



VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

INTERCOLLEGIATE ATHLETICS PROGRAMS FOR THE YEAR ENDED JUNE 30, 2025

Auditor of Public Accounts
Staci A. Henshaw, CPA

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Commonwealth of Virginia

Auditor of Public Accounts

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P.O. Box 1295
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January 15, 2026

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
Virginia Polytechnic Institute and State University

Timothy D. Sands
President, Virginia Polytechnic Institute and State University

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below on the **Virginia Polytechnic Institute and State University's** (University) Statement of Revenues and Expenses of Intercollegiate Athletics Programs (Statement) for the year ended June 30, 2025. University management is responsible for the Statement 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 Statement is in compliance with NCAA Constitution 20.2.4.18.1, for the year ended June 30, 2025. 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 Statement of Revenues and Expenses of Intercollegiate Athletics Programs

Procedures described below were limited to certain items. For the purpose of this report, and as defined in the agreed-upon procedures, revenue and expense reporting categories require detailed testing if they are greater than or equal to four percent of total revenues or total expenses, as applicable. Based on this defined threshold, we have not performed detailed testing on the following items:

Revenue Reporting Categories:

- Direct state or other government support
- Guarantees
- In-Kind
- NCAA distributions
- Program, novelty, parking, and concession sales
- Sports camp revenues
- Athletics-restricted endowment and investments income
- Other operating revenue
- Post-season football expense reimbursements

Expense Reporting Categories:

- Guarantees
- Severance payments
- Recruiting
- Team travel
- Sport camp expenses
- Spirit groups
- Direct overhead and administrative expenses
- Medical expenses and insurance
- Memberships and dues
- Student-Athlete meals (non-travel)
- Other operating expenses
- Post-season football expenses
- Post-season football expenses - coaching compensation/bonuses
- NCAA post-season non-football expenses
- NCAA post-season non-football expenses - coaching compensation/bonuses
- NCAA non-football host expense settlements
- Enhanced educational expenses (Alston or other)

For purposes of performing these procedures, no exceptions were reported for differences of less than one-tenth of one percent (0.10%) of revenues and expenses, as applicable. We have not investigated any differences and/or reconciling items below the reporting threshold while performing these agreed-upon procedures. We did not perform any procedures over reporting items with zero balances, which have been excluded from the Statement herein. The procedures we performed 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 Statement.
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.

Statement of Revenues and Expenses of Intercollegiate Athletics Programs

7. Intercollegiate Athletics Department management provided to us the Statement of Revenues and Expenses of Intercollegiate Athletics Programs for the year ended June 30, 2025, as prepared by the University and shown in this report. We recalculated the addition of the amounts in the Statement, traced the amounts on the Statement 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 Statement 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:

| Line Item | Explanation |
|----------------------|--|
| Ticket Sales | The increase of \$4.4 million or 22.8 percent is related to the re-seating of the football stadium, where patrons had the opportunity to upgrade their seats to those with higher price points. Additionally, the home football schedule was stronger than in prior years, resulting in higher ticket sales. |
| Contributions | The increase of \$7.0 million or 22.0 percent is attributable to the re-seating of the football stadium, which resulted in upgraded seating options that carry higher associated donation requirements. |
| Media Rights | The decrease of \$3.8 million or 11.1 percent is attributable to reporting media rights revenues net of certain conference support adjustments in coordination with the Atlantic Coast Conference. |
| Athletic student aid | The decrease of \$2.6 million or 13.2 percent is caused by a change in NCAA reporting requirements. The new reporting category "Enhanced Educational Benefits (Alston or Other)" includes activity that was historically reported in athletic student aid. |

Revenues

9. We compared ticket sales revenue by sport and the related number of tickets sold, complimentary tickets provided, and unsold tickets from the ticketing system to revenue recorded in the Statement. We reviewed internal controls for the recording, batch closeout, and daily reconciliation of ticket sales from the third-party ticketing system. We performed a recalculation of ticket sales by ticketed sport by obtaining the ticket sales transactions for the fiscal year and comparing the number of tickets sold, attendance for

the ticketed event, and sale price to total revenue recorded in the Statement. Revenue in the Statement was higher by \$3.6 million for football and \$691,446 for basketball due to student season tickets, handling and processing fees, and other adjusting entries.

