



Michigan Athletic Department FY 2013 Budget

The University of Michigan Board of Regents



Executive Summary

- **SUSTAINED OPERATING MARGINS HAVE ALLOWED FOR SIGNIFICANT INVESTMENT IN FACILITIES**
 - Budgeted operating surplus of \$5.8 million for FY 13, after \$4.5 million allowance for deferred maintenance.
 - Michigan Stadium premium seats are sold out with waiting lists.
 - Projects in process: Crisler Center and Yost Ice Arena renovation projects.
- **SOUND FINANCIAL POSITION**
 - Athletics expects to end fiscal year 2012 with approximately \$333 million of net assets.
 - Endowment balances are approximately \$63 million as of March, 2012.
 - Total debt increases to approximately \$240 million from final phase of the Crisler renovation project.
- **SUFFICIENT FUNDS WILL BE AVAILABLE TO CONTINUE INVESTMENT IN PHYSICAL PLANT**
 - Facilities planning process continues for Athletics campus with several important future projects planned.
 - Aggressive fundraising plans are being developed and will be executed to support capital projects.
 - Outyear operating forecasts, combined with significant upside fundraising potential for capital, allows Athletics to address several significant physical plant priorities.

Fiscal 2012/13 Budget Summary

(all amounts in 000's)

	Fiscal Year 2011/12			Budget	
	<u>Budget</u>	<u>Projecti on</u>	<u>+/-</u>	<u>2012/13</u>	<u>+/-</u>
Revenues	\$ 121,218	\$ 128,694	\$ 7,476	\$ 130,322	\$ 1,628
Expenses	<u>109,835</u>	<u>113,377</u>	<u>3,542</u>	<u>124,517</u>	<u>11,140</u>
Operati ng surplus	<u>11,383</u>	<u>15,317</u>	<u>3,934</u>	<u>5,805</u>	<u>(9,512)</u>
Capital exp & other transfers	<u>29,896</u>	<u>17,602</u>	<u>(12,294)</u>	<u>10,800</u>	<u>(6,802)</u>
Net change in current fund	\$ (18,513)	\$ (2,285)	\$ 16,228	\$ (4,995)	\$ (2,710)

Note:

Amounts above are for operating fund. Decrease in FY12 capital expenditures and other transfers is primarily the result of \$7.5M Crisler Center gift pledge received from the Davidson Foundation.

