



OLD DOMINION UNIVERSITY

INTERCOLLEGIATE ATHLETICS PROGRAMS FOR THE YEAR ENDED JUNE 30, 2021

Auditor of Public Accounts
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Commonwealth of Virginia

Auditor of Public Accounts

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P.O. Box 1295
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July 25, 2022

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Brian O. Hemphill
President, Old Dominion University

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below on **Old Dominion University's** (the University) Schedule of Revenues and Expenses (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. While the Agreed-Upon Procedures specify a deadline of January 15th for the completion of our work, delays in receiving the Schedule and associated supporting documentation, as well as

subsequent questions regarding specific items presented in the Schedule, prevented the completion of these procedures by the required deadline.

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 amounts or budget estimates are explained below:

<u>Line Item</u>	<u>Explanation</u>
Contributions	The reduction of \$844,506 or 11 percent in contributions is due to a decrease in funds drawn down from the Foundation to cover operating expenses.

Revenues

9. We obtained the amount of ticket sales revenue from the Schedule. The amount was deemed 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 and student fee transfers related to athletic debt service.
11. We compared the amount reported in the Schedule for indirect institutional support to indirect cost supporting documentation and noted them to be substantially in agreement.
12. We obtained the amount of game guarantee revenue reported in 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 Old Dominion Athletic Foundation, 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 Old Dominion Athletic Foundation, which exceeded ten percent of all contributions. We determined the university overstated contributions revenue on the Schedule by \$593,000 due to the inclusion of contributions for capital expenses. Following the adjustment to remove capital-related contributions, we

determined contributions revenue to be supported with a reconciling difference of \$11,948.

14. We obtained the amount of in-kind revenue reported in the Schedule. The amount was deemed to be immaterial for detailed testing.
15. We obtained the amount of media rights revenue reported in the Schedule. The amount was deemed to be immaterial for detailed testing.
16. We obtained the amount of revenue from tournaments, conference distributions, and NCAA distributions reported in the Schedule. These amounts were deemed to be immaterial for detailed testing.
17. We obtained the amount of revenues from royalties, licensing, advertisement, and sponsorships reported in the Schedule. The amount was deemed to be immaterial for detailed testing.
18. We obtained the amount of other operating revenue reported in the Schedule. The amount was deemed to be immaterial for detailed testing.

Expenses

19. 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 ten 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 via Compliance Assistant. 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's Compliance Assistant software to ensure proper calculation of revenue distribution equivalencies.
20. We obtained the amount of game guarantee expense reported in the Schedule. The amount was deemed to be immaterial for detailed testing.
21. 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 football and 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 were in agreement with approved contracts or other documentation with minor differences of less than \$1,000.

22. Intercollegiate Athletics Department management provided us with a listing of severance payments made during the reporting period. The amount was deemed to be immaterial for detailed testing.
23. We obtained the Intercollegiate Athletics Department's written recruiting and team travel policies from Intercollegiate Athletics Department management and documented an understanding of those policies. We compared these policies to existing university and NCAA policies and noted substantial agreement of those policies.
24. We selected a sample of disbursements for direct overhead and administration and other operating expenses. 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 a listing of debt service payments for athletics facilities for the reporting year. We reviewed all debt service payments included in the Schedule and agreed them to supporting documentation.
26. We obtained an understanding of the university's methodology for charging indirect cost to the Intercollegiate Athletics Department. We evaluated indirect cost charges for reasonableness and noted proper reporting of these charges in the Schedule.

Other Reporting Items

27. We obtained repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. We recalculated annual maturities reported in the notes to the Schedule and found that they had been understated by \$321,000 due to the omission of the athletic department's portion of debt for the university's convocation center. After adjustment, we determined the amount has been properly recorded in the Schedule.
28. 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. After making an adjustment of \$5,117,575, we determined the amount has been properly recorded in the Schedule.
29. We agreed the fair value of athletics-dedicated endowments to supporting documentation provided by the university's foundation.
30. We agreed the fair value of institutional endowments to supporting documentation provided by the university's foundation.
31. We obtained a listing of athletics-related capital expenditures made during the period. We reviewed all transactions and determined the university omitted \$5,280 of equipment expenses from the Schedule. After adjustment, we determined athletics-related capital expenditures to be properly reported in the Schedule.

