

Applied Sport Finance

Chapter Objectives

After studying this chapter, you should be able to do the following:

- ◆ Read a case and feel comfortable understanding how the facts relate to one another.
- ◆ Appreciate the revenue and expenses seen in a typical college athletic program.
- ◆ Understand how mission and vision affect financial decision making.
- ◆ Appreciate how diverse and extensive personnel costs are for an athletic department.
- ◆ Answer questions associated with the case study and each chapter in the text.

After writing two previous editions of this textbook, we were continually asked whether we could synthesize the various financial topics and theories in the book in a manner to which the average student could relate. After careful consideration, we decided to include a case study. Most business schools use the case study approach to learn about business actions and reactions and the way in which the theories covered in class can be applied and found in the real world. Case studies are frequently found for sport educators in Europe, but until recently cases about sport in the United States were hard to find. Even more difficult was locating cases associated with sport finance.

A case study requires reading the case as you would a story. The story unfolds with critical facts that need to be analyzed. Instead of conveying a happy ending as many stories do, the case study ends with a number of questions. The case study is read to help answer those questions. In some situations the material in the case will overlap

what has been covered in prior chapters. At other times, a reader will come across financial material and will have to determine how it fits into the financial landscape. Readers might have a number of questions after reviewing the case. They can discuss the case with others and their instructor to try to solve any problems or answer any questions. In the business world, textbooks and theories do not cover every contingency, so professionals sometimes need to make an educated guess or work under various assumptions.

Although we have used real data in previous chapters for several large publicly traded companies, we decided to focus the case study on a small NCAA Division II program. Because of the confidentiality concerns associated with many programs, we decided to concoct a fictitious Division II athletic department and use real world numbers. Thus, all the numbers are as accurate as possible and can give the reader a good sense of the revenue and expenses for a program, which can help answer the questions at the end.

University of Never Land Case Study



Division II Athletics

According to *Revenue and Expenses, 2004-2009, NCAA Division II Intercollegiate Athletic Programs Report*, (www.ncaapublications.com/productdownloads/2008DIIRevExp.pdf), in 2010 the National Collegiate Athletic Association (NCAA) Division II comprised 290 active (and 5 provisional) members. This group included 141 private universities and 154 publicly owned universities. The Division II schools with men's football teams had on average 247 male athletes and 142 female athletes. Thus, the average program was hosting around 380 athletes and spending on average \$11,900 on each athlete. The average grant for students at private universities in 2009 was \$31,600 per student-athlete. These athletes are distributed on average between seven men's and eight women's teams. Most Division II programs sponsored 14 sports.

Total revenue in 2009 for Division II programs offering football was an average of \$4,593,000, and the average expense was \$4,522,000. The net generated revenue in 2009 averaged \$541,000, which when compared with the average expense produced a loss of \$3,907,000. The average expense for Division II programs not offering football was \$3,102,000. Revenues and expenses in 2009 are broken down in table 19.1.

Median Division II revenues in 2009 are shown in table 19.2.

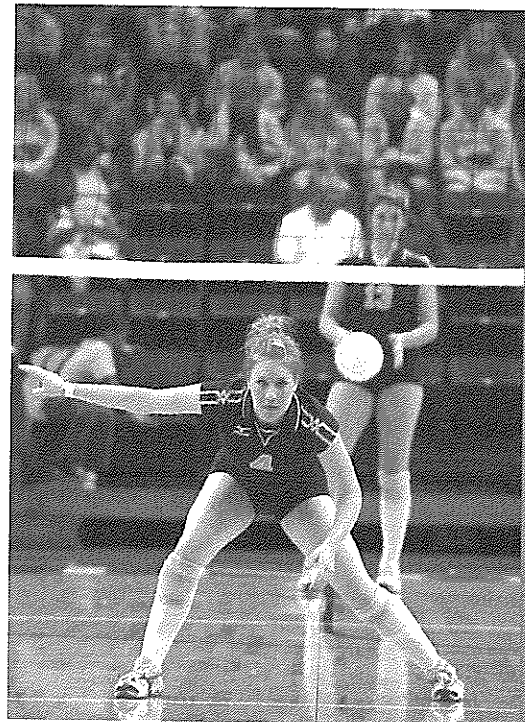


Table 19.1 Average Division II 2009 Revenue and Expenses on a Percentage Basis

Revenue (%)	Expense (%)
Allocated revenue (87)	Athletic aid (29)
Generated revenue (12)	Coaches compensation (21)
Student fees (0.9)	Administrative staff (11)
Contributions (0.4)	Travel (0.8)
	Medical (0.2)
	Other (25)



Table 19.2 Median Division II 2009 Revenue

Category	Revenue (percentage of generated revenue created by athletic programs)
Total ticket sales	\$30,100 (9.76%)
NCAA and conference distributions	12,700 (4.1)
Guarantees and options	11,500 (3.7)
Cash contributions from alumni	108,000 (35.1)
Concession, programs, novelties	6,300 (2.0)
Sponsorship and advertising	500 (0.16)
Sports camps	6,000 (1.9)
Miscellaneous (endowment, investment income, third-party support, etc.)	175,100 (56.7)
Total generated revenue	308,400
Allocated revenue:	
Direct institutional support	3,912,900
Indirect institutional support	276,400
Student fees	0
Total allocated revenue	4,217,300
Total all revenues	4,591,300

Total expenses are divided based on the gender of sport covered and gender-neutral expenses. Thus, the median expenditure on men's sports in 2009 was \$2,292,900 (46.7% of expenditures), women's sports cost \$1,358,700 (27.6%), and administrative (gender-neutral expenditures) were at \$923,700 (18.8%), totaling a median expenditure of \$4,910,900. Based on revenue of \$4,591,300 the median Division II program lost \$319,600 in 2009. These expenditures are broken down further in table 19.3.

