aid, Pell Grant recipients on Partial Athletic Aid and Pell Grant recipients with no Athletic Aid) and the total dollar amount of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report generated out of the University's financial aid records of all student-athlete Pell Grants. Note: individual student-aid file testing in step 31 above should tie any selected student athletes who received Pell Grants back to the report of all student athlete Pell Grants to test the completeness and accuracy of the report. Compare current year Pell Grants total to prior year reported total per the Membership Financial Report submission. Inquire and document an explanation for any variance greater than +/- 20 grants.

Results

We received a report detailing the Pell Grant award amount each student-athlete received and compared it to the amount of Pell Grants indicated in the NCAA Membership Financial Reporting System. We compared the amounts listed in the report to each student-athlete sampled during the Athletic Aid testing and agreed without exception.

39. Excess Transfers to Institution and Conference Realignment Expenses

Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transactions and accuracy of recording and recalculate totals.

Results

According to discussions with management, this procedure is not applicable, as the Athletic Department did not have any excess transfers to the University and did not incur realignment expenses.

40. Total Athletics-Related Debt

Obtain repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. Recalculate annual maturities (consisting of principal and interest) provided in the schedules obtained.

Agree the total annual maturities and total outstanding athletic-related debt to supporting documentation and the University's general ledger, as applicable.

Results

According to discussions with management, this procedure is not applicable, as there is no athletics-related debt.

41. Total Institutional Debt

Agree the total outstanding University debt to supporting documentation and the University's audited financial statements, if available, or the University's general ledger.

Results

We reviewed the University's audited financial statements and noted the total Institutional debt for the year ending June 30, 2020.

42. Value of Athletics-Dedicated Endowments

Obtain a schedule of all athletics-dedicated endowments maintained by athletics, the University, and affiliated organizations. Agree the fair market value in the schedule(s) to supporting documentation, the general ledger(s) and audited financial statements, if available.

Results

We agreed the University's and Foundation's schedule of athletics dedicated endowments at fair market value to supporting documentation and the general ledger without exception.

43. Value of Institutional Endowments

Agree the total fair market value of University endowments to supporting documentation, the University's general ledger and/or audited financial statements, if available.

Results

We reviewed the University's audited financial statements and noted the total value of Institutional Endowments for the year ending June 30, 2020.

44. Total Athletics-Related Capital Expenditures

Obtain a schedule of athletics-related capital expenditures made by athletics, the University, and affiliated organizations during the reporting period.

Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

Results

According to discussions with management, this procedure is not applicable, as the University did not incur any athletics-related capital expenditures in 2020.

We were engaged by the University to perform this agreed-upon procedures engagement and conducted our engagements in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the compliance of the accompanying statement of revenue and expenses of the University. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of Dr. Joan Ferrini-Mundy, President, and the Board of Trustees and management of the University and is not intended to be and should not be used by anyone other than those specified parties.

O'Connor + Drew, P.C.

