

**University of Kentucky**  
Independent Accountant's Report on Applying  
Agreed-Upon Procedures Performed on the  
Intercollegiate Athletics Program  
as Required by NCAA Bylaw 3.2.4.17  
Year Ended June 30, 2022

**University of Kentucky**  
**Intercollegiate Athletics Program**  
June 30, 2022

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600 N. Hurstbourne Parkway, Suite 350 / Louisville, KY 40222

P 502.581.0435 / F 502.581.0723

[forvis.com](http://forvis.com)

## Independent Accountant's Report on Applying Agreed-Upon Procedures

Dr. Eli Capilouto, President  
University of Kentucky  
Lexington, Kentucky

We have performed the procedures enumerated in Attachment B to this report to assist you in evaluating whether the Statement of Revenues and Expenses – Unaudited (Attachment A) of the University of Kentucky (University or Institution) and related notes are in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.17 as of and for the year ended June 30, 2022. The management of the University is responsible for compliance with the NCAA Bylaw 3.2.4.17.

The Institution has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of determining compliance with the NCAA Bylaw 3.2.4.17 as of and for the year ended June 30, 2022. 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 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 the associated findings are described in Attachment B to this report.

We were engaged by the Institution 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. 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 compliance with the NCAA Bylaw 3.2.4.17. 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 Institution 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 the Institution and is not intended to be, and should not be, used by anyone other than these specified parties.

## FORVIS, LLP

Louisville, Kentucky  
November 15, 2022

**University of Kentucky**  
**Intercollegiate Athletics Program**  
**Statement of Revenue and Expenses – Unaudited**  
**Year Ended June 30, 2022**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	ALL OTHER SPORTS	NON-SPORT SPECIFIC	TOTAL
<b>Operating Revenues</b>						
Ticket sales	\$ 17,112,524	\$ 21,849,305	\$ 276,351	\$ 560,692	\$ 739,238	\$ 40,538,110
Student fees	-	-	-	-	953	953
Less – transfers to institution	-	-	-	-	(953)	(953)
Guarantees	-	1,087,516	-	2,500	65,834	1,155,850
Contributions	-	-	94,000	283,044	27,521,932	27,898,976
In-kind	-	-	-	-	39,303	39,303
Media rights	14,740,000	4,097,779	-	-	38,321,686	57,159,465
NCAA distributions	-	2,777,523	26,240	133,735	680,411	3,617,909
Conference distributions (non-media and non-bowl)	3,036,651	942,958	17,160	45,583	67,000	4,109,352
Conference distributions of bowl revenue	8,600,428	-	-	-	-	8,600,428
Program, novelty, parking and concession sales	3,041,277	8,820	10,986	78,615	1,199,485	4,339,183
Royalties, licensing, advertisement and sponsorships	250,000	74,000	74,000	465,150	4,834,566	5,697,716
Sports camp revenues	135,247	418,230	15,751	1,018,006	45,461	1,632,695
Athletics restricted endowment and investments income	-	-	-	-	677,642	677,642
Other operating revenue	295,465	-	1,063	10,598	1,548,624	1,855,750
Bowl revenues	1,756,639	-	-	-	-	1,756,639
	<u>1,756,639</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,756,639</u>
Total operating revenues	<u>\$ 48,968,231</u>	<u>\$ 31,256,131</u>	<u>\$ 515,551</u>	<u>\$ 2,597,923</u>	<u>\$ 75,741,182</u>	<u>\$ 159,079,018</u>

**University of Kentucky**  
**Intercollegiate Athletics Program**  
**Statement of Revenue and Expenses – Unaudited (Continued)**  
**Year Ended June 30, 2022**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	ALL OTHER SPORTS	NON-SPORT SPECIFIC	TOTAL
<b>Operating Expenses</b>						
Athletic student aid	\$ 4,921,233	\$ 716,961	\$ 539,721	\$ 8,847,583	\$ 1,865,281	\$ 16,890,779
Guarantees	3,385,000	820,000	144,756	108,731	-	4,458,487
Coaching salaries, benefits and bonuses paid by the University and related entities	13,254,377	11,053,223	1,670,966	7,854,700	-	33,833,266
Support staff/administrative compensation, benefits and bonuses paid by the University and related entities	3,208,475	1,705,307	593,517	829,966	19,031,445	25,368,710
Severance payments	769,583	-	-	153,675	-	923,258
Recruiting	917,657	1,167,817	242,710	654,655	-	2,982,839
Team travel	2,221,398	2,364,189	708,389	4,350,111	42,290	9,686,377
Sports equipment, uniforms and supplies	1,198,746	347,755	168,827	1,730,858	379,593	3,825,779
Game expenses	321,644	1,078,288	217,671	480,980	5,775,478	7,874,061
Fundraising, marketing and promotion	-	-	-	805	1,735,587	1,736,392
Sports camp expenses	61,779	255,063	11,973	594,451	45,462	968,728
Spirit groups	-	-	-	-	1,179,425	1,179,425
Athletic facilities debt service, leases and rental fees	-	1,717,987	-	2,276	7,785,613	9,505,876
Direct overhead and administrative expenses	236,555	20,975	6,030	120,398	21,621,328	22,005,286
Medical expenses and insurance	275,436	61,563	40,357	437,390	207,064	1,021,810
Memberships and dues	12,740	8,815	1,190	17,701	33,667	74,113
Student-athlete meals (nontravel)	880,086	159,197	23,366	144,165	254,851	1,461,665
Other operating expenses	1,244,476	639,070	123,741	347,737	3,912,828	6,267,852
Bowl expenses	2,469,196	-	-	-	-	2,469,196
Bowl expenses – coaching compensation/ bonuses	1,087,280	-	-	-	-	1,087,280
<b>Total operating expenses</b>	<b>36,465,661</b>	<b>22,116,210</b>	<b>4,493,214</b>	<b>26,676,182</b>	<b>63,869,912</b>	<b>153,621,179</b>
<b>Net Income (Loss) from Operations</b>	<b>\$ 12,502,570</b>	<b>\$ 9,139,921</b>	<b>\$ (3,977,663)</b>	<b>\$ (24,078,259)</b>	<b>\$ 11,871,270</b>	<b>\$ 5,457,839</b>