Table 19.3 Median Division II 2009 Expenses

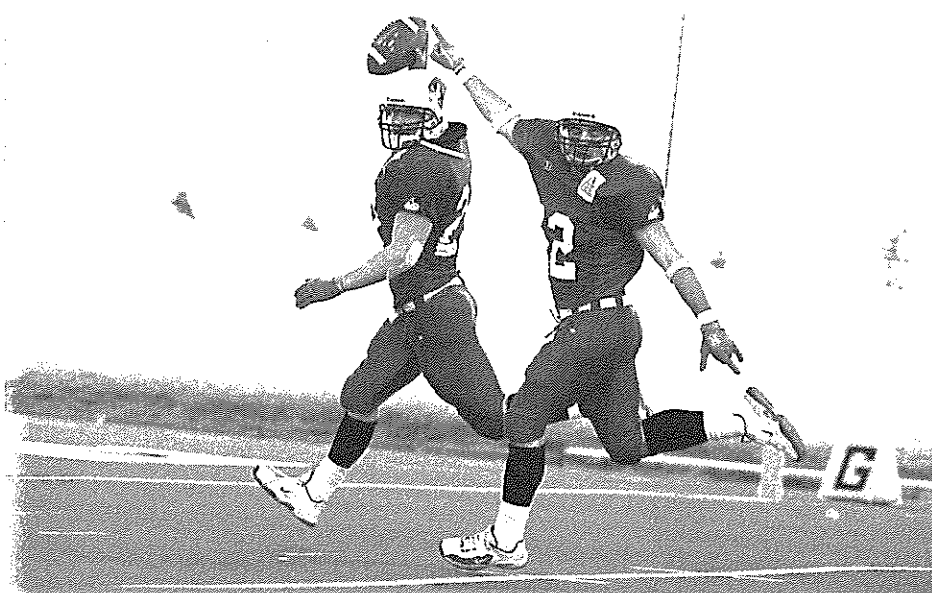
Expense category	Men	Women	Admin	Total
Grants-in-aid	\$1,274,400	\$719,700	0	\$2,019,500
Salaries and benefits	593,100	276,000	\$345,100	1,236,700
Team travel	180,600	121,200	0	319,800
Recruiting	28,900	15,100	0	45,100
Equipment, uniforms	98,400	45,700	1,600	156,600
Fund-raising	0	0	2,600	16,700
Game expense	42,100	26,400	0	84,500
Medical	0	0	70,000	75,000
Membership dues	1,200	700	20,000	25,000
Spirit group	0	0	2,200	6,400
Other	24,200	8,700	207,900	390,900
Totals	2,242,900	1,213,500	649,400	4,376,200

Other expenses can include compliance, human resources, utilities, insurance, maintenance, ticket office, information technology, purchasing and receiving, TV and radio coverage, and operational expenditures.

The median generated revenue (revenue produced by the athletic department) and expenses for selected sports are highlighted in table 19.4.

Table 19.4 Median Generated Revenue and Expenses

Sport (men/women)	Generated revenue	Expenses	Scholarships	Athletes
Baseball (M)	\$28,100	\$231,200	9	27
Basketball (M)	35,000	381,800	10	14
Basketball (W)	20,500	332,200	10	12
Field hockey (W)	9,600	190,900	6.3	16
Football (M)	89,600	993,100	36	82
Golf (M)	4,700	67,100	3.6	11
Golf (W)	3,300	62,700	5.4	10
Gymnastics (W)	30,800	145,200	6	12
Lacrosse (M)	11,600	209,500	10.8	15
Lacrosse (W)	14,700	146,400	9.9	19
Soccer (M)	N/A	N/A	9	23
Soccer (W)	13,400	191,200	9.9	23
Softball (W)	17,700	147,700	7.2	22
Tennis (M)	4,500	127,300	4.5	6
Tennis (W)	3,800	137,200	6	12
Track and field (M)	10,700	50,900	12.69	30
Track and field (W)	13,600	199,700	12.69	28
Volleyball (W)	6,700	139,200	4.5	26
Wrestling (M)	24,000	95,800	8	12





The salary and benefit amounts for head coaches (and all assistant coaches) in a median Division II athletic program are shown in table 19.5.

