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

**June 30, 2015**

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CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Dr. Sam Minner, President  
New Mexico Highlands University  
Las Vegas, New Mexico

We have performed the procedures enumerated below, which were agreed to by New Mexico Highlands University (University or Institution), solely to assist you in evaluating whether the accompanying Statement of Revenue and Expenses (Statement) of the University is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3 for the year ended June 30, 2015. The University's management is responsible for the Statement (Exhibit A) and related notes (Exhibit B) and compliance with NCAA requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of management of the University. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Agreed-Upon Procedures engagement reports are in the form of procedures and findings. Throughout the procedures identified below there are references to terms such as "compared" and "agreed." If items tested do not agree or compare, the discrepancies are noted below. No testing is required for line items less than 0.5% of total revenues or expenses. A "significant variance" is defined as 15% (+) or (-) of the specific expense or revenue line item on the Statement unless otherwise noted.

The procedures performed and findings are as follows:

### AGREED-UPON PROCEDURES FOR REVENUES

1. Compare and agree each revenue category reported in the Statement during the reporting period to supporting schedules provided by the Institution.

We were unable to agree within an acceptable variance the following line items to supporting schedules provided for the following categories:

- Direct Institutional Support
- Indirect Institutional Support
- Contributions
- In-Kind
- NCAA Distributions
- Conference Distributions
- Other Operating Revenue

2. Compare and agree a sample of operating revenue receipts obtained from the operating revenue supporting schedules to adequate supporting documentation.

We found no exceptions as a result of these procedures.

3. Compare each major revenue account to prior period amounts and budgeted amounts. Obtain and document an understanding of any variations over the lesser of \$1M or 10%. Report the analysis as a supplement to the final Agreed-Upon Procedures report.

Amounts and explanations for variations from the prior period are included in the supplement on page 12. No budget variances met the stated threshold for analysis.

### **Ticket Sales**

1. Compare tickets sold, complimentary tickets provided, and unsold tickets during the reporting period to the related revenue and attendance records reported by the Institution.

As ticket revenue did not meet the threshold for testing, this procedure was not performed.

### **Direct State or Other Governmental Support**

1. 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 and recalculate totals.

We found no exceptions as a result of these procedures.

### **Student Fees**

1. Compare and agree student fees reported by the Institution in the statement for the reporting of student enrollments during the same period and recalculate totals.

We found no exceptions as a result of these procedures.

2. Obtain and document an understanding of the Institution's methodology for allocating student fees to intercollegiate athletics programs.

An understanding of the Institution's methodology was gained, and we noted that the allocation was in accordance with the University's methodology.

### **Direct Institutional Support**

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

We were able to agree and recalculate amounts recorded by the Institution to supporting documentation including the NCAA Compliance Assistant website; however, the supported amount of direct institutional support exceeds the amount reported in the statement by \$420,044.

### **Indirect Institutional Support**

1. Compare the indirect institutional support recorded by the Institution during the reporting period with expense payments, cost allocation detail and other corroborative supporting documentation and recalculate totals.

We were not able to reconcile indirect institutional support to supporting documentation within an acceptable variance.

### **Guarantees**

1. Select a sample of settlement reports for away games during the reporting period and agree each selection to the Institution's general ledger and/or the statement and recalculate totals.

We found no exceptions as a result of these procedures.

2. 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 Institution's general ledger and/or the statement and recalculate totals.

We found no exceptions as a result of these procedures.

### **Contributions**

1. Obtain and review supporting documentation and recalculate totals for any contributions of money, goods or services received directly by an intercollegiate athletics program from any organization, agency or group of individuals that constitutes 10% or more in aggregate for the reporting year of all contributions received during the reporting period.

No support for contributions was able to be provided, therefore recalculation was not performed. As there were no contributions in excess of 10% this procedure was not performed.

### **In-Kind**

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

No support for in-kind donations was able to be provided, therefore this procedure was not performed.

### **NCAA Distributions**

1. Compare NCAA distribution revenue and expense to supporting documentation and recalculate totals.

We found no exceptions as a result of these procedures.

### **Conference Distributions**

1. Obtain and inspect agreements related to the Institution's conference distributions and 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 and recalculate totals.

We found no exceptions as a result of these procedures.

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

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

We found no exceptions as a result of these procedures.

