Oklahoma State University

Independent Accountant’s Report on Applying
Agreed-Upon Procedures Performed on the University
Athletics Department as Required by NCAA Bylaw 3.2.4.15.1

June 30, 2017

BKD LLP
CPAs & Advisors
Oklahoma State University
University Athletics Department
June 30, 2017

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Independent Accountant’s Report on Applying Agreed-Upon Procedures

Board of Regents for the Oklahoma Agricultural and Mechanical Colleges and Management
Oklahoma State University
Oklahoma City, Oklahoma

We have performed the procedures enumerated below, which were agreed to by Oklahoma State University (the “University”), solely to assist you in evaluating whether the accompanying statement of revenues and expenses of the University Athletics Department and Affiliates (Statement) of the University is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15.1 for the year ended June 30, 2017. The management of Oklahoma State University is responsible for its compliance with these regulations and the related financial statement elements, accounts and items. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The findings obtained are described below:

We obtained the Statement, as prepared by the management of the University. We noted that the statement consisted of combined amounts from the University’s general ledger and the general ledger of the Oklahoma State University Foundation (the “Foundation”) combined by management to include items in the Statement as required under Bylaw 3.2.4.15.1. We obtained a reconciliation of the Statement from management which reconciled the activity recorded in the Statement to the activity included in the University’s audit of Intercollegiate Athletics Program Accounts. We inquired with the Associate Vice President of Finance of the Foundation who indicated that the amounts included from the Foundation agreed to the amounts provided which were included in the audit of the Foundation. We obtained a copy of the Foundation’s audited financial statements.

For relevant revenue and expense categories, we performed the following:

1. We compared the amount of each operating revenue and expense category reported in the Statement during the year ended June 30, 2017, to supporting schedules provided by the administration of the University, noting that they agreed without exception. We recalculated the totals per the supporting schedules, without exception. The following revenue reporting categories were less than 4.0% of total revenues and the following expense categories were less than 4.0% of total expenses and, therefore, as prescribed in the NCAA Agreed-Upon Procedures Guidelines, no procedures were performed for these categories:

   Revenues
   a. Direct institutional support
   b. Guarantees
c. Contributions in-kind

d. NCAA distributions

e. Conference distributions

f. Program sales, concessions, novelty sales and parking

g. Bowl revenues

h. Endowment and investment income

**Expenses**

a. Guarantees

b. Severance payments

c. Recruiting

d. Fundraising, marketing and promotion

e. Spirit groups

f. Medical expenses and medical insurance

 g. Memberships and dues

h. Student-athlete meals (nontravel)

i. Bowl expenses

j. Game expenses

2. We inquired of the University’s management whether there were any of the following revenues, expenses or other reporting items during the year ended June 30, 2017, and University management replied that there were none:

**Revenues**

a. Direct state or other government support

b. Direct institutional support

c. Indirect institutional support
d. Compensation and benefits provided by a third party

e. Sports camp revenues

Expenses

a. Coaching other compensation paid by a third party

b. Support staff/administrative other compensation paid by a third party

c. Sports camp expenses

d. Indirect institutional support

e. Conference realignment expenses

Other Reporting Items

a. Transfers back to the University

3. We compared each revenue and expense amount to prior year amounts and inquired of University management regarding individual changes greater than 10% from prior year amounts. University management’s explanation of variances greater than 10% from prior year are included in the attached Supplemental Schedule – Exhibit 2.

4. We obtained a schedule of budgeted amounts and actual revenues and expenses from management containing management’s analysis of the University Athletics Department actual performance to budget for the year ended June 30, 2017, using University data included in the Statement. We observed that the budget was prepared in a format for functional use by the University Athletics Department, aggregating data by sport and other various categories. For the purposes of these procedures a comparison of University budgeted amounts to the amounts reported in the Statement by revenue or expense categories was not performed due to the format in which the data was aggregated.
Revenues