**University of Kentucky**  
**Intercollegiate Athletics Program**  
**Notes to Statement of Revenue and Expenses – Unaudited**  
**June 30, 2022**

**Note 1: Summary of Presentation Policies**

The amounts in the accompanying Statement of Revenues and Expenses – Unaudited (Statement) of the Intercollegiate Athletics Program were obtained from the University of Kentucky’s (University) trial balance, which is maintained on an accrual basis. All revenues and expenses directly related to various sports are disclosed as such. The University records depreciation on physical plant and equipment; however, depreciation is not part of the Statement. Pursuant to NCAA reporting guidelines, certain transfers are not recorded as expenses within the Statement and are considered excess transfers. These excess transfers are considered expenses by the University when evaluating net revenue or loss from the Intercollegiate Athletics Program, and totaled \$5,221,397 for the year ended June 30, 2022.

**Note 2: Other Sports**

Other sports reported in the Statement include Men’s Baseball, Men’s and Women’s Golf, Gymnastics, Rifle, Men’s and Women’s Soccer, Softball, Men’s and Women’s Swimming and Diving, Men’s and Women’s Tennis, Men’s and Women’s Track, Women’s Volleyball and Women’s STUNT.

**Note 3: Property, Plant and Equipment**

Intercollegiate athletics-related assets are accounted for consistent with the University’s policies for property, plant and equipment. Capital assets are stated at cost at date of acquisition or, in the case of gifts, at fair market value at date of gift. Property, plant and equipment valued at \$5,000 or more and having an estimated useful life of greater than one year are capitalized. Depreciation of capital assets is computed on a straight-line basis over the estimated useful lives of the respective assets, generally 40 years for buildings, 10 to 25 years for land and building improvements and infrastructure, 10 years for library books and capitalized software, and three to 20 years for equipment and vehicles.

As of June 30, 2022, Athletic plant assets consisted of:

Land improvements	\$ 38,286,278
Buildings	372,392,358
Fixed equipment	5,329,723
Equipment	13,265,603
Vehicles	935,836
Construction in process	4,067,504
	<u>434,277,302</u>
Less accumulated depreciation	<u>(185,874,773)</u>
Property, plant and equipment, net	<u>\$ 248,402,529</u>

**University of Kentucky**  
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**Notes to Statement of Revenue and Expenses – Unaudited**  
**June 30, 2022**

Depreciation expense related to intercollegiate athletics was \$16,876,295 for the year ended June 30, 2022.

**Note 4: Long-Term Liabilities**

Long-term liabilities as of June 30, 2022, are summarized as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>	<b>Noncurrent Portion</b>
<b>Bonds</b>						
General receipts bonds	\$ 95,048,610	\$ -	\$ 2,842,638	\$ 92,205,972	\$ 2,984,248	\$ 89,221,724
<b>Other liabilities</b>						
Unamortized bond premium	3,045,602	-	256,750	2,788,852	-	2,788,852
Noncurrent construction retainage	-	-	-	-	-	-
Deferred compensation	826,816	599,508	288,445	1,137,879	456,525	681,354
Total other liabilities	3,872,418	599,508	545,195	3,926,731	456,525	3,470,206
Total	<u>\$ 98,921,028</u>	<u>\$ 599,508</u>	<u>\$ 3,387,833</u>	<u>\$ 96,132,703</u>	<u>\$ 3,440,773</u>	<u>\$ 92,691,930</u>

Principal maturities and interest on bonds for the next five fiscal years and in subsequent five-year periods as of June 30, 2022, are as follows (in thousands):

