



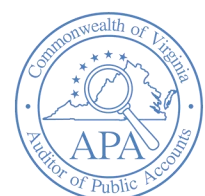
RADFORD UNIVERSITY

INTERCOLLEGIATE ATHLETICS PROGRAMS

FOR THE YEAR ENDED

JUNE 30, 2015

Auditor of Public Accounts
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Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

January 14, 2016

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable Robert D. Orrock, Sr.
Vice-Chairman, Joint Legislative Audit
And Review Commission

Penelope W. Kyle
President, Radford University

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING 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 3.2.4.15, for the year ended June 30, 2015. University management is responsible for the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) and the Schedule's compliance with NCAA requirements. This agreed-upon procedures engagement was conducted in accordance with generally accepted government auditing standards. 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-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 one-half of one percent of total revenues or total expenses, as applicable. The procedures that we performed and our 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 Intercollegiate Athletics Programs, 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 procedures 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 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 for the year ended June 30, 2015, 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 material differences between the amounts in the Intercollegiate Athletics Department's 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. Certain amounts in the Schedule were reclassified to conform with new reporting guidance issued by the NCAA.

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. No variances exceeded one million dollars or ten percent of prior period amounts or budget estimates.

Revenues

9. Revenue related to ticket sales was deemed immaterial for detailed testing.
10. We obtained an understanding of the institution'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.
11. Intercollegiate Athletics Department management provided us with a listing of settlement reports and game guarantee agreements for away games during the reporting period. We reviewed these settlement reports and guarantee agreements for selected games and agreed selected amounts to proper posting in the accounting records and supporting documentation.
12. Intercollegiate Athletics Department management provided us with a listing of all contributions of moneys, goods or services received directly by the 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 Foundation, which exceeded ten percent of all contributions, and agreed them to supporting documentation.
13. Intercollegiate Athletics Department management did not initially identify in-kind contributions during the reporting period. While making inquiries regarding operations, we identified an immaterial amount of in-kind revenue, which we agreed to supporting documentation to ensure reasonable valuation of the in-kind contributions reported in the adjusted Schedule.
14. 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. We gained an understanding of the terms of the agreements and agreed selected amounts to proper posting in the accounting records and supporting documentation.

15. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from royalties, licensing, advertisements, and sponsorships. We gained an understanding of the terms of the agreements and agreed selected amounts to proper posting in the accounting records and supporting documentation.
16. Other revenue reported in the Schedule was deemed to be immaterial for detailed testing.

Expenses

17. Intercollegiate Athletics Department management provided us a listing of institutional student aid recipients during the reporting period. Because 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 agreed amounts from the listing to their award letters. We agreed each student's information to ensure accurate reporting in the NCAA Membership Financial Reporting System. We also ensured that the total aid amount for each sport materially agreed to amounts reported as Financial Aid in the student accounting system.
18. Intercollegiate Athletics Department management provided us with a listing of settlement reports and game guarantee agreements for home games during the reporting period. This amount was deemed to be immaterial for detailed testing.
19. 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 were in agreement with approved contracts or other documentation.
20. 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.
21. 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 compared these policies to

existing University and NCAA policies and noted substantial agreement of those policies.

22. We selected a sample of disbursements for equipment, uniforms, and supplies, game expenses, fundraising, marketing, and promotion, spirit groups, direct overhead and administration, medical expenses and medical insurance, 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 and reasonable to intercollegiate athletics. After reclassification of certain amounts improperly coded as Sports Equipment, Uniforms, and Supplies to Direct Overhead and Administrative Expenses, these transactions were properly recorded in the Schedule.
23. Debt service payments, lease payments, and rental fees for athletics facilities for the reporting year were deemed to be immaterial for detailed testing.

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/alh

RADFORD UNIVERSITY
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
For the year ended June 30, 2015

