



RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Intercollegiate Athletics Programs

Agreed-Upon Procedures Report

Year Ended June 30, 2021

(With Independent Accountants' Report Thereon)



KPMG LLP
New Jersey Headquarters
51 John F. Kennedy Parkway
Short Hills, NJ 07078-2702

Independent Accountants' Agreed-Upon Procedures Report

President Jonathan Holloway
The Board of Governors
The Board of Trustees
Rutgers, The State University of New Jersey:

We have performed the procedures enumerated below on the accompanying Schedule of Revenues and Expenses of the Intercollegiate Athletics Programs of Rutgers, The State University of New Jersey (the University) (the Schedule) for the year ended June 30, 2021. The University is responsible for the Schedule and for the University's compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.17.

The University has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users (President and management of the University) in understanding the Schedule of the University for the year ended June 30, 2021 and the University's compliance with NCAA Bylaw 3.2.4.17. This report may not be suitable for any other purpose. No other parties have agreed to or acknowledged the appropriateness of these procedures for the intended purpose or any other purpose.

The procedures performed may not address all the items of interest to a user of this report 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. We make no representation regarding the appropriateness of the procedures either for the intended purpose or for any other purpose.

Materiality for the purposes of identifying differences between the Schedule and management's worksheets in this report has been determined to be \$50,000.

The procedures and the associated findings are as follows:

General Procedures

1. We obtained the Schedule, as prepared by management, and recalculated the addition of total revenues, total expenses, and the deficiency of revenues over expenses. We compared the amounts on the Schedule for each revenue and expense category to the corresponding amounts on management's worksheet "NCAA Membership Financial Reporting System." We then compared the amounts on management's worksheet "NCAA Membership Financial Reporting System" for each revenue and expense category to the University's general ledger (referenced as "Account Analysis Report" for each revenue and expense line item on the Schedule included in this report) for the year ended June 30, 2021 or other management worksheets listed as follows:
 - "TK.AUDIT.R Consolidated Event Audit and Recap Report Season: F20, W21, M21"
 - "Mandatory Student Fees – New Brunswick Full Time Undergraduate"
 - "Outside Income 2020-2021"
 - "Direct Institutional Support"
 - "Detailed GL Info for #34 on PBC"
 - "Detailed GL Info for #36 on PBC"
 - "Student Aid Reconciliation by Sport"



- “FY21 NCAA AUP – #9 Gift in Kind”
- “Coaching Salaries and Benefits paid by the University and Related Entities -- Payroll Summary”
- “Support Staff Administrative Compensation, Benefits and Bonuses paid by the University -- Payroll Summary”

We found such amounts to be materially in agreement.

2. For revenues and expenses on the Schedule in the total column that exceeded 10% of total revenues and expenditures, respectively, we compared these revenue and expense amounts to prior period amounts for the year ended June 30, 2020. For all variances greater than 10%, we obtained explanations from management and included these in Exhibit A of this report. We make no comment as to the completeness and accuracy of the explanations and did not perform any procedures on Exhibit A. A comparison between revenue and expense amounts and budgeted estimates is not included in this report as the University’s budgeting process does not mirror the revenue and expense categories reported in the “NCAA Membership Financial Reporting System.”

We performed detailed procedures over each line item that is equal to or exceeds 4.0% of the total revenues or expenses on the Schedule.

Procedures Related to Revenues

3. We recalculated student fees revenue based on the allocation of student fees during the year ended June 30, 2021 obtained from management’s worksheets “Account Analysis Report for Student Fees”, representing the general ledger and “Mandatory Student Fees – New Brunswick Full Time Undergraduate” provided by the Office of the University Controller. We compared the recalculated amount of student fees revenue obtained from management’s worksheet “Account Analysis Report for Student Fees” to the amounts on management’s worksheet “NCAA Membership Financial Reporting System” for “Student Fees.”

The information recalculated and such amounts compared were in agreement.

4. We obtained management’s worksheets “Account Analysis Report for Direct Institutional Support” representing the general ledger and “Direct Institutional Support” detailing the University’s process for allocating support to Athletics. We compared the recalculated amount of direct institutional support obtained from management’s worksheet “Account Analysis Report for Direct Institutional Support” to the amounts on management’s worksheet “NCAA Membership Financial Reporting System” for “Direct Institutional Support.”

The information recalculated and such amounts compared were in agreement. No further procedures were performed on the allocated amounts.

5. We obtained management’s worksheet “Account Analysis Report for Conference Distributions of Football Bowl Generated Revenue” representing the general ledger. These amounts were agreed to supporting “Conference Distributions Cash Transmittal/Reports,” copies of the check or wire transfer received, or other supporting documentation. We compared the amounts discussed above to amounts on management’s worksheet “NCAA Membership Financial Reporting System” for “Conference Distributions of Bowl-related Revenue.”

