

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Intercollegiate Athletics – Annual Financial Report

This item is for information only.

Attachment

Department of Intercollegiate Athletics, 2012-2013 Budget Overview with
Financial and Capital Projections

University of Washington

Department of Intercollegiate
Athletics



2012-2013 Budget Overview with
Financial and Capital Projections

5/9/13

University of Washington
Financial Projections for Intercollegiate Athletics

	Actuals 2011-2012	Projected 2012-2013	Projected 2013-2014	Projected 2014-2015	Projected 2015-2016	Projected 2016-2017
Operating Revenue						
Gate Revenues:						
Football Home Games	\$18,068	\$15,613	\$23,908	\$23,931	\$24,576	\$25,253
Football Away Game Share + Other Sports	\$5,721	\$4,920	\$4,881	\$5,121	\$5,189	\$5,360
Total Gate Revenue	\$23,789	\$20,533	\$28,789	\$29,052	\$29,765	\$30,613
Contributions:						
Tyeer Football Donor Seats	\$8,541	\$10,076	\$8,977	\$9,156	\$9,156	\$9,523
Building Fund for Excellence (on football season tkts)	2,882	3,124	3,162	3,199	3,237	3,237
Don James Center	5,190	3,302	0	0	0	0
Luxury Suites	118	0	1,430	1,548	1,586	1,626
Patio Seats	124	0	275	399	407	407
Club Seating	793	0	2,701	3,494	3,564	3,564
Naming Rights (Husky Stadium)	0	0	1,250	1,250	1,250	1,250
Non Football Seat Related, Scholarships etc.	5,853	4,656	4,770	4,888	5,008	5,132
Total Contributions	\$23,501	\$21,158	\$22,565	\$23,934	\$24,208	\$24,739
NCAA and Conference Distributions	\$16,215	\$23,045	\$22,171	\$26,925	\$30,283	\$31,470
Multimedia Rights (signage, radio, local TV)	5,465	4,000	4,750	4,893	5,039	5,190
Other Sponsorships, Donated Advertising and Supplies	5,484	5,445	5,654	5,760	5,968	6,077
State Mandated Tuition Waivers (Title IX)	3,065	3,336	3,670	4,037	4,440	4,884
Concessions, Souvenirs, Parking and Boat Moorage	1,674	905	3,869	3,960	4,052	4,147
Investment Income (endowment distributions & cash)	1,479	1,698	1,772	1,865	1,961	2,058
Other Revenue (rental income etc.)	1,921	882	2,381	2,665	2,714	2,765
Total Operating Revenue	\$82,593	\$81,002	\$95,621	\$103,091	\$108,430	\$111,943
Operating Expense						
Salaries and Benefits	\$30,286	\$31,912	\$32,848	\$33,771	\$36,101	\$37,004
Financial Aid	10,066	10,813	11,888	12,549	13,244	13,920
Team and Administrative Travel	6,551	6,145	5,543	5,765	5,995	6,235
Day of Game	4,602	4,455	5,055	5,201	5,331	5,464
Guarantees Paid to Visiting Teams	3,111	1,922	1,420	1,368	1,519	1,895
Donated Advertising and Donated Supplies	3,881	3,900	4,028	4,057	4,186	4,215
Supplies and Equipment	2,356	1,860	1,930	1,825	1,871	1,917
Overhead, Utilities, Repairs and Maintenance	3,909	4,405	5,816	5,963	6,201	6,372
Mktg Outreach- Website for Renovated H. Stad.	435	400	100	0	0	0
Other Expenses	8,637	7,450	7,230	7,447	7,670	7,900
Total Operating Expense	\$73,834	\$73,262	\$75,858	\$77,946	\$82,119	\$84,923
NET OPERATING INCOME	\$8,759	\$7,740	\$19,763	\$25,145	\$26,312	\$27,020