10. We obtained documentation of the University's methodology for allocating student fees to intercollegiate athletics programs. We compared student fees reported in the Statement to amounts reported in the accounting records and an expected amount based on fee rates and enrollment. We found a difference of \$1,327,630, which we attribute to the methodology used to estimate student fee revenue compared to actual distributions of student fees to the department.
11. We agreed amounts in the Statement for direct institutional support to corroborative supporting documentation with no reportable differences.
12. 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 Virginia Tech Foundation (VTF), 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 VTF, which exceeded ten percent of all contributions, and agreed them to supporting documentation.
13. Intercollegiate Athletics Department management provided us with agreements related to media rights received by the University or through its conference office. We inspected the agreements to obtain an understanding of the relevant terms and compared and agreed selected amounts to proper posting in the accounting records and supporting documentation with no reportable differences.
14. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from tournaments, and conference distributions. We inspected the terms of the agreements and agreed selected amounts to proper posting in the accounting records and supporting documentation with no reportable differences.
15. 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 with no reportable differences.

Expenses

16. Intercollegiate Athletics Department management provided us a listing of student aid recipients during the reporting period. Since the University did not use the NCAA Compliance Assistant software to prepare athletic aid detail, we selected 60 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. We identified one student with a variance of \$300, ten students with variances of \$400, 36 students with a variance of \$800, five students with a variance of \$1,551, two students with a variance of \$1,951, and one student with a variance of \$3,467, which the University attributes to reporting estimated book fees and computer equipment in the NCAA Membership Financial Reporting System and actual costs in the student information system. We also identified one student with a variance of \$5,296, one student with a variance of \$6,822, and one student with a variance of \$7,973, which the University attributes to exhausted eligibility or withdrawal. We also ensured that the total aid amount for each sport agreed to amounts reported as financial aid in the student accounting system and performed a check of selected students' information as reported in the NCAA Membership Financial Reporting System to ensure proper calculation of revenue distribution equivalencies and noted no reportable differences.
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 five coaches, including football and men's and women's basketball coaches, and five support and administrative personnel 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 no reportable differences.
18. We selected a sample of five disbursements each for team travel, sports equipment, uniforms and supplies, game expenses, fundraising, marketing and promotion, and facilities maintenance and operations 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 with no reportable differences.
19. We obtained a listing of debt service payments for athletics facilities for the reporting year. We selected a sample of three debt service payments included in the Statement, as well as the two highest facility payments, and agreed them to supporting documentation with no reportable differences.
20. 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 Statement with no reportable differences.

Other Reporting Items

21. We obtained repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. We recalculated annual maturities reported in the notes to the Statement and agreed total annual maturities and total outstanding athletic-related debt to supporting documentation with no reportable differences.
22. We agreed total outstanding institutional debt to supporting debt schedules and the University's audited financial statements with no reportable differences.
23. We agreed the fair value of athletics-dedicated endowments to supporting documentation provided by the University with no reportable differences.
24. We agreed the fair value of institutional endowments to supporting documentation and the audited financial statements of the University's Foundation with no reportable differences.
25. We obtained a schedule of athletics-related capital expenditures made during the period. We selected a sample of five transactions to validate existence and accuracy of recording and recalculated totals with no reportable differences.

Additional Procedures

26. 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 ARMS software for the University. We noted agreement of the sports reported.
27. 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.
28. 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. We ensured that countable sports have been properly identified in the NCAA Membership Financial Reporting System for the purpose of revenue distribution calculations.