Revenue Summary

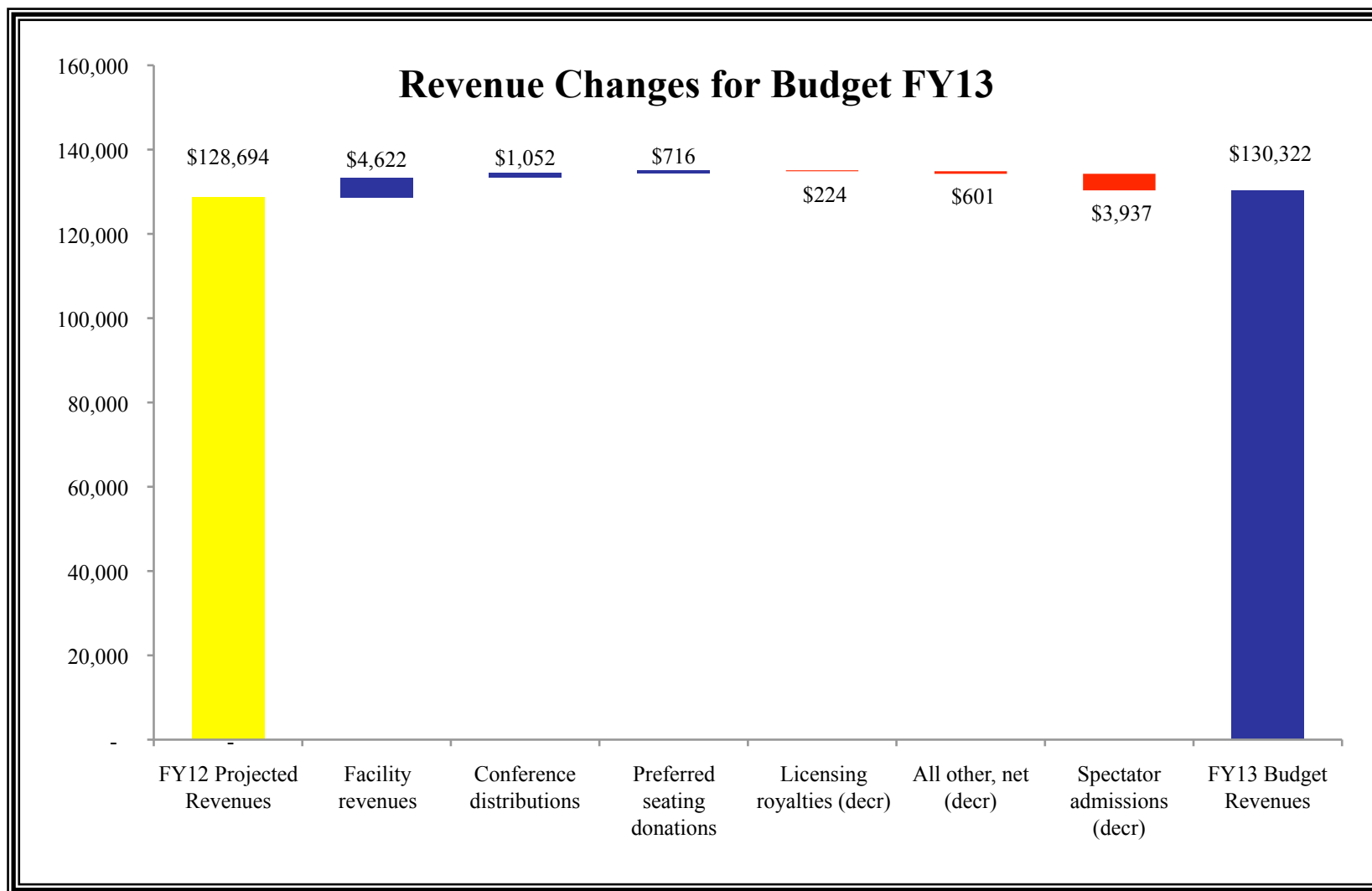
(all amounts in 000's)

	Fiscal Year 2011/12			Budget 2012/13	
	Budget	Projection	+/-		+/-
Spectator admissions	\$ 45,588	\$ 47,988	\$ 2,400	\$ 44,051	\$ (3,937)
Conference distributions	21,948	22,231	283	23,283	1,052
Preferred seating and other gifts	26,153	26,600	447	27,416	816
Corporate sponsorship	14,328	15,062	734	15,050	(12)
Facility revenues	1,825	2,225	400	6,847	4,622
Licensing royalties	4,774	5,874	1,100	5,650	(224)
Other	6,602	8,714	2,112	8,025	(689)
	\$ 121,218	\$ 128,694	\$ 7,476	\$ 130,322	\$ 1,628

- Limited downside risk in FY 13 revenue plan; a significant percentage of revenue is already committed (e.g., spectator admissions, conference distributions, sponsorship income)
- Preferred and premium seating revenue are recorded in the year in which received; revenue from ticket sales collected in advance are deferred until the fiscal year in which the actual games are played.
- Number of home football games decreases from 8 to 6, partially offset by neutral site away game against Alabama and ticket price increase.
- Winter Classic NHL game Stadium rental increases facility revenue by \$2.85M (\$250K went directly from NHL to UM general scholarship fund in FY12).
- Reassignment of Radrick Farms Golf Course to Athletics increases facility revenues by \$1.73M.
- Concessions revenue ("Other") decreases \$.7M with two less home football games.
- Conference distributions are shown net of transfers to UM general scholarship fund.