University of Washington
Financial Projections for Intercollegiate Athletics

	Actuals 2011-2012	Projected 2012-2013	Projected 2013-2014	Projected 2014-2015	Projected 2015-2016	Projected 2016-2017
NET OPERATING INCOME	\$8,759	\$7,740	\$19,763	\$25,145	\$26,312	\$27,020
<u>Non-Operating Income</u>						
Contributions for facilities (not stadium renovaton)	\$683	\$2,000	\$0	\$0	\$0	\$0
Contributions for stadium renovation (*1)	11,604	0	0	0	0	0
Unrealized Gain (Loss) on CEF	(374)	985	625	868	1,141	1,305
Total Non-Operating Income	\$11,913	\$2,985	\$625	\$868	\$1,141	\$1,305
<u>Non-Operating Expenses</u>						
Capital Expenses (other than stadium renovation)	\$6,444	\$4,177	\$2,652	\$2,718	\$4,500	\$5,300
Capital Expenses for stadium renovation (*1)	15,994	0	0	0	0	0
Current Debt Service for Dempsey Indoor Facility	1,134	1,134	1,225	0	0	0
Debt Service for Husky Stadium (\$261M approved budget)	0	0	10,503	14,528	15,168	15,168
Debt Service for H. Stadium with \$14.3M added costs	0	0	0	1,000	1,000	1,000
Debt Service for 10 Years for Scoreboards	0	0	1,055	1,055	1,055	1,055
Debt Service for Baseball Stadium	0	0	400	870	870	870
Debt Service if fund \$30M of other capital projects *2	0	0	500	1,300	2,130	2,130
Total Non-Operating Expenses	\$23,572	\$5,311	\$16,335	\$21,471	\$24,723	\$25,523
Pay Down Debt on Husky Stadium						2,500
NET INCR/(DECR) TO FUND BALANCE	(\$2,900)	\$5,414	\$4,053	\$4,541	\$2,730	\$302
Ending Balance Operating and CEF Fund	\$10,008	\$15,422	\$19,475	\$24,016	\$26,746	\$27,048
Unrestricted Reserve Balance	\$7,804	\$13,822	\$15,375	\$19,916	\$22,646	\$22,948
Additions to Endowments (not including appreciation)	\$2,923	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Ending Balance Endowment Fund	\$39,505	\$41,795	\$44,131	\$46,514	\$48,944	\$51,423

*1 Only \$22.9 million of \$50 million in gifts for stadium renovation, as well as \$22.9 million in capital expenses for the project, are shown in this document. Calculations for debt service include any gifts received or expenses incurred after this point.

*2 Other capital projects funded by debt service subject to approval by President and the Board of Regents.

University of Washington
Financial Projections for Intercollegiate Athletics

Debt Service Coverage Ratio

	Actuals 2011-2012	Projected 2012-2013	Projected 2013-2014	Projected 2014-2015	Projected 2015-2016	Projected 2016-2017
Operating Revenue	\$82,593	\$81,002	\$95,621	\$103,091	\$108,430	\$111,943
Operating Expense	73,834	73,262	75,858	77,946	82,119	84,923
Net Operating Income	\$8,759	\$7,740	\$19,763	\$25,145	\$26,312	\$27,020
Debt Service Payments						
Current Debt Service for Dempsey Indoor Facility	\$1,134	\$1,134	\$1,225	\$0	\$0	\$0
Debt Service for Husky Stadium (\$261M approved budget)	0	0	10,503	14,528	15,168	15,168
Debt Service for H. Stadium with \$14.3M added costs	0	0	0	1,000	1,000	1,000
Debt Service for 10 Years for Scoreboards	0	0	1,055	1,055	1,055	1,055
Debt Service for Baseball Stadium	0	0	400	870	870	870
Debt Service if fund \$30M of other capital projects *2	0	0	500	1,300	2,130	2,130
Total Debt Service Payments	\$1,134	\$1,134	\$13,683	\$18,753	\$20,223	\$20,223
Debt Service Coverage Ratio (1.25X required)	7.72	6.83	1.44	1.34	1.30	1.34
Total Outstanding Debt						
Dempsey Indoor Facility	\$2,250	\$1,197	\$0	\$0	\$0	\$0
Husky Stadium (\$261M approved budget)	52,230	192,530	234,326	224,065	214,808	208,987
If Husky Stadium has added costs of \$14.3M	0	0	14,300	14,282	14,078	13,863
Scoreboards for 10 Years	0	0	7,595	6,829	6,061	5,270
Baseball Stadium	0	0	0	12,500	11,984	11,659
Total Outstanding Debt	\$54,480	\$193,727	\$256,221	\$257,676	\$246,931	\$239,779