29. 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.
30. 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.
31. We compared the total number of Pell grant awards in the current year to the total 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 and the standards applicable to attestation engagements contained in Government Auditing Standards. 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 Statement 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 the University and its management 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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VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY
STATEMENT OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
For the year ended June 30, 2025

| | Football | Men's Basketball | Women's Basketball | Men's Other Sports | Women's Other Sports | Non-Program Specific | Total |
|---|---------------|---------------------|-----------------------|-----------------------|-------------------------|-------------------------|------------------|
| Operating revenues: | | | | | | | |
| Ticket sales | \$ 20,329,983 | \$ 2,540,171 | \$ 741,513 | \$ 104,086 | \$ 640 | - | \$ 23,716,393 |
| Direct state or other government support | - | - | - | - | - | 2,762 | 2,762 |
| Student fees | - | - | - | - | 2,723,634 | 12,937,111 | 15,660,745 |
| Direct institutional support | - | - | - | - | - | 8,432,072 | 8,432,072 |
| Guarantees | 325,000 | - | 135,050 | 1,000 | 1,000 | - | 462,050 |
| Contributions | 7,070,625 | 436,921 | 532,987 | 1,095,415 | 629,307 | 28,939,149 | 38,704,404 |
| In-Kind | 11,728 | 29,288 | - | - | 23,805 | 14,261 | 79,082 |
| Media rights | 25,546,478 | 4,508,202 | - | - | - | - | 30,054,680 |
| NCAA distributions | 253,642 | 1,233,207 | 57,938 | 288,146 | 396,408 | 823,669 | 3,053,010 |
| Conference distributions (non-media and non post-season) | 2,260,533 | - | - | - | - | 4,339,772 | 6,600,305 |
| Conference distributions of post-season generated revenue | 6,541,595 | 246,756 | - | - | - | 283,037 | 7,071,388 |
| Program, novelty, parking and concession sales | 2,164,605 | 83,800 | 109,028 | 90,090 | 38,532 | 18,899 | 2,504,954 |
| Royalties, licensing, advertisement and sponsorships | 10,588,087 | 266,858 | 278,800 | 1,023,370 | 1,196,380 | 1,607,560 | 14,961,055 |
| Sports camp revenues | 152,073 | - | - | - | - | - | 152,073 |
| Athletics-restricted endowment and investments income | - | - | - | - | - | 5,118,209 | 5,118,209 |
| Other operating revenue | 296,703 | - | - | 6,488 | 9,515 | 3,042,479 | 3,355,185 |
| Post-season football expense reimbursements | 1,289,319 | - | - | - | - | - | 1,289,319 |
| Total operating revenues | 76,830,371 | 9,345,203 | 1,855,316 | 2,608,595 | 5,019,221 | 65,558,980 | 161,217,686 |
| Operating expenses: | | | | | | | |
| Athletic student aid | 5,133,620 | 927,389 | 788,872 | 3,955,380 | 5,622,048 | 764,080 | 17,191,389 |
| Guarantees | 575,000 | 465,000 | 167,896 | 72,061 | 16,000 | - | 1,295,957 |
| Coaching salaries, benefits and bonuses paid by the university and related entities | 11,900,802 | 4,249,563 | 1,623,706 | 4,259,479 | 3,807,654 | - | 25,841,204 |