5. **Ticket sales** - We obtained reports from the ticketing system indicating tickets sold, complimentary tickets provided and unsold tickets during the reporting period and recalculated totals on those reports. We compared the totals from those reports to the related revenue reported by the University in the Statement and the related attendance figures. We noted the following differences:

<table>
<thead>
<tr>
<th></th>
<th>Football</th>
<th>Men’s Basketball</th>
<th>Women’s Basketball</th>
<th>Men’s Olympic Sports</th>
<th>Women’s Olympic Sports</th>
<th>Nonprogram Specific</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ticket sales per Statement</td>
<td>$14,896,675</td>
<td>$ 2,425,165</td>
<td>$ 287,991</td>
<td>$ 1,046,576</td>
<td>$ 500,533</td>
<td>$ 522,134</td>
</tr>
<tr>
<td>Difference</td>
<td>294,527</td>
<td>(123,178)</td>
<td>(4,303)</td>
<td>46,685</td>
<td>38,408</td>
<td>1,381</td>
</tr>
<tr>
<td>Amount per Ticket Office</td>
<td>$15,191,202</td>
<td>$ 2,301,987</td>
<td>$ 283,688</td>
<td>$ 1,093,261</td>
<td>$ 538,941</td>
<td>$ 523,515</td>
</tr>
</tbody>
</table>

6. **Student Fees** – We obtained the University’s student fee schedule from management, obtained from the University’s website. We also obtained total credit hours for the University from management prepared by the Institutional Research department and recalculated the total fee revenue. The amount recalculated agreed to the general ledger within a difference of $24,874 (0.68%). Management indicated that some difference is expected due to the summer fees which are split between reporting periods.

We obtained and documented our inquiry regarding the University’s methodology for allocating student fees to athletics. Management reported that student fee revenue is not reported by sport through an allocation process. A separate athletic student fee is charged by the University.

7. **Contributions** – We compared the supporting schedule of contributions of moneys, goods or services received directly by the University Athletics Department to contributions per the Statement and recalculated the total without exception. We selected a sample of all single contributions that constituted 10% or more of all contributions received during the year ended June 30, 2017, and compared them to supporting documentation, noting that they agreed without exception.

8. **Media Rights** – We obtained and read the agreement for the University’s total media (broadcast, television, radio) rights and gained an understanding of the relevant terms and conditions. We obtained supporting detail of the revenues earned for media rights in the Statement and compared the revenues to the Statement and to the agreement and University reconciliation, noting that they agreed without exception.

9. **Royalties, Licensing, Advertisements and Sponsorships** – We obtained the University Athletics Department’s largest multimedia rights sponsorship agreement related to the University’s participation in revenues from royalties, licensing, advertisements and sponsorships during the year ended June 30, 2017, and gained an understanding of the relevant terms and conditions. We
obtained supporting detail of the revenues earned for royalties, licensing, advertisements and
sponsorships, recalculated the total and agreed to the Statement without exception. We selected a
sample of three royalties, licensing, advertisements and sponsorship revenues received during the
year and compared the sample to supporting documentation, noting the support for items recorded
agreed to amounts included in the Statement without exception.

10. Other Operating Revenue – We obtained a supporting schedule for other operating revenue
reported in the Statement and recalculated the total noting that it agreed to the Statement without
exception. We selected a sample of three other operating revenue transactions and compared
them to supporting documentation, noting that they agreed without exception.

Operating Expenses

11. Athletic Student Aid – The University uses the NCAA’s compliance assistant (CA) software to
prepare athletic aid detail, therefore, we selected a sample of 40 of the total student athletes from
the listing of University student aid recipients captured from a squad list by sport. We
recalculated total student aid provided for each sport and overall.

We obtained individual student account detail per the institution for each selection and compared
to the student’s detail in the CA software. Management indicated that University has opted to
report “average aid” in the CA software as opposed to “actual aid” for students who receive a full
scholarship, therefore, for 18 of the student-athletes selected, the aid provided by the institution
was agreed to the “2016-2017 Undergraduate Costs Report” for resident and nonresident students
provided by the University Athletics Compliance department. Amounts reported in the CA
software agreed to the individual student account detail or the “2016-2017 Undergraduate Costs
Report”, without exception.