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 2,984	\$ 3,855	\$ 6,839
2024	3,132	3,705	6,837
2025	3,289	3,548	6,837
2026	3,452	3,388	6,840
2027	3,092	3,262	6,354
2028–2032	17,233	14,537	31,770
2033–2037	20,931	10,839	31,770
2038–2042	26,107	5,663	31,770
2043–2044	11,986	725	12,711
	<u>\$ 92,206</u>	<u>\$ 49,522</u>	<u>\$ 141,728</u>

**University of Kentucky  
Intercollegiate Athletics Program  
Agreed-Upon Procedures**

Our procedures and findings are described as follows:

**Statement of Revenue and Expenses**

1. We will obtain the Statement of Revenue and Expenses (Statement) (Attachment A) of the University of Kentucky (University or Institution) Department of Intercollegiate Athletics for the year ended June 30, 2022, as prepared by management. We will compare the revenue and expense amounts reported on the Statement to the supporting schedules prepared by management of the Institution for relevant revenue and expense categories which are greater than 4.0% of total operating revenues and operating expenses.

**Results and Findings:** We obtained Attachment A, as prepared by management. We recalculated the amounts on Attachment A, compared the amounts on Attachment A to management's worksheets and traced the amounts on management's worksheets to the general ledger for the University noting they agreed without exception.

2. We will compare each major revenue and expense category over 10% of the total revenues or expenses in the Statement to prior year amounts and current year budgeted amounts. We will obtain and document an understanding of any significant variances greater than 10% from prior year amounts or current year budget estimates.

**Results and Findings**

**Current Year Actual Versus Prior Year Actual:**

Line Item	Explanation
Ticket Sales	Increased by \$34,369,996 or 557% due to the University playing a normal schedule in venues with no COVID-19 capacity restrictions.
Contributions	Increased by \$24,239,542 or 662% due to increase in season ticket sales since the University was back to normal seasons and attendance post COVID-19 restrictions.
Athletic Student Aid	Increased by \$2,320,344 or 16% due to tuition and fee increases in FY22. In addition, summer school attendance returned to normal as compared to FY21.
Coaching Salaries, Benefits and Bonuses Paid by the University	Increased by \$3,975,911 or 13% due to contractual increases, as well as the University returning to a 10% retirement match in FY22.



**University of Kentucky  
Intercollegiate Athletics Program  
Agreed-Upon Procedures**

<b>Line Item</b>	<b>Explanation</b>
Support Staff/Administrative Compensation Benefits and Bonuses Paid by the University	Increased by \$3,001,147 or 13% due to January raises for athletic staff, the return to a 10% retirement match, and new positions in FY22.
Direct Overhead and Administration Expense	Increased by \$2,791,065 or 15% due to the University video board project and redoing the basketball floors. Additionally, the University had more physical plant charges this year due to more events and guests in the facilities, as well as an increase in utility costs for the year.

**Current Year Actual Versus Current Year Budget**

<b>Line Item</b>	<b>Explanation</b>
Ticket Sales	Actual exceeded budget amounts by \$5,993,111 or 17% primarily due to the University not being sure what would happen during FY22 with COVID-19, so a conservative ticket budget was set. However, the University returned to normal with capacity and sales.
Contributions	Budget exceeded actual amounts by \$15,045,149 or 35%, as the contribution budget included \$15 million in fund balance donations the University did not need due to some savings, as well as exceeding the revenue budget in areas such as ticket sales, guarantees, parking, licensing, etc.
Athletic Student Aid	Budget exceeded actual amounts by \$2,735,702 or 14% due to the University using a blended tuition rate assuming 75% out-of-state and 25% in-state students. The University does not know what the mix will be while the budget is produced and, as a result, is cautious to assume higher utilization rates of various scenarios to ensure they do not end up over budget in this area.
Direct Overhead and Administrative Expense	Actual exceeded budget amounts by \$2,775,099 or 12% due to the University having nonbudgeted project expenses for video boards and basketball floors. In addition, Physical Plant Department and utility costs were higher than budgeted.

# University of Kentucky Intercollegiate Athletics Program Agreed-Upon Procedures

## Ticket Sales

3. For football and men's basketball ticket revenue, we will compare the detail of tickets sold, complimentary tickets provided, and unsold tickets to the related revenue reported by the Institution in the Statement and the related attendance figures and recalculate totals. For football and men's basketball ticket revenue, we will compare the detail of the number of tickets, multiplied by ticket prices, to the detail of revenue for those sports.

**Results and Findings:** We compared the detail of ticket sales revenue to tickets sold, complimentary tickets provided and unsold tickets for the year ended June 30, 2022, per the supporting schedule to the related revenue reported in the Statement, noting that they agreed without exception. Additionally, for football and men's basketball ticket revenue, we compared the detail of the number of tickets multiplied by ticket prices, including reconciling items to the detail of revenues for those sports, noting that they agreed without exception.

