



RADFORD UNIVERSITY

INTERCOLLEGIATE ATHLETICS PROGRAMS FOR THE YEAR ENDED JUNE 30, 2013

– TABLE OF CONTENTS –

	<u>Pages</u>
INDEPENDENT AUDITOR’S REPORT ON APPLICATION OF AGREED-UPON PROCEDURES	1-4
SCHEDULE	
Schedule of Revenues and Expenses of Intercollegiate Athletics Programs	5
Notes to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs	6-7
UNIVERSITY OFFICIALS	8



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

December 17, 2013

The Honorable Robert F. McDonnell
Governor of Virginia

The Honorable John M. O'Bannon, III
Chairman, Joint Legislative Audit
And Review Commission

Penelope W. Kyle
President, Radford University

INDEPENDENT AUDITOR'S REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the President of **Radford University**, solely to assist the University in evaluating whether the accompanying Schedule of Revenues and Expenses of Intercollegiate Athletics Programs of the University is in compliance with National Collegiate Athletic Association (NCAA) Constitution 3.2.4.16, for the year ended June 30, 2013. University management is responsible for the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs and the Schedule's compliance with NCAA requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the University. Consequently, we make no representation regarding sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Agreed-Up on Procedures Related to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

The procedures that we performed and our findings are as follows:

Internal Controls

1. We reviewed documentation of accounting systems and operating procedures. We reviewed the relationship of internal control over Intercollegiate Athletics Programs to internal control reviewed in connection with our audit of the University's financial statements. In addition, we identified and reviewed those controls unique to Intercollegiate Athletics Programs, which were not reviewed in connection with our audit of the University's financial statements.

2. Intercollegiate Athletics Department management provided an organizational chart which we reviewed with appropriate personnel. We also made certain inquiries of management regarding control consciousness, the use of internal audit in the department, competence of personnel, and protection of records and equipment.
3. Intercollegiate Athletics Department management provided us with their procedures for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the Intercollegiate Athletics Programs.

Affiliated and Outside Organizations

4. Intercollegiate Athletics Department management identified all intercollegiate athletics-related affiliated and outside organizations and provided us with copies of audited financial statements for each such organization for the reporting period.
5. Intercollegiate Athletics Department management prepared and provided to us a summary of revenues and expenses for or on behalf of the intercollegiate athletics programs by affiliated and outside organizations included in the Schedule.
6. Intercollegiate Athletics Department management provided to us any additional reports regarding internal control matters identified during the audits of affiliated and outside organizations performed by independent public accountants. We were not made aware of any internal control findings.

Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

7. Intercollegiate Athletics Department management provided to us the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) for the year ended June 30, 2013, as prepared by the University and shown in this report. We recalculated the addition of the amounts in the Schedule, traced the amounts on the Schedule to management's worksheets, and agreed the amounts in management's worksheets to the Intercollegiate Athletics Department's accounts in the accounting records. We noted no differences between the amounts in the Intercollegiate Athletics Department's accounts in the accounting records and the amounts on the worksheets. We discussed the nature of work sheet adjustments with management and are satisfied that the adjustments are appropriate.
8. We applied certain analytical review techniques to the revenue and expense amounts reported in the Schedule in order to determine the reasonableness of amounts reported therein. These techniques included trend analyses and review of actual amounts in comparison to budget estimates. We obtained and documented an understanding of significant variations.

Revenues

9. We performed a walkthrough over Intercollegiate Athletics Department ticketing policies and procedures. Revenue from ticket sales was deemed to be immaterial for detailed testing.
10. We compared student fees reported in the Schedule to amounts reported in the accounting records and amounts from the University's comprehensive fee allocated to intercollegiate athletics. We found these amounts to be materially in agreement.

11. Intercollegiate Athletics Department management provided us with settlement reports and game guarantee agreements for away games during the reporting period. This amount was deemed to be immaterial for detailed testing.
12. Intercollegiate Athletics Department management provided us with a summary of revenues and expenses for or on behalf of the Intercollegiate Athletics Programs by affiliated and outside organizations. This amount was deemed to be immaterial for detailed testing.
13. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from tournaments, conference distributions, and NCAA distributions. This amount was deemed to be immaterial for detailed testing.
14. From the Schedule, we obtained the amount of revenue related to participation in royalty, advertisement, and sponsorship agreements. This amount was deemed to be immaterial for detailed testing.