We compared the following details to the information recorded in the NCAA’s CA software
(where applicable) for each of the 40 students selected in the sample:

a. The equivalency value for each student-athlete was converted to a full-time equivalency
   value without exception.

b. Each student-athlete was only included in one sport.

c. The equivalency calculation was rounded to two decimal places.

d. The grant amount was the full cost of tuition for an academic year, not semester.

e. The sport had not been discontinued.

f. No student-athletes selected had exhausted their athletics eligibility.

g. Athletic aid was awarded only in sports in which the NCAA conducts championship
   competitions, emerging sports for women or football.

h. If the student received a Pell Grant, the value of the grant was not included in the total
dollar amount of student athletic aid expense.
i. The University has not yet entered Pell Grants in the NCAA Membership Financial Reporting System as management indicated that the submission will be made in January 2018. We agreed all Pell Grants awarded to student-athletes in the sample from the University’s financial aid records to a University Athletics Department listing provided by Compliance, without exception. Management indicated that the list provided by Compliance is the information it will enter into the NCAA Membership Financial Reporting System.

12. Coaching Salaries, Benefits and Bonuses Paid by the University and Related Entities – We obtained a listing of coaches employed by the University during the year ended June 30, 2017. We selected a sample of three coaches’ contracts that include football, men’s basketball and women’s basketball. We agreed the financial terms and conditions of each selection to the “Athletic Payroll Report” provided by the University and recalculated totals for each selection, without exception. We also recalculated totals recorded in the Statement, without exception.

13. Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities – We selected a sample of three athletic support staff/administrative personnel employed by the University. We obtained supporting salary information per the financial system for each selection and agreed the information to the “Athletics Payroll Report” provided by the University and recalculated totals recorded in the Statement, without exception.

14. Team Travel – We obtained and documented the University’s team travel policies and compared them to the NCAA policies, noting no exceptions. We obtained supporting schedules for team travel expenses, recalculated totals and compared to the Statement without exception.

15. Sports Equipment, Uniforms and Supplies – We obtained a listing of all equipment, uniforms and supplies expenses, recalculated totals and agreed to the Statement without exception. We selected a sample of three transactions and compared the selected items to invoices or agreements which agreed to the expenses recorded by the University, without exception.

16. Athletic Facilities Debt Service, Lease and Rental Fees – We obtained a listing of debt service schedules, lease payments and rental fees for athletics facilities for the year ended June 30, 2017, and recalculated totals without exception. We compared a sample of the three highest facilities payments to supporting documentation without exception.

17. Direct Overhead and Administrative Expenses – We obtained the supporting schedule for direct overhead and administrative expenses, recalculated totals and agreed to the Statement without exception. We selected three transactions and compared them to invoices and supporting schedules without exception.

18. Other Operating Expenses – We obtained a schedule for all other operating expenses and agreed the listing to the Statement without exception. We selected a sample of three other operating expenses and agreed to supporting documentation, without exception.
Minimum Agreed-Upon Procedures – NCAA Membership Financial Reporting System

19. We compared and agreed the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the University, noting they agreed without exception.

20. We obtained the University’s Sports Sponsorship and Demographics Forms Report for the year ended June 30, 2017, and agreed the countable sports reported by the University with the minimum requirements set forth in 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. We noted the University has reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System.

21. We obtained a listing from the University financial aid records of all student athletes’ receiving Pell Grants during the year ended June 30, 2017, and agreed it to the listing of athletes receiving Pell Grants provided by compliance. As noted in Item 11(i) the University has not yet reported Pell Grants in the NCAA Membership Financial Reporting System as management indicated that the submission will be made in January 2018.

Minimum Agreed-Upon Procedures For Other Reporting Items

22. We obtained from management and recalculated repayment schedules and annual maturities for all outstanding intercollegiate debt identified by management during the reporting period. We agreed the total annual maturities and total outstanding athletic related debt to the University’s general ledger.

