

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance
Consent

AGENDA ITEM: 5 – R
DATE: April 3-4, 2024

SUBJECT

SDSMT FY23 NCAA Agreed-Upon Procedures Report

CONTROLLING STATUTE, RULE, OR POLICY

NCAA Division II Bylaw 6.2.3

BACKGROUND/DISCUSSION

The NCAA Division II Bylaw 6.2.3. states; “At least once every three years, all expenses and revenues for or on behalf of a Division II member institution's intercollegiate athletics programs, including those by any affiliated or outside organization, agency or group of individuals (two or more), shall be subject to agreed-on procedures approved by the Division II membership... conducted for the institution by a qualified independent accountant who is not a staff member of the institution and who is selected either by the institution's president or chancellor or by an institutional administrator from outside the athletics department designated by the president or chancellor.”

IMPACT AND RECOMMENDATIONS

This report fulfills the FY23 reporting requirement for South Dakota School of Mines and Technology (SDSMT), a Division II university. Karlee Rinehart, Internal Auditor, completed the agreed-upon procedures developed by the NCAA over the athletic department statement of revenues and expenses. The report has been provided to the SDSMT President.

ATTACHMENTS

Attachment I – NCAA FY23 Final Agreed-Upon Procedures Report

INFORMATIONAL ITEM

**SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY
ATHLETICS DEPARTMENT
NCAA FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2023

SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY
ATHLETICS DEPARTMENT
TABLE OF CONTENTS

Independent Accountant's Report on Application of Agreed-Upon Procedures.....	1
For the Year Ended June 30, 2023:	
Statement of Revenue and Expenses.....	4
Notes to the Financial Statements.....	6

INDEPENDENT ACCOUNTANT'S REPORT ON THE APPLICATION
OF AGREED UPON PROCEDURES

Dr. James Rankin, President,
President of South Dakota School of Mines and Technology

And

Management of the Athletics Department
South Dakota School of Mines and Technology

We have performed the procedures enumerated below, which were agreed to by the President of the South Dakota School of Mines and Technology (SDSM&T) solely to assist you in evaluating whether the accompanying Statement of Revenue and Expenses of SDSM&T is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1 for the year ended June 30, 2023. SDSM&T's management is responsible for the Statement of Revenues and Expenses and the statement's compliance with those 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 these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Agreed – Upon Procedures Related to the Statement of Revenues and Expenses

The procedures that were performed and our findings are as follows:

1. We gained an understanding of the aspects of SDSM&T's general internal control and organizational structure as well as the internal control procedures unique to the intercollegiate athletic department to determine the processing system used to record revenues for completeness and expenditures for proper authorization.

No exceptions were noted.

2. We reviewed SDSM&T's procedures for gathering information on the nature and extent of booster group activity for or on behalf of the institution's intercollegiate athletics program.

No exceptions were noted.

3. Tests of the material accounts on the Statement of Revenues and Expenditures included verifying agreement between the amounts reported on the statement to the institution's related balances on Banner.

No material variances were noted.

4. Interviews were performed documenting the methodology of allocating student fees and institutional support.

No exceptions were noted.

5. Interviews were performed documenting the methodology of allocating direct institutional support.

No exceptions were noted.

6. A listing of contributions was obtained from the SDSM&T Foundation and the Hard Rock Club (HRC). We reviewed contributions that exceeded 10% of the total contributions for the fiscal year.

No material variances were noted.

7. In-Kind/Sponsorship contributions were traced to documentation and a sample of contracts were selected for review.

No material variances were noted.

8. Selected a sample of students receiving athletic student aid and compared total aid to the student's account and traced the student and their aid to the NCAA Membership Financial Reporting System.

No material variances were noted.

9. Compared and agreed the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the institution

No material variances were noted.

10. Selected a sample of coaches and traced their contacts and payroll records for agreement.

No material variances were noted.

11. Selected a sample of support staff/administrative personnel and traced to their contracts and payroll records for agreement.

No material variances were noted.

12. A sample of expenses related to team travel and other operating expenses were reviewed.

No material variances were noted.

13. A sample of expenses related to sports equipment, uniforms, and supplies were reviewed.

No material variances were noted.

14. Confirmed the receipts and disbursements of the SDSM&T Athletic Departments outside organization, the SDSMT&T Foundation and the HRC, to agree amounts with the SDSM&T Athletic Department's accounting records.

No material variances were noted.

15. Obtained and reviewed the audited financial statements of outside organizations audited independently of the institutional audit and any reports to management regarding matters related to the internal control structure required by the National Collegiate Athletic Association regulations.

No exceptions were noted.

We were not engaged to, and did not conduct an examination, the objective of which would be expression of an opinion on the accompanying Statement of Revenue and Expenses of SDSM&T. Accordingly, we do not express such opinion.

This report is intended solely for the use of Dr. James Rankin, President, and Management of the Athletics Department of SDSM&T and should not be used by anyone other than those specified parties.

