

# McGladrey & Pullen

Certified Public Accountants

Dr. Stanley F. Battle, Chancellor  
North Carolina A&T State University  
Greensboro, North Carolina

We have performed the procedures enumerated below, which were agreed to by Mr. Robert Pompey Jr., Vice Chancellor Business & Finance, North Carolina A&T State University ("NCA&T"), solely to assist you in connection with the accompanying statement of revenues and expenses in regards to certain records and transactions of NCA&T for the purpose of complying with National Collegiate Athletic Association ("NCAA") Bylaw 6.2.3 for the year ended June 30, 2007. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of 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 procedures we performed and the associated findings are as follows and reflect only revenue findings in excess of 10% of total revenues and expense findings in excess of 10% of total expenses:

## ***Agreed-Upon Procedures Program for Revenues***

### ***General***

Compare each major revenue account (greater than 10% of the total revenue for the category) to prior-period amounts and budget estimates. Obtain and document an understanding of any significant variations. Recalculate totals.

We found no exceptions as a result of these procedures.

### ***Ticket Sales***

Select a sample of ten events and compare tickets sold during the reporting period, complimentary tickets provided during the reporting period and unsold tickets to the related revenue reported by the institution in the statement and the related attendance figures. Recalculate totals.

We found no exceptions as a result of these procedures.

### ***Student Fees***

Compare and agree student fees reported by the institution in the statement for the reporting period to student enrollments during the same reporting period. Obtain and document an understanding of institution's methodology for allocating student fees to intercollegiate athletics programs. Recalculate totals.

We found no exceptions as a result of these procedures.

### ***Away Games Sales and Guarantees***

Select a sample of ten settlement reports for away games during the reporting period and agree each selection to the institution's general ledger and/or the statement. Select a sample of ten contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compare and agree each selection to the institution's general ledger and/or the statement. Recalculate totals.

We found no exceptions as a result of these procedures.

### ***Contributions***

Obtain and review supporting documentation for each contribution of moneys, goods or services received directly by an intercollegiate athletics program that constitutes 10 percent or more of all contributions received for intercollegiate athletics during the reporting period.

We found no exceptions as a result of these procedures. We found two contributions that exceeded 10% of all contributions received for intercollegiate athletics during the reporting period.

### ***Third-Party Support***

Obtain the summary of revenues for affiliated and outside organizations (the "Summary") as of the end of the reporting period from the institution. Select a sample of ten funds from the Summary and compare and agree each selection to supporting documentation, the institution's general ledger and/or the Summary. Recalculate totals. If the third party was audited by independent auditors, we will obtain the related independent auditors' report.

The accounts of the Victory Club Foundation and North Carolina A&T University Foundation have been blended with NCA&T's statements and have been tested in accordance with accounts of the University. The accounts of the North Carolina A&T Aggie Club have not been blended with NCA&T statements.

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

Compare direct state or other governmental support recorded by the institution during the reporting period with state appropriations, institutional authorizations and/or other corroborative supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

### ***Direct Institutional Support***

Compare the direct institutional support recorded by the institution during the reporting period with state appropriations, institutional authorizations and/or other corroborative supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

### ***Indirect Facilities and Administrative Support***

Compare the indirect institutional support recorded by the institution during the reporting period with state appropriations, institutional authorizations and/or other corroborative supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

### ***NCAA/Conference Distributions Including All Tournament Revenues***

Obtain and inspect agreements related to the institution's participation in revenues from tournaments during the reporting period to gain an understanding of the relevant terms and conditions. Compare and agree the related revenues to the institution's general ledger, and/or the statement. Recalculate totals.

We found no exceptions as a result of these procedures.

### ***Broadcast, Television, Radio and Internet Rights***

Obtain and inspect a sample of ten agreements related to the institution's participation in revenues from broadcast, television, radio and Internet rights to gain an understanding of the relevant terms and conditions. Compare and agree related revenues to the institution's general ledger, and/or the statement. Recalculate totals.

We found no evidence of revenues from broadcast, television, radio or Internet rights.

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

Compare and agree program sales, concessions, novelty sales and parking revenue category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten operating revenue receipts obtained from the above operating revenue supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

### ***Royalties, Advertisements and Sponsorships***

Obtain and inspect a sample of ten agreements related to the institution's participation in revenues from royalties, advertisements and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions. Compare and agree the related revenues to the institution's general ledger, and/or the statement. Recalculate totals.

We found no exceptions as a result of these procedures.

### ***Sports-Camp Revenues***

Inspect a sample of ten sports-camp contract(s) between the institution and person(s) conducting institutional sports-camps or clinics during the reporting period to obtain an understanding of the institution's methodology for recording revenues from sports-camps. Obtain schedules of camp participants. Select a sample of ten individual camp participant cash receipts from the schedule of sports camp participants and agree each selection to the institution's general ledger, and/or the statement. Recalculate totals.

We found no exceptions as a result of these procedures.

### ***Endowment and Investment Income***

Obtain and inspect a sample of ten endowment agreements (if any) to gain an understanding of the relevant terms and conditions. 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. Recalculate totals.