Expenses

15. Intercollegiate Athletics Department management provided us a listing of institutional student aid recipients during the reporting period. We selected individual student-athletes across all sports and agreed amounts from the listing to their award letter. We also ensured that the total aid amount for each sport materially agreed to amounts reported as Financial Aid in the student accounting system.
16. Intercollegiate Athletics Department management provided us with settlement reports and game guarantee agreements for home games during the reporting period. This amount was deemed to be immaterial for detailed testing.
17. Intercollegiate Athletics Department management provided us with a listing of coaches, support staff, and administrative personnel employed and paid by the University during the reporting period. We selected and tested individuals and compared amounts paid during the fiscal year from the payroll accounting system to their contract or other employment agreement document. We found that recorded expenses equaled amounts paid as salary and bonuses and were in agreement with approved contracts or other documentation.
18. Intercollegiate Athletics Department management provided us with a listing of severance payments made during the reporting period. This amount was deemed to be immaterial for detailed testing.
19. We discussed the Intercollegiate Athletics Department's recruiting expense and team travel policies with Intercollegiate Athletics Department management and documented an understanding of those policies. We noted substantial agreement of the University's policies with those of the NCAA.
20. We obtained an understanding of the University's methodology for allocating indirect facilities support and ensured that amounts reported on the Schedule agreed to amounts recorded in the accounting records.
21. Based on disbursements as listed in the accounting records, we selected and tested payments to third parties by the Intercollegiate Athletics Programs. These disbursements were for the various activities listed within the Schedule. We compared and agreed the selected operating

expenses to adequate supporting documentation. We found all reviewed amounts to be properly approved, in agreement with supporting documentation, and properly recorded in the accounting records.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs or any of the accounts or items referred to above. Accordingly, we do not express such an opinion. Had we performed additional procedures or had we conducted an audit of any financial statements of the Intercollegiate Athletics Department of Radford University in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to the University. This report relates only to the accounts and items specified above and does not extend to the financial statements of Radford University or its Intercollegiate Athletics Department taken as a whole.

This report is intended solely for the information and use of the President and the University and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

AUDITOR OF PUBLIC ACCOUNTS

EMS/clj

RADFORD UNIVERSITY
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
For the Year Ended June 30, 2013

	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating revenues:					
Ticket sales	\$ 29,476	\$ 7,872	\$ 669	\$ -	\$ 38,017
Student fees	-	-	-	10,771,012	10,771,012
Guarantees	195,000	42,000	10,790	-	247,790
Contributions	11,457	2,680	197,939	21,435	233,511
NCAA/Conference distributions including all tournament revenues	-	-	-	495,678	495,678
Program sales and concessions	-	-	-	114,065	114,065
Royalties, advertising, and sponsorships	-	-	-	270,926	270,926
Other	308	63	-	8,754	9,125
Total operating revenues	<u>236,241</u>	<u>52,615</u>	<u>209,398</u>	<u>11,681,870</u>	<u>12,180,124</u>
Operating expenses:					
Athletics student aid	344,324	503,740	1,967,063	16,000	2,831,127
Guarantees	8,000	1,500	4,000	-	13,500
Coaching salaries, benefits and bonuses paid by the University and related entities	514,595	364,584	1,412,584	-	2,291,763
Support staff and administrative salaries, benefits and bonuses paid by the University and related entities	43,273	31,502	4,926	2,142,644	2,222,345
Severance payments	2,377	141	379	1,166	4,063
Recruiting	40,863	30,909	81,790	-	153,562
Team travel	141,628	116,020	612,699	-	870,347
Equipment, uniforms and supplies	48,527	41,881	272,008	349,062	711,478
Game expenses	38,702	21,891	65,367	10,775	136,735
Fund-raising, marketing and promotion	26,088	1,646	13,845	51,490	93,069
Direct facilities, maintenance and rentals	-	-	159,478	602,580	762,058
Spirit groups	30,254	30,254	-	-	60,508
Medical expenses and insurance	-	-	-	277,669	277,669
Memberships and dues	4,988	1,848	9,141	23,204	39,181
Other	21,900	22,152	52,916	1,035,982	1,132,950
Total operating expenses	<u>1,265,519</u>	<u>1,168,068</u>	<u>4,656,196</u>	<u>4,510,572</u>	<u>11,600,355</u>
Excess (deficiency) of revenues over (under) expenses	<u>\$ (1,029,278)</u>	<u>\$ (1,115,453)</u>	<u>\$ (4,446,798)</u>	<u>\$ 7,171,298</u>	<u>\$ 579,769</u>

The accompanying Notes to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs are an integral part of this Schedule.