**Certified Public Accountants
Braintree, Massachusetts**

January 7, 2021

UNIVERSITY OF MAINE DEPARTMENT OF ATHLETICS

Statement of Revenues and Expenditures

For the Year Ended June 30, 2020

Appendix A

| <u>Operating Revenues</u> | <u>Football</u> | <u>Men's Basketball</u> | <u>Women's Basketball</u> | <u>Other Sports</u> | <u>Non-Program Specific</u> | <u>Total</u> |
|--|--------------------------|------------------------------------|--------------------------------------|----------------------------|--|--------------------------|
| 1 Ticket Sales | \$ 175,562 | \$ 34,235 | \$ 98,389 | \$ 793,236 | \$ 41,854 | \$ 1,143,277 |
| 2 Direct State or Governmental Support | - | - | - | - | 87,590 | 87,590 |
| 3 Student Fees | - | - | - | - | - | - |
| 4 Direct Institutional Support | 3,734,889 | 1,104,021 | 1,247,969 | 6,589,614 | 943,707 | 13,620,201 |
| 5 Less - Transfers to Institution | - | - | - | - | - | - |
| 6 Indirect Institutional Support | - | - | - | - | 2,167,167 | 2,167,167 |
| 7 Guarantees | 630,000 | 402,000 | 18,000 | 20,300 | - | 1,070,300 |
| 8 Contributions | 465,427 | 24,613 | 40,296 | 769,529 | 176,797 | 1,476,663 |
| 9 In Kind- Third-Party Support | - | - | - | 719 | 1,094 | 1,812 |
| 10 Compensation and Benefits Provided by a Third Party | - | - | - | - | - | - |
| 11 Media Rights | - | - | - | - | 751,965 | 751,965 |
| 12 NCAA Distributions | - | - | - | - | 1,027,873 | 1,027,873 |
| 13 Conference Distributions (Non-Media or Bowl) | - | - | - | 12,944 | 97,636 | 110,580 |
| 13A Conference Distributions of Bowl Generated Revenue | - | - | - | - | - | - |
| 14 Program, Novelty, Parking and Concession Sales | 10,192 | 680 | 1,518 | 2,111 | 5,863 | 20,364 |
| 15 Royalties, Licensing, Advertisements and Sponsorships | - | - | - | 40,000 | 42,988 | 82,988 |
| 16 Sports Camp Revenues | 23,727 | 5,025 | 36,313 | 380,486 | - | 445,551 |
| 17 Athletics Restricted Endowment and Investment Income | 25,332 | 1,506 | 64 | 6,227 | 2,578 | 35,707 |
| 18 Other Operating Revenue | - | - | - | 6,680 | 336,824 | 343,504 |
| 19 Bowl Revenue | - | - | - | - | - | - |
| Subtotal Operating Revenues | <u>5,065,128</u> | <u>1,572,081</u> | <u>1,442,549</u> | <u>8,621,846</u> | <u>5,683,937</u> | <u>22,385,541</u> |
| Operating Expenses | | | | | | |
| 20 Athletic Student Aid | 2,172,079 | 543,305 | 528,489 | 3,620,987 | - | 6,864,859 |
| 21 Guarantees | \$95,355.00 | \$15,841.05 | 23,976 | 49,000 | - | 184,172 |
| 22 Coaching Salaries, Benefits and Bonuses Paid by the University and Related Entities | 868,093 | 518,424 | 379,934 | 1,949,710 | - | 3,716,162 |
| 23 Coaching Salaries, Benefits and Bonuses paid by a Third Party | - | - | - | - | - | - |
| 24 Support Staff/Administrative, Compensation, Benefits and Bonuses paid by the University and Related Entities | 57,235 | 10,896 | 62,411 | 101,821 | 3,210,660 | 3,443,023 |
| 25 Support Staff/Administrative Compensation, Benefits and Bonuses paid by a Third Party | - | - | - | - | - | - |
| 26 Severance Payments | - | - | - | - | - | - |
| 27 Recruiting | 91,950 | 41,496 | 35,291 | 141,362 | - | 310,100 |
| 28 Team Travel | 717,435 | 192,888 | 169,276 | 1,059,463 | - | 2,139,062 |
| 29 Sports Equipment, Uniforms and Supplies | 184,712 | 35,320 | 20,250 | 420,148 | 72,351 | 732,780 |
| 30 Game Expenses | 52,490 | 91,451 | 88,401 | 42,214 | 217,162 | 491,718 |
| 31 Fundraising, Marketing and Promotion | - | - | - | - | 200,173 | 200,173 |
| 32 Sports Camp Expenses | 6,449 | 3,819 | 16,928 | 240,434 | - | 267,630 |
| 33 Spirit Groups | - | - | - | - | 22,788 | 22,788 |
| 34 Athletic Facilities Debt Service, Leases and Rental Fees | \$- | \$88,742.54 | \$111,028.03 | \$- | \$12,468.56 | 212,239 |
| 35 Direct Overhead and Administrative Expenses | - | - | - | 61 | 33,923 | 33,984 |
| 36 Indirect Institutional Support | - | - | - | - | 2,167,167 | 2,167,167 |
| 37 Medical Expenses and Insurance | 14,846 | - | - | 2,056 | 138,480 | 155,381 |
| 38 Memberships and Dues | 34,210 | 1,500 | 1,500 | 100,851 | 88,827 | 226,888 |
| 39 Student Athlete Meals (non-travel) | 17,895 | 7,144 | 5,824 | 55,779 | \$30,024.17 | 116,666 |
| 40 Other Operating Expenses | 211,035 | 31,357 | 24,686 | 154,529 | 680,283 | 1,101,890 |
| 41 Bowl Expenses | - | - | - | - | - | - |
| Total Operating Expenses | <u>4,523,784</u> | <u>1,582,184</u> | <u>1,467,993</u> | <u>7,938,414</u> | <u>6,874,307</u> | <u>22,386,682</u> |
| Excess (Deficiency) of Revenues over (Under) Expenses | <u>\$ 541,344</u> | <u>\$ (10,104)</u> | <u>\$ (25,443)</u> | <u>\$ 683,432</u> | <u>\$ (1,190,370)</u> | <u>\$ (1,141)</u> |
| 50 Excess Transfers to Institution | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 51 Conference Realignment Expenses | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 52 Total Athletics-Related Debt | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 53 Total Institutional Debt | \$ - | \$ - | \$ - | \$ - | \$ 137,551,000 | \$ 137,551,000 |
| 54 Value of Athletics-Dedicated Endowments | \$ 823,829 | \$ 165,246 | \$ 59,020 | \$ 4,262,250 | \$ 4,959,799 | \$ 10,270,144 |
| 55 Value of Institutional Endowments | \$ - | \$ - | \$ - | \$ - | \$ 160,540,000 | \$ 160,540,000 |
| 56 Total Athletics-Related Capital Expenditures | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

See accompanying notes to the Statement of Revenues and Expenditures.