## Student Fees

4. We will compare and agree student fees reported by the Institution in the Statement to student enrollments and recalculate totals.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

5. We will obtain and document an understanding of the Institution's methodology for allocating student fees to Athletics and inquire of the Institution's management as to whether there were any significant changes from prior year.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

6. If Athletics is reporting that an allocation of student fees should be countable as generated revenue, we will recalculate the totals of Athletics' methodology for supporting that they are able to count each sport. We will agree the calculation to supporting documents, such as seat manifests, ticket sales reports, and student fee totals.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

## Direct State or Other Government Support

7. We will compare the direct state or other government support recorded by the Institution during the reporting period with state appropriations, Institution authorizations, and/or other corroborative supporting documentation and recalculate totals.

**Results and Findings:** There were no revenues for this line item.

# University of Kentucky Intercollegiate Athletics Program Agreed-Upon Procedures

## Direct Institutional Support

8. We will compare the direct institutional support recorded by the Institution during the reporting period with supporting budget transfers documentation and other corroborative supporting documentation and recalculate totals.

**Results and Findings:** There were no revenues for this line item.

## Transfers Back to Institution

9. We will compare the transfers back to the Institution with permanent transfers back to the Institution from Athletics and recalculate totals.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

## Indirect Institutional Support

10. We will 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.

**Results and Findings:** There were no revenues or expenses for this line item.

## Guarantees

11. We will select a sample of one settlement report for away games during the reporting period and agree the selection to the Institution's general ledger and/or the Statement and recalculate totals.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

12. We will select a sample of one contractual agreement pertaining to revenues derived from guaranteed contests during the reporting period and compare and agree the selection to the Institution's general ledger and/or the Statement and recalculate totals.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

# University of Kentucky Intercollegiate Athletics Program Agreed-Upon Procedures

## Contributions

13. We will obtain a listing of all contributions of money, goods, or services received directly by Athletics from any affiliated or outside organization, agency, or group of individuals (two or more). For any individual contributions greater than 10% of total contributions received, we will obtain, and review supporting documentation and recalculate totals.

**Results and Findings:** We compared supporting documentation for contributions received specifically to support athletics, with such amounts reported in the Statement, noting that they agreed, without exception. We inquired of the University's management who represented that there were no single contributions that constituted 10% or more of all contributions received during the year ended June 30, 2022.

## In-Kind

14. We will compare the in-kind revenue recorded by the Institution during the reporting period with a schedule of in-kind donations and recalculate totals.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

## Compensation and Benefits Provided by a Third Party

15. We will obtain the summary of revenues from affiliated and outside organizations (Summary) as of the end of the reporting period from the Institution and select a sample of one item from the Summary and compare and agree the selection to supporting documentation, the Institution's general ledger, and/or the Summary and recalculate totals.

**Results and Findings:** There were no revenues for this line item.

## Media Rights

16. We will obtain and inspect agreements to understand the Institution's total media rights received by the Institution or through its conference offices as reported in the Statement.

**Results and Findings:** We obtained and read the agreement with JMI Sports for the University's broadcast, television, radio and internet rights and gained an understanding of the relevant terms and conditions.

17. We will compare and agree the media rights revenues to a summary statement of all media rights identified, if applicable, and the Institution's general ledger and recalculate totals.

# University of Kentucky Intercollegiate Athletics Program Agreed-Upon Procedures

**Results and Findings:** We obtained supporting detail of the revenues earned for the broadcast, television, radio and internet rights and compared the detail of the non-sports specific revenues to the Statement and the agreement, noting that they agreed without exception. We also obtained the SEC memorandum from SEC Commissioner Greg Sankey and the “Summary of Distributions by Conference Office and breakdown per NCAA Guidelines” schedule for the 2021–2022 revenue distribution and compared the amount for football (\$14,720,000), men’s basketball (\$4,097,779) and non-sports specific (\$17,931,724) television distributions per the memorandum to the supporting schedule, noting that they agreed without exception.

## NCAA Distributions

18. We will compare the amounts recorded in the Statement to general ledger detail for NCAA distributions and other corroborative supporting documents and recalculate totals.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

## Conference Distributions and Conference Distributions of Football Bowl Generated Revenue

19. We will obtain and read agreements related to the Institution’s conference distributions and participation in revenues from tournaments during the reporting period for relevant terms and conditions.

**Results and Findings:** Conference distributions line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed. See conference distributions of football bowl generated revenue below.

20. We will compare and agree the related revenues to the Institution’s general ledger and/or the Statement and recalculate totals.

**Results and Findings:** We obtained a supporting schedule related to the University’s allocation of SEC postseason football bowl game revenues. We agreed the related revenues to the Statement, without exception. We also obtained the SEC memorandum from the SEC Commissioner, Greg Sankey, and the ‘Summary of Distributions by Conference Office and breakdown per NCAA Guidelines’ schedule for the 2021–2022 revenue distribution and compared post-season football bowl games distribution (\$8,038,360) per the memorandum to the supporting schedule, noting that they agreed, without exception

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

21. We will obtain supporting schedules for revenue reported in the Statement from program sales, concessions, novelty sales, and parking and agree the amounts to the Statement and recalculate totals.

