



# RADFORD UNIVERSITY

## INTERCOLLEGIATE ATHLETIC PROGRAMS FOR THE YEAR ENDED JUNE 30, 2021

Auditor of Public Accounts  
Staci A. Henshaw, CPA

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Staci A. Henshaw, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

January 15, 2022

The Honorable Glenn Youngkin  
Governor of Virginia

The Honorable Kenneth R. Plum  
Chairman, Joint Legislative Audit  
and Review Commission

Carolyn R. Lepre  
Interim President, Radford University

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below on the **Radford University's** Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) for the year ended June 30, 2021. University management is responsible for the Schedule and its compliance with National Collegiate Athletic Association (NCAA) requirements.

University management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating whether the Schedule is in compliance with NCAA Constitution 3.2.4.17.1, for the year ended June 30, 2021. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

### Agreed-Upon Procedures Related to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

Procedures described below were limited to material items. For the purpose of this report, and as defined in the agreed-upon procedures, items are considered material if they exceed four percent of total revenues or total expenses, as applicable. The procedures and associated findings are as follows:

## **Internal Controls**

1. 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 the Intercollegiate Athletics Department, which were not reviewed in connection with our audit of the university's financial statements.
2. Intercollegiate Athletics Department management provided a current organizational chart. We also made certain inquiries of management regarding control consciousness, the use of internal audit in the department, competence of personnel, protection of records and equipment, and controls regarding information systems with the Information Technology Department.
3. Intercollegiate Athletics Department management provided us with their process for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the university's intercollegiate athletics programs. We tested these procedures as noted below.

## **Affiliated and Outside Organizations**

4. Intercollegiate Athletics Department management identified all 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 university's 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 for the year ended June 30, 2021, 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 trial balance worksheets, and agreed the amounts in management's trial balance worksheets to the Intercollegiate Athletics Department's accounts in the accounting records. Certain adjustments to the Schedule were necessary to conform to

NCAA reporting guidance. We discussed the nature of adjusting journal entries with management and are satisfied that the adjustments are appropriate.

8. We compared each major revenue and expense account over ten percent of total revenues or total expenses, respectively, to prior period amounts and budget estimates. Variances exceeding ten percent of prior period amounts or budget estimates are explained below:

<u>Line Item</u>	<u>Explanation</u>
Student fees	This revenue source decreased by \$1,137,474 or 12 percent from the prior year due to a reduction in the student population caused by the COVID-19 pandemic.

### **Revenues**

9. We obtained the amount of ticket sales revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
10. We obtained documentation of the university's methodology for allocating student fees to intercollegiate athletics programs. We compared student fees reported in the Schedule to amounts reported in the accounting records and an expected amount based on fee rates and enrollment. We found these amounts to be substantially in agreement with minor differences attributed to the methodology used for projecting student fee revenue.
11. We compared amounts reported in the Schedule for indirect institutional support to expense payments, cost allocation detail and other corroborative supporting documentation and noted them to agree.
12. We obtained the amount of game guarantee revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
13. Intercollegiate Athletics Department management provided us with a listing of all contributions of moneys, goods or services received directly by its intercollegiate athletics programs from any affiliated or outside organization, agency or group of individuals that constitutes ten percent or more of all contributions received during the reporting period. Except for contributions received from the Radford University Foundation, Inc., an affiliated organization, we noted no individual contribution which constituted more than ten percent of total contributions received for Intercollegiate Athletics Programs. We reviewed contributions from the Radford University Foundation, Inc., which exceeded ten percent of all contributions, and agreed them to supporting documentation. We noted \$1,111,953 in athletics-related capital expenditures that were inappropriately included in

the contributions line item and required reclassification to the total athletics-related capital expenditures. Following revision, we found the contributions line item to be appropriately stated.