<u>Wire Date</u>	<u>Amount</u>
5/13/2021	\$ 4,259,554.00

The information recalculated and such amounts compared were in agreement.



- We obtained management’s worksheet “Account Analysis Report for Media Rights” representing the general ledger. These amounts were agreed to supporting “Media Rights Cash Transmittal/Reports,” copies of the check or wire transfer received, or other supporting documentation. We compared the recalculated amounts of media rights to the amounts on management’s worksheet “NCAA Membership Financial Reporting System” for “Media Rights.”

The information recalculated and such amounts compared were in agreement.

- We obtained management’s worksheet “Account Analysis Report for Direct State or Other Governmental Support” representing the general ledger. We compared the total amount of Direct State or Other Government Support paid to the University as reported on management’s worksheet “Account Analysis Report for Direct State or Other Governmental Support” to the amount on management’s worksheet “NCAA Membership Financial Reporting System” for “Direct State or Other Government Support.”

The information recalculated and such amounts compared were in agreement.

- We selected a sample of two transactions from management’s worksheet “Account Analysis for Direct State or Other Governmental Support” representing the general ledger. For each item selected, we compared the amount recorded in the general ledger to the journal entry.”

<u>Date</u>	<u>Journal entry number</u>	<u>Description</u>	<u>Amount</u>
12/24/2020	5989188	State Paid Fringe Benefit	\$ 727,058.97
3/31/2021	6404455	State Paid Fringe Benefit	830,650.13

We found the selected items compared to be in agreement.

- We obtained management’s worksheet “Account Analysis Report for Contributions” representing the general ledger and compared the total amounts by sport to amounts on management’s worksheet “NCAA Membership Financial Reporting System” for “Contributions.” We reviewed management’s worksheet “Account Analysis Report for Contributions” for any single contribution that was 10% or greater of the total contributions. Such amounts compared were in agreement. We found that there were two single contributions that were 10% or greater of the total contributions.

The information recalculated and such amounts compared were in agreement.

- We made a selection of all transactions that were greater than 10% of the total contributions from management’s worksheet “Account Analysis Report for Contributions.” For the two items selected, we compared the amount recorded in the general ledger to the journal entry, copy of the check, and detail of cash receipt, as applicable. The following items were selected.

<u>Journal entry number</u>	<u>Amount</u>
6934759	\$ 1,246,830.66
6495261	1,299,271.13

We found the selected items compared to be in agreement.



11. We obtained management’s worksheet “Account Analysis Report for NCAA Distributions” representing the general ledger and compare to amounts on management’s worksheet “NCAA Membership Financial Reporting System” for “NCAA Distributions.”

The information recalculated and such amounts compared were in agreement.

12. We selected a sample of two transactions from management’s worksheet “Account Analysis NCAA Distributions” representing the general ledger. For each item selected, we compared the amount recorded in the general ledger to the journal entry, “Cash Transmittal/Report,” and bank statement, as applicable, ensure appropriate classification as a NCAA Distribution, and verify that the amount was properly posted to the general ledger account and object code.

<u>Journal entry number</u>	<u>Amount</u>
6517677	\$ 1,970,245.00
6702883	1,593,889.00

We found the selected items compared to be in agreement.

Procedures Related to Expenditures

13. We obtained management’s worksheets “Account Analysis Report for Student Aid” representing the general ledger, “Student Aid Reconciliation by Sport” and a detailed listing of all student aid recipients for all sports programs. We compared the total of management’s worksheet detailing all student aid recipients for all sports programs to the total academic year student aid reported by the University on management’s worksheet “Student Aid Reconciliation by Sport.” We compared the amounts on management’s worksheet “Student Aid Reconciliation by Sport” to amounts on management’s worksheet “Account Analysis Report for Student Aid” representing the general ledger. We compared amounts on management’s worksheet “Account Analysis Report for Student Aid” representing the general ledger to amounts on management’s worksheet “NCAA Membership Financial Reporting System” for “Athletic Student Aid.”

The information recalculated and such amounts compared were in agreement.

14. We obtained management’s worksheet detailing all student aid recipients for all sports programs. We made a selection of sixty students receiving student aid during the year ended June 30, 2021 from management’s worksheet detailing all student aid recipients for all sports programs. We ensured that all selected students had an odd numbered “athletic code” as this indicates a student-athlete who receives aid. For each student selected, we compared the total aid received per the “Financial Aid Management System Award Display” to the athletics student aid file. We recalculated the full-time equivalency value ensuring that the full grant amount received by the student was used in the equivalency calculation for the academic year, agreed the value to the squad list and verified that the value per the squad list is rounded to two decimal places. We verified that only tuition, fees, room, board and course-related books are included in revenue distribution equivalency. We verified that the student is only included in one sport, did not receive a revenue distribution equivalency greater than 1.00, and that students who compete in competitive sports are included in the athletics student aid file. We verified students who have either exhausted their athletic eligibility or are inactive due to medical reasons are included in both the athletics student aid file and on the squad list. If a student selected for testwork received a Pell Grant, we ensured that the student’s Pell grant amount per the “Financial Aid Management System Award Display” is included in the listing of Pell Grants in the athletics student aid file and we ensured that the value of the grant is not included in the calculation of equivalencies or the total dollar amount of athletic student aid expense in the athletics student aid file.