### **Royalties, Advertisement and Sponsorships**

1. Obtain and inspect 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 and recalculate totals.

As there were no royalty, advertisement or sponsorship revenues this procedure was not performed.

### **Other**

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

We found no exceptions as a result of these procedures.

### **AGREED-UPON PROCEDURES PROGRAM FOR EXPENSES**

1. Compare and agree each expense category reported in the Statement during the reporting period to supporting schedules provided by the Institution.

We were unable to agree within an acceptable variance the following line items to supporting schedules provided for the following categories:

- Recruiting
- Sports equipment, uniforms, and supplies
- Game expenses
- Fundraising
- Direct overhead and administrative expenses
- Medical expenses and insurance
- Memberships and dues
- Other operating expenses

2. Compare and agree a sample of expenses to supporting documentation provided by the Institution.

We found no exceptions as a result of these procedures.

3. Compare and agree each major expense account to prior period amounts and budgeted amounts. Obtained and documented an understanding of any significant variations.

Amounts and explanations for variations from the prior period are included in the supplement on page 12. No budget variances met the stated threshold for analysis.

### **Athletic Student Aid**

1. Select a sample of 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. Perform a check of each student selected to ensure their information was reported accurately in either the NCAA's CA (Compliance Assistant) software or entered directly into the NCAA Membership Financial Reporting System.

We found no exceptions as a result of these procedures.

2. Recalculate totals of student aid for each sport and overall.

We found no exceptions as a result of these procedures.

### **Guarantees**

1. Obtain and inspect visiting institutions' away-game settlement reports received by the Institution during the reporting period and agree related expenses to the Institution's general ledger and/or the statement and recalculate totals.

As there were no visiting settlements this procedure was not performed.

2. Obtain and inspect contractual agreements pertaining to expenses recorded by the Institution from guaranteed contests during the reporting period. Compare and agree related amounts expended by the Institution during the reporting period to the Institution's general ledger and/or the statement and recalculate totals.

As there were no game guarantee expenses this procedure was not performed.

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

1. Obtain and inspect a listing of coaches employed by the Institution and related entities during the reporting period. Select a sample of coaches' contracts that included the head coach for men's football, and men's and women's basketball from the above listing.

A listing of all coaches employed by the Program was obtained. A sample of five coaches was selected, including football and the men's and women's basketball head coaches.

2. Compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the Institution to the Statement during the reporting period.

We found no exceptions as a result of these procedures.

3. Obtain and inspect payroll summary registers for the reporting year for each coach selection. Compare and agree payroll summary registers from the reporting period 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.

We found no exceptions as a result of these procedures.

4. Compare and agree the totals recorded to any employment contracts executed for the sample selected and recalculate totals.

We found no exceptions as a result of these procedures.

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

1. Select a sample of support staff/administrative personnel employed by the Institution and related entities during the reporting period.

A sample of two support staff/administrative personnel was selected.

2. Obtain and inspect reporting period summary payroll register for each staff selection. Compare and agree related summary payroll register 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 and recalculate totals.

We found no exceptions as a result of these procedures.

#### **Severance Payment**

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

As there were no severance payments made this procedure was not performed.

#### **Recruiting**

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

Based on our review of the University recruiting policies and comparison to NCAA policies, the University's recruiting policy and related expenses incorporate the NCAA Division II Recruiting Policies.



2. Obtain general ledger detail and compare to the total recruiting expenses reported and recalculate totals.

No support for recruiting expense was able to be provided, therefore this procedure was not performed.

### **Team Travel**

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

Based on our review and comparison, the elements of the University's policy on team travel expenses are consistent with NCAA policies.

2. Obtain general ledger detail and compare to the total team travel expenses reported and recalculate totals.

We found no exceptions as a result of these procedures.

### **Equipment, Uniforms and Supplies**

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

We were able to compare and test amounts recorded in the general ledger; however, the amount reported in the statement exceeds the supported amount of equipment, uniforms and supplies by \$36,307.

### **Game Expenses**

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

No support for game expense was able to be provided, therefore this procedure was not performed.

### **Fund Raising, Marketing and Promotion**

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

As fundraising, marketing, and promotion expenses did not meet the threshold for testing, this procedure was not performed.