14. We obtained the amount of in-kind revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
15. We obtained the amount of NCAA and conference distribution revenue from the Schedule. The amounts were deemed to be immaterial for detailed testing.
16. We obtained the amount of program, novelty, parking, and concession sales revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
17. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from royalties, licensing, advertisement, and sponsorships. We inspected the terms of the agreements and agreed selected amounts to proper posting in the accounting records and supporting documentation.
18. We obtained the amount of athletics-restricted endowment and investments income revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
19. We obtained the amount of other operating revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.

#### **Expenses**

20. Intercollegiate Athletics Department management provided us a listing of student aid recipients during the reporting period. Since the university used the NCAA Compliance Assistant software to prepare athletic aid detail, we selected 10 percent of individual student-athletes across all sports and obtained the students' account detail from the university's student information system. We agreed each student's information to the information reported in the NCAA Membership Financial Reporting System by comparing the reported amounts to amounts in the finance and student information systems. We also ensured that the total aid amount for each sport agreed to amounts reported as financial aid in the student accounting system. We performed a check of selected students' information as reported in the NCAA Membership Financial Reporting System to ensure proper calculation of revenue distribution equivalencies.
21. We obtained the amount of game guarantee expense from the Schedule. The amount was deemed to be immaterial for detailed testing.

22. 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, including men's and women's basketball coaches, 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 agreed with approved contracts or other documentation.
23. We obtained the amount of severance payment expense from the Schedule. The amount was deemed to be immaterial for detailed testing.
24. We selected a sample of disbursements for direct overhead and administration. We compared and agreed the selected operating expenses to adequate supporting documentation. We found all reviewed amounts to be properly approved, reasonable to intercollegiate athletics, and properly recorded in the accounting records.
25. We obtained an understanding of the university's methodology for charging indirect cost to the athletic department. We evaluated indirect cost charges for reasonableness and noted proper reporting of these charges in the Schedule.

#### **Other Reporting Items**

26. We obtained repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. We determined there was athletics-related debt outstanding as of June 30, 2021; however, payments related to this debt are paid by the Radford University Foundation, Inc. We determined that amounts related to this debt are appropriately recorded within the Schedule.
27. We agreed total outstanding institutional debt to supporting debt schedules and the University's unaudited financial statements and general ledger, as the audited financial statements were not yet available.
28. We agreed the fair value of athletics-dedicated endowments to supporting documentation provided by the Radford University Foundation, Inc.
29. We agreed the fair value of institutional endowments to supporting documentation provided by the Radford University Foundation, Inc.
30. We obtained a schedule of athletics-related capital expenditures made during the period. We reviewed a selection of transactions to validate existence and accuracy of the recording and recalculated totals. Following the reclassification of \$1,111,953 from the contributions line item, we determined the athletics-related capital expenditures amount of \$1,121,419 to be properly stated in the Schedule.

## **Additional Procedures**

31. We compared the sports sponsored, as reported in the NCAA Membership Financial Reporting System, to the Calculation of Revenue Distribution Equivalencies Report (CRDE) from the NCAA's Compliance Assistant software for the institution. We noted agreement of the sports reported.
32. We compared total current year grants-in-aid revenue distribution equivalencies to total prior year reported equivalencies per the NCAA Membership Financial Report submission and noted variations exceeding four percent when compared to prior year. This reduction was largely produced by COVID-19 pandemic impacts and not re-awarding scholarships from departing athletes in preparation for reduced scholarship budgets in fiscal year 2021-22.
33. We obtained the university's Sports Sponsorship and Demographics Forms Report for the reporting year. We validated that the countable sports identified by the institution met the minimum requirements for number of contests and minimum number of participants as defined in NCAA Bylaw 20.9.6.3 or qualified for the extraordinary blanket waiver per NCAA guidance due to the COVID-19 pandemic. We ensured that countable sports have been properly identified in the NCAA Membership Financial Reporting System for the purpose of revenue distribution calculations.
34. We compared the current number of sports sponsored to the prior year total reported in the university's NCAA Membership Financial Report submission and noted no variations when compared to prior year.
35. We obtained a listing of student-athletes receiving Pell grant awards from the university's student information system and agreed the total value of these Pell grants to the amount reported in the NCAA Membership Financial Reporting System. We noted agreement of the amounts reported.
36. We compared the total number of Pell grant awards in the current year to the number reported in the prior year NCAA Membership Financial Report submission. We noted no variations greater than 20 grants when compared with the prior year.