Sport	ID	Total Aid Amount	Total Pell Amount
Baseball	9307	15,068.00	6,195.00
Football	0927	53,398.00	7,931.00
Football	3103	36,104.00	6,345.00
Football	5753	26,699.00	3,173.00
Men's Track	5721	18,800.00	7,931.00
Men's Track	9672	41,300.00	7,931.00
Men's Track	3620	19,300.00	6,345.00
Wrestling	6978	12,000.00	7,931.00
Field Hockey	7938	18,632.00	6,345.00
Men's Track	5818	27,800.00	7,931.00
Men's Track	8294	2,800.00	1,295.00
Men's Track	5632	10,800.00	6,345.00
Wrestling	4744	3,000.00	3,597.00
Women's Basketball	1961	53,655.00	6,345.00
Women's Basketball	6982	53,911.00	7,931.00
Women's Rowing	8485	800.00	3,595.00
Women's Basketball	5266	53,896.00	7,931.00
Women's Rowing	2807	5,000.00	6,295.00
Field Hockey	1927	5,000.00	3,595.00
Women's Gymnastics	2012	53,998.00	7,931.00
Women's Soccer	0984	10,850.00	6,345.00
Women's Soccer	4501	38,594.00	1,095.00
Softball	3571	18,386.00	4,095.00
Softball	3841	20,778.00	6,295.00
Softball	4115	48,555.00	2,495.00
Softball	6467	14,312.00	6,345.00
Softball	9198	48,386.00	7,931.00
Women's Track	1425	10,800.00	3,695.00
Women's Track	1249	9,000.00	3,173.00
Women's Track	8483	19,478.00	7,931.00
Football	9485	52,472.00	—
Football	1399	26,699.00	—
Baseball	0436	34,916.00	—
Baseball	5110	11,026.00	—
Men's Basketball	4690	43,818.00	—
Men's Basketball	7119	53,740.00	—
Football	0557	26,048.00	—
Football	6098	53,398.00	—
Football	4583	53,398.00	—
Football	5465	37,950.00	—
Football	6222	26,063.00	—
Football	2053	36,119.00	—
Football	5350	19,456.00	—
Men's Golf	4185	26,837.00	—
Men's Golf	5390	20,866.00	—



<u>Sport</u>	<u>ID</u>	<u>Total Aid Amount</u>	<u>Total Pell Amount</u>
Men's Lacrosse	0500	6,300.00	—
Men's Lacrosse	8624	7,253.00	—
Men's Lacrosse	0866	10,000.00	—
Men's Soccer	4856	26,820.00	—
Football	7021	22,800.00	—
Men's Soccer	0211	38,916.00	—
Men's Track	7955	800.00	—
Wrestling	6126	13,376.00	—
Wrestling	7677	7,500.00	—
Women's Basketball	7583	57,302.00	—
Field Hockey	3040	5,000.00	—
Women's Golf	5245	50,037.00	—
Women's Gymnastics	5572	53,890.00	—
Women's Lacrosse	7400	7,544.00	—
Women's Rowing	1326	14,700.00	—

We found no material exceptions between the total of management's worksheet detailing all student aid recipients for all sports programs and the total student aid reported by the University on management's worksheet "Account Analysis Report for Student Aid" as a result of the procedures performed. We found that students who have exhausted their athletic eligibility were not included on the squad list as a result of our procedures, as the University reports students who have exhausted their athletic eligibility through the "NCAA Membership Financial Reporting System." For all students selected, we noted that total aid received per the "Financial Aid Management System Award Display" agreed to the athletics student aid file and the squad list.

15. We obtained management's worksheet "Rutgers Athletic Payroll Summary Information" representing the general ledger and recalculated amounts for "Head Coach" and "Assistant Coaches" by sport and compared amounts for "Head Coach" and "Assistant Coaches" by sport to amounts on management's worksheets "NCAA Membership Financial Reporting System" for "Coaching Salaries, Benefits, and Bonuses paid by the University and Related Entities."

The information recalculated and such amounts compared were in agreement.