We found no exceptions as a result of these procedures.

### ***Other***

Compare and agree the other revenue category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten operating revenue receipts obtained from the above other revenue supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

### ***Agreed-Upon Procedures Program for Expenses***

#### ***General***

Compare each major expense account (greater than 10% of the total expense for the category) to prior-period amounts and budget estimates. Obtain and document an understanding of any variation greater than 10 percent. Recalculate totals.

We found no exceptions as a result of these procedures.

#### ***Athletic Student Aid***

Select a sample of ten students from the listing of institutional student aid recipients during the reporting period. Obtain individual student-account detail for each selection and compare total aid allocated from the related aid award letter to the student's account. Recalculate totals.

We found no exceptions as a result of these procedures.

#### ***Guarantees***

Obtain and inspect a sample of ten away-game settlement reports received by the institution during the reporting period and agree related expenses to the institution's general ledger and/or the statement. Obtain and inspect contractual agreements pertaining to expenses recorded by the institution from guaranteed contests during the reporting period. Compare and agree related amounts expensed by the institution to the institution's general ledger and/or the statement. Recalculate totals.

We found no exceptions as a result of these procedures. There were only two items that made up the guarantees expenses, both of which were subjected to these procedures.

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

Obtain and inspect a listing of coaches employed by the institution and related entities during the reporting period. Select a sample of ten coaches' contracts that must include football, and men's and women's basketball from the above listing. 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. Obtain and inspect W-2s, 1099s, etc. for each selection. Compare and agree related W-2s, 1099s, etc. to the related coaching salaries, benefits and bonuses paid by the institution and related entity expense recorded by the institution in the statement during the reporting period. Recalculate totals.

We found no exceptions as a result of these procedures.

### ***Coaching Other Compensation and Benefits Paid by a Third Party***

Obtain and inspect a listing of coaches employed by third parties during the reporting period. Select a sample of ten coaches and 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. Obtain and inspect W-2s, 1099s, etc. for each selection. Compare and agree related W-2s, 1099s, etc. to the coaching other compensation and benefits paid by a third party recorded by the institution in the statement during the reporting period. Recalculate totals.

We found no coaching other compensation and benefits paid by a third party.

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

Select a sample of ten support staff/administrative personnel employed by the institution and related entities during the reporting period. Obtain and inspect W-2s, 1099s, etc. for each selection. Compare and agree related W-2s, 1099s, etc. 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. Recalculate totals.

We found no exceptions as a result of these procedures.

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

Select a sample of ten support staff/administrative personnel employed by the third parties during the reporting period. Obtain and inspect W-2s, 1099s, etc. for each selection. Compare and agree related W-2s, 1099s, etc. to the related support staff/administrative other compensation and benefits expense recorded by the institution in the statement during the reporting period. Recalculate totals.

We found no support-staff/administrative other compensation and benefits paid by a third party.

### ***Severance Payments***

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

We found no exceptions as a result of these procedures. There was only one item that made up the severance payments which was subjected to these procedures.

### ***Recruiting***

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

We found no exceptions as a result of these procedures.

### ***Team Travel***

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

We found no exceptions as a result of these procedures.

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

Compare and agree each operating expense category for equipment, uniforms and supplies reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten operating expenses obtained from the above operating expense supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

### ***Game Expenses***

Compare and agree the operating expense category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten game expenses obtained from the above game expense supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

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

Compare and agree each fund raising, marketing and promotion expense category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten fund raising, marketing and promotion expenses obtained from the above supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

### ***Sports-Camp Expenses***

Compare and agree each sports-camp expense category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten sports-camp expenses obtained from the above expense supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

***Direct Facilities, Maintenance and Rental***

Compare and agree each direct facilities, maintenance and rental expense category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten direct facilities, maintenance and rental expenses obtained from the above expense supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures. There were only seven items that made up the total direct facilities, maintenance and rental expenses, all of which were subjected to these procedures.

***Indirect Facilities and Administrative Support***

Obtain and document an understanding of the institution's methodology for allocating indirect facilities support. Recalculate the indirect facilities-support and indirect institutional-support totals reported by the institution in the statement. Compare and agree Indirect Facilities and Administrative Support reported by the institution in the statement to the corresponding revenue category (indirect facilities and administrative support) reported by the institution in the statement. Recalculate totals.

We found no exceptions as a result of these procedures.

***Other Operating Expenses***

Compare and agree the other operating expense category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten other operating expenses obtained from the above other operating expense supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

***Agreed-Upon Procedures Program for Outstanding Intercollegiate Athletic Debt***

Obtain the repayment schedules for all outstanding Intercollegiate athletic debt maintained by the institution during the reporting period and recalculate the annual maturities (consisting of principal and interest) provided in the schedules obtained. Agree the total annual maturities to supporting documentation and the institution's general ledger.

We found no exceptions as a result of these procedures.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying statement of revenues and expenses. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Chancellor and management of North Carolina A&T State University, and is not intended to be and should not be used by anyone other than these specified parties.

*McGladrey & Pullen, LLP*

Greensboro, North Carolina  
January 9, 2008