### **Athletic Facilities, Leases, and Rentals**

1. 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).

Facility costs are allocated to athletics based on square foot usage. No significant leases or rentals noted.

2. Compare amounts recorded to amounts listed in the general ledger detail and recalculate totals.

We found no exceptions as a result of these procedures.

### **Direct Overhead and Administrative Expenses**

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

As direct overhead and administrative expenses did not meet the threshold for testing, this procedure was not performed.

### **Indirect Institutional Support**

Tested with revenue section - Indirect Institutional Support.

### **Medical Expenses and Medical Insurance**

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

No support for medical and medical insurance expense was able to be provided, therefore this procedure was not performed.

### **Membership and Dues**

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

No support for membership and dues expense was able to be provided, therefore this procedure was not performed.

### **Other Operating Expenses**

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

We were able to compare and test amounts recorded in the general ledger; however, the supported amount of other operating expenses exceeds the amount reported in the statement by \$44,027.

Dr. Sam Minner, President  
New Mexico Highlands University

### **Other Procedures**

1. Compare and agree the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the Institution. The NCAA Membership Financial Reporting System populates the sports from the NCAA Membership Database as they are reported by the Institution. If there is a discrepancy in the sports sponsored between the NCAA Membership Financial Reporting System and the squad lists, inquire about the discrepancy and report the justification in the AUP report.

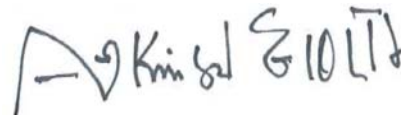
We found no exceptions as a result of these procedures.

### **Affiliated and Outside Organizations**

No such organizations noted.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the compliance of the accompanying Statement of Revenues and Expenses (Exhibit A) and related notes (Exhibit B) of the NMHU Athletic Department with NCAA Bylaw 6.2.3 for the year ended June 30, 2015. 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 President of the University, and is not intended to be and should not be used by anyone other than this specified party.

A handwritten signature in black ink, appearing to read "Atkinson & Co., Ltd.", written in a cursive style.

**Atkinson & Co., Ltd.**

Albuquerque, New Mexico  
August 8, 2016

**NEW MEXICO HIGHLANDS UNIVERSITY**  
**Statement of Revenues and Expenses**  
**For the Fiscal Year Ended June 30, 2015**  
**Exhibit A**

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
<b>REVENUES</b>						
Ticket sales	\$ 8,500	\$ 4,500	\$ 2,000	\$ 3,000	\$ -	\$ 18,000
Direct state or other governmental support	435,516	190,941	128,724	995,466	394,754	2,145,401
Student fees	108,911	47,749	32,190	248,939	98,717	536,506
Direct institutional support	73,134	77,456	21,228	484,987	125,000	781,805
Indirect institutional support	-	-	-	-	325,360	325,360
Guarantees	30,000	10,500	6,000	-	-	46,500
Contributions	2,500	3,000	6,500	28,050	20,867	60,917
In-kind	5,645	2,357	2,250	9,267	4,550	24,069
NCAA distributions	-	-	-	10,940	7,392	18,332
Conference distributions	-	-	-	-	3,331	3,331
Program, novelty, parking and concession sales	6,955	2,500	1,500	4,124	7,736	22,815
Other operating revenue	-	-	-	-	8,400	8,400
<b>Total operating revenues</b>	<b>671,161</b>	<b>339,003</b>	<b>200,392</b>	<b>1,784,773</b>	<b>996,107</b>	<b>3,991,436</b>
<b>EXPENSES</b>						
Athletic student aid	245,856	121,556	60,386	756,858	-	1,184,656
Coaching salaries, benefits and bonuses paid by the University and related entities	309,210	138,284	96,339	531,442	-	1,075,275
Support staff/Administrative compensation, benefits and bonuses paid by the University and related entities	-	-	-	-	492,747	492,747
Recruiting	10,117	1,892	3,000	16,857	3,370	35,236
Team travel	96,362	33,413	34,827	250,103	13,131	427,836
Sports equipment, uniforms, and supplies	18,403	7,194	6,583	45,882	7,700	85,762
Game expenses	16,256	9,948	9,402	30,194	-	65,800
Fundraising, marketing and promotion	1,453	581	415	-	3,957	6,406
Athletic facilities, leases, and rentals	-	-	-	-	253,106	253,106
Direct overhead and administrative expenses	4,657	697	1,362	6,151	6,964	19,831
Indirect institutional support	-	-	-	-	197,254	197,254
Medical expenses and insurance	-	-	-	-	44,864	44,864
Memberships and dues	1,850	-	-	1,876	17,161	20,887
Other operating expenses	14,216	1,565	1,670	2,969	61,292	81,712
<b>Total operating expenses</b>	<b>718,380</b>	<b>315,130</b>	<b>213,984</b>	<b>1,642,332</b>	<b>1,101,546</b>	<b>3,991,372</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES</b>	<b>\$ (47,219)</b>	<b>\$ 23,873</b>	<b>\$ (13,592)</b>	<b>\$ 142,441</b>	<b>\$ (105,439)</b>	<b>\$ 64</b>