We were engaged by university management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit, examination, or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, 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 or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



We are required to be independent of the university and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of Radford University and its President 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.

Staci A. Henshaw  
AUDITOR OF PUBLIC ACCOUNTS

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**RADFORD UNIVERSITY**  
**SCHEDULE OF REVENUES AND EXPENSES OF**  
**INTERCOLLEGIATE ATHLETICS PROGRAMS**  
For the year ended June 30, 2021

	Men's Basketball	Women's Basketball	Men's Other	Women's Other	Non-Program Specific	Total
<b>Operating revenues:</b>						
Ticket sales	\$ 1,195	\$ -	\$ -	\$ -	\$ -	\$ 1,195
Student fees	-	-	-	-	8,512,600	8,512,600
Indirect institutional support	-	-	-	-	851,907	851,907
Guarantees	190,000	20,000	-	2,000	-	212,000
Contributions	11,370	2,501	157,677	21,296	275,947	468,791
In-Kind	4,880	-	54,224	-	15,171	74,275
NCAA distributions	-	-	-	-	190,913	190,913
Conference distributions (non-media and non-football bowl)	-	-	-	-	37,379	37,379
Program, novelty, parking, and concession sales	-	-	-	-	4,307	4,307
Royalties, licensing, advertisement and sponsorships	25,570	5,600	16,660	23,860	468,029	539,719
Athletics-restricted endowment and investments income	14,442	3,045	32,204	66,428	-	116,119
Other operating revenue	60,000	-	400	400	2,500	63,300
Total operating revenues	307,457	31,146	261,165	113,984	10,358,753	11,072,505
<b>Operating expenses:</b>						
Athletic student aid	481,967	496,240	858,965	1,264,160	-	3,101,333
Guarantees	6,000	-	4,484	-	-	10,484
Coaching salaries, benefits, and bonuses paid by the University and related entities	674,348	311,317	671,699	854,315	-	2,511,679
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	60,518	51,964	-	-	2,134,369	2,246,851
Severance payments	59,387	2,240	176	-	20,878	82,680
Recruiting	4,529	1,263	697	1,198	-	7,687
Team travel	62,404	50,742	87,291	150,640	-	351,076
Sports equipment, uniforms, and supplies	55,464	35,788	123,530	142,459	28,348	385,590
Game expenses	47,189	24,299	34,048	30,703	27,499	163,737
Fundraising, marketing and promotion	2,743	1,753	1,579	288	55,870	62,232
Spirit groups	581	581	-	-	-	1,162
Athletic facility debt service	-	-	62,185	-	-	62,185
Direct overhead and administrative expenses	20,603	5,020	13,748	8,292	558,279	605,942
Indirect cost paid to the institution by athletics	-	-	-	-	851,907	851,907
Medical expenses and insurance	24	-	5	9	231,407	231,445
Memberships and dues	-	701	6,955	6,780	5,675	20,111
Student-Athlete Meals (non-travel)	36,636	7,914	21,285	14,814	-	80,649
Other operating expenses	25,750	20,506	17,083	19,470	83,819	166,628
Total operating expenses	1,538,142	1,010,327	1,903,730	2,493,128	3,998,051	10,943,378
Excess (deficiency) of revenues over (under) expenses	\$ (1,230,685)	\$ (979,181)	\$ (1,642,565)	\$ (2,379,144)	\$ 6,360,702	\$ 129,127
<b>Other Reporting Items:</b>						
Total athletics-related debt						\$ 222,840
Total institutional debt						\$ 74,493,825
Value of athletics-dedicated endowments						\$ 4,223,111
Value of institutional endowments						\$ 69,474,325
Total athletics-related capital expenditures						\$ 1,121,419