# University of Kentucky Intercollegiate Athletics Program Agreed-Upon Procedures

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

## Royalties, Licensing, Advertisements and Sponsorships

22. We will 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.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

23. We will compare and agree the related revenues to the Institution's general ledger, and/or the Statement and recalculate totals.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

## Sports Camp Revenues

24. We will obtain and read sports camp contract(s) between the Institution and person(s) conducting Institution's sports camps or clinics during the reporting period to obtain an understanding of the Institution's methodology for recording revenues from sports camps.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

25. We will obtain schedules of camp participants and select a sample of one individual camp participant cash receipts from the schedule of sports camp participants and agree the selection to the Institution's general ledger, and/or the Statement and recalculate totals.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

## Athletics-Restricted Endowment and Investment Income

26. We will obtain and read endowment agreements (if any) to gain an understanding of the relevant terms and conditions.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

**University of Kentucky  
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Agreed-Upon Procedures**

27. We will 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 and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

**Other Operating Revenue**

28. We will obtain support schedules for other revenue reported in the Statement and recalculate totals.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

**Football Bowl Revenue**

29. We will obtain and read agreements related to the Institution's revenues from post-season football bowl participation during the reporting period to gain an understanding of the relevant terms and conditions.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

30. We will compare and agree the related revenues to the Institution's general ledger and/or Statements and recalculate totals.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

**Athletic Student Aid**

31. We will select a sample of students (if the Institution used CA software, the sample is the lesser of 10% or 40 student-athlete recipients; if the Institution did not use CA software, the sample is the lesser of 20% or 60 student-athlete recipients) from the listing of student aid recipients during the reporting period.

**Results and Findings:** As the University utilized the NCAA Compliance Assistance (CA) software, we selected a sample of 10% of the student athletes, with a maximum sample size of 40 (sample size = 40), from the listing of the University student aid recipients for the reporting period.

32. We will obtain individual student-account detail for each selection and compare total aid per the Institution's student information system to the student's detail in the Institution report that ties directly to the NCAA Membership Financial Reporting System.

# University of Kentucky Intercollegiate Athletics Program Agreed-Upon Procedures

**Results and Findings:** We obtained individual student account detail for each selection and compared total aid allocated from the squad list 2021–2022 (\$1,189,292) to the student detail noting an aggregate difference of \$155,413. Each of these differences is a result of the actual tuition amounts, which are subject to change based on courses taken, book costs, housing selections, summer school, etc.

33. We will compare information for each student selected to their information reported in the NCAA’s CA software or the NCAA Membership Financial Reporting System, using the following criteria:
- a. We will compare the equivalency value in the CA software for each student athlete (rounded to two decimal places) to supporting documentation.
  - b. We will note whether grants-in-aid were calculated by using the revenue distribution equivalencies by sport and in aggregate (athletic grant amount divided by the full grant amount).
  - c. We will note whether other expenses related to attendance (also known as gap money or cost of attendance) are excluded from grants-in-aid revenue distribution equivalencies. Only tuition, fees, room, board and course-related books were counted for grants-in-aid revenue distribution per Bylaw 20.02.7.
  - d. We will note whether the grant amount represented the full cost of tuition for an academic year, rather than a semester.
  - e. If an athlete participated in more than one sport, we will note whether the award was only included in one sport.
  - f. We will note whether athletics grants were for sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football.
  - g. We will note whether grants-in-aid were for sports that meet the minimum contests and participants’ requirements of Bylaw 20.9.6.3.
  - h. We will note whether any of the selected items represented grants to student athletes listed on the calculation of revenue distribution equivalencies report as “exhausted eligibility” or “medical.”
  - i. We will note whether any sports were discontinued during the fiscal year.
  - j. We will note whether any of the student athletes selected had exhausted their athletics’ eligibility.
  - k. If a selected student received a Pell Grant, we will note whether the value of the grant was excluded from the calculation of equivalencies or the total dollar amount of student athletic aid expense for the University.



# University of Kentucky Intercollegiate Athletics Program Agreed-Upon Procedures

1. If a student received a Pell Grant, we will compare the student's total grant to the total number and total value of Pell Grants reported for revenue distribution purposes in the NCAA Membership Financial Reporting System.

**Results and Findings:** We compared the equivalency value in the CA software for each student athlete (rounded to two decimal places) to supporting documentation, noting that they agreed, without exception. Grants-in-aid were recalculated by using the revenue distribution equivalencies, by sport and in aggregate, without exception. If an athlete participates in more than one sport, the award was only included in one sport. We noted other expenses related to attendance are excluded from grants-in-aid revenue distribution equivalencies. Only tuition, fees, room, board and course-related books were counted for grants-in-aid revenue distribution. The grant amount represented the full cost of tuition for an academic year, rather than a semester. We noted grants-in-aid were for sports that meet the minimum contests and participants' requirements. We noted none of the selected items represented grants to student athletes listed on the calculation of revenue distribution equivalencies report as "exhausted eligibility" or "medical." No sports were discontinued during fiscal year 2022. Two students selected had exhausted their athletic eligibility. Only athletic grants were awarded in sports which the NCAA conducts championship competitions, emerging sports for women or football. If a selected student received a Pell Grant, the value of the grant was not included in the calculation of equivalencies or the total dollar amount of student athletic aid expense for the institution. If a selected student received a Pell Grant, we compared the student's total grant to the total number and total value of Pell Grants reported for revenue distribution purposes in the NCAA Membership Financial Reporting System.