Revenue Highlights



M Expense Summary

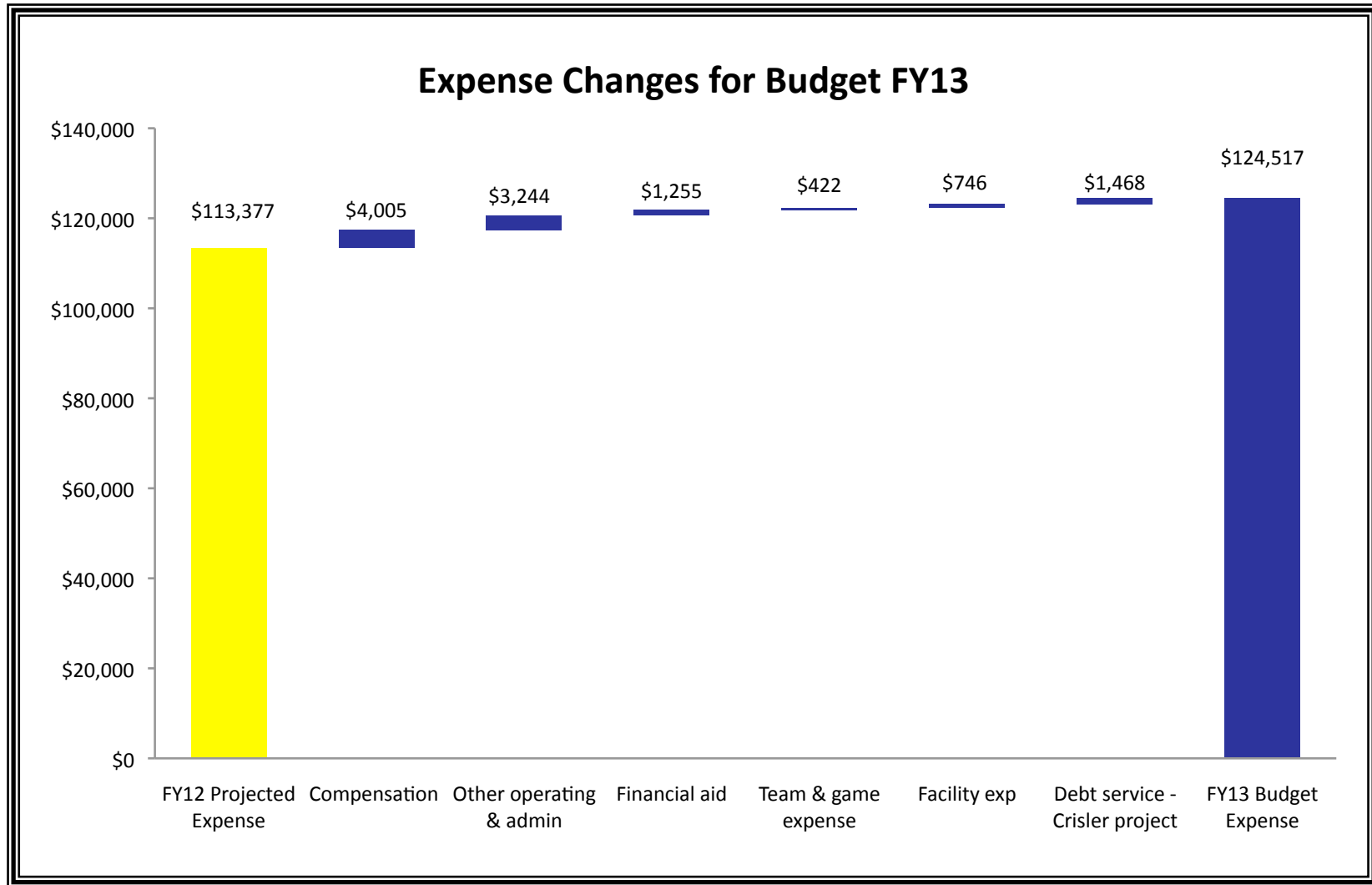
(all amounts in 000's)