UNIVERSITY OF MAINE DEPARTMENT OF ATHLETICS

Notes to the Statement of Revenues and Expenditures

June 30, 2020

Appendix B

Note 1 - **Organization**

The University of Maine System (the "System") consists of seven universities, eight regional outreach centers and a central administrative office. The University of Maine Department of Athletics (the "Department") is incorporated in the financial statements of the System.

The System is a component unit of the State of Maine and is therefore generally exempt from income taxes under Section 115 of the Internal Revenue Code.

The University of Maine Foundation ("Foundation") and the University of Maine Alumni Association (the "Association") are legally separate tax-exempt component units of the System.

Note 2 - **Summary of Significant Accounting Policies**

Basis of Presentation

The Department's Statement of Revenues and Expenditures have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB"). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows except for contributions and summer financial aid as described in Note 4. The Statement is presented in a manner that intends to report all activity of the University's Intercollegiate Athletics Department in accordance with the requirements of National Collegiate Athletic Association (the "NCAA") Financial Audit Guidelines issued by the NCAA. This Statement is a statement of activity related to the Department and does not purport to present the results of operations for the University as a whole.

Non-program Specific Revenues and Expenses

Certain of the Department's expenses and/or functions are reported in the Statement of Revenues and Expenditures as non-program specific. They include the Athletic Director's Office, Alford Arena, Athletic Information, Administration, Cheerleaders, Pool, Ticket Office, Hall of Fame, Goods and Services, Equipment Rooms, Athletic Development, Athletic Training, Academic Support Services, Latti Fitness Center, Compliance Office, NCAA Needy Student Fund, Athletic Marketing, Strength and Conditioning, and the Black Bear Fund.

UNIVERSITY OF MAINE DEPARTMENT OF ATHLETICS

Notes to the Statement of Revenues and Expenditures - Continued

June 30, 2020

Appendix B

Note 2 - **Summary of Significant Accounting Policies - Continued**

Support From Outside Organizations

Contributions to the Department are received from the Foundation and the Association. Contributions from these groups are deposited into restricted scholarship, gift, or Friends' accounts for use by the sport named on the account.

All booster groups are required to deposit their funds into the University of Maine restricted accounts. Those accounts are subject to overall University accounting controls.

The Black Bear athletic scholarship fund receives regular contributions from the Foundation. This scholarship fund provides scholarship assistance to athletes and is not restricted by sport. The Foundation holds endowment funds, which are designated for the support of University of Maine Athletics.

Receipt and Use of Non-Cash Contributions

As with all gifts, in-kind gifts must be approved by the System's Board of Trustees and the official record appears in the Board's minutes. These gifts are used during the year by Department's staff and teams to accomplish their missions.

Employee Outside Income

Coaches and administrative staff may receive outside income for speaking engagements and non-university sponsored sports camps. They also may receive goods for endorsement or consultation contracts with athletic apparel and equipment manufacturers. NCAA compliance rules require the Department to report outside income to the President.

UNIVERSITY OF MAINE

DEPARTMENT OF ATHLETICS

Notes to the Statement of Revenues and Expenditures - Continued

June 30, 2020

Appendix B

Note 2 - **Summary of Significant Accounting Policies - Continued**

Capital Assets

The University expends funds to build and maintain its athletic facilities. Such costs have been recorded elsewhere in the University's accounting records and are not reflected in the accompanying Statement.

Note 3 - **Endowment Funds**

The System follows the pooled investment concept for its endowed funds, whereby all invested funds are included in one pool, except for funds that are separately invested as directed by the donor.

Note 4 - **Presentation Differences**

Summer Financial Aid

A single summer session spans two fiscal years at the University because the fiscal year ends on June 30.

The NCAA statement requires reporting the total amount of athletic-related student aid awarded, including summer school. This presentation combines the entire summer session including June, July and August with the financial transactions from the preceding spring and winter semesters. The University's statements, however, include aid in the period in which the classes are taken, and therefore differs from the statement herein.

The inherent differences between the University and NCAA reporting require users to understand these differences when using the NCAA statement for any purpose other than reporting to the NCAA.

Contributions

Contributions are received on behalf of the University's athletic department by affiliated organizations including the University of Maine Foundation and the University of Maine Alumni Association. The University does not record funds received by its affiliate organizations until the funds have been transferred to the University. Typically transfer of these monies does not occur until the related expenditure is imminent.