16. We obtained management's worksheet "Coaching and Support Staff Salaries and Benefits paid by the University and Related Entities - Payroll Summary" and made a selection of four coaches. For each individual selected, we obtained the signed employment agreement, and the Personnel Data Record authorized by Human Resources reflecting increases to base salaries not included in the signed employment contract, where applicable. We compared the base salary amount, extra compensation amount, post season bonuses amount, and/or deferred compensation amounts from each agreement, and Personnel Data Record, where applicable, to the amounts reported on management's worksheet "Coaching Salaries and Benefits paid by the University and Related Entities -- Payroll Summary." One coach from each of the following four sports was selected:

Sport

- Head Coach- Baseball (Last 3 digits of Employee ID #344)
- Head Coach- Football (Last 3 digits of Employee ID #488)
- Asst Coach - Women's Basketball (Last 3 digits of Employee ID #720)
- Asst Coach - Men's Basketball (Last 3 digits of Employee ID #276)

We found the selected items compared to be in agreement.

17. We obtained management's worksheet "Support Staff Administrative Compensation, Benefits and Bonuses paid by the University – Payroll Summary" representing the general ledger and compared amounts to amounts on management's worksheet "NCAA Membership Financial Reporting System" for "Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities."

The amounts compared were in agreement.

18. We selected five support staff/administrative personnel employed by the University from the "Support Staff Administrative Compensation, Benefits and Bonuses paid by the University – Payroll Summary." For each individual selected, we obtained the Personnel Data Record or signed employment agreement, whichever was applicable to the selected individual, and agreed the base salary, incentive compensation and additional bonus amounts from each Personnel Data Record or employee contract to the "Support Staff Administrative Compensation, Benefits and Bonuses paid by the University – Payroll Summary." Five support staff/administrative personnel were selected as follows:

Position

- Support Staff (Last 3 Digits of Employee ID #127)
- Support Staff (Last 3 Digits of Employee ID #175)
- Support Staff (Last 3 Digits of Employee ID #390)
- Support Staff (Last 3 Digits of Employee ID #737)
- Support Staff (Last 3 Digits of Employee ID #021)

We found the selected items compared to be in agreement.

19. We obtained management's worksheet "Account Analysis Report for Team Travel" representing the general ledger and compared to amounts on management's worksheet "NCAA Membership Financial Reporting System" for "Team Travel."

The amounts compared were in agreement.



20. We selected a sample of two transactions from management’s worksheet “Account Analysis Report for Team Travel” representing the general ledger. For each item selected, we obtained the vendor invoice and purchase order (where applicable). We compared the amount from the general ledger to the vendor invoice, verified that the expenditure was properly approved, reviewed the expenditure for appropriate classification as a team travel expenditure, and verified that the amount was properly posted to the general ledger account and object code. The following team travel expenses were selected:

<u>Account description</u>	<u>Date</u>	<u>Transaction number</u>	<u>Amount</u>
Track (M)	3/5/2021	6232256	\$ 8,453.28
Lacrosse (W)	6/8/2021	6737657	12,769.98

We found the selected items compared to be in agreement.

21. We obtained copies of the University’s travel policies and read the policies.

Management indicated that the athletic travel policies were based on the University’s policies. In certain cases, NCAA travel policies were different, in which case Athletics followed the NCAA policies as long as they were allowable per the University’s policies. No procedures were performed with respect to management’s representation.

22. We obtained management’s worksheets “FY21 NCAA AUP – #9 Gift in Kind” provided by a third party and “Account Analysis Report for Equipment, Uniforms and Supplies” representing the general ledger. We recalculated the total equipment, uniforms and supplies expenditures for each sport account. We compared the amounts from management’s worksheet “FY21 NCAA AUP – #9 Gift in Kind” and “Account Analysis Report for Equipment, Uniforms and Supplies” to the amounts on management’s worksheet “NCAA Membership Financial Reporting System” for “Equipment, Uniforms and Supplies.”

The information recalculated and such amounts compared were in agreement.

23. We selected a sample of two transactions from management’s worksheet “Account Analysis Report for Equipment, Uniforms and Supplies” representing the general ledger. For each item selected, we obtained the vendor invoice and purchase order (where applicable). We compared the amount in the general ledger to the vendor invoice, verified that the expense was properly approved, reviewed the expenditure for appropriate classification as an equipment, uniforms and supplies expenditure, and verified that the amount was properly posted to the general ledger account and object code. The following equipment, uniforms and supplies expenses were selected:

<u>Account description</u>	<u>Date</u>	<u>Invoice number</u>	<u>Amount</u>
Football	11/16/2020	6152062706	\$ 3,919.32
Football	6/1/2021	6153628307	4,213.25

We found the selected items compared to be in agreement.