RADFORD UNIVERSITY
NOTES TO SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2013

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenses of Intercollegiate Athletics Programs has been prepared on the accrual basis of accounting. The purpose of the Schedule is to present a summary of revenues and expenses of the intercollegiate athletic programs of the University for the year ended June 30, 2013. The Schedule includes those intercollegiate athletics revenues and expenses made on behalf of the University's athletic programs by outside organizations not under the accounting control of the University. Because the Schedule presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position, changes in fund balances, or cash flows for the year then ended. Revenues and expenses directly identifiable with each category of sport presented are reported accordingly. Revenues and expenses not directly identifiable to a specific sport are reported under the category "Non-Program Specific."

2. AFFILIATED ORGANIZATIONS

The Intercollegiate Athletics Program received \$233,511 from the Radford University Foundation, Inc., which is included in the accompanying schedule.

3. LONG-TERM DEBT

Installment Purchase Obligations

The Intercollegiate Athletics Program has future obligations under installment purchase agreement initiated in January 2009. The book value of the asset purchased under the installment purchase agreement is \$114,460 and the repayment term is 10 years at an interest rate of 2.087%. A summary of the future obligations under these agreements as of June 30, 2013 is as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
June 30, 2014	\$11,327	\$1,436
June 30, 2015	11,565	1,199
June 30, 2016	11,807	956
June 30, 2017	12,055	708
Thereafter	<u>24,875</u>	<u>653</u>
Total	<u>\$71,629</u>	<u>\$4,952</u>

4. UNIVERSITY ADMINISTRATIVE FEE

As with all auxiliary enterprises, the University charges the Athletic Department an administrative fee. Athletics paid \$962,570 during the fiscal year that is recorded as Non-Program Specific.

5. CAPITAL ASSETS

Capital assets consisting of buildings and equipment are stated at the estimated historical cost or actual cost where determinable. Capital assets are generally defined by the University as assets with an initial cost of \$5,000 or greater and an estimated useful life of greater than one year. Donated capital assets are recorded at the estimated fair market value at the date of donation. Construction in progress expenses are capitalized at actual cost as the major capital assets and improvements are constructed. The costs of normal maintenance and repairs that do not add to an asset's value or materially extend its useful life are not capitalized. Depreciation is computed using the straight-line method over the useful life of the assets. The useful life is 40 years for buildings, 20 years for site improvements, and two to 25 years for equipment.

The beginning balance for equipment has been restated after further review and identification of equipment used in support of NCAA sports as follows:

Net Equipment Reported June 30, 2012:	\$247,761
Additions to Depreciable Equipment:	340,044
Additions to Accumulated Depreciation Equipment:	<u>(97,646)</u>
Net Equipment restated as of June 30, 2012:	<u>\$490,159</u>

A summary of capital asset balances for the year ending June 30, 2013 follows:

Depreciable capital assets:	
Buildings	\$30,298,944
Equipment	991,294
Site Improvements	<u>4,404,402</u>
Total depreciable capital assets	<u>35,694,640</u>
Less accumulated depreciation for:	
Buildings	(11,499,570)
Equipment	(543,372)
Site Improvements	<u>(2,462,605)</u>
Total accumulated depreciation	<u>(14,505,547)</u>
Total capital assets for intercollegiate athletics, net of accumulated depreciation	<u>\$21,189,093</u>

RADFORD UNIVERSITY

Radford, Virginia

BOARD OF VISITORS

As of June 30, 2013

Ms. Linda K. Whitley-Taylor

Rector

Mr. Milton C. Johns

Vice Rector

Nancy E. Artis

Anthony R. Bedell

J. Brandon Bell

Mary W. Campbell

Stephan Q. Cassaday

Matthew B. Crisp

Kevin R. Dye

Darius A. Johnson

Ruby W. Rogers

Georgia Anne Snyder-Falkinham

Wendy S. Tepper

Michael A. Wray

Sandra C. Davis

Michele N. Schumacher

Secretary to the Board of Visitors

UNIVERSITY OFFICIALS

Penelope W. Kyle

President

Richard S. Alvarez

Vice President for Finance and Administration

Robert G. Lineburg

Director of Intercollegiate Athletics Programs