Additional Procedures

32. We compared the sports sponsored by the university, as reported in the NCAA Membership Financial Reporting System, to the Calculation of Revenue Distribution Equivalencies Report (CRDE) from the NCAA's Compliance Assistant. We noted agreement of the sports reported.
33. 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 no variations exceeding four percent when compared to prior year.
34. 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.
35. We compared the current number of sports sponsored to the prior year total reported in the university's NCAA Membership Financial Report submission. The university discontinued wrestling and added women's volleyball resulting in no variance in the number of sports sponsored.
36. 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.
37. 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 Old Dominion University and its President and is not intended to be and should 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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OLD DOMINION UNIVERSITY
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
For the year ended June 30, 2021

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating revenues:						
Ticket sales	\$ -	\$ 52,584	\$ 21,356	\$ -	\$ -	\$ 73,940
Student fees	-	-	-	-	29,984,778	29,984,778
Indirect Institutional Support	-	-	-	-	2,947,790	2,947,790
Guarantees	-	20,000	-	-	-	20,000
Contributions	1,782,872	595,955	238,608	549,742	3,476,713	6,643,890
In-Kind	43,524	29,864	11,834	-	12,118	97,340
Media rights	-	-	-	-	224,429	224,429
NCAA distributions	-	-	-	-	1,160,958	1,160,958
Conference distributions (non-media and non-football bowl)	150,000	220,971	11,880	8,104	-	390,955
Royalties, licensing, advertisement and sponsorships	344,000	140,000	116,000	260,700	636,532	1,497,232
Other operating revenue	-	495	206,000	-	579,644	786,139
Total operating revenues	<u>2,320,396</u>	<u>1,059,869</u>	<u>605,678</u>	<u>818,546</u>	<u>39,022,962</u>	<u>43,827,451</u>
Operating expenses:						
Athletic student aid	3,440,634	624,329	695,130	4,583,625	11,380	9,355,098
Guarantees	-	12,000	13,349	20,817	-	46,166
Coaching salaries, benefits, and bonuses paid by the university and related entities	2,711,222	1,229,608	587,047	3,142,799	-	7,670,676
Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	671,075	231,411	90,629	27,233	5,348,147	6,368,495
Severance payments	465,379	-	-	-	-	465,379
Recruiting	71,205	25,419	2,353	22,094	-	121,071
Team travel	-	188,924	143,873	785,644	-	1,118,441
Sports equipment, uniforms, and supplies	560,477	126,299	134,317	558,149	122,222	1,501,464
Game expenses	15,000	183,492	131,958	150,244	-	480,694
Fundraising, marketing and promotion	26,266	12,557	8,557	57,817	210,060	315,257
Spirit groups	-	-	-	-	33,854	33,854
Athletic facility debt service	-	-	-	-	7,182,324	7,182,324
Direct overhead and administrative expenses	148,515	20	126	118,151	1,346,464	1,613,276
Indirect cost paid to the institution by athletics	-	-	-	-	2,947,790	2,947,790
Medical expenses and insurance	11,953	1,324	1,372	2,362	367,212	384,223
Memberships and dues	13,195	3,936	-	10,508	336,369	364,008
Student-Athlete Meals (non-travel)	99,853	16,337	17,274	30,775	-	164,239
Other operating expenses	<u>585,819</u>	<u>55,120</u>	<u>52,634</u>	<u>130,313</u>	<u>999,026</u>	<u>1,822,912</u>
Total operating expenses	<u>8,820,593</u>	<u>2,710,776</u>	<u>1,878,619</u>	<u>9,640,531</u>	<u>18,904,848</u>	<u>41,955,367</u>
Excess (deficiency) of revenues over (under) expenses	<u>\$ (6,500,197)</u>	<u>\$ (1,650,907)</u>	<u>\$ (1,272,941)</u>	<u>\$ (8,821,985)</u>	<u>\$ 20,118,114</u>	<u>\$ 1,872,084</u>
Other Reporting Items:						
Total athletics-related debt						\$ 69,520,338
Total institutional debt						\$ 270,338,545
Value of athletics-dedicated endowments						\$ 36,252,686
Value of institutional endowments						\$ 65,762,439
Total athletics-related capital expenditures						\$ 1,001,395

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

OLD DOMINION 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 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 athletics programs of the university for the year ended June 30, 2021. The Schedule includes those intercollegiate athletics revenues and expenses made on behalf of the university's athletics 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 financial position, 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 university received \$6,643,890 from the Old Dominion Athletic Foundation. Approximately \$4,058,576 of these funds were for scholarships for student athletes. The amount received is included in the accompanying Schedule in Contributions revenue.

3. CAPITAL ASSETS

The Intercollegiate Athletics Department follows the same policies and procedures as the university for acquiring, approving, disposing, and depreciating capital assets. Capital assets generally are defined by the university as assets with an estimated useful life more than one year and an initial cost of \$5,000 or more, except for computer software which is capitalized at a cost of \$100,000. Capital assets are recorded at actual cost or estimated historical cost if purchased or constructed, except for intra-entity purchases which are recorded at the transferor's carrying value. Donated capital assets are recorded at the acquisition value at the date of donation, except for intra-entity capital donations which are recorded at the carrying value of the asset on the transferor's books as of the date of transfer. Expenses for construction in progress are capitalized as projects are constructed. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose. Infrastructure assets are included in the financial statements and are depreciated. The university records depreciation on property, plant, and equipment, including capital leases and excluding land and construction in progress, computed over the estimated useful lives of the assets based on the straight-line method. The general range of estimated useful lives is five to 50 years for buildings and two to 25 years for equipment. The general range of estimated useful lives is two to 30 years for other

improvements and infrastructure. Capital assets at the time of disposal revert to the Commonwealth of Virginia for disposition.