23. We obtained a schedule of outstanding institutional debt from management and the University’s audited financial statements. We agreed the schedule of outstanding institutional debt to the University’s audited financial statements, without exception.

24. The University Athletics Department was unable to provide information regarding the value of athletics dedicated endowments and institutional endowments maintained by the University Athletics Department, the University and the Foundation.

25. We obtained a schedule of capital expenditures for the University Athletics Department from management and recalculated totals without exception. We selected a sample of three items from the schedule and agreed to supporting documentation without exception.

Minimum Agreed-Upon Procedures For Internal Controls

26. We inquired with the Associate Athletics Director who prepared the Statement, who indicated he was not aware of any internal control deficiencies in the University Athletics Department.

27. We reviewed the “Daily Cash Transfer” and “Daily Sales Reconciliation” for one ticket office employee for October 2, 2017. The reports were signed indicating review by the employee’s supervisor.
28. We inquired with University Athletics Department personnel to determine if the University Athletics Department can disburse funds outside of the University’s normal procurement process. Management indicated that the University Athletics Department has an account they can write checks from, however they can only disburse these funds for team travel. This account carries a minimum balance of $50,000 and all checks exceeding $1,200 require two signatures.

This agreed-upon procedures engagement was conducted 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 a review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying University Athletics Department Statement of Revenues and Expenses for the year ended June 30, 2017, or the specified elements, accounts and items or internal control over financial reporting and compliance described above. 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.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be, and should not be, used by anyone other than these specified parties.

B KD, LLP

Springfield, Missouri
October 27, 2017
Oklahoma State University
Statement of Revenues and Expenses of the University Athletics Department and Affiliates
Year Ended June 30, 2017
(See Independent Accountant’s Report on Applying Agreed-Upon Procedures)
Exhibit 1