34. We will recalculate the detail amounts of athletic student aid and agree it to the total per the Statement. We will recalculate totals for each sport and overall.

**Results and Findings:** We recalculated the total aid amount for each sport and agreed them to amounts reported as financial aid in the student accounting system.

## Guarantees

35. We will obtain and inspect a sample of one visiting institutions' away-game settlement reports received by the Institution during the reporting period and agree related expenses to the general ledger and recalculate totals.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

36. We will obtain and inspect a sample of one contractual agreement pertaining to expenses recorded by the Institution during the reporting period from guaranteed contests and agree related expenses to the general ledger and/or Statement and recalculate totals.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

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

37. We will obtain and inspect a listing of coaches employed by the Institution and related entities during the reporting period and select a sample of four coaches' contracts that will include football and men's and women's basketball from the above listing.

**Results and Findings:** We obtained a listing of coaches employed by the University during the year ended June 30, 2022. We selected a sample of four coaches' contracts (Kyra Elzy – Head Women's Basketball Coach, Ronald Coleman – Men's Basketball Assistant Coach and Vincent Marrow – Assistant Football Coach) that included football and men's and women's basketball and one other sport (Bradley Merchant – Assistant Women's Tennis Coach).

38. We will compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the Institution and related entities in the Statement during the reporting period.

**Results and Findings:** We agreed the financial terms and conditions, primarily related to base salary, certain bonuses, broadcasting and endorsements, of each selection to the related coaching salaries, benefits and bonuses recorded by the University in the Statement during the year ended June 30, 2022, for Kyra Elzy – Head Women's Basketball Coach, Ronald Coleman – Men's Basketball Assistant Coach, Vincent Marrow – Assistant Football Coach, and one other sport Bradley Merchant – Assistant Women's Tennis Coach, without exception.

39. We will obtain and inspect payroll summary registers for the reporting year for each selection. We will 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.

**Results and Findings:** We obtained and agreed payroll summary registers for the reporting year for each selection to the related coaching salaries, benefits and bonuses paid by the University without exception. We inquired of the University's management who represented that no coaches were employed by related entities.

40. We will compare and agree the totals recorded to any employment contracts executed for the sample selected and recalculate totals.

**Results and Findings:** We compared and agreed the totals recorded to any employment contracts executed for the sample selected and recalculated totals without exception.

**Coaching Other Compensation Paid by a Third Party**

41. We will obtain and inspect a listing of coaches employed by third parties during the reporting period and select a sample of coaches' contracts that will include football and men's and women's basketball from the above listing.

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**Results and Findings:** Per review of the Statement and discussion with management, there were no coaches employed by third-party entities.

42. We will compare and agree the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third party and recorded by the Institution in the Statement during the reporting period.

**Results and Findings:** Per review of the Statement and discussion with management, there were no coaches employed by third-party entities.

43. We will obtain and inspect payroll summary registers for the reporting year for each selection. We will compare and agree payroll summary registers from the reporting period to the coaching other compensation and benefits paid by third party expenses recorded by the Institution in the Statement during the reporting period.

**Results and Findings:** Per review of the Statement and discussion with management, there were no coaches employed by third-party entities.

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

44. We will select a sample of two support staff/administrative personnel employed by the Institution and related entities during the reporting period.

**Results and Findings:** We selected a sample of two athletic support staff/administrative personnel employed by the University (Lunetha Y. Pryor – Men’s Basketball and Brittany Marya Cervantes – Softball).

45. We will obtain and inspect reporting period summary payroll register for each selection. We will 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.

**Results and Findings:** We obtained supporting salary information for each selection and agreed the information to the expense recorded by the University in the Statement, without exception.

## **Support Staff/Administrative Other Compensation Paid by a Third Party**

46. We will select a sample of one support staff/administrative personnel employed by third parties during the reporting period.

**Results and Findings:** Per review of the Statement and discussion with management, there were no support or administrative staff employed by third-party entities.

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47. We will obtain and inspect reporting period summary payroll register for each selection. We will compare and agree related summary payroll register to the related support staff/ administrative other compensation and benefits expense recorded by the Institution in the Statement during the reporting period and recalculate totals.

**Results and Findings:** Per review of the Statement and discussion with management, there were no support or administrative staff or admin employed by third-party entities.

## Severance Payments

48. We will select a sample of one employee receiving severance payments by the Institution during the reporting period and agree the severance payment to the related termination letter or employment contract and recalculate totals.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

## Recruiting

49. We will obtain an understanding of the Institution's recruiting expense policies and compare to existing Institution and NCAA-related policies.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

50. We will obtain general ledger detail of recruiting expenses and compare to amounts reported in the Statement and recalculate totals.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

## Team Travel

51. We will obtain an understanding of the Institution's team travel policies and compare to existing Institution and NCAA-related policies.