| Support staff/administrative compensation, benefits and bonuses paid by the university and related entities | 3,495,848 | 1,220,761 | 957,261 | 484,473 | 540,672 | 16,210,972 | 22,909,987 |
| Severance payments | 880,416 | - | - | - | - | - | 880,416 |
| Recruiting | 1,956,666 | 396,676 | 367,416 | 255,126 | 405,641 | 2,831 | 3,384,356 |
| Team travel | 2,344,277 | 828,106 | 614,488 | 628,884 | 1,730,805 | 17,748 | 6,164,308 |
| Sports equipment, uniforms and supplies | 4,403,005 | 306,301 | 364,215 | 1,421,425 | 1,760,830 | 639,890 | 8,895,666 |
| Game expenses | 2,650,879 | 736,955 | 516,244 | 419,794 | 397,991 | 1,569,212 | 6,291,075 |
| Fundraising, marketing and promotion | 85,390 | 46,266 | 45,598 | 48,866 | 53,728 | 15,098,928 | 15,378,776 |
| Sports camp expenses | 233,599 | - | - | - | - | - | 233,599 |
| Spirit groups | 4,949 | 3,600 | 17,175 | - | - | 400,362 | 426,086 |
| Athletic facilities leases and rental fees | 5,180 | - | 4,000 | 139,385 | 128,751 | - | 277,316 |
| Athletic facilities debt service | 1,921,198 | 202,174 | 202,174 | - | - | 4,380,294 | 6,705,840 |
| Direct overhead and administrative expenses | 396,596 | 62,027 | 29,737 | 44,439 | 176,355 | 2,291,626 | 3,000,780 |
| Facilities maintenance and operations | 1,627,511 | 1,480,042 | 149,351 | 348,526 | 297,700 | 7,642,014 | 11,545,144 |
| Indirect cost paid to the institution by athletics | 388,958 | - | - | - | - | 7,512,710 | 7,901,668 |
| Medical expenses and insurance | 379,079 | 31,407 | 40,851 | 226,799 | 264,327 | 775,748 | 1,718,211 |
| Memberships and dues | 26,915 | 440 | 270 | 7,802 | 8,856 | 39,391 | 83,674 |
| Student-Athlete meals (non-travel) | 1,298,162 | 153,848 | 87,991 | 913,463 | 887,674 | 223,742 | 3,564,880 |
| Other operating expenses | 1,710,590 | 218,389 | 201,193 | 209,547 | 219,855 | 1,213,013 | 3,772,587 |
| Post-season football expenses | 1,817,977 | - | - | - | - | - | 1,817,977 |
| Post-season football expenses - coaching compensation/bonuses | 322,000 | - | - | - | - | - | 322,000 |
| NCAA post-season non-football expenses | - | 149,048 | 201,402 | 755,451 | 762,606 | - | 1,868,507 |
| NCAA post-season non-football expenses - coaching compensation/bonuses | - | - | 2,850 | 55,363 | 142,090 | - | 200,303 |
| NCAA non-football host expense settlements | - | - | 49,229 | - | 774 | - | 50,003 |
| Enhanced educational benefits (Alston or other) | 902,245 | 66,005 | 107,315 | 1,488,250 | 1,862,175 | - | 4,425,990 |
| Total operating expenses | 44,460,862 | 11,543,997 | 6,539,234 | 15,734,513 | 19,086,532 | 58,782,561 | 156,147,699 |
| Excess (deficiency) of revenues over (under) expenses | \$ 32,369,509 | \$ (2,198,794) | \$ (4,683,918) | \$ (13,125,918) | \$ (14,067,311) | \$ 6,776,419 | \$ 5,069,987 |
| Other Reporting Items: | | | | | | | |
| Total athletics related debt | | | | | | | \$ 66,342,000 |
| Total institutional debt | | | | | | | \$ 693,547,000 |
| Value of athletics dedicated endowments | | | | | | | \$ 81,028,815 |
| Value of institutional endowments | | | | | | | \$ 2,087,210,057 |
| Total athletics related capital expenditures | | | | | | | \$ 7,415,000 |