Revenue and Expense Detail for the 2012-2013 Budget

OPERATING REVENUE

Gate Revenues (\$20,533k)

\$15,613k	Football gate revenues less city taxes for six 2012 home games at Century Link Field
<u>550</u>	Visiting team share received for away non-conference football game at LSU
\$16,163k	Football Subtotal
\$3,267k	Men's basketball gate revenues less city taxes for 2012-2013 home games
217	Women's basketball home games
380	Olympic sports home events
<u>506</u>	Ticket handling fees
<u>\$20,533k</u>	Total

Contributions Except for Facilities (\$21,158k)

\$8,977k	Football Tye donor seat related contributions for 2013 season
1,099	Football Tye donor seat related contributions for 2012 games beyond original budget
3,000	Men's basketball seat related contributions
35	Women's basketball seat related contributions
1,095	Gifts for scholarships
3,124	Building Fund for Excellence contributions (\$75 for non-student football season tickets)
3,302	Don James Center contributions received in advance for 2012 through 2017 seasons
<u>526</u>	Other contributions (Alaska Airlines naming, Husky Sports contributions etc.)
<u>\$21,158k</u>	Total

NCAA and Conference Distributions (\$23,045k)

\$16,117k	Pac-12 football and men's basketball TV
2,750	Rose Bowl/BCS and other bowl game share (equal share to all Pac-12 schools); \$350k additional revenue from two Pac-12 teams (Stanford and Oregon) in BCS Bowl games
1,240	UW share of Las Vegas Bowl revenue to pay for expenses
1,255	Men's Basketball NCAA Tournament (equal share to all Pac-12 schools)
291	Pac-12 Basketball tournament
777	NCAA distribution based on number of grants in aid
308	NCAA distribution for the Student-Athlete Opportunity Fund
232	NCAA distribution based on number of sports sponsored
64	NCAA distribution for academic enhancement
<u>11</u>	Conference distribution of miscellaneous income
<u>\$23,045k</u>	Total

Multimedia Rights (\$4,000k)

\$4,000k	Radio broadcast and scoreboard advertising (year 2 of 3 year contract with IMG)
<u>\$4,000k</u>	Total

Other Sponsorships, Donated Advertising and Supplies (\$5,445k)

\$1,400k	Donated advertising value related to IMG contract (offsets expense line item)
2,500	Donated athletic supplies value from Nike contract. This is year 4 of 10 year contract. (Offsets expense line item in budgets for sports)
675	Trademarks and Licensing (ICA receives 70% after expenses)
650	Nike cash (year 4 of 10 year contract)
<u>220</u>	Others (Gatorade, Windermere, Affinity etc.)

Revenue and Expense Detail for the 2012-2013 Budget

\$5,445k Total

State Mandated Tuition Waivers (\$3,336k)

\$3,336k Approved amount for 2012-2013

Concessions, Souvenirs, Parking, Boat Moorage (\$905k)

\$250k Food concession sales in year 1 of 5 year contract with Aramark. (no food concessions revenue this year from football games at Century Link Field)
 300 Souvenir concession sales at Team Shop, at events and on-line. (year 1 of 5 year contract with Fanatics)
 355 Parking revenue from home football games
\$905k Total

Investment Income from Endowment Distributions and Cash (\$1,698k)

\$1,698k Distribution of endowment income plus return on short-term cash
\$1,698k Total

Other Revenues (\$882k)