Table 19.5 Median Division II Athletic Salaries and Benefits for Coaches

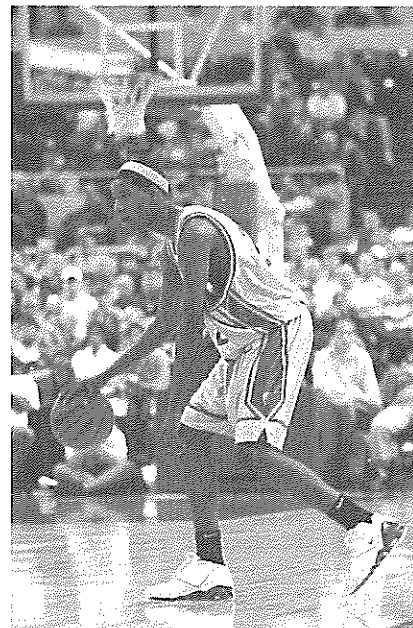
Sport (men/women)	Head	All assistants	Total
Baseball (M)	\$46,800	\$12,800	\$61,600
Basketball (M)	80,100	39,900	119,700
Basketball (W)	67,900	34,800	102,800
Field hockey (W)	44,300	5,200	52,000
Football (M)	89,900	212,600	305,200
Golf (M)	9,800	N/A	10,400
Golf (W)	9,500	6,400	9,900
Gymnastics (W)	71,100	6,400	77,400
Lacrosse (M)	40,100	4,500	44,000
Lacrosse (W)	47,600	3,900	53,700
Soccer (M)	33,900	6,200	42,800
Soccer (W)	40,300	6,200	50,100
Softball (W)	40,200	7,000	48,900
Tennis (M)	12,500	N/A	13,600
Tennis (W)	13,000	N/A	13,200
Track and field (M)	22,200	3,900	29,300
Track and field (W)	22,800	5,700	31,800
Volleyball (W)	45,800	10,200	61,100
Wrestling (M)	49,400	13,100	65,900

The median amount spent on coaching salaries in 2009 was \$593,000 for men's teams and \$276,000 for women's teams. The median administrative salary for Division II athletic programs in 2009 was \$345,100.

History of the Program

The University of Never Land (UNL), located in Fairy Tale, California, is a comprehensive university that offers both bachelors and masters degrees. It has a world-renowned graphic arts program, as well as a cinema school. The university has a rural campus that includes a number of athletic fields, a gym, and athletic offices. The gym where the basketball and volleyball teams play can hold 1,500 people. It has an equipment room, laundry area, athletic trainer's room, and a small concession stand. A separate student recreation center serves the approximately 2,600 students on campus. Only 100 graduate students are enrolled, and they pay fees that amount to \$1,000 a year. Tuition at the university is \$25,000 per year. Room and board ranges from \$9,000 to \$12,000 per year. Every student is charged \$1,500 a year for fees, but none of the fees go expressly to support athletics on campus. The university has been generous in supporting athletics from its general funds, which can come from tuition, fees, and other sources because the university uses a centralized budget and all money goes into the same revenue pool.

The university was founded in 1930. Some of its famous supporters were among the top executives in the movie industry. Mr. Walt Disney himself is rumored to have given the initial money to start the institution. Athletics at the university started in 1949. UNL is a Division II member of the NCAA and a member of the Fighting Eight Conference. All the schools in the conference are located in California to hold down travel costs. The university has produced a number of star athletes. The most famous is "Slammin" Sammy Davis Jr., who went on to NBA fame in the 1970s. The athletic director for the last 15 years has been Rocky Balboa, who attended UNL in the 1970s and is passionate about the program. He is proud of the strong academic reputation of the Tinkerbells, or Bells for short. His program provides athletic competition for 296 students, many of whom would not have come to the university were it not for the athletic program. There are 81.19 full scholarships available for men's sports and 57.69 for women's sports, totaling 138.88 full scholarships, which would equate to \$4.86 million in grants-in-aid (covering tuition plus room and board) in 2012. Based on 296 student-athletes and 138.88 full scholarships, the university had 157.12 student-athletes paying the entire tuition (not including any aid based on financial need or merit scholarships). Many of the student-athletes had partial scholarships, so the aid was pretty well dispersed in 2012. Based on 157.12 nonscholarship equivalent athletes, the athletic department would generate around \$5.5 million in tuition and room and board. In total, the athletic department generated \$10.36 million in tuition revenue in 2012. Thus, athletics helps the university survive and is a strong revenue producer for the university. Athletics also serves as a strong alumni retention tool, and the homecoming game is a major event for big donors.



Sports Offered

The sports currently offered by the athletic department and the number of athletes participating in each are shown in table 19.6. There are 185 male athletes and 111 female athletes, resulting in a total of 296 athletes.

Table 19.6 Sports Offered (Number of Athletes) at the University of Never Land

Men's sports	Women's sports
Baseball (24)	Softball (21)
Basketball (12)	Basketball (11)
Football (84)	Lacrosse (19)
Volleyball (23)	Volleyball (13)
Soccer (23)	Soccer (22)
Track and field (30)	Track and field (25)



Mission Statement and Goals

The following was the mission statement of the athletic department for many years. A consultant who was brought in liked the mission statement but wanted to change the goals to be more concrete and measurable. The new goals suggested by the consultant are listed after the existing goals.

Mission Statement

The Athletic Department supports and endorses the goals and objectives of the university and serves to

1. meet the competitive and educational needs of the student-athlete;
2. unify the extended university community of students, faculty, staff, alumni, and townspeople;
3. generate a positive image of the university; and
4. promote student health and wellness for life.