24. We obtained management's worksheet "Account Analysis Report for Direct Overhead and Administrative Expenses" representing the general ledger and recalculated the total amount of direct overhead and administrative expenses for each sport. We compared these amounts from management's worksheet "Account Analysis Report for Direct Overhead and Administrative Expenses" to amounts on management's worksheet "NCAA Membership Financial Reporting System" for "Direct Overhead and Administrative Expenses."

The information recalculated and such amounts compared were in agreement.

25. We selected a sample of two transactions from management's worksheet "Account Analysis Report for Direct Overhead and Administrative Expenses" representing the general ledger. For each item selected, we obtained the journal entry, statement, and purchase order (where applicable). We compared the amount from the general ledger to the journal entry, statement or purchase order, verified that the expenditure was properly approved, reviewed the expenditure for appropriate classification as a direct overhead and administrative expense, and verified that the amount was properly posted to the general ledger account and object code. The following direct overhead and administrative expenses were selected:

<u>Account description</u>	<u>Date</u>	<u>Invoice number</u>		<u>Amount</u>
Services Other	5/24/2021	10518	\$	11,125.75
R&M Equipment	7/24/2020	67227970		42,489.78

We found the selected items compared to be in agreement.

26. We obtained management's worksheet "Account Analysis Report for Athletic Facility Debt Service, Leases and Rental Fees" representing the general ledger and recalculated the amount of athletic facility debt service, leases and rental fees for each sport. We compared these amounts from management's worksheet "Account Analysis Report for Athletic Facility Debt Service, Leases and Rental Fees" to amounts from management's worksheet "NCAA Membership Financial Reporting System" for "Athletic Facilities Debt Service, Leases and Rental Fee."

The information recalculated and such amounts compared were in agreement.

27. We selected a sample of the highest debt service payment and two rental payments from management's worksheet "Account Analysis Report for Athletic Facility Debt Service, Leases and Rental Fees" representing the general ledger. For each item selected, we obtained the supporting documentation (e.g. bond issuance, commercial paper trade confirmation, lease agreement, rental agreement). We compared the amount from the general ledger to the supporting documentation, verified that the expenditure was properly approved, reviewed the expenditure for appropriate classification as a debt service, leases and rental fee expenditure, and verified that the amount was properly posted to the general ledger account and object code. The following athletic facilities debt service, leases and rental fee expenses were selected:

<u>Account description</u>	<u>Vendor</u>	<u>Date</u>	<u>Journal Entry/ Invoice number</u>		<u>Amount</u>
Stadium debt service	Rutgers University	6/30/2021	6920787	\$	289,701.20
Women's Soccer	Iron Peak	4/30/2021	6219		3,874.99
Field Hockey	All Season Sports Academy	3/1/2021	9491		1,350.00

We found the selected items compared to be in agreement.



Other Required Procedures

28. We compared and agreed the sports sponsored reported in the “NCAA Membership Financial Reporting System” to the supporting equivalency calculations from the University. We compared the fiscal 2021 Grants-in-Aid revenue distribution equivalencies to fiscal 2021 reported equivalencies per the Membership Financial Report submission and identified four sports that fluctuated by greater than 4%. These sports are Women’s Basketball, Women’s Track and Field, Softball, and Women’s Volleyball. We received explanations for four variances. We make no comment as to the completeness and accuracy of the explanations and did not perform any procedures over the explanations.

- Women’s Basketball increased by 16.67%. The cause for the fluctuation is that there were a significant number of student athletes that transferred out of the University in the FY2020. As a result, the Women’s Basketball team lost three more student athletes than they gained during the 2019-2020 season. However, 2020-2021 was more stable and there weren’t as many transfers that occurred causing the fluctuation year-over-year.
- Women’s Track and Field increased by 17.28%. This fluctuation was a result of a head coaching change and general oversight of the track program as the men and women’s program merged in FY2020 and as such, maximizing the scholarship allotment was not a top priority in FY2020. In FY2021, the program saw an increase in transfers into the program as compared to FY2020.
- Softball increased by 13.75%. The fluctuation in Softball year-over-year is directly attributable to the increasing number of transfers that occurred during FY2021. This directly resulted in additional equivalency room for FY2021.
- Volleyball increased by 9.09%. The program had gone through a coaching change in FY2020 before the Spring semester started. As such, a few student-athletes on this team transferred out of the University mid-year causing only half of the allowable scholarships to be taken. In FY2021, there were increased transfers to the program.

We found the information compared to be in agreement.

29. We obtained the Sports Sponsorship and Demographic Form submitted to the NCAA for the fiscal 2021 reporting year and validated 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. There were some sports that did not meet the required minimum contests requirement however the NCAA issued a blanket waiver over all sports for this requirement for fiscal 2021 due to the COVID-19 pandemic. Also, only sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football are eligible. Once countable sports had been validated, we ensured that the University has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. We compared the fiscal 2021 number of Sports Sponsored to the fiscal 2020 number of Sports Sponsored reported total per the Membership Financial Report submission and noted no variances.