\$530k Facilities rental
 190 Laundry services provided to IMA (towels)
 162 Other revenues (in-house football camp, sports medicine custodial recharge, etc.)
\$882k Total

OPERATING EXPENSES

Salaries and Benefits (\$31,912k)

- No salary increases in 2012-2013 for professional and contract staff , except per existing contract agreements
- No salary increases in 2012-2013 for classified staff except automatic step increases
- Performance and academic incentives for contract staff included
- Benefits loading rates included

Financial Aid (\$10,813k)

- 268 total scholarships (183 out of state and 85 instate)
- 16% increase for in-state tuition in 2012-2013
- 6% increase for out-of-state tuition in 2012-2013

Team and Administrative Travel (\$6,145k)

- \$4.8M team travel, including \$800k football travel to Las Vegas Bowl
- \$1M recruiting and administrative travel
- Balance for travel transaction fees, new employee relocation, job candidate travel, SeaTac parking

Day of Game (\$4,455k)

- Event costs for six home football games at Century Link Field in 2012
- Event costs for men's basketball, women's basketball and 18 Olympic Sports
- Includes cost of buses for fans on football game days

Guarantees Paid to Visiting Teams (\$1,922k)

\$1,275k Football (two non-conference home games vs. San Diego State and Portland State)

Revenue and Expense Detail for the 2012-2013 Budget

595	Men's Basketball home games
<u>52</u>	Other sports
<u>\$1,922k</u>	Total

Donated Advertising and Supplies (\$3,900k)

\$1,400k	Donated advertising value related to IMG contract (offsets revenue line item)
<u>2,500</u>	Donated athletic supplies value Nike contract (offsets revenue line item)
<u>\$3,900k</u>	Total

Supplies and Equipment (\$1,860k)

- Includes athletic, office, nutritional, general program, painting, custodial and video/film supplies

Overhead, Utilities, Repairs, Maintenance (\$4,405k):

\$2,150k	Projected institutional overhead paid to UW for centralized services
470	Electricity
230	Steam
190	Water
1,365	Maintenance of facilities, maintenance contracts (computers, video editing, copiers, etc.), telephone equipment and waste disposal
<u>\$4,405k</u>	Total

Marketing Outreach – Website for Renovated Husky Stadium (\$400k):

- \$400k in 2012-2013 of \$1.3M total cost

Other Expenses (\$7,450k):

- The budgeted amounts are as follows.

\$1,550k	Pac-12 Conference Office assessment
1,162	Training table, pre-season housing/meals and break meals
675	Credit card merchant fees
593	Medical expenses (medical providers and supplies)
438	Advertising and promotions
393	Printing
332	Department relations
325	Insurance (property, travel, loss of revenue)
272	Banquets and special events
239	Visiting recruits (48-hour visits)
227	NCAA Student-Athlete Opportunity Fund
205	Las Vegas Bowl expenses (not including travel)
200	Postage
166	Telephone (cellular and long distance)
124	Consultants and other studies
109	Recruiting services
102	Memberships, dues/fees, subscriptions
44	Audit fees (financial audit and agreed upon procedures)
40	Legal fees
40	Freight
<u>214</u>	Other (football camp, band expenses, etc.)
<u>\$7,450k</u>	Total

Assumptions for Financial Projections After 2012-2013

OPERATING REVENUE

Gate Revenues

- Total Football Non-Student Season Tickets
 - **42,224** total sold for 2011 (last season in Husky Stadium before renovation)
 - **41,193** total sold for 2012 (games at Century Link Field)
 - **42,379** total sold in 2013 projections (**43,594 deposits received to date exceed projections**)
 - 2013 projected sales number grows by 500 year for three years to **43,879** for 2016 and remains level thereafter
- Total Football Student Season Tickets
 - **5,938** total sold for 2011
 - **4,752** total sold for 2012 (less student demand at Century Link Field)
 - **4,989** total sold in 2013 projections and beyond
- Football gate revenue for 2017 and beyond reduced by \$2 million year for possibility revenue in renovated Husky Stadium will not continue to meet expectations.
- Football Season Ticket Prices
 - 2013 ticket prices are as follows:
 - \$424 for all premium seats, Tye donor sections and general season tickets (equals \$60 per game for 2013 vs. \$54 per game for 2012)
 - \$339 for East End Zone Reserved
 - \$244 for Value Reserved (in corners of upper decks)
 - \$99 for Students
 - 2.0% annual increase beginning 2014
- Ticket Price Increases for Other Sports
 - 2.5% annual increase for basketball and other sports