<table>
<thead>
<tr>
<th>Operating Revenues</th>
<th>Football</th>
<th>Men's Basketball</th>
<th>Women's Basketball</th>
<th>Men's Olympic Sports</th>
<th>Women's Olympic Sports</th>
<th>Non Program Specific</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tickets sale</td>
<td>$14,896,675</td>
<td>$2,425,165</td>
<td>$287,991</td>
<td>$1,046,576</td>
<td>$500,533</td>
<td>$522,134</td>
<td>$19,679,074</td>
</tr>
<tr>
<td>Student fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Guaranties</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,673,085</td>
</tr>
<tr>
<td>Contributions</td>
<td>575,138</td>
<td>226,458</td>
<td>154,602</td>
<td>345,256</td>
<td>302,095</td>
<td>13,495,939</td>
<td>15,099,478</td>
</tr>
<tr>
<td>In-kid</td>
<td>51,775</td>
<td>-</td>
<td>1,683</td>
<td>-</td>
<td>42,413</td>
<td>149,664</td>
<td>473,936</td>
</tr>
<tr>
<td>Media rights</td>
<td>23,905,492</td>
<td>5,820,219</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,685,149</td>
</tr>
<tr>
<td>NCAA distributions</td>
<td>-</td>
<td>38,438</td>
<td>-</td>
<td>185,914</td>
<td>75,842</td>
<td>2,639,941</td>
<td>2,940,135</td>
</tr>
<tr>
<td>Conference distributions</td>
<td>-</td>
<td>12,254</td>
<td>8,556</td>
<td>52,733</td>
<td>82,585</td>
<td>259,290</td>
<td>415,418</td>
</tr>
<tr>
<td>Program sales, concessions, novelty sales and parking</td>
<td>472,396</td>
<td>40,310</td>
<td>5,573</td>
<td>23,130</td>
<td>6,337</td>
<td>328,202</td>
<td>875,948</td>
</tr>
<tr>
<td>Royalties, licensing, advertisements and sponsorships</td>
<td>728,595</td>
<td>100,946</td>
<td>71,996</td>
<td>396,062</td>
<td>370,717</td>
<td>3,023,045</td>
<td>4,691,361</td>
</tr>
<tr>
<td>Athletic restricted endowment and investment income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,560</td>
<td>5,560</td>
<td>-</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>424,233</td>
<td>3,654,555</td>
<td>8,618</td>
<td>41,627</td>
<td>4,531</td>
<td>2,559,880</td>
<td>6,093,444</td>
</tr>
<tr>
<td>Bowl revenues</td>
<td>1,171,310</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,171,310</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>42,225,614</td>
<td>11,720,028</td>
<td>537,336</td>
<td>2,244,467</td>
<td>1,496,794</td>
<td>33,420,626</td>
<td>91,644,865</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Expenses</th>
<th>Football</th>
<th>Men's Basketball</th>
<th>Women's Basketball</th>
<th>Men's Olympic Sports</th>
<th>Women's Olympic Sports</th>
<th>Non Program Specific</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Athletic student aid</td>
<td>2,399,632</td>
<td>341,763</td>
<td>389,277</td>
<td>923,809</td>
<td>1,696,053</td>
<td>1,620,975</td>
<td>7,371,509</td>
</tr>
<tr>
<td>Guaranties</td>
<td>784,999</td>
<td>496,734</td>
<td>195,000</td>
<td>47,051</td>
<td>12,050</td>
<td>-</td>
<td>1,535,834</td>
</tr>
<tr>
<td>Coaching salaries, benefits and bonuses paid by the University and related entities</td>
<td>7,791,143</td>
<td>2,198,792</td>
<td>1,142,086</td>
<td>3,111,632</td>
<td>2,041,993</td>
<td>-</td>
<td>16,285,646</td>
</tr>
<tr>
<td>Support staff/administrative salaries, benefits and bonuses paid by the University and related entities</td>
<td>1,187,257</td>
<td>621,902</td>
<td>214,553</td>
<td>288,803</td>
<td>284,684</td>
<td>12,799,492</td>
<td>15,396,691</td>
</tr>
<tr>
<td>Severance payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>80,501</td>
</tr>
<tr>
<td>Recruiting</td>
<td>353,468</td>
<td>223,534</td>
<td>121,765</td>
<td>131,078</td>
<td>131,078</td>
<td>-</td>
<td>1,018,635</td>
</tr>
<tr>
<td>Team travel</td>
<td>986,322</td>
<td>864,487</td>
<td>564,987</td>
<td>1,407,190</td>
<td>1,301,814</td>
<td>805,343</td>
<td>5,930,143</td>
</tr>
<tr>
<td>Sports equipment, uniforms and supplies</td>
<td>1,132,647</td>
<td>3,054,555</td>
<td>8,618</td>
<td>41,627</td>
<td>4,531</td>
<td>2,559,880</td>
<td>6,093,444</td>
</tr>
<tr>
<td>Game expenses</td>
<td>198,870</td>
<td>169,990</td>
<td>158,833</td>
<td>139,842</td>
<td>12,050</td>
<td>-</td>
<td>2,916,622</td>
</tr>
<tr>
<td>Fundraising, marketing and promotion</td>
<td>9,095</td>
<td>1,683</td>
<td>8,556</td>
<td>52,733</td>
<td>82,585</td>
<td>259,290</td>
<td>415,418</td>
</tr>
<tr>
<td>Spirit groups</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>381,046</td>
</tr>
<tr>
<td>Athletic facilities debt service, leases and rental fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,997,758</td>
</tr>
<tr>
<td>Direct overhead and administrative expenses</td>
<td>261,153</td>
<td>61,927</td>
<td>56,377</td>
<td>63,741</td>
<td>69,479</td>
<td>6,107,705</td>
<td>6,620,382</td>
</tr>
<tr>
<td>Medical expenses and insurance</td>
<td>98,366</td>
<td>7,623</td>
<td>9,609</td>
<td>76,169</td>
<td>113,499</td>
<td>913,934</td>
<td>1,219,200</td>
</tr>
<tr>
<td>Memberships and dues</td>
<td>56,093</td>
<td>28,409</td>
<td>12,677</td>
<td>12,677</td>
<td>12,677</td>
<td>-</td>
<td>137,537</td>
</tr>
<tr>
<td>Student athlete meals (nontravel)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,084,518</td>
</tr>
<tr>
<td>Bowl expenses</td>
<td>2,007,008</td>
<td>3,654,555</td>
<td>8,618</td>
<td>41,627</td>
<td>4,531</td>
<td>2,559,880</td>
<td>6,093,444</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>2,855,418</td>
<td>743,029</td>
<td>114,895</td>
<td>596,713</td>
<td>358,239</td>
<td>9,731,897</td>
<td>13,599,791</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>19,321,071</td>
<td>6,012,456</td>
<td>3,087,144</td>
<td>7,453,392</td>
<td>6,985,780</td>
<td>46,973,251</td>
<td>89,833,094</td>
</tr>
</tbody>
</table>