We found the information consistent.



30. We agreed the total number of student-athletes who received a Pell Grant award during the fiscal 2021 academic year from student aid reports derived from the financial aid systems of the University and the total value of the Pell Grants in the athletics student aid file to the amounts reported in the “NCAA Membership Financial Reporting System.” We compared the fiscal 2021 Pell Grants total to the fiscal 2020 reported total per the Membership Financial Report submission and noted no variance greater than +/- 20 grants.

We found such amounts compared to be in agreement.

31. We obtained the detail of all athletics related debt and institutional debt at June 30, 2021, agreed the listing to debt confirmations and the general ledger at June 30, 2021, and the 2021 financial statements. For all athletics related debt, we also recalculated the annual maturities of principal and interest payments included within the detail.

The information recalculated and such amounts compared were in agreement.

32. We obtained a schedule of all athletic dedicated and institutional endowments at June 30, 2021 and agreed to the 2021 financial statements and the general ledger at June 30, 2021.

We found such amounts to be in agreement.

33. We obtained a general ledger activity detail listing all capital expenditures and compared expenditures to the total expenditures reported by the University during fiscal year 2021. We selected a sample of two capital expenditures for testwork. For each item selected, we obtained the invoice, purchase order and copy of payment (where applicable). We compared the amount from the general ledger activity detail listing to the invoice, ensured the expense was properly approved, and verified that the classification as a capital expenditure was appropriate. The following capital expenditures were selected:

<u>Expenditure Type</u>	<u>Date</u>	<u>Transaction #</u>	<u>Amount</u>
Construction in Progress Architect	8/1/2020	13107900	2,355.00
Construction in Progress Building	4/1/2021	14019186	164,657.79

We found the selected items compared to be in agreement.



34. We obtained the following list of booster organizations and related financial activities for the year ended June 30, 2021 from the Athletics Finance and Administration Department:

	Beginning Cash Balance	Cash Receipts	Cash Disbursed	Ending Cash Balance
Men's Basketball:				
Rutgers Court Club, Inc. (a)	\$3,704	\$ 25,470	\$ 26,148	\$3,026
Women's Basketball				
The Cagers Club	\$18,564	\$ 2,325	\$ 2,926	\$17,964
Football				
Rutgers Touchdown Club, Inc.	\$16,592	\$ 14,443	\$ 15,707	\$15,328
Football Letterwinner's Association (NOTE)	N/A	N/A	N/A	N/A
	<u>\$38,861</u>	<u>\$42,238</u>	<u>\$44,781</u>	<u>\$36,318</u>

(a) Covering the period from August 1, 2020 to July 31, 2021.

NOTE: KPMG notes that Football Letterwinners did not have any activity between July 1, 2020 and June 30, 2021. All Football Letterwinner functions are internal and, as such, Football Letterwinners is no longer a Booster Club that provides funds to the University.

35. We compared the respective cash receipts and cash disbursed amounts above to the "Statement of Receipts and Disbursements August 1, 2020 – July 31, 2021" (Rutgers Court Club, Inc.), the "Treasurer's Report" (the Cagers Club), and the "Checking Account Transaction Detail" (Rutgers Touchdown Club, Inc.).

We found such amounts compared to be in agreement.

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We were engaged by the University to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, which involves us performing the specific procedures agreed to and acknowledged above and reporting on findings based on performing those procedures. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Schedule of the University for the year ended June 30, 2021. 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 President Jonathan Holloway, the Board of Governors, the Board of Trustees, and management of the University, and is not intended to be, and should not be used by, anyone other than these specified parties.

KPMG LLP

Short Hills, New Jersey
January 13, 2022

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Intercollegiate Athletics Programs

Schedule of Revenues and Expenses

Year ended June 30, 2021

	Total
Revenues:	
Ticket sales	\$ 14,105
Direct state or other governmental support	4,753,221
Student fees	10,545,834
Direct institutional support	27,584,119
Contributions	6,159,586
In-kind	1,725,000
Compensation and benefits provided by a third party	364,510
Media Rights	23,341,376
NCAA distributions	3,946,572
Conference distributions	4,292,197
Program, novelty, parking and concession sales	6,415
Royalties, licensing, advertisements and sponsorships	3,259,310
Athletics restricted endowment and investment income	1,586,658
Other operating revenues	413,395
Total revenues	87,992,298
Expenses:	
Athletic student aid	17,376,340
Guarantees	225,000
Coaching salaries, benefits and bonuses paid by the university and related entities	25,472,843
Coaching other compensation and benefits paid by a third-party	287,675
Support staff/administrative salaries, benefits and bonuses paid by the university and related entities	21,974,317
Support staff/administrative other compensation and benefits paid by a third-party	76,835
Severance	2,485,921
Recruiting	319,228
Team travel	6,136,834
Equipment, uniforms and supplies	5,106,445
Game expenses	1,651,106
Fundraising, marketing and promotion	1,212,413
Spirit groups	296,059
Athletic facility debt service, leases and rental fees	13,022,779
Direct overhead and administrative expenses	12,150,474
Medical expenses and insurance	3,037,504
Memberships and dues	115,258
Student athlete meals (nontravel)	4,515,270
Other operating expenses	2,931,900
Total expenses	118,394,201
Deficiency of revenues over expenses	\$ (30,401,903)

See accompanying independent accountants' report.

