



August 16, 2017

Your support has been so important to our success both on and off the field and we never want to take your generosity for granted. Thank you!

Our 2016-2017 financial year came to an end on June 30th and it is important to keep you posted on our finances for this past year and the financial outlook for the future. I wanted to share a short narrative regarding our financial results. For the purposes of this letter, we will only be counting actual cash transactions and not in-kind support. Our FY17 NCAA audited financials will be available in January 2018. For prior years, you are welcome to visit <http://utahutes.com/sports/2016/6/10/school-bio-budget-fiscal-year-2016-html.aspx>.

For FY17, we recorded \$76 million in operating revenues and \$70.4 million in operating expenses. We contributed \$500k (\$250K from operations) into our strategic reserve account. We were able to pay our annual debt service for the Eccles Football Center, the Huntsman Basketball facility and the stadium scoreboard. Our annual debt service obligation is \$4.1 million, which is the second lowest in the league. When we moved into the Pac-12, we did not receive full financial membership immediately and incurred \$7.5 million in operating debt our first two years. Our annual operating debt service obligation is \$500K and this year we paid \$643K towards that debt. It now stands at just over \$4 million.

From a revenue standpoint, ticket sales and annual Crimson Club donations came in ahead of budget at \$23.6 million. This was \$1.8 million more than projected. Television revenue totaled \$21.4 million, of which \$18.9 was from ESPN and Fox and the remainder from the Pac12 Network. Other Pac 12 funds, such as the College Football Playoff, NCAA funds distributed through the league and the Pac 12 Men's Basketball Tournament accounted for \$10.6 million. Ticket sales, donations and TV revenue are our largest revenue streams.

On the expense side, our biggest expense, as always, was \$29.5 million in compensation, which includes severance payments and bonuses. We are never concerned about paying bonuses for high achievements, both athletically and academically. We like it! We were over in this area for the items mentioned above and the desire to maintain our quality personnel. We also added to some of our student support services during the year. The other major expense areas were scholarships, which cost \$7.9 million, and team travel & recruiting expenses at about \$8.8 million. We were over budget in recruiting but a big part of that was a result of the new NCAA rule for football that allows us to pay for a recruit's parents to come on an official visit. Our share of the expenses from the Pac-12 operations was \$4.2 million. The deductions are from conference operations, payments to officials, conference reserves and shared bowl game expenses.

Although we are excited about all the facility projects that we have completed, we don't take time to look back but rather we plan for the future. The biggest project on the list is, of course, the renovation of Rice-Eccles Stadium. As we look to the future, this is the single most important item that can make or

break an athletics department. We have seen too many schools put themselves in unrealistic debt and it damages the success of the program.

I'm excited to let you know that the expansion of the Burbidge Center is on budget and on time to be finished no later than May 1st. This happens to be one of my favorites because it affects all student athletes. Its budget comes in at \$2.1 million and \$1.6 million of that funding has already been raised through private donations. The University will be building residential housing where our women's soccer stadium is currently located so we will be relocating that facility just west of the Dumke Softball Stadium. We anticipate opening the new stadium in the Fall of 2019 and it will be the home of both our women's soccer and men's lacrosse teams. The scope of this project will be based on the success of our fund raising. We just now are starting that process. The baseball stadium is also in our future plans.

Although our budget is by no means toward the top of the league, we feel we are careful with our funds and have invested in the right areas to make us successful. We plan to continue on that path and always appreciate your valuable support. We can't do it without you and it is all about getting better.

Go Utes!

A handwritten signature in black ink, appearing to read "Chris Hill", written in a cursive style.

Chris Hill
Director of Athletics