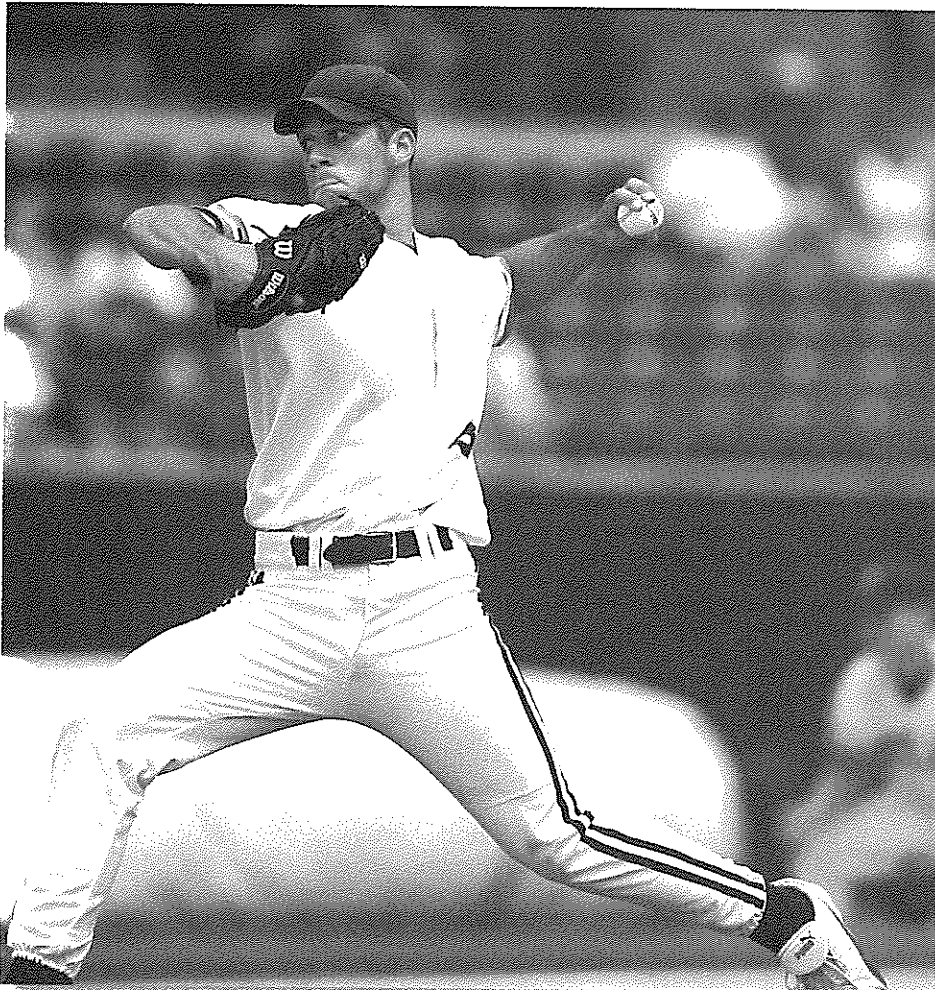
Goals

1. Provide the necessary resources to field competitive teams in all sports within the Fighting Eight Conference and the NCAA Division II.
2. Provide the resources to help our student-athletes maintain high academic standards and become better students and citizens of the campus and the community.

3. Bridge the gap between athletics and the campus community by fostering a communicative and inclusive relationship between faculty, staff, coaches, and administrators.
4. Foster dialogue with the general student population to rekindle pride in Tinkerbell Athletics and support for their fellow students, the athletes.
5. Generate community pride and support for Tinkerbell Athletics, thus creating a positive image of the university through athletics.

Proposed Goals

1. Generate at least one sold-out basketball and football game each year.
2. Comply with Title IX to the best of the university's ability through financial or numerical equivalency by either reducing the number of men's sports or adding a new women's sport.
3. Have at least four of the teams break even by covering their expenses.
4. Reduce the athletic department's reliance on direct institutional support by 5% per year over the next three years.
5. Reduce coaching and administrative expenses by 10% over the next three years.





Revenue and Expenses

Revenue

Table 19.7 displays the revenue for the University of Never Land in 2012.

Table 19.7 University of Never Land 2012 Revenue

Category	Revenue
Total ticket sales	\$27,750 (see below)
NCAA and conference distributions	12,500
Guarantees and options	12,000
Cash contributions from alumni	300,000 (see below)
Concession, programs, novelties	8,300 (see below)
Sponsorship and advertising	2,500
Sports camps	8,000
Golf tournament	60,000
Field and gym rental	11,300
Miscellaneous (endowment, investment income, third party support, etc.)	105,100
Total generated revenue	547,450
Allocated revenue:	
Direct institutional support	4,182,000 (see below)
Indirect institutional support	250,800
Student fees	0
Total allocated revenue	4,432,800
Total all revenues	4,980,250