**Results and Findings:** We updated our documentation of the University's travel policies and compared them to the NCAA policies, noting no exceptions.

52. We will obtain general ledger detail of team travel expenses and compare to amounts reported in the Statement and recalculate totals.

**Results and Findings:** We obtained supporting schedules for team travel and compared to the amount reported in the Statement, noting that they agreed without exception.

# University of Kentucky Intercollegiate Athletics Program Agreed-Upon Procedures

## Equipment, Uniforms, and Supplies

53. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

## Game Expenses

54. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of two transactions from the general ledger detail and vouch to supporting documentation and recalculate totals.

**Results and Findings:** We obtained a detail of expenses and compared to the amount reported in the Statement, without exception. We agreed a sample of two expenses (Volleyball Southeastern Conference – SEC Officials 11/29 and non-sports specific LFUCG – traffic control games 1-3) from the supporting schedules to supporting documentation, including purchase request documentation, invoices and memorandums, noting that they agreed, without exception.

## Fundraising, Marketing, and Promotions

55. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

## Sports Camp Expenses

56. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

## Spirit Groups

57. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of two transactions from the general ledger detail and vouch to supporting documentation and recalculate totals.

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**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

## **Athletic Facilities Debt Service, Leases and Rental Fees**

58. We will obtain a listing of debt service schedules, lease payments, and rental fees for athletics facilities and agree to the general ledger. We will compare a sample of two highest facility payments, to additional supporting documentation and recalculate totals.

**Results and Findings:** We obtained the detail of athletic facilities debt service, leases and rental fees and compared the detail to the amount reported in the Statement, without exception. We agreed the largest two payment amounts to the debt service schedule, without exception. We noted the payment of \$1,953,952 relates to the Fall payment for 2014 Series A Bonds for Commonwealth Stadium – tax-exempt portion and the payment of \$4,400,118 relates to the Spring payment for the 2014 Series A Bonds for Commonwealth Stadium – tax-exempt portion. We agreed these selections for principal and interest payments to supporting schedules, such as scheduled debt service payments, without exception.

## **Direct Overhead and Administrative Expenses**

59. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of two transactions from the general ledger detail and vouch to supporting documentation and recalculate totals.

**Results and Findings:** We obtained a detail of expenses and compared to the amount reported in the Statement, without exception. We agreed a sample of two expenses (Take one Film and Video invoice #64660 for non-sports specific Forty Nine Degrees LLC invoice #25281 for Volleyball) from supporting schedules to supporting documentation, noting that they agreed without exception.

## **Medical Expenses and Medical Insurance**

60. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of transactions from the general ledger detail and vouch to supporting documentation and recalculate totals.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

## **Memberships and Dues**

61. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

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**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

## **Other Operating Expenses and Transfers to Institution**

62. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

## **Student-Athlete Meals**

63. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

## **Football Bowl Expenses**

64. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of one transaction from the general ledger detail and vouch to supporting documentation and recalculate totals.

**Results and Findings:** Line item was less than the 4% threshold; therefore, per NCAA guidelines, no procedures were performed.

## **Additional Minimum Agreed-Upon Procedures**

65. The University will identify all intercollegiate athletics-related outside organizations incurring expenses on behalf of the Intercollegiate Athletics Department which are not under the University's accounting control. We will obtain statements of expenses incurred on behalf of the Intercollegiate Athletics Department. We will agree the amounts reported in those statements to inclusion in the Statement.

**Results and Findings:** We inquired of the University's management who represented that there were no intercollegiate athletics-related outside organizations incurring expenses on behalf of the Intercollegiate Athletics Department, which are not under the University's accounting control.

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66. We will make inquiries of the controller's office and Intercollegiate Athletics Department personnel relating to the procedures and internal accounting controls unique to the Intercollegiate Athletics Department, specifically, departmental organization, control consciousness of staff, use of internal auditors in the department, competency of personnel, adequate safeguarding and control of records and assets and controls over interactions with the information technology department. We will inquire whether there were any changes from the prior year. We will document our understanding of these internal controls.

**Results and Findings:** We made inquiries of the University controller's office management and Intercollegiate Athletic Department personnel relating to the procedures and internal accounting controls unique to the Intercollegiate Athletics Department, specifically, departmental organization, control consciousness of staff, use of internal auditors in the department, competency of personnel, adequate safeguarding and control of records and assets, and controls over interactions with the Information Technology Department. Based on these inquiries, there were no significant changes from the prior year. We documented our understanding of these controls.

67. We will compare and agree the sports sponsored reported in the NCAA Membership Financial Reporting System to the supporting equivalency calculations of the Institution. We will compare current year grants-in-aid revenue distributions equivalencies to prior year reported equivalencies per the Membership Financial Report submission and note any variances greater than 4%.