	Fiscal Year 2011/12			Budget	
	<u>Budget</u>	<u>Projection</u>	<u>+/-</u>	<u>2012/13</u>	<u>+/-</u>
Salaries, wages & benefits	\$ 39,205	\$ 40,230	\$ 1,025	\$ 44,235	\$ 4,005
Financial aid to students	17,293	17,093	(200)	18,348	1,255
Team and game expense	18,109	18,631	522	19,053	422
Facilities expenses	9,834	9,874	40	10,620	746
Deferred maintenance fund transfer	4,500	4,500	-	4,500	-
Other operating and admin. exp.	7,674	9,829	2,155	13,073	3,244
Debt service transfer to plant fund	<u>13,220</u>	<u>13,220</u>	<u>-</u>	<u>14,688</u>	<u>1,468</u>
	\$ 109,835	\$ 113,377	\$ 3,542	\$ 124,517	\$ 11,140

- Addition of Radrick Farms Golf Course increases expenses by \$1.6M (\$.9M Compensation).
- Winter Classic NHL game Stadium rental increases other operating expenses by \$.6M.
- Debt service increase from addition of \$25M in long term debt to complete final phase of Crisler Center renovation.



Expense Highlights





Summary Balance Sheet

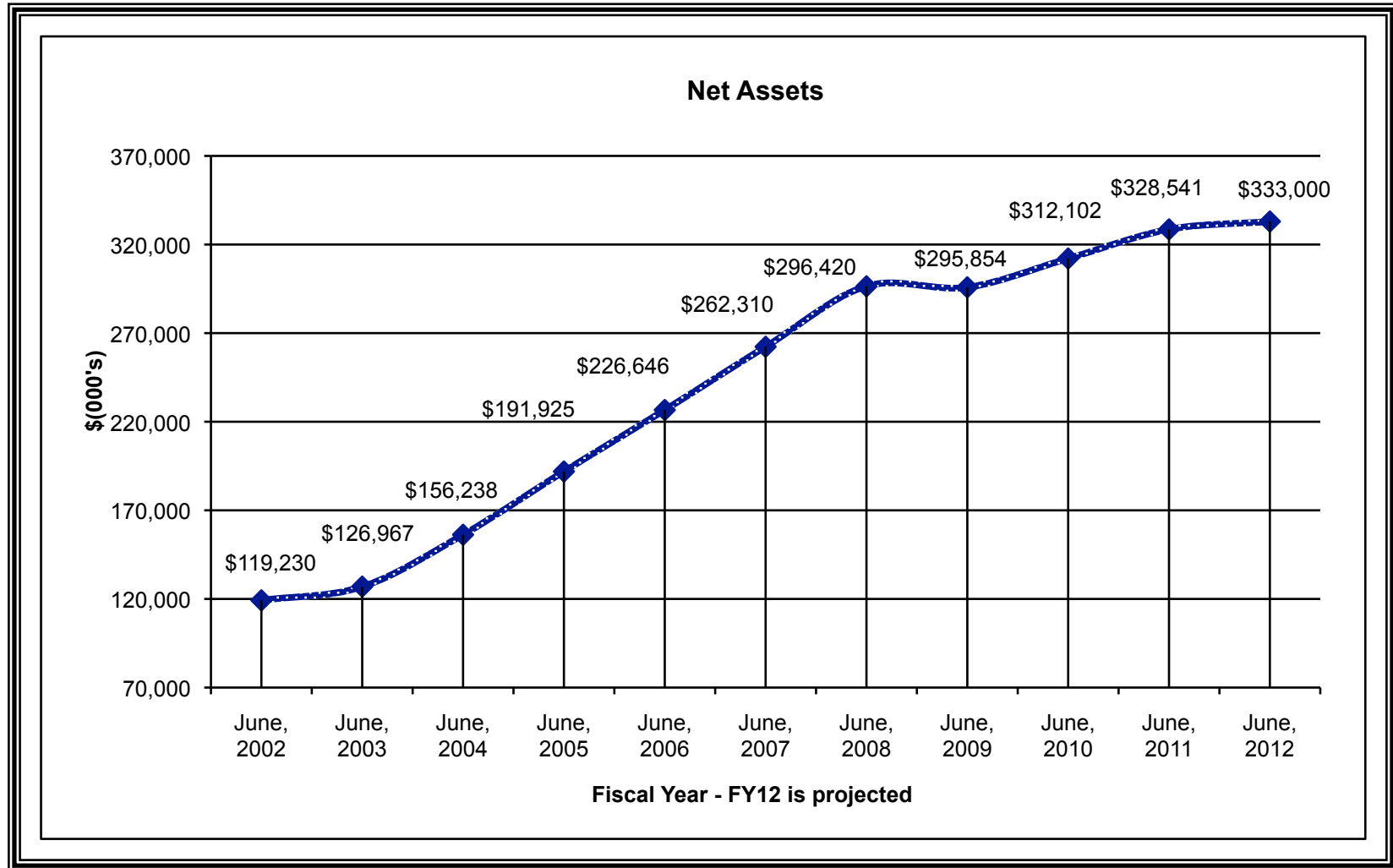
**INTERCOLLEGIATE ATHLETICS
OF THE UNIVERSITY OF MICHIGAN
Consolidated Summary of Balance Sheets**