Ticket Sales

5 home football games—300 tickets average at \$5.00 a ticket = \$7,500

15 men's basketball games—150 tickets average at \$3.00 a ticket = \$6,750

15 women's basketball games—100 tickets average at \$3.00 a ticket = \$4,500

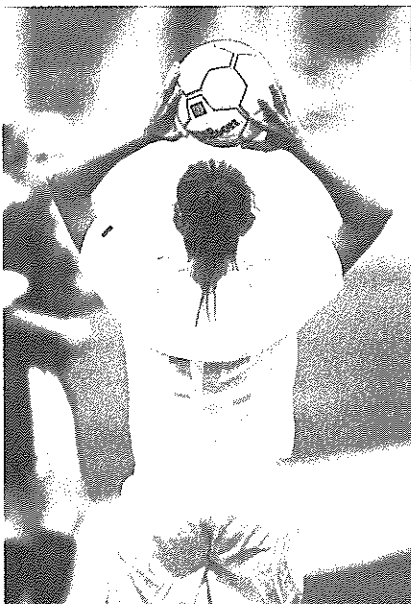
20 soccer games (men's and women's)—100 tickets average at \$3.00 a ticket = \$6,000

25 baseball games—40 tickets average at \$3.00 a ticket = \$3,000.

Total ticket sales average \$27,750 a year.

Cash Contribution from Alumni

The athletic department currently generates \$300,000 a year in donations earmarked for athletics. These donations come from 450 alumni, but one alumnus gave a gift of \$100,000. The \$100,000 gift is an annual gift. Thus, the additional \$200,000 needs to be raised every year. Mr. Balboa and the university's president, Sally "Babe" Didrikson, want to launch an aggressive capital campaign for athletics to endow four



coaching positions. The school would need to raise \$1,000,000 for each position. The endowed coaching positions would use the interest from the escrowed money to pay the coach's salaries. The money would not be used for any purpose other than salaries and benefits.

On top of the annual campaign, Balboa and Didrikson want to refurbish the athletic field because the bleachers are in need of repair and the turf field does not drain as well as it used to. Thus, the total capital campaign for 2012-2014 will be for \$8 to \$10 million. If that amount cannot be raised, the university may need to borrow money to make the needed repairs. The university believes that it has a 50% chance of raising the required amount, but it does not want to solicit from its annual donors for fear that they might not continue to make such donations if they make a capital contribution.

Concessions

The university can generate more novelty sales than most Division II programs because of its endearing cartoon characters, and each game program has the original work of one of its students on the cover, which helps drive sales.

Direct Institutional Support

The university has committed at least \$4 million per year in institutional support as long as the total number of athletes is at least 290 a year. At that rate, the university believes that it can keep attracting a nice percentage of students to round out its student body, and with the combined tuition and room and board, it will break even (i.e., its institutional support will be offset by incoming additional tuition and other revenue).





Expenses

Expenses in 2012 for the University of Never Land are shown in table 19.8.

Table 19.8 University of Never Land 2012 Expenses

Expense category	Men	Women	Admin	Total
Grants-in-aid	\$2,840,400	\$2,020,000	\$0	\$4,860,000
Salaries and benefits	613,000	378,000	472,000	1,463,000 (see below)
Team travel	170,000	111,000	0	281,000
Recruiting	31,000	17,500	0	48,500
Equipment, uniforms	98,900	47,800	1,600	148,300
Fund-raising	0	0	14,500	14,500
Game expense	44,000	28,000	23,000	95,000
Medical	0	0	115,000	115,000 (see below)
Membership dues	1,200	700	20,000	21,900
Spirit group	0	0	7,200	7,200
Sports camp	0	0	7,500	7,500
Golf tournament	0	0	20,000	20,000
Other	24,200	8,700	207,900	390,900 (see below)
Totals	3,822,700	2,611,700	888,700	7,472,800

Administrative and Coaching Staff

The athletic department staff is composed of the following people (total compensation in salary and benefits is shown in parentheses):

- Athletic director (\$110,000)
- Associate AD (\$85,000)
- Assistant AD (\$60,000)
- Administrative assistant (\$40,000)
- Director of sports medicine (\$60,000)
- Two athletic trainers (part-time) (\$25,000 each)
- Sports information director (\$48,000)
- Equipment manager (\$40,000)
- Strength and conditioning coach (part-time) (\$29,000)
- Baseball head coach and two assistant coaches (\$64,000 total)
- Softball head coach and two assistant coaches (\$53,000 total)
- Basketball head coach and two assistant coaches, men's (\$129,000 total)

Basketball head coach and two assistant coaches, women's
(\$110,000 total)

Football head coach and eight assistant coaches (\$317,000)

Lacrosse head coach and one assistant coach (\$62,000)