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

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY
NOTES TO STATEMENT OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2025

1. BASIS OF PRESENTATION

The accompanying Statement of Revenues and Expenses of Intercollegiate Athletics Programs has been prepared on the accrual basis of accounting. The purpose of the Statement is to present a summary of revenues and expenses of the intercollegiate athletics programs of the University for the year ended June 30, 2025. The Statement 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 Statement 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 \$43,822,613 from the Virginia Tech Foundation, Inc. Approximately \$17,191,389 of these funds were used for grant-in-aid scholarships for student-athletes. These amounts received are included in the accompanying Statement as follows: \$38,704,404 is included in the Contributions line item and \$5,118,209 is included in the Athletics-Restricted Endowment and Investments Income line item.

3. LONG-TERM DEBT, LONG-TERM LEASES, AND SBITAs

Externally-funded debt

The University, on behalf of the intercollegiate athletics program, has obtained debt financing for capital improvement projects as needed. These debts consist of Section 9(d) revenue bonds issued by the University and will be repaid by the program using operating revenues and private fundraising proceeds. Outstanding principal as of June 30, 2025 (in dollars):

| Project | Maturity | Principal |
|--|----------|----------------------|
| Indoor Practice Facility | | |
| Series 2025, 9(d) revenue bond | 2035 | \$ 225,000 |
| Series 2021, 9(d) revenue bond | 2036 | 40,000 |
| Lane Stadium - West Side Expansion | | |
| Series 2021, 9(d) refunding revenue bond | 2041 | 19,680,000 |
| Lane Stadium - South End Zone | | |
| Series 2021, 9(d) refunding revenue bond | 2041 | 6,360,000 |
| Hahn Hurst Basketball Practice Center | | |
| Series 2021, 9(d) refunding revenue bond | 2041 | 5,475,000 |
| | | <u>\$ 31,780,000</u> |

Internally-funded debt

The University has internally loaned the intercollegiate athletics program funds for capital improvement projects as needed. These debts will be repaid by the program using operating revenues and private fundraising proceeds. Athletics entered an arrangement with the Residential and Dining Auxiliary System for priority access on beds within the CID residence hall, agreeing to make payments similar to debt service. The athletic demand for those beds did not meet expectations and the arrangement was terminated at the end of FY25. Therefore, the future debt service payments have been removed from the athletics debt schedule.

Outstanding principal as of June 30, 2025 (in dollars):

| Project | Maturity | Principal |
|---|----------|----------------------|
| Student Athletic Performance Center | 2029 | 1,787,000 |
| ACC Media Studio | 2031 | \$ 6,451,000 |
| Student Athletic Performance Center | 2029 | 1,787,000 |
| Baseball Stadium and Rector Field House | 2045 | 24,806,000 |
| | | <u>\$ 33,044,000</u> |

Long-term lease payable

The University, on behalf of the intercollegiate athletics program, has entered into a long-term lease with the Town of Christiansburg for the use of the town's aquatic center with payments ending in 2029. The lease will be paid by the program using operating revenues and private fundraising proceeds. As of June 30, 2025, the outstanding principal on this lease was \$924,000.

Subscription-based Information Technology Arrangements (SBITAs)

The University, on behalf of the intercollegiate athletics program, has entered into multiple SBITAs to support the program's operations with various end dates. The SBITAs will be paid by the program using operating revenues and private fundraising proceeds. As of June 30, 2025, the outstanding principal for SBITAs was \$594,000.

A summary of future principal and interest commitments for fiscal years subsequent to June 30, 2025, is presented as follows (in dollars):

| | Principal | Interest | Total |
|-----------|----------------------|----------------------|----------------------|
| 2026 | \$ 4,608,000 | \$ 1,233,000 | \$ 5,841,000 |
| 2027 | 4,522,000 | 1,166,000 | 5,688,000 |
| 2028 | 4,372,000 | 1,097,000 | 5,469,000 |
| 2029 | 4,127,000 | 1,026,000 | 5,153,000 |
| 2030 | 3,738,000 | 951,000 | 4,689,000 |
| 2031-2035 | 15,206,000 | 3,786,000 | 18,992,000 |
| 2036-2040 | 15,320,000 | 2,250,000 | 17,570,000 |
| 2041-2045 | 14,449,000 | 669,000 | 15,118,000 |
| | <u>\$ 66,342,000</u> | <u>\$ 12,178,000</u> | <u>\$ 78,520,000</u> |

4. UNIVERSITY ADMINISTRATION FEE

As with all auxiliary enterprises, the University charges the Athletic Department an administrative fee. During the fiscal year, the Athletic Department paid \$7,901,668 to the University. This amount is included in the Indirect Cost Paid to the Institution by Athletics line item in the Non-Program Specific category.