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Intercollegiate Athletics Programs

Schedule of Revenues and Expenses

Year ended June 30, 2021

(with comparative information for the year ended June 30, 2020)

	2021	2020	Variance	
	Total	Total	\$	%
Revenues:				
Ticket sales	\$ 14,105	8,414,231	(8,400,126)	(100)%
Direct state or other governmental support	4,753,221	3,998,607	754,614	19
Student fees	10,545,834	12,654,098	(2,108,264)	(17) A
Direct institutional support	27,584,119	11,865,632	15,718,487	132 B
Guarantees	—	84,000	(84,000)	(100)
Contributions	6,159,586	2,888,713	3,270,873	113
In-kind	1,725,000	1,725,000	—	—
Compensation and benefits provided by a third party	364,510	722,893	(358,383)	(50)
Media rights	23,341,376	—	23,341,376	100 C
NCAA distributions	3,946,572	1,284,417	2,662,155	207
Conference distributions	4,292,197	29,734,597	(25,442,400)	(86)
Program, novelty, parking and concession sales	6,415	1,742,839	(1,736,424)	(100)
Royalties, licensing, advertisements and sponsorships	3,259,310	7,032,680	(3,773,370)	(54)
Athletics restricted endowment and investment income	1,586,658	1,475,304	111,354	8
Other operating revenues	413,395	20,019,401	(19,606,006)	(98)
Total revenues	87,992,298	103,642,412		
Expenses:				
Athletic student aid	17,376,340	15,282,500	2,093,840	14 D
Guarantees	225,000	2,904,599	(2,679,599)	(92)
Coaching salaries, benefits and bonuses paid by the university and related entities	25,472,843	20,813,879	4,658,964	22 E
Coaching other compensation and benefits paid by a third-party	287,675	657,481	(369,806)	(56)
Support staff/administrative salaries, benefits and bonuses paid by the university and related entities	21,974,317	21,898,615	75,702	—
Support staff/administrative other compensation and benefits paid by a third-party	76,835	65,412	11,423	17
Severance	2,485,921	3,188,555	(702,634)	(22)
Recruiting	319,228	1,606,396	(1,287,168)	(80)
Team travel	6,136,834	6,391,589	(254,755)	(4)
Equipment, uniforms and supplies	5,106,445	4,741,591	364,854	8
Game expenses	1,651,106	5,042,295	(3,391,189)	(67)
Fundraising, marketing and promotion	1,212,413	1,520,340	(307,927)	(20)
Spirit groups	296,059	468,855	(172,796)	(37)
Athletic facility debt service, leases and rental fees	13,022,779	11,365,488	1,657,291	15 F
Direct overhead and administrative expenses	12,150,474	11,167,185	983,289	9
Medical expenses and insurance	3,037,504	1,477,668	1,559,836	106
Memberships and dues	115,258	130,474	(15,216)	(12)
Student Athlete Meals (nontravel)	4,515,270	3,117,603	1,397,667	45
Other operating expenses	2,931,900	2,363,447	568,453	24
Total expenses	118,394,201	114,203,972		
Deficiency of revenues over expenses	\$ (30,401,903)	(10,561,560)		

A Student Fees decreased by \$2.1M or 16.7% for the year ended June 30, 2021 as compared to the year ended June 30, 2020. The reduction in student fees was announced in July 2020 by the University President/BOG in response to the COVID-19 Pandemic.

B Direct Institutional Support increased by \$15.7M or 132% due to the impacts that COVID-19 had on the Department of Intercollegiate Athletics.

C The cause for this fluctuation year-over-year relates to the University breaking out Media Rights and Conference Distributions as opposed to grouping them together as done historically. If these were not broken out in the current year, then the difference would have been below 10%. FY21 was Rutgers' first year as a full member of the Big Ten Conference and so it was not previously possible to break out these revenues.

D The fluctuation in student aid year-over-year is directly attributable to the additional year of eligibility for Spring 2020 sports whose championship segments were cut as a result of the Pandemic.