	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
<u>Operating revenues:</u>					
Ticket sales	\$ 43,914	\$ 8,605	\$ 776	\$ -	\$ 53,295
Student fees	-	-	-	11,056,511	11,056,511
Guarantees	260,000	34,000	19,500		313,500
Contributions	23,047	34,218	109,017	28,804	195,086
In-Kind	7,550	-	-	3,903	11,453
NCAA distributions	17,087	750	-	480,242	498,079
Conference distributions (Non Media or Bowl)	-	-	-	83,180	83,180
Royalties, licensing, advertisement and sponsorships	3,658	2,067	30,125	345,257	381,107
Other operating revenue	363	81	4,400	15,981	20,825
Total operating revenues	<u>355,619</u>	<u>79,721</u>	<u>163,818</u>	<u>12,013,878</u>	<u>12,613,036</u>
<u>Operating expenses:</u>					
Athletic student aid	372,686	458,053	2,268,926	3,501	3,103,166
Guarantees	5,500	1,500	1,000	-	8,000
Coaching salaries, benefits, and bonuses paid by the University and related entities	494,119	310,199	1,454,450	-	2,258,768
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	64,310	53,951	8,703	2,118,621	2,245,585
Severance payments	-	-	921	-	921
Recruiting	83,963	58,884	111,600	-	254,447
Team travel	174,285	92,852	595,120	-	862,257
Sports equipment, uniforms, and supplies	31,838	29,969	265,918	130,523	458,248
Game expenses	49,399	27,803	16,020	47,602	140,824
Fundraising, marketing and promotion	1,848	1,342	4,589	92,851	100,630
Spirit groups	34,062	34,097	-	-	68,159
Athletic facility debt service	-	-	14,364	12,764	27,128
Direct overhead and administrative expenses	1,222	33,719	53,743	871,964	960,648
Indirect cost paid to the institution by athletics	-	-	-	891,818	891,818
Medical expenses and insurance	-	-	569	292,359	292,928
Memberships and dues	3,615	2,195	5,785	33,330	44,925
Other operating expenses	522	1,965	27,869	45,665	76,021
Total operating expenses	<u>1,317,369</u>	<u>1,106,529</u>	<u>4,829,577</u>	<u>4,540,998</u>	<u>11,794,473</u>
Excess (deficiency) of revenues over (under) expenses	<u>\$ (961,750)</u>	<u>\$ (1,026,808)</u>	<u>\$ (4,665,759)</u>	<u>\$ 7,472,880</u>	<u>\$ 818,563</u>
<u>Other Reporting Items:</u>					
Total athletics-related debt					\$ 51,053
Total institutional debt					\$ 50,616,953
Value of athletics-dedicated endowments					\$ 3,445,582
Value of institutional endowments					\$ 52,724,448

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, 2015

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, 2015. 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 \$195,086 from the Radford University Foundation, Inc., which are included in revenue as "contributions" in the accompanying schedule.

3. LONG-TERM DEBT

Installment Purchase Obligations

The Intercollegiate Athletic 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 ten years at an interest rate of 2.087 percent. A summary of the future obligations under these agreements as of June 30, 2015 is as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
June 30, 2016	11,807	956
June 30, 2017	12,055	708
June 30, 2018	12,308	455
June 30, 2019	<u>12,567</u>	<u>197</u>
Total	<u>\$48,737</u>	<u>\$2,316</u>

4. UNIVERSITY ADMINISTRATIVE FEE

The Commonwealth's Appropriation Act 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. In fiscal year 2015, this charge to the athletics' departments amounted to \$891,818 and is included in the "Indirect cost paid to institution by athletics" expense line 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 estimated useful life of the asset with no residual value. The useful life is 40 years for buildings, 20 years for site improvements, and two to 25 years for equipment.

A summary of capital asset balances for the year ending June 30, 2015, follows:

Depreciable capital assets:	
Buildings	\$30,298,943
Equipment	1,275,176
Site Improvements	<u>5,183,714</u>
Total depreciable capital assets	<u>36,757,833</u>
Less accumulated depreciation for:	
Buildings	(12,879,861)
Equipment	(582,921)
Site Improvement	<u>(2,803,071)</u>
Total accumulated depreciation	<u>(16,265,853)</u>
Total capital assets for intercollegiate athletics, net of accumulated depreciation	<u><u>\$20,491,980</u></u>

RADFORD UNIVERSITY

Radford, Virginia

BOARD OF VISITORS

(as of June 30, 2015)

Michael A Wray, Rector

Kevin R. Dye, Vice Rector

Michele N. Schumacher, Secretary

Anthony R. Bedell

Mary Waugh Campbell

Krishna Chachra

Matthew B. Crisp

Callie M. Dalton

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Randolph "Randy" J. Marcus

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Steve A. Robinson

Ruby W. Rogers

Javaid Siddiqi, Ph.D.

Georgia Anne Snyder-Falkinham

Christopher Wade

UNIVERSITY OFFICIALS

(as of January 14, 2016)

Penelope W. Kyle, President

Richard S. Alvarez, Vice President for Finance and Administration

Richard G. Lineburg, Director of Intercollegiate Athletics Programs