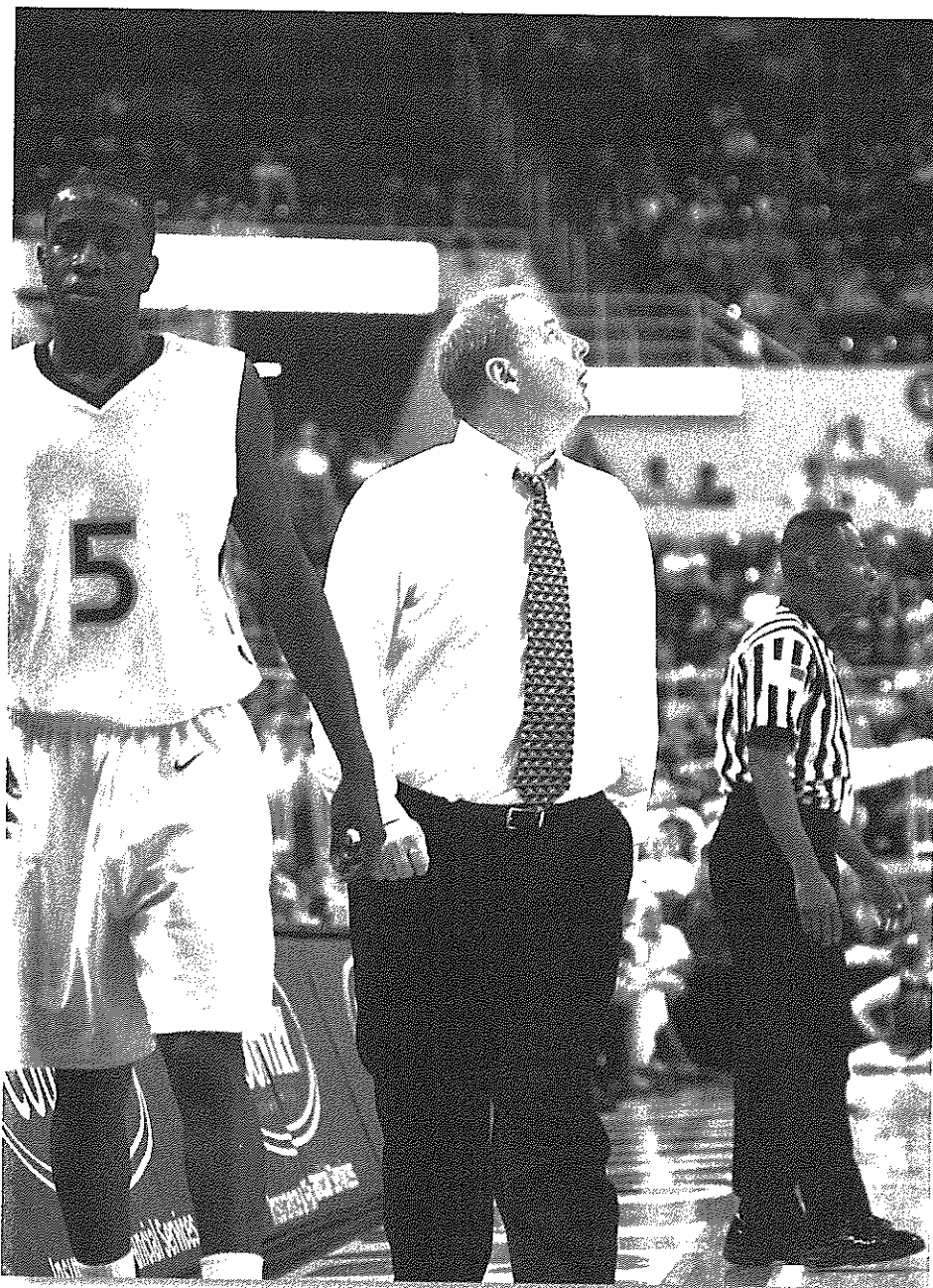
Volleyball women's head coach and one assistant coach (\$63,000)

Volleyball men's head coach (\$23,000)

Soccer women's head coach and one assistant coach (\$60,000)

Soccer men's head coach and one assistant coach (\$50,000)

Track and field head coach and two assistant coaches (\$60,000)



Medical Expenses

Medical expenses include the salary and benefit for the director of sports medicine and two part-time athletic trainers. Also included is a medical operating budget of around \$5,000 broken down as shown in table 19.9.

Table 19.9 2012 Medical Expenses

Item	Cost
Tape: white tape, stretch tape, pre-wrap, Quick Dry, skin lube, etc.	\$3,545.45
Band-Aids: strips and knuckle dressings	74.65
Disinfectant products: hand and surface	101.78
Emergency care: splints, slings, crutches, etc.	130.65
Equipment: disposable cups	104.95
Instruments: scissors, clippers, blades, tape cutters, etc.	48.25
Modalities: hot and cold packs, classic wraps, ice bags, etc.	440.40
First aid products: alcohol wipes, Betadine, gauze, steri-strip, Second Skin, tongue depressors, Bio-Bags, etc.	329.25
Felt and foam (mole skin, adhesive felt)	195.15
Total	\$4,967.53

Other

Some expenses are covered by the general university such as human resource, information technology, facility maintenance, and utilities. Purchasing and receiving, ticketing, and TV and radio operations are paid for by the athletic department.



Facilities

The facilities are over 35 years old, so they need repair, similar to any facility of such age. The athletic department operates several facilities:

Dumbo Arena

The Dumbo Arena is the home of UNL's basketball and volleyball programs. The arena seats 1,500 spectators for athletic events but can be configured for everything from concerts and speeches to dinners, meetings, and graduation. The facility has four restrooms, batting cages, athletic trainer's room, equipment room, laundry facilities, offices, and storage. The total area of the arena (including all ancillary activity areas) is 29,000 square feet (2,700 sq m).

