

**RADFORD UNIVERSITY**

**INTERCOLLEGIATE ATHLETIC PROGRAMS  
FOR THE YEAR ENDED  
JUNE 30, 2009**



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# Commonwealth of Virginia

**Walter J. Kucharski, Auditor**

**Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218**

December 11, 2009

The Honorable Timothy M. Kaine  
Governor of Virginia

The Honorable M. Kirkland Cox  
Chairman, Joint Legislative Audit  
and Review Commission

Penelope W. Kyle  
President, Radford University

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

We have performed the procedures enumerated below, which were agreed to by the President of Radford University, solely to assist the University in evaluating whether the accompanying Schedule of Revenues and Expenses of Intercollegiate Athletics Programs of the University is in compliance with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3, for the year ended June 30, 2009. The University's management is responsible for the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs and the Schedule's compliance with NCAA requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the University. Consequently, we make no representation regarding sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

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

#### Internal Controls

1. We reviewed documentation of accounting systems and operating procedures. We reviewed the relationship of internal control over intercollegiate athletics programs to internal control reviewed in connection with our audits 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. We reviewed an organizational chart provided by Intercollegiate Athletics Department and discussed it with appropriate personnel. We also made certain inquiries of management regarding control consciousness, the use of internal audit in the department, competence of personnel, and protection of records and equipment.
3. The University provided us with their procedures for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the intercollegiate athletics programs.

#### Affiliated and Outside Organizations

4. Intercollegiate Athletics Department management identified all intercollegiate athletics-related affiliated and outside organizations and provided us with copies of audited financial statements for each such organization for the reporting period.
5. The Intercollegiate Athletics Department 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. We obtained any additional reports regarding internal control matters identified during the independent audits of affiliated and outside organizations and inquired as to the corrective action taken in response to such comments. We noted that the affiliated organizations had been audited by independent public accountants and there were no internal control findings.

#### Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

7. We obtained the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) for the year ended June 30, 2009, as prepared by the University and shown in this report. We recalculated the addition of the amounts on the Schedule, traced the amounts on the Schedule to management's worksheets, and agreed the amounts on management's worksheets to the Intercollegiate Athletics Department's accounts in the accounting records. We noted no differences between the amounts in the Athletics Department's accounts in the accounting records and the amounts on the worksheets. We discussed the nature of work sheet adjustments with management and are satisfied that the adjustments are appropriate.
8. We applied certain analytical review techniques to the balances reported on the Schedule in order to determine the reasonableness of amounts reported therein. These techniques included trend analyses and other tests using operating data and review of actual amounts expended in comparison to budgeted amounts.

#### Revenues

9. We compared each major revenue account to prior period amounts and budget estimates. We obtained and documented an understanding of all significant variances.
10. Intercollegiate Athletics Department management provided us with a reconciliation of tickets sold during the reporting period along with complimentary tickets and unsold tickets to the revenue recorded in the Schedule and related attendance figures. We reviewed these

reconciliations for selected games and found such reconciliations to be accurate and agreed to amounts recorded as ticket revenue for those games.

11. 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 materially in agreement.
12. Intercollegiate Athletics Program management provided us with 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 verified the mathematical accuracy and coding of the settlement reports and game guarantee agreements. We found that revenue was properly computed and deposited promptly and intact.
13. Intercollegiate Athletics Department management provided us with a listing of all contributions of moneys, goods or services received directly by the Intercollegiate Athletics Department 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. We confirmed payments made on behalf of intercollegiate athletic programs with the Radford University Foundation, Incorporated, and ensured said payments were carried into the Schedule. Except for contributions received from the Radford University Foundation, Incorporated, an affiliated organization, we noted no individual contribution which constituted more than ten percent of total contributions received for intercollegiate athletics.
14. From the summary of revenues and expenses for or on behalf of the intercollegiate athletics programs by affiliated and outside organizations, we selected and tested receipts of such revenue and agreed each selection to supporting documentation and proper posting in the accounting records. We found all reviewed transactions to be in agreement.
15. 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 inspected the agreements and verified the mathematical accuracy and coding of the distribution amounts. We found that revenue was deposited promptly and intact.
16. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from royalties, advertisements, and sponsorships. This amount was deemed to be immaterial for detailed testing.
17. Based on receipts as listed in the accounting records, we selected and tested collections by the intercollegiate athletics program. We compared and agreed the selected operating receipts to adequate supporting documentation. We found all reviewed amounts to be in agreement with supporting documentation and properly recorded in the accounting records. We found that all revenue had been deposited promptly and intact.