A summary of the various capital asset categories relating to athletics for the year ending June 30, 2021, is presented as follows:

	<u>Ending Balance</u>
Nondepreciable Capital Assets:	
Land	\$ 539,000
Construction in progress	<u>3,045,365</u>
Total Nondepreciable Capital Assets	<u>3,584,365</u>
Depreciable Capital Assets:	
Buildings	147,740,784
Equipment	8,134,078
Improvements other than building	<u>3,247,860</u>
Total Depreciable Capital Assets	<u>159,122,722</u>
Less Accumulated Depreciation For:	
Buildings	24,803,149
Equipment	4,110,182
Improvements other than building	<u>1,948,936</u>
Total Accumulated Depreciation	<u>30,862,267</u>
Depreciable Capital Assets, net	<u>128,260,455</u>
Total Capital Assets, net	<u>\$131,844,820</u>

4. LONG-TERM DEBT

Long-term debt relating to Athletics:

<u>Description</u>	<u>Interest Rates</u>	<u>Maturity</u>	<u>As of June 30, 2021</u>
Revenue Bonds:			
Recreation, Series 2021A	5.00%	2024	\$1,605,000
Total Convocation Center			1,605,000
Percent used by Athletics			20%
Portion of Convocation Center			<u>321,000</u>
Athletic Fac. Exp., Series 2014B	4.00%	2026	255,000
Athletic Fac. Exp., Series 2014B	5.00%	2024	170,000
Athletic Fac. Exp., Series 2014B	4.00% - 5.00%	2026	150,000
Athletic Fac. Exp., Series 2016A	3.00%	2027	190,000
Athletic Fac. Exp., Series 2016A	3.00% - 5.00%	2028	60,000
Athletic Fac. Exp., Series 2021B	0.48% - 0.77%	2027	655,000
Athletic Fac. Exp., Series 2021B	0.48% - 0.94%	2028	980,000
Foreman Field Reconstruction, Series	4.00% - 5.00%	2039	38,450,000
Indoor Tennis Court, Series 2014B	4.00%	2026	200,000
Indoor Tennis Court, Series 2014B	5.00%	2024	45,000
Indoor Tennis Court, Series 2014B	4.00% - 5.00%	2026	80,000
Indoor Tennis Court, Series 2016A	3.00%	2027	35,000
Indoor Tennis Court, Series 2016A	3.00% - 5.00%	2028	30,000
Indoor Tennis Court, Series 2021B	0.48% - 0.77%	2027	410,000
Indoor Tennis Court, Series 2021B	0.48% - 0.94%	2028	765,000
Powhatan Sports Ctr, Series 2010A	4.15% - 5.50%	2031	540,000
Powhatan Sports Ctr, Series 2014A	5.00%	2025	275,000
Powhatan Sports Ctr, Series 2014B	4.00% - 5.00%	2026	1,945,000
Powhatan Sports Ctr, Series 2015B	3.00% - 5.00%	2029	14,275,000
Powhatan Sports Ctr, Series 2016A	3.00% - 5.00%	2028	945,000
Powhatan Sports Ctr, Series 2021B	0.48% - 2.21%	2037	<u>2,445,000</u>
Total Revenue Bonds			<u>\$ 63,221,000</u>
Unamortized Bond Premium			<u><u>\$ 6,299,338</u></u>

Long-term debt matures as follows:

	<u>Principal</u>	<u>Interest</u>
2022	\$ 3,360,000	\$ 2,693,585
2023	3,765,000	2,517,394
2024	4,881,000	2,323,482
2025	5,040,000	2,125,890
2026	5,010,000	1,904,691
2027-2031	18,990,000	6,636,701
2032-2036	13,140,000	3,318,890
2037-2041	9,035,000	542,689
Total	<u>\$ 63,221,000</u>	<u>\$ 22,063,322</u>

5. ALLOCATION OF ATHLETIC OVERHEAD COSTS

The Commonwealth's Appropriation Act, 3-4.01 of Chapter 1283 of the 2020 General Assembly Session, requires educational and general programs in institutions of higher education to recover the full indirect cost of auxiliary enterprise programs. During fiscal year 2021, the administrative cost recovery for Intercollegiate Athletics Programs, based upon the State Council of Higher Education for Virginia approved formula, was calculated at a recovery rate of 11.38 percent and an amount of \$2,947,790.

However, in fiscal year 2021, due to the ongoing COVID-19 pandemic, the Virginia General Assembly included language that "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 cause by the COVID-19 pandemic." Based on this authorization, the indirect cost of auxiliary enterprise programs was not recovered. In accordance with the NCAA's 2021 Agreed-Upon Procedures Manual, the value of these indirect costs is reported on the Schedule of Revenue 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."

OLD DOMINION UNIVERSITY

As of June 30, 2021

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As of July 1, 2021

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