Excess (deficiency) of revenue over expenses $22,904,543 $5,707,572 $(2,549,808) $(5,208,925) $(5,488,986) $(13,552,625) $1,811,771
Note 1: NCAA Reporting Requirements

The accompanying Statement of Revenues and Expenses (the “Statement”) has been prepared on the accrual basis of accounting and is presented in a manner which intends to report all activity of the Oklahoma State University (the “University”) Athletics Department, including activity reported by the Oklahoma State University Foundation (the “Foundation”) related to intercollegiate athletics. Unrestricted revenues are recorded when earned and expenditures are recorded when incurred. Restricted revenues are reported when expended rather than when received. The revenues and expenditures have been classified on a basis consistent with the account structure of the University.

Certain expenses such as depreciation, are recorded at the University level on behalf of the University Athletics Department and not accounted for by the University Athletics Department are not included in the accompanying statement of revenues and expenses. Additionally, some accruals may be recorded at the University level and are, therefore, not included in this report. The cost of tuition waivers for the benefit of graduate students and other employees working for the University Athletics Department is not recorded as expenditures at the University Athletics Department level and is, therefore, not included in this report. The University does not currently allocate indirect facilities and administrative support to the University Athletics Department and, therefore, these costs are not included in the accompanying statements.

Note 2: Outside Booster Organizations

Several booster organizations, known as the POSSE, have been established on behalf of the University’s intercollegiate athletics program. These organizations are under the financial control of the Foundation in that they are subject to the Foundation’s internal accounting control policies and procedures. Activity of the POSSE is included in the accompanying Statement to the extent it is included in the accounts of the Foundation.

During the year ended June 30, 2017, the University received individual contributions from the Foundation in excess of 10% of total contributions, in the amount of $2.9 million and $2.6 million.

Note 3: Affiliated Organizations

The Oklahoma State University Foundation, Inc. (Foundation) is a related entity of the University’s Athletics Department. The Foundation conducts fundraising activities that support the University Athletics Department.
Note 4: Capital Assets

Major capital activities in the University Athletics Department are generally funded in whole or in part from nonoperating sources. Capital expenditures are generally capitalized in the University Athletics Department’s accounting records and depreciated over the useful life of the related assets. Therefore, such capital expenditures are excluded from the accompanying Statement, and the depreciation of such capital items is reflected in the accompanying Statement as expenditures over the useful life of the related assets.

Note 5: Long-Term Debt

The scheduled maturities of the revenue bonds and leases are as follows as of June 30, 2017:

<table>
<thead>
<tr>
<th></th>
<th>Bonds</th>
<th>Master Lease</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$ 2,965,000</td>
<td>$ 834,083</td>
<td>$ 3,103,939</td>
<td>$ 6,903,022</td>
</tr>
<tr>
<td>2019</td>
<td>2,975,000</td>
<td>859,000</td>
<td>2,975,737</td>
<td>6,809,737</td>
</tr>
<tr>
<td>2020</td>
<td>2,675,000</td>
<td>883,167</td>
<td>2,848,306</td>
<td>6,406,473</td>
</tr>
<tr>
<td>2021</td>
<td>2,780,000</td>
<td>909,083</td>
<td>2,721,887</td>
<td>6,410,970</td>
</tr>
<tr>
<td>2022</td>
<td>2,895,000</td>
<td>934,167</td>
<td>2,583,757</td>
<td>6,412,924</td>
</tr>
<tr>
<td>2023-2027</td>
<td>13,445,000</td>
<td>5,287,000</td>
<td>10,345,341</td>
<td>29,077,341</td>
</tr>
<tr>
<td>2028-2032</td>
<td>11,560,000</td>
<td>6,576,917</td>
<td>6,596,018</td>
<td>24,732,935</td>
</tr>
<tr>
<td>2033-2037</td>
<td>10,775,000</td>
<td>2,909,250</td>
<td>2,677,742</td>
<td>16,361,992</td>
</tr>
<tr>
<td>2038-2041</td>
<td>6,185,000</td>
<td>-</td>
<td>425,813</td>
<td>6,610,813</td>
</tr>
<tr>
<td></td>
<td>$ 56,255,000</td>
<td>$ 19,192,667</td>
<td>$ 34,278,540</td>
<td>$109,726,207</td>
</tr>
</tbody>
</table>
Supplemental Schedule
Oklahoma State University
Statement of Revenues and Expenses Variance Schedule of the University Athletics Department and Affiliates
Year Ended June 30, 2017
(See Independent Accountant’s Report on Applying Agreed-Upon Procedures)
Exhibit 2

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2017</th>
<th>2016</th>
<th>Difference</th>
<th>Explanation provided by Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Football ticket sales</td>
<td>$14,896,675</td>
<td>$17,812,995</td>
<td>$(2,916,320)</td>
<td>There was one less home football game in fiscal 2017 than fiscal 2016. The decrease would also be attributed to the opponents on the home game schedule.</td>
</tr>
<tr>
<td>Football media rights</td>
<td>$23,905,492</td>
<td>$21,109,790</td>
<td>$2,795,702</td>
<td>There was an increase in the annual membership distribution from the conference. The distributions are determined by the agreements between the conference and network carriers.</td>
</tr>
<tr>
<td>Nonprogram specific contributions</td>
<td>$13,495,939</td>
<td>$6,740,395</td>
<td>$6,755,544</td>
<td>Increase was due to additional donations for construction, the majority of which was for the soccer facility.</td>
</tr>
<tr>
<td>Total ticket sales</td>
<td>$19,679,074</td>
<td>$22,019,465</td>
<td>$(2,340,391)</td>
<td>There was one less home football game in fiscal 2017 than fiscal 2016. The decrease would also be attributed to the opponents on the home game schedule.</td>
</tr>
<tr>
<td>Total contributions</td>
<td>$15,099,478</td>
<td>$17,301,820</td>
<td>$(2,202,342)</td>
<td>Due to the decrease in expenses in athletic related Foundation accounts, the amount of contributions used by athletics in the current reporting year declined.</td>
</tr>
<tr>
<td>Total media rights</td>
<td>$36,410,860</td>
<td>$31,933,960</td>
<td>$4,476,900</td>
<td>There was an increase in the annual membership distribution from the conference. The distributions are determined by the agreements between the conference and network carriers.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>2017</th>
<th>2016</th>
<th>Difference</th>
<th>Explanation provided by Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonprogram specific - other operating expenses</td>
<td>$9,731,897</td>
<td>$5,188,896</td>
<td>$4,543,001</td>
<td>There was a donation received in a previous year which was returned to the donor in fiscal 2017.</td>
</tr>
<tr>
<td>Total support staff, etc</td>
<td>$15,396,691</td>
<td>$14,185,015</td>
<td>$1,211,676</td>
<td>Increase was due to adding an additional administrative position, transition between coaching staffs, and a change in contractual agreement with support staff.</td>
</tr>
<tr>
<td>Total other operating expenses</td>
<td>$13,599,791</td>
<td>$10,140,538</td>
<td>$3,459,253</td>
<td>There was a donation received in a previous year which was returned to the donor in fiscal 2017.</td>
</tr>
</tbody>
</table>