#### Expenses

18. We compared each major expense account to prior period amounts and budget estimates. We obtained and documented an understanding of all significant variances.

19. Intercollegiate Athletics Department management provided us a listing of institutional student aid recipients during the reporting period. We selected individual student athletes across all sports and agreed amounts from the listing to their award letter. We also ensured that the total aid amount for each sport materially agreed to amounts reported as Financial Aid in the student accounting system
20. Intercollegiate Athletics Department management provided us with settlement reports and game guarantee agreements for home games during the reporting period. We reviewed these settlement reports and guarantee agreements for selected games and verified the mathematical accuracy and coding of the settlement reports and game guarantee agreements. We found all reviewed amounts to be properly approved, in agreement with supporting documentation, and properly recorded in the accounting records.
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 and compared amounts paid for two pay periods or a bonus payment 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.
22. Intercollegiate Athletics Department management provided us with a listing of coaches, support staff, and administrative personnel employed and paid by the third-parties during the reporting period. This amount was deemed to be immaterial for detailed testing.
23. 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.
24. We discussed the University's recruiting expense and team travel policies with Intercollegiate Athletics Department management and documented an understanding of those policies.
25. Intercollegiate Athletics Department management provided with a listing of indirect facilities support. This amount was deemed to be immaterial for detailed testing.
26. Based on disbursements listed in the accounting records, we selected and tested payments to third parties by the intercollegiate athletics program. These disbursements were for supplies, equipment, travel, and other general expenses. We compared and agreed the selected operating expenses to adequate supporting documentation. We found all reviewed amounts to be properly approved, in agreement with supporting documentation, and properly recorded in the accounting records.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression on 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 made 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

JS/alh

RADFORD UNIVERSITY  
SCHEDULE OF REVENUES AND EXPENSES OF  
INTERCOLLEGIATE ATHLETICS PROGRAMS  
For the Year Ended June 30, 2009

	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating revenues:					
Ticket sales	\$ 80,416	\$ 3,900	\$ 3,606	\$ -	\$ 87,922
Student activity fees	-	-	-	7,811,904	7,811,904
Game guarantees	150,000	35,000	20,100	-	205,100
Contributions	47,973	17,464	80,050	54,140	199,627
NCAA revenue sharing	-	-	-	369,871	369,871
Program sales and concessions	-	-	-	30,000	30,000
Royalties, advertising, and sponsorships	-	-	-	56,626	56,626
Other	-	-	-	2,089	2,089
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,089</u>	<u>-</u>
Total operating revenues	<u>278,389</u>	<u>56,364</u>	<u>103,756</u>	<u>8,324,630</u>	<u>8,763,139</u>
Operating expenses:					
Financial aid	276,106	296,729	1,578,497	7,817	2,159,149
Game guarantees	10,500	2,000	2,000	-	14,500
Coaches salaries, bonuses and fringe benefits paid by the University	469,148	310,305	1,120,165	-	1,899,618
Coaches' compensation paid by third parties	5,936	-	22,607	-	28,543
Support and administrative staff salaries, bonuses and fringe benefits paid by the University	33,844	30,168	-	1,282,901	1,346,913
Severance payments	7,260	96	-	37,202	44,558
Travel - Recruiting	48,159	51,788	62,595	-	162,542
Travel - Team	130,085	83,943	635,948	-	849,976
Equipment, uniforms and supplies	42,467	32,038	239,787	364,540	678,832
Game expenses	33,964	17,673	56,524	2,915	111,076
Fund raising, marketing and promotions	25,479	10,304	4,530	84,530	124,843
Direct facilities, maintenance and rentals	-	-	37,616	156,427	194,043
Spirit groups	16,351	16,351	-	-	32,702
Indirect facilities and administrative support	-	-	-	1,476	1,476
Medical expenses and insurance	-	-	-	155,051	155,051
Memberships and dues	5,200	4,146	9,367	16,265	34,978
Other	19,803	20,419	69,184	633,024	742,430
	<u>1,124,302</u>	<u>875,960</u>	<u>3,838,820</u>	<u>2,742,148</u>	<u>8,581,230</u>
Total operating expenses	<u>1,124,302</u>	<u>875,960</u>	<u>3,838,820</u>	<u>2,742,148</u>	<u>8,581,230</u>
Excess (deficiency) of revenues over (under) expenses	<u>\$ (845,913)</u>	<u>\$ (819,596)</u>	<u>\$ (3,735,064)</u>	<u>\$ 5,582,482</u>	<u>\$ 181,909</u>