Contributions (Football Tye Donor Seats)

- Total Tye Donor Seats (Numbers do not include the Don James Center or other new premium seating)
 - **15,750** total sold for 2011
 - **16,101** total sold for 2012
 - **16,490** total sold in 2013 projections and beyond
- Football Tye Seat Prices
 - 2011 prices for last year in Husky Stadium were \$425, \$300 and \$200 per seat
 - 2012 prices for games at Century Link Field were \$950, \$750, \$550, \$450, \$350 and \$250 seat
 - 2013 prices are \$750, \$550, \$450, \$350 and \$250 per seat
 - 2% price increase in 2015 and 4% every other year; 2017, 2019, etc.

Building Fund for Excellence

- \$75 seat times number of most non-student football season tickets sold
- No annual price increases

Don James Center (north side)

- **560** total sold for 2011 (sold out)
- Not available for 2012 (games at Century Link Field)
- 624 available seats in 2013 after stadium renovation

Assumptions for Financial Projections After 2012-2013

- **523** total sold in 2013 projections and beyond (**580 sold to date exceeds projections**)
- Payments received in 2011-2012 and 2012-2013 cover six football seasons through 2017

Luxury Suites (new south side)

- 30 available suites
- **Four suites remain to be sold for 2013. Selling two more suites will meet 2013 projections.** Unsold seats available to be sold on a single game basis.
- 2.5% annual price increase beginning with 2014 season

Patio Suites (new south side)

- 168 available seats
- **160** sold in 2013 projections and beyond (represents 95% of available seats)
- **Patio suites sold out for 2013 which exceeds projections.**
- 2% price increase in 2015 and 4% increase every other year; 2017, 2019, etc.

Club Seating (new south side)

- 2,511 available seats
- **2,134** total sold in 2013 projections and beyond (represents 85% of available seats)
- **Club seating sold out for 2013 which exceeds projections.**
- 2% price increase in 2015 and 4% increase every other year; 2017, 2019, etc.

Naming Rights (Husky Stadium)

- \$1.25 million year beginning with the 2013 season

Contributions (Non-Football Seat Related, Scholarships etc.)

- Men's Basketball Donor Seats
 - **4,338** total sold for 2011-2012
 - **3,966** total sold for 2012-2013
 - **4,152** total sold per projections for future years (represents average of past two years)
 - Price increase of 2.5% each year
- Other Annual Price Increases
 - 2.5% for women's basketball donor seats
 - 3% for scholarship contributions

NCAA and Conference Distributions

- Television Revenue from Football and Men's Basketball
 - New conference contract for primary and secondary rights began in 2012-2013, with revenue shared equally by conference schools
 - Revenue will increase by 3% in each of the next two years and 5% thereafter
- Pac-12 Network
 - No projected revenue distributions in first two years of Network (2012-2013 and 2013-2014)
 - \$2 million year projected beginning 2014-2015
- Additional Rose Bowl and BCS Bowl revenue added beginning 2014-2015
- Other distributions based on projections from conference office or a 3% increase per year if projections not available

Multimedia Rights (signage, radio, local TV)

Assumptions for Financial Projections After 2012-2013

- IMG Contract for signage and radio broadcasts increases by 3% year after 2013-2014
- No local TV revenue after creation of Pac-12 Network in 2012-2013

Other Sponsorships, Donated Advertising and Donated Supplies

- Donated advertising and donated supplies offsets expense entry for same amount.
- Nike cash and donated product increases per the contract. Donated advertising increases by 2% year. All other revenue increases by 3% year.