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, 2021**

**1. BASIS OF PRESENTATION**

The accompanying Schedule of Revenues and Expenses of Intercollegiate Athletic Programs has been prepared on the accrual basis of accounting. The purpose of the Schedule is to present a summary of current revenues and expenses related to the university's intercollegiate athletic programs for the year ended June 30, 2021. 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 university's activities, it is not intended to and does not present the financial position, changes in financial position or changes in cash flow 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 Schedule includes transactions of the Radford University Foundation, Inc. made on behalf of the athletics program. The Intercollegiate Athletic Program received \$1,696,863 from the Radford University Foundation, Inc., in FY21. Of this amount, \$584,910 primarily relates to scholarships and endowments for student-athletes, which is included under the Schedule's 'Contributions' and 'Athletics-restricted endowment and investments income' line items. The remaining \$1,111,953 was contributed to the replacement of Radford's baseball field turf. Due to NCAA reporting requirements, these capital expenses are recorded separately within 'Total athletics-related capital expenditures' listed under the Schedule's Other Reporting Items section. The Radford University Foundation, Inc. has obligations under an installment purchase agreement relating to the renovation of the University's Baseball field. The balance of this installment purchase, \$222,840 is listed under Other Reporting Items.

**3. UNIVERSITY ADMINISTRATIVE FEE**

The Commonwealth's Appropriation Act (§ 3-4.01 of Chapter 1283 of the 2020 General Assembly Session) requires that educational and general programs in institutions of higher education recover the full indirect cost of auxiliary enterprise programs. Therefore, the University assesses each auxiliary unit an "administrative fee" to recover institutional educational and general administrative costs. However, in fiscal year 2021, indirect cost of auxiliary enterprise programs was not recovered in accordance with additional language that stated, "institutions of higher education shall have the authority to reduce the recovery of the full indirect cost of auxiliary enterprise programs to the educational and general program for the 2020-2022 biennium as a

result of the significant financial impact on auxiliary enterprise programs caused by the COVID-19 pandemic.” In accordance with the NCAA’s 2021 Agreed-Upon Procedures manual, the value of these indirect costs is reported on the Schedule of Revenues and Expenses in the operating revenues line item titled Indirect Institutional Support and the operating expenses line item titled Indirect Cost Paid to the Institution by Athletics.

#### 4. 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 acquisition 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 estimated useful life of the asset with no residual value. The useful life is 40 years for buildings, 20 years for site improvements, and 2 to 25 years for equipment.

A summary of capital asset balances for the year ending June 30, 2021, follows:

Depreciable capital assets:	
Buildings	\$31,595,010
Equipment	1,386,569
Site Improvements	<u>7,374,314</u>
Total depreciable capital assets	<u>40,355,893</u>
Less accumulated depreciation for:	
Buildings	(17,484,657)
Equipment	(867,075)
Site Improvements	<u>(4,002,344)</u>
Total accumulated depreciation	<u>(22,354,076)</u>
Total capital assets for intercollegiate athletics, net of accumulated depreciation	<u>\$18,001,817</u>

## **RADFORD UNIVERSITY**

As of June 30, 2021

### **BOARD OF VISITORS**

Robert Archer  
Rector

James Kibler  
Vice Rector

Thomas Brewster	Mark Lawrence
Jay Brown	Debra McMahon
Greg Burton	Karyn Moran
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Susan Whealler Johnston	Georgia Anne Snyder-Falkinham
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### **UNIVERSITY OFFICIALS**

As of July 1, 2021

Carolyn R. Lepre  
Interim President

Chad Reed  
Vice President for Finance and Administration

Robert Lineburg  
Director of Intercollegiate Athletics Programs