	Amounts in \$M's	
	(actual) June 30,2011	(esti mated) June 30,2012
Assets		
Cash and cash equivalents on deposit with the University	130	118
Pledges receivable, net	25	37
Endowment (market value)	63	61
Other assets	6	10
Capital assets, net	395	425
Total Assets	\$ 619	\$ 651
Liabilities and Net Assets		
Liabilities:		
Unearned revenues and other deferred charges	46	44
Accounts payable and other accrued expenses	15	18
Obligations for postemployment benefits	15	16
Long-term debt to University	215	240
Total Liabilities	291	318
Net Assets:		
Invested in capital assets, net of related debt	198	203
Restricted: Nonexpendable	33	35
Restricted: Expendable	85	86
Unrestricted	12	9
Total Net Assets	328	333
Total Liabilities and Net Assets	\$ 619	\$ 651



Net Assets Trend

Equity expected to increase





Net Asset Growth Factors

1. Continued operating surpluses
2. Net investment income (market value changes in endowment funds not reflected in operating budget)
3. Capital gifts (not reflected in operating revenue)
4. Endowment gifts (not reflected in operating revenue)
5. Fixed asset investment has been equal to or more than depreciation
6. Recent major facility projects have significantly increased depreciation expense



Update on Capital Plan

Future Projects requiring Regental Approval

<u>Future projects that will require Regental approval</u>	<u>Esti mated Project Cost</u>	<u>Esti mated Start Date</u>	<u>Funding source</u>
Schembechler Hall renovati on project	\$ 9,000,000	February 1, 2013	Gift s and Athleti cs reserves
Field Hockey renovati on project	\$ 9,500,000	March 1, 2013	Gift s and Athleti cs reserves
Michigan Stadium painti ng project	\$ 6,000,000	February 1, 2013	Deferred maintenance fund
Soft ball facility additi on	\$ 3,000,000	June 1, 2013	Gift s and Athleti cs reserves
Scoreboards project - various venues	\$ 4,000,000	January 1, 2013	Gift s and Athleti cs reserves
Lacrosse offi ce and lockerroom facility	\$ 12,000,000	March 1, 2014	Gift s and Athleti cs reserves
Strength & Condi ti oning/Rowing/Soccer facility	\$ 25,000,000	March 1, 2015	Gift s, LT Debt, and Athleti cs reserves
Indoor/Outdoor Track competi ti on facility	\$ 90,000,000	March 1, 2015	Gift s, LT Debt, and Athleti cs reserves
Yost Arena ice plant replacement	\$ 3,200,000	April 1, 2015	Deferred maintenance fund
Canham Natatorium expansion	\$ 20,000,000	March 1, 2017	Gift s and Athleti cs reserves
Multi -purpose competi ti on arena	\$ 30,000,000	June 1, 2017	Gift s and Athleti cs reserves