DocuSigned by:

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Karlee Rinehart

January 10, 2024

**South Dakota School of Mines and Technology
Athletic Department
Statement of Revenues and Expenses
For the Year Ended June 30, 2023**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON-PROGRAM SPECIFIC	TOTAL
RECEIPTS:						
Operating Receipts:						
Ticket Sales	\$ 74,292	\$ 8,909	\$ 10,021	\$ 9,133	\$ 4,144	\$ 106,499
Student Fees	-	-	-	-	285,008	285,008
Direct Institutional Support	-	-	-	-	2,685,674	2,685,674
Indirect Institutional Support	-	-	-	-	122,666	122,666
Guarantees	-	-	7,000	14,580	6,500	28,080
Contributions	218,622	89,964	105,787	150,638	690,487	1,255,498
In-Kind	-	-	-	-	563,900	563,900
NCAA Distributions	-	-	-	-	14,660	14,660
Program, Novelty, Parking and Concession Sales	563	4,424	735	37,012	113,180	155,914
Royalties, Licensing Advertisement and Sponsorships	2,000	500	-	-	124,358	126,858
Sports Camp Revenues	17,453	87,956	24,974	16,558	2,830	149,771
Athletic Restricted Endowment and Investment Income	-	-	-	8,776	-	8,776
Other Operating Revenue	50,138	3,325	-	15,886	3,001	72,350
Total Operating Revenues	\$ 363,068	\$ 195,078	\$ 148,517	\$ 252,583	\$ 4,616,408	\$ 5,575,654
DISBURSEMENTS:						
Operating Disbursements:						
Athletics Student Aid	\$ 714,330	\$ 218,000	\$ 174,587	\$ 255,372	\$ -	\$ 1,362,289
Coaching Salaries, Benefits and Bonuses Paid by the University and Related Entities	464,738	157,900	162,819	406,911	50,760	1,243,128
Support Staff/Administrative Compensation, Benefits and Bonuses paid by the University and Related Entities	64,572	701	808	1,317	1,138,731	1,206,129
Recruiting	21,984	6,100	9,556	19,486	16,459	73,585
Team Travel	161,003	58,596	50,641	271,865	918	543,023

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON-PROGRAM SPECIFIC	TOTAL
Sports Equipment, Uniforms, Supplies	95,075	10,797	15,019	37,164	157,445	315,500
Game Expenses	30,983	25,626	28,713	64,120	17,698	167,140
Fund Raising, Marking and Promotion	5,029	2,391	818	1,175	123,889	133,302
Sports Camp Expenses	14,661	63,412	3,220	13,026	2,454	96,773
Spirit Groups	-	-	-	-	11,650	11,650
Athletic Facilities Debt Service						
Leases and Rental Fees		-	-	5,000	-	5,000
Direct Overhead and Administrative	8,031	426	438	2,349	35,486	46,730
Indirect Institutional Support	-	-	-	-	122,666	122,666
Medical Expenses and						
Medical Insurance	-	-	-	-	24,857	24,857
Membership and Dues	-	165	300	2,625	27,890	30,980
Student-Athlete Meals	27,575	4,278	1,812	6,410	1,507	41,582
Other Operating Expenses	15,338	4,870	1,253	77,358	72,229	171,048
Total Operating Expenses	\$ 1,623,319	\$ 553,262	\$ 449,984	\$ 1,164,178	\$ 1,804,639	\$ 5,595,382
Excess(Deficiency) Of Revenues over (under) Expenses	\$ (1,260,251)	\$ (358,184)	\$ (301,467)	\$ (911,595)	\$ 2,811,769	\$ (19,728)

The accompanying notes are an integral part of this statement.

SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY ATHLETIC DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS

1. A Statement of Revenues and Expenses has been prepared on the cash basis of accounts.
2. Long-Term Debt:

At June 30, 2023, South Dakota School of Mines and Technology had no athletic related outstanding debt.

3. Contributions

The South Dakota School of Mines and Technology athletic department received contributions in FY2023 in the amount of \$531,802 from the South Dakota School of Mines and Technology Foundation and \$719,144 from the Hard Rock Club, both affiliated organizations.

One contributor to the Hard Rock Club exceeded 10% of the aggregate contributions made to the athletics department. Many of these contributions funded athletic scholarships.

4. Capital Assets

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than more capital assets.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. After initial capitalization, improvements or betterment that are significant, and which extend the useful life of a capital asset are also capitalized.

Capitalization thresholds (the dollar values above which acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land and Land Rights	\$ -	N/A	N/A
Land Improvements	\$50,000	Straight-line	20 Years
Buildings	\$100,000	Straight-line	50 Years
Building Improvements	\$100,000	Straight-line	20 Years
Machinery and Equipment	\$5,000	Straight-line	7-22 Years
Infrastructure	\$50,000	Straight-line	20-50 Years

Land is an inexhaustible capital asset and is not depreciated.