**Results and Findings:** We compared and agreed the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the University, noting that they agreed without exception. We compared current year grants-in-aid revenue distributions equivalencies to prior year reported equivalencies per the Membership Financial Report submission, noting no variances greater than 4% for further explanation.

68. We will obtain the Institution's Sports Sponsorship and Demographics Forms Report for the reporting year. We will validate that the countable sports reported by the Institution meet the minimum requirements set forth by Bylaw 20.9.6.3 for the number of contests and the number of participants in each contest that is counted toward meeting the minimum contest requirement. Once countable sports have been confirmed, we will ensure that the Institution has properly reported these sports as a countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. We will compare the current year number of sports sponsored to prior year reported total per the Membership Financial Report submission.



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**Results and Findings:** We obtained the University’s Sport Sponsorship and Demographics Form for the reporting year between May and August and compared the countable sports reported by the University with the minimum requirements set forth in NCAA Bylaw 20.9.6.3 for the number of contests and number of participants in each contest that is counted toward meeting the minimum contest requirement. We noted that the University has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. We compared the current year number of sports sponsored to prior year reported total per the Membership Financial Report submission, noting that they agreed without exception.

69. We will agree the total number of Division I student athletes who, during the academic year, received a Pell Grant award and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting system to a report, generated out of the Institution’s financial aid system, of all student-athlete Pell Grants. We will compare the current year Pell Grants total to the prior year reported total per the Membership Financial Report submission and note any variance of student athletes.

**Results and Findings:** We agreed 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 value of these Pell grants reported in the NCAA Membership Financial Reporting System to a report, generated out of the institution’s financial aid records, of all student-athlete Pell Grants, noting no exceptions. We compared the current year Pell Grants total to the prior year reported total per the Membership Financial Report submission, noting a variance of eight student athletes.

## **Minimum Agreed-Upon Procedures for Other Reporting Items**

### **Excess Transfers to the Institution and Conference Realignment Expenses**

70. We will obtain general ledger detail and compare to the total expenses reported. We will select a sample of two transaction to agree to supporting documentation and recalculate totals.

**Results and Findings:** We obtained general ledger detail of excess transfers to the Institution and compared to the total expenses reported during the year ended June 30, 2022, which totaled \$5,221,397. We selected a sample of two transactions, one of which totaled \$1,861,750, related to the Athletics’ portion of the Science Building debt payment to the University, and one that totaled \$700,000, related to the President’s scholarship payment to the University, and agreed them to supporting documentation, including debt service schedules and journal entry vouchers, noting no exceptions. The University’s management represented there were no conference realignment expenses; therefore, no procedures were completed on this line item.

# University of Kentucky Intercollegiate Athletics Program Agreed-Upon Procedures

## **Total Athletics-Related Debt**

71. We will obtain repayment schedules for all outstanding athletics-related debt during the reporting period and recalculate annual maturities. We will agree the total annual maturities and total outstanding athletic-related debt to supporting documentation and the general ledger.

**Results and Findings:** We obtained repayment schedules for all outstanding Intercollegiate Athletics debt during the reporting period. We recalculated annual maturities (consisting of principal and interest) provided in the schedules obtained, which totaled \$141,728,000. We agreed the total annual maturities and total outstanding Athletics-related debt to supporting documentation, the general ledger and the University's June 30, 2022, audited financial statements, without exception.

## **Total Institutional Debt**

72. We will agree the total outstanding debt of the Institution to supporting documentation and the Institution's audited financial statements.

**Results and Findings:** We agreed the total outstanding University debt of \$1,591,522,000 to supporting documentation and the University's June 30, 2022, audited financial statements, without exception, for principal and interest payments.

## **Value of Athletics-Dedicated Endowments**

73. We will obtain a schedule of all athletics-dedicated endowments maintained by Athletics, the Institution and affiliate organizations. We will agree the fair market value in the schedule(s) to supporting documentation and the general ledger.

**Results and Findings:** We obtained a schedule of all Athletics-dedicated endowments maintained by Athletics and the University, which totaled \$24,820,210. We agreed the fair market value in the schedules to supporting documentation, the general ledger and the University's June 30, 2022, audited financial statements, without exception.

## **Value of Institutional Endowments**

74. We will agree the fair market value of the Institution's endowments to supporting documentation and the general ledger.

**Results and Findings:** We agreed the total fair market value of the University's endowments, \$1,754,167,989, to supporting documentation, the University's general ledger and June 30, 2022, audited financial statements, without exception.

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**Total Athletics-Related Capital Expenditures**

75. We will obtain a schedule of athletics-related capital expenditures made by Athletics, the Institution and affiliated organizations during the reporting period. We will select a sample of two additions and agree them to supporting documentation.

**Results and Findings:** We obtained a schedule of Athletics-related capital expenditures made by Athletics and the University during the reporting period. There were no Athletics-related capital expenditures made by affiliated organizations during the reporting period. We obtained general ledger detail and compared to the total expenses reported, without exception. We selected two additions (reference numbers 5002189473 and 5002351433) totaling \$179,750 and agreed them to invoices, without exception.