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



RADFORD UNIVERSITY  
NOTES TO THE SCHEDULE OF REVENUES AND EXPENSES OF  
INTERCOLLEGIATE ATHLETICS PROGRAMS  
AS OF JUNE 30, 2009

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 current funds revenues and expenses of the intercollegiate athletics programs of the University for the year ended June 30, 2009. The Schedule includes those intercollegiate athletics revenues and expenses made on behalf of the University's athletic programs by outside organizations not under the accounting control of the University. Because the Schedule presents only a selected portion of the activities of the University, it is not intended to and does not present either 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

Intercollegiate Athletics Programs received \$199,627 from the Radford University Foundations, Inc., which are included in the accompanying schedule.

3. LONG-TERM DEBT

Installment Purchase Obligations

The Intercollegiate Athletic Program has future obligations under installment purchase agreements. The book value of the assets purchased under these installment purchase agreements is \$163,760 and the repayment terms range from 3 to 10 years at interest rates of 2.087 percent to 2.85 percent. A summary of the future obligations under these agreements as of June 30, 2009 is as follows:

<u>Fiscal Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>
2010	\$26,120	\$4,066
2011	27,111	2,956
2012	27,806	2,260
2013	11,094	1,669
2014	11,327	1,436
Thereafter	<u>60,302</u>	<u>3,516</u>
Total	<u>\$163,760</u>	<u>\$15,903</u>

4. UNIVERSITY ADMINISTRATIVE FEE

As with all auxiliary enterprises, the University charges the Athletic Department an administrative fee. Athletics paid \$569,446 during the fiscal year that is recorded as Non-Program Specific.

## 5. CAPITAL ASSETS

Capital assets consisting of buildings and equipment are stated at the estimated historical cost or actual cost where determinable. Capital assets are generally defined by the University as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Donated capital assets are recorded at the estimated fair market value at the date of donation. Construction in progress expenses are capitalized at actual cost as the major capital assets and improvements are constructed. The costs of normal maintenance and repairs that do not add to an asset's value or materially extend its useful life are not capitalized. Depreciation is computed using the straight-line method over the useful life of the assets. The useful life is 40 years for buildings and 2 to 25 years for equipment.

A summary of changes in capital assets follows for the year ended June 30, 2009:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Depreciable capital assets:				
Buildings	\$14,627,988	\$15,594,592	\$ -	\$30,222,580
Site improvements	3,134,885	-	-	3,134,885
Equipment	<u>219,512</u>	<u>265,348</u>	<u>32,270</u>	<u>452,590</u>
Total depreciable capital assets, at cost	<u>17,982,385</u>	<u>15,859,940</u>	<u>32,270</u>	<u>33,810,055</u>
Less accumulated depreciation:				
Buildings	8,439,382	688,237	-	9,127,619
Site improvements	1,824,488	156,744	-	1,981,232
Equipment	<u>126,359</u>	<u>20,048</u>	<u>32,270</u>	<u>114,137</u>
Total accumulated depreciation	<u>10,390,229</u>	<u>865,029</u>	<u>32,270</u>	<u>11,222,988</u>
Total depreciable capital assets, net of accumulated depreciation	<u>7,592,156</u>	<u>14,994,911</u>	<u>-</u>	<u>22,587,067</u>
Non-depreciable capital assets:				
Construction in progress	<u>7,011,865</u>	<u>8,533,427</u>	<u>15,545,292</u>	<u>-</u>
Total capital assets, net of accumulated depreciation	<u>\$14,604,021</u>	<u>\$23,528,338</u>	<u>\$15,545,292</u>	<u>\$22,587,067</u>

RADFORD UNIVERSITY  
Radford, Virginia

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As of June 30, 2009

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