State Mandated Tuition Waivers (Title IX)

- Increases at same percentage as increase for instate tuition

Concessions, Souvenirs, Parking and Boat Moorage

- Reduced revenue from food concessions, souvenir concessions and boat moorage in 2012-2013, as football games played at Century Link Field
- Revenue increases in 2013-2014 and following years from renovated Husky Stadium

Investment Income (endowment distributions and cash)

- Endowments
 - \$1.5 million added to endowment principal each year
 - 6% projected annual return less 4% distribution for department use leaves 2% reinvested in principal

Other Revenue

- Rental income of approximately \$1 million year from UW Sports Medicine Clinic in Husky Stadium beginning 2013-2014
- 3% annual increase for other revenue categories

OPERATING EXPENSES

Salaries and Benefits

- Salary Increases
 - Projections include a possible 3% increase in 2013-2014 for professional, contract and classified staff
 - 2.5% annual increase after 2013-2014
- Other Comments
 - Annual allowance included for possible severance pay

Financial Aid

- Assumptions for increases beginning in 2013-2014 are as follows:
 - 10% for in-state tuition
 - 4% for out-of-state tuition
 - 4% for room and board
 - 5% for summer school and post-eligible aid
- \$550k year added beginning 2013-2014 for possibility NCAA will approve bridging the gap between the cost of a full grant in aid and the cost of attendance.

Team and Administrative Travel

Assumptions for Financial Projections After 2012-2013

- 4% annual increase

Day of Game

- Seven home football games each year after 2013
- Allowance added beginning in 2013 for costs to service premium seating areas in renovated Husky Stadium
- 2.5% annual increase after 2013

Guarantees Paid to Visiting Teams

- Football non-conference games per contracts with other institutions
- 4% annual increase for basketball non-conference games

Donated Advertising and Donated Supplies

- Donated advertising and donated supplies offsets revenue entry for same amount.
- Nike donated product increases per the contract. Donated advertising increases by 2% year.

Supplies and Equipment

- 2.5% annual increase

Overhead, Utilities, Repairs and Maintenance

- Institutional overhead based on projected increased revenue beginning 2013-2014 due to additional ticket and concessions sales from renovated Husky Stadium
- Allowance added beginning 2013-2014 for additional maintenance and utilities from renovated Husky Stadium and new Football Operations Building
- 4% annual increase for utilities
- 3% annual increase for other expense categories

Marketing Outreach & Website for Renovated Husky Stadium

- \$1.3 million total spread over four fiscal years

Other Expenses

- Pac-12 Conference Office assessment per conference projection
- 2.5% annual increase for other expense categories

NON-OPERATING INCOME

Unrealized Gain (Loss) on CEF

- Projected annual return of 6% on the CEF

NON-OPERATING EXPENSES

Capital Expenses (other than stadium renovation)

- \$2.5 million for Baseball Stadium covered by project specific contributions for the \$15 million project. Debt service covers remainder of project expenses.

Assumptions for Financial Projections After 2012-2013

- \$2.5 million year allocated for miscellaneous capital projects with more funding provided if cash allows

Current Debt Service (Dempsey Indoor Facility)

- Principal balance of approximately \$1 million will be paid off in December 2013

Debt Service (Husky Stadium)

- \$15.1 million year debt service to pay for \$261 million of renovation expenses (\$250M for original project plus \$11M for Sports Medicine Clinic plus capitalized interest)
- \$1 million year debt service to pay for \$14.3 million of additional project costs
- Interest capitalized through September 2013, interest only paid from September 2013 through August 2014, both interest and principal paid thereafter
- Financial model includes making additional principal payments of \$2.5 million year beginning 2016-2017 to reduce 30 year length of loan

Debt Service for Scoreboards

- \$1 million year debt service for ten years

Debt Service for Baseball Stadium

- \$870k year debt service for 30 years

Debt Service for Other Projects

- \$2.1 million year available to fund \$30 million of other projects subject to approval by the President and the Board of Regents