5. CAPITAL ASSETS

Capital assets consisting of buildings, infrastructure, and equipment are stated at appraised historical cost or actual cost where determinable. Construction in progress (CIP) is capitalized at actual cost as expenses are incurred. All gifts of capital assets are recorded at acquisition value as of the donation date.

Intangible right-to-use assets consisting of the right-to-use buildings are stated at the net present value of future minimum lease payments at the commencement of the lease term. Intangible right-to-use assets are recognized when the net present value of future minimum lease payments is \$50,000 or greater.

Subscription-based information technology arrangements (SBITAs) are stated at the net present value of future minimum subscription payments at the commencement of the subscription term. SBITAs are recognized when the net present value of future minimum subscription payments is \$50,000 or greater.

Equipment is capitalized when the estimated useful life is one year or more, and unit acquisition cost is \$2,000 or greater or acquisition costs are significant when aggregated. Software is capitalized when the acquisition and/or the development costs exceed \$100,000. Renovation costs are capitalized when expenses total more than \$100,000, the asset value significantly increases, or the useful life is significantly extended. Routine repairs and maintenance are charged to operating expense in the year the expense is incurred.

Depreciation is computed using the straight-line method over the useful life of the assets. The useful life is 40 to 60 years for buildings, ten to 50 years for infrastructure and land improvements, and three to 30 years for fixed and movable equipment. Right-to-use lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

A summary of changes in capital assets follows for the year ending June 30, 2025 (all dollars in thousands):

| | Beginning Balance | Additions | Retirements | Ending Balance |
|--|------------------------------|------------------|--------------------|---------------------------|
| Depreciable capital assets | | | | |
| Buildings | \$ 240,763 | \$ 6,485 | \$ - | \$ 247,248 |
| Moveable equipment | 17,005 | 1,153 | 694 | 17,464 |
| Software | 313 | - | - | 313 |
| Fixed equipment | 15,272 | 2,014 | 422 | 16,864 |
| Infrastructure | 24,069 | 451 | 33 | 24,487 |
| Right to use leases – buildings | 1,976 | - | - | 1,976 |
| SBITAs | 1,975 | - | - | 1,975 |
| Total depreciable capital assets, at cost | <u>301,373</u> | <u>10,103</u> | <u>1,149</u> | <u>310,327</u> |
| Less accumulated depreciation | | | | |
| Buildings | 83,868 | 5,627 | - | 89,495 |
| Moveable equipment | 11,011 | 1,407 | 405 | 12,013 |
| Software | 313 | - | - | 313 |
| Fixed equipment | 8,189 | 758 | 298 | 8,649 |
| Infrastructure | 19,996 | 709 | 33 | 20,672 |
| Right to use leases – buildings | 558 | 139 | - | 697 |
| SBITAs | 943 | 429 | - | 1,372 |
| Total accumulated depreciation | <u>124,878</u> | <u>9,069</u> | <u>736</u> | <u>133,211</u> |
| Total depreciable capital assets, net of accumulated depreciation and amortization | <u>176,495</u> | <u>1,034</u> | <u>413</u> | <u>177,116</u> |
| Non-depreciable capital assets | | | | |
| Construction in progress | <u>12,699</u> | <u>3,404</u> | <u>6,092</u> | <u>10,011</u> |
| Total non-depreciable capital assets | <u>12,699</u> | <u>3,404</u> | <u>6,092</u> | <u>10,011</u> |
| Total capital assets, net of accumulated depreciation and amortization | <u>\$ 189,194</u> | <u>\$ 4,438</u> | <u>\$ 6,505</u> | <u>\$ 187,127</u> |