E Coaching Salaries & Benefits (incl. Bonuses) Paid by the University has an increase of \$4.7M for the year ended June 30, 2021 as compared to the year ended June 30, 2020. This increase was primarily due to a full year with the new football staff. The new football staff was hired in December 2019, which was halfway through FY2020. The new staff

F Athletic Facility Debt Service, Leases and Rental Fees increased by \$1.7M or 14.6% for the year ended June 30, 2021 as compared to the year ended June 30, 2020. This is primarily attributable to annual debt services increases per University repayment schedules.

See accompanying independent accountants' report.

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Intercollegiate Athletics Programs

Notes to Schedule of Revenues and Expenses

Year ended June 30, 2021

(1) Summary of Significant Accounting Policies

The Schedule of Revenues and Expenses of the Intercollegiate Athletics Programs (the Schedule) is a schedule of financial activities of current funds related to Rutgers, the State University of New Jersey's (the University) intercollegiate athletics programs for the current reporting period and includes gifts raised by and expenses of outside booster organizations made for or on behalf of the University's intercollegiate athletics programs.

(a) Current Funds

Current funds are those funds which are available for current operations, including those for restricted as well as unrestricted purposes. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which the governing boards retain full control to use in achieving any of their institutional purposes.

All unrestricted gifts and bequests are reported as revenue in the accompanying Schedule in the year received. As restricted gifts and grants do not constitute revenue until the terms of the gifts or grants have been met, such amounts are reported as revenue only to the extent expensed during the current year. Gifts raised by and expenses of outside booster organizations made for or in behalf of the University are reported as contributions to the extent expensed during the current year.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as expenses in the case of normal replacement of movable equipment.

(b) Accrual Basis

The accompanying Schedule of the University has been prepared on the accrual basis of accounting.

(c) Rutgers University Foundation

Rutgers University Foundation (the Foundation) was established for the benefit of the University to aid in obtaining resources to meet the needs of the University for which adequate funding is not available from other sources. During the year ended June 30, 2021, the Foundation distributed \$6,159,586 of contributions to the University's intercollegiate athletics programs.

(d) Reporting Entity

As discussed in note 1 to the University's annual financial statements, the Foundation's financial statements were included with those of the University. Accordingly, the activities of the Foundation which relate to funds raised for the University's intercollegiate athletics programs have been included in the accompanying Schedule.

Other Outside Organizations

(e) Rutgers Court Club, Inc.

Rutgers Court Club, Inc. was formed to support the men's intercollegiate athletics basketball program. This club's support of the athletic program for fiscal year 2021 was \$26,148.

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Intercollegiate Athletics Programs

Notes to Schedule of Revenues and Expenses

Year ended June 30, 2021

(f) The Cagers Club

The Cagers Club was formed to support the women's intercollegiate athletics basketball program. This club's support of the athletic program for fiscal year 2021 was \$17,964.

(g) Rutgers Touchdown Club, Inc. and Football Letterwinner's Association

Rutgers Touchdown Club, Inc. and Football Letterwinner's Association were formed to support the intercollegiate athletics football program. This Club's and Association's support of the athletic program for fiscal year 2021 was \$11,793 and \$0, respectively. It should be noted that there was no activity for Football Letterwinners between July 1, 2020 and June 30, 2021 and no funds have been provided to the University. All Letterwinners functions are internal and the Organization no longer serves a Booster Club to Athletics.

(2) Policies and Procedures for Intercollegiate Athletic Related Assets

The University's intercollegiate athletics program operates as a department under the control of the University. Accordingly, it is subject to the University's policies and procedures for acquiring, approving, depreciating, and disposing of athletics related assets. Depreciation on buildings, land improvements and infrastructure, and equipment is calculated using the straight-line method over the assets' estimated useful lives, ranging from 5 to 50 years.

(3) Debt

The University's total debt for intercollegiate athletics consisted of the following at June 30, 2021:

General Obligation Bonds, 2009 Series G \$ 58,515,000

Such debt excludes amounts associated with recreational centers used by all students, faculty and staff.

As of June 30, 2021, the total minimum principal payments due over the next five fiscal years and thereafter are:

2022	\$	2,280,000
2023		2,370,000
2024		2,465,000
2025		2,560,000
2026		2,660,000
Therefore		<u>46,180,000</u>
Total debt for intercollegiate athletics		\$ <u>58,515,000</u>

The University's total short-term and long-term debt, excluding unamortized bond premiums and discounts, at June 30, 2021 is \$2,263,399,000.

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Intercollegiate Athletics Programs

Notes to Schedule of Revenues and Expenses

Year ended June 30, 2021

(4) Endowment

At June 30, 2021, the fair value of the University's total endowment was approximately \$1,837,000,000, of which \$56,505,102 was related to athletics.

(5) Total Athletics Related Capital Expenditures

For the year ended June 30, 2021, the total athletics related capital expenditures were \$18,533,354.