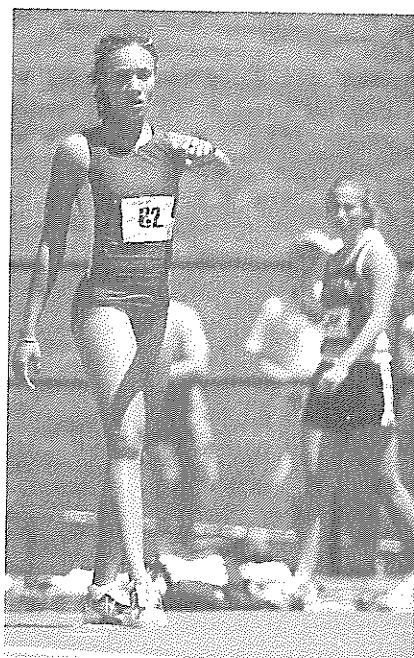
Pluto Athletic Complex

The Pluto Athletic Complex accommodates facilities for all UNL outdoor sports. The 3,000-seat Goofy Field is home to UNL's football program, women's lacrosse, and men's and women's track and field teams. The natural grass field was resodded 10 years ago and has excellent drainage.

UNL's softball and baseball teams play on two of the nicest fields in the state. The fields are named after Steamboat Willie and have a steam horn that blows when players hit home runs. The softball field features a crushed red-brick infield and an agrilime warning track in the outfield. The baseball field has a crushed red-brick and natural turf infield and an outfield fence lined with beautiful trees.

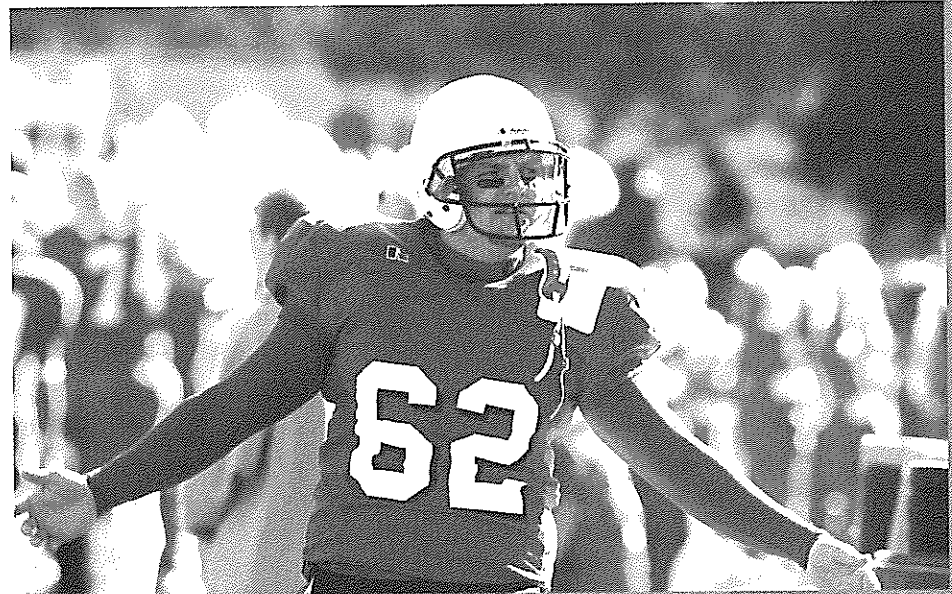
Gumby Soccer Complex

The Gumby Soccer Complex seats 1,800 fans in its bleachers. The five-year-old AstroTurf field allows the men's and women's soccer teams to play and host conference tournaments on a yearly basis. UNL often rents the fields for local soccer tournaments whenever the school is not using the fields. The field is lighted, unlike the Pluto Athletic Complex, so it can be used at night for both athletics and intramurals.



Administrative Resources

Many of the resources used by the athletic department come from across the university. For example, heat during the winter comes from the power-generating plant that services the entire university. UNL pays all the electrical expenses for lights, equipment, and ventilation. The university also pays for janitorial care of the arena and landscaping care for the fields and surrounding areas. The athletic department does not need to pay for janitorial supplies, cleaning supplies, paper goods, water for watering lawns, care of landscaping equipment, and all fertilizer and related lawn care chemicals. The value of such services is estimated at over \$500,000. All other expenses come from the athletic department's budget.



ASSIGNMENTS

The following questions can be researched by the reader to help provide a broader perspective and real-world application of the material.

▶ Chapter 1. Compare what is going on at UNL compared with other Division II NCAA schools. What do you think is the future of similar Division II programs? Do you think that UNL's expenditures, revenues, or sport offerings are out of line?

▶ Chapter 2. Identify 10 additional revenue sources that UNL could pursue. How much could they reasonably expect to make from such new activities (estimated revenue minus estimated costs), and how would you go about trying to generate this additional revenue?

Do you think that UNL expenses are reasonable? What is and what is not reasonable about such expenses? How would you go about reducing expenses if you have to reduce expenses by 10% next year?

▶ Chapter 3. If you were to advise the athletic department on financial planning for the future, what information would you need and where would you obtain it? Using such information, develop your ideal pro forma budget for the athletic department based on your plan for the future. If they were to drop one men's sport and add another women's sport, what do you recommend they undertake, based strictly on a financial analysis?