**FOOTNOTES TO THE STATEMENT OF REVENUES AND EXPENSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
EXHIBIT B**

**NOTE 1. SUMMARY OF PRESENTATION POLICIES**

The amounts in the accompanying Statement of Revenues and Expenses were obtained from the general ledger of New Mexico Highlands University (the University). All revenues and expenses directly related to the operations of various sports are disclosed as such; revenues and expenses related to football, men's basketball and women's basketball are separately disclosed. The Other Sports column in the accompanying Statement of Revenues and Expenses includes amounts related to men's baseball, men's and women's cross country, women's softball, women's soccer, women's volleyball, and men's wrestling. All remaining operating revenues and expenses are disclosed as non-program specific. The University records depreciation on physical plant and equipment and athletics-related debt service; depreciation on athletics-related facilities and equipment and current year debt service are included in Indirect Facilities and Administrative Support on the Statement of Revenues and Expenses.

**NOTE 2. GIFTS**

Gift revenue included in the Statement of Revenues and Expenses represents gifts given to the University or Foundation for the use of the Department of Intercollegiate Athletics. The gifts either contained no donor-imposed restrictions, or contained donor-imposed restrictions that were met during fiscal year 2015. There were no permanently restricted gifts for the benefit of the Department of Intercollegiate Athletics during fiscal year 2015. There were no individual contributions exceeding 10% of total contributions received during fiscal year 2015.

**NOTE 3. CAPITAL ASSETS**

University assets used by the Department of Intercollegiate Athletics are accounted for in the same manner as all University assets. Capital assets valued at \$5,000 or more are recorded at cost at date of acquisition or, if acquired by gift, at estimated fair value at date of donation. Additions to capital assets are capitalized, while maintenance and minor renovations are charged to operations. Capital assets are reported net of accumulated depreciation calculated on a straight-line basis over the estimated useful lives of the assets, ranging from five to fifty years.

**NOTE 4. BONDS PAYABLE**

The Athletic Department does not have any outstanding debt nor does it have a share in the University's outstanding debt.

**VARIATION ANALYSIS OF THE TOTAL REVENUES AND EXPENSES  
TO PRIOR PERIOD AMOUNTS AND BUDGET ESTIMATES  
FOR THE YEAR ENDED JUNE 30, 2015  
(UNAUDITED - SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS'  
REPORT ON APPLYING AGREED-UPON PROCEDURES)**

	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2014</u>	<u>\$ Variance</u>	<u>% Variance</u>	<u>Variation Explanation</u>
<b>Revenues</b>					
Student fees	\$ 536,506	\$ 393,851	\$ 142,655	36%	Increase is due to approximately 37% increase in the student athletics fee over the prior year.
Direct institutional support	781,805	899,085	(117,280)	-13%	Decrease is due to a 12% decrease in students awarded aid. Correlates to the decrease in Athletic Student Aid below.
<b>Expenses</b>					
Athletic student aid	1,184,656	1,327,356	(142,700)	-11%	Decrease is due to a 12% decrease in students awarded aid. Correlates to the decrease in Direct Institutional Support above.
Support staff/Administrative compensation, benefits and bonuses paid by the University	492,747	361,039	131,708	36%	Increase is due to hiring of 4.5 FTE employees during the fiscal year.
Team travel	427,836	340,220	87,616	26%	Increase is due to travel to other states for guaranteed contests which did not occur in prior year.

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