▶ Chapter 4. What environmental systems or conditions (government grants for students, downturn in the economy, donors not giving, and so on) could affect the future financial success of the athletic department? How can UNL prepare for such possibilities?

▶ Chapter 5. Because UNL is a nonprofit, what are some of the legal concerns (for example, paying for lobbying, unrelated business income tax) that could affect their financial status?

Do you think that the athletic department could go bankrupt? What is bankruptcy? Can UNL use it to avoid paying some of the bills associated with the athletic department?

▶ Chapter 6. What type of financial analysis could be beneficial for analyzing UNL's athletic budget? What benchmarks or comparative financials could be used to help determine whether the athletic department is doing well compared with similarly situated athletic departments?

If you were conducting a break-even analysis for the athletic department, what revenues and expenses would you use and how could you attempt to break even?

▶ Chapter 7. A wealthy local person loves the Bells and is willing to give the university \$1,000,000 to name the basketball court Darth Vader. She is willing to give \$1,000,000 today for that right or, if the school can wait two years, she is willing to give \$1,100,000. Based on currently prevailing interest rates, how would you advise Mr. Balboa to act, and what issues should he consider when making this decision?

▶ Chapter 8. If you were Mr. Balboa and wanted to raise funds for the athletic department, what would you do? You can be creative, but you have to be realistic. There is little hope of winning the lottery or finding numerous donors with millions of dollars. Thus, assume that most traditional funding sources for a school have been tapped and that you have to look at other options. Walk through all the steps you that would take and estimate the chances of succeeding.

▶ Chapter 9. Because the university is a non-profit organization, it cannot issue stock as a traditional corporation can. But the university's president wants to explore all possible funding options, so she wants you to write a research paper about whether nonprofits can sell shares in anything to raise money. For example, some lighthouses have sold shares in the lighthouse and have given a beautiful lithographed print to the purchaser as a memento. Likewise, the Green Bay Packers and Boise State have made stock offerings. The memo should highlight what others have done, what success they have had, and how much money you believe could be generated by such a campaign.

▶ Chapter 10. UNL is thinking about joining with a local parks and recreation department to expand its playing fields and then to share such fields and their upkeep with the local government agency. The fields are already adjoining. UNL owns 50 acres (20 ha) and the city owns the adjoining 50 acres. If such an effort is undertaken, where can the two parties go to find additional funding to support this project? Explain your choice and the cost of raising such funds.

▶ Chapter 11. If UNL can borrow \$1,000,000 from the bank at prevailing interest rates, payable in 15 years, how much debt service would they have on a yearly basis? What could happen if the loan was secured by the arena and the university defaulted on the loan? How would you advise the university, and how would you advise the bank?

▶ Chapter 12. The associate AD is in charge of finance. He seems to do a good job, but he has trouble with accounts payable and accounts receivable. Bills for tickets and the summer camp are often sent a month or two after services are provided. Invoices received for service bought by the athletic department often go unpaid for several months. These delays might be caused by confusion, but some of the suppliers are alumni and late payments have caused some negative reactions. Develop a policy and procedures statement about how account payables and receivables should be handled in the future. What should the policy be for late payment and aging of accounts?

▶ Chapter 13. The concession stand suffers from food going stale and snacking students. The amount of lost merchandise is costing the university around \$1,000 a year. Develop an inventory management system that will help increase sales and reduce losses. How will this new system be implemented?

▶ Chapter 14. If the athletic department had revenue in excess of expenses in any given year (because UNL is a nonprofit it cannot “earn” a profit), how would you use that money? Provide a specific plan for an excess of \$500,000 for a given year.

▶ Chapter 15. The associate AD has had trouble balancing the books, but he keeps great records. Checks come in to the administrative assistant who does not record them but immediately delivers them to one of the graduate assistants. The checks are processed by a GA and then the same GA takes them to the bank. Deposit slips are then given to the associate AD. He seems to think that there should be more money but does not know what is going on. What specific steps would you recommend that he undertake to investigate his concerns? Develop a process to avoid such concerns in the future.

▶ Chapter 16. If UNL wants to rebuild its arena, it will have to clear out the facility before demolition and then rebuild on the same spot. If they were to clear out the facility, how could the university make money from such actions? How much do you think that they could get based on items that are likely housed in the arena (from training tables and whirlpools for therapy to toilets, video monitors, time clocks, and even the center-hung scoreboard). Think broadly and from a fund-raising perspective.

▶ Chapter 17. If you have a feeling that a recession is coming that could affect the entire sport industry, how would you advise the AD? What specific suggestions would you offer to help weather the storm? How have other schools responded to similar situations?

▶ Chapter 18. Based on all the information that you have reviewed to date about UNL, what is your five-year projection for the athletic department? What steps would you take to correct any perceived problems or maintain growth? Assume that expenses will grow at 5% on average and that revenue will grow at 3%. Also, assume that you want to follow the goals set forth by the consultant and that you might have to change revenues and expenses accordingly. Thus, you will need to develop a budget for five years down the road.

CONCLUSION

The questions raised in each chapter as applied to this case study highlight how financial issues discussed throughout the text can occur in every sport organization, whether public or private. Every organization has issues. The sport manager who has a good grasp of how financial decision making affects all facets of an organization will know how to respond to them.