



# GEORGE MASON UNIVERSITY

## INTERCOLLEGIATE ATHLETIC PROGRAMS FOR THE YEAR ENDED JUNE 30, 2020

Auditor of Public Accounts  
Staci A. Henshaw, CPA

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## –TABLE OF CONTENTS–

### Pages

INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES	1-6
SCHEDULE	
Schedule of Revenues and Expenses of Intercollegiate Athletics Programs	7
Notes to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs	8-10
UNIVERSITY OFFICIALS	11



Staci A. Henshaw, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

January 14, 2021

The Honorable Ralph S. Northam  
Governor of Virginia

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

Gregory Washington  
University President, George Mason 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 **George Mason University** (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 3.2.4.17.1, for the year ended June 30, 2020. University management is responsible for the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) and the Schedule's compliance with NCAA requirements. 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 four 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, 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, 2020, 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. We noted no differences between the amounts in the intercollegiate athletics department's accounting records and the amounts on the trial balance. 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. No variances exceeded ten percent of prior period amounts or budget estimates.

## **Revenues**

9. We obtained the amount of ticket sales revenue reported in the Schedule. This amount was deemed to be immaterial for detailed testing.
10. We obtained documentation 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 with minor differences attributed to the methodology used for projecting student fee revenue.
11. We obtained the amount of direct institutional support reported in the Schedule. This amount was deemed to be immaterial for detailed testing.
12. We compared amounts reported in the Schedule for indirect institutional support to cost allocation detail and other corroborative supporting documentation and noted them to be substantially in agreement.
13. We ensured the Schedule properly includes revenue related to debt service, leases, and rental fees paid by the institution for or on behalf of athletics.
14. We obtained the amount of game guarantee revenue reported in the Schedule. This amount was deemed to be immaterial for detailed testing.
15. We obtained the amount of contribution revenue reported in the Schedule. This amount was deemed to be immaterial for detailed testing.
16. We obtained the amount of in-kind contribution revenue reported in the Schedule. This amount was deemed to be immaterial for detailed testing.
17. We obtained the amount of media rights revenue reported in the Schedule. This amount was deemed to be immaterial for detailed testing.
18. 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.
19. We obtained the amount of program, novelty, parking, and concession sales revenue reported in the Schedule. This amount was deemed to be immaterial for detailed testing.
20. 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.

21. We obtained the amount of athletics restricted endowment and investment income reported in the Schedule. This amount was deemed to be immaterial for detailed testing.
22. We obtained the amount of other operating revenue reported in the Schedule. This amount was deemed to be immaterial for detailed testing.

### **Expenses**

23. Intercollegiate athletics department management provided us a listing of institutional 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 institution'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.
24. We obtained the amount of game guarantee expense reported in the Schedule. This amount was deemed to be immaterial for detailed testing.
25. 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.
26. 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.
27. We selected a sample of disbursements for team travel, sports equipment, uniforms, and supplies. 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.

28. We obtained a listing of debt service payments, lease payments, and rental fees for athletics facilities for the reporting year. We agreed all facility payments included in the Schedule, including the two highest payments, to supporting documentation.
29. We obtained an understanding of the University's methodology for charging indirect cost to the athletic department. We evaluated indirect cost charges for reasonableness and noted proper reporting of these charges in the Schedule.

#### **Other Reporting Items**

30. 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 agreed total annual maturities and total outstanding athletics-related debt to supporting documentation.
31. 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.
32. We agreed the fair value of athletics-dedicated endowments to supporting documentation provided by the University.
33. We agreed the fair value of institutional endowments to supporting documentation, including the audited financial statements of the GMU Foundation.
34. We obtained a schedule of athletics-related capital expenditures made during the period. We selected a sample of transactions to validate existence and accuracy of recording and recalculated totals.

#### **Additional Procedures**

35. We compared the sports sponsored, as reported in the NCAA Membership Financial Reporting System, to the Calculation of Revenue Distribution Equivalencies Report (CRDE) from the NCAA's Compliance Assistant software for the institution. We noted agreement of the sports reported.
36. We compared total current year grants-in-aid revenue distribution equivalencies to total prior year reported equivalencies per the NCAA Membership Financial Report submission and noted variations exceeding four percent when compared to prior year. The University reviewed the classification of several non-athletic awards that it previously considered to be noncountable for revenue distribution purposes and determined they should be considered countable aid under NCAA bylaws. The change in classification, along with normal expected fluctuation in aid distributed, resulted in a 32.74 percent increase in revenue distribution equivalencies for fiscal year 2020.

37. We obtained the institution'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.
38. 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.
39. We obtained a listing of student-athletes receiving Pell grant awards from the institution'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.
40. 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.

This agreed-upon procedures engagement was conducted 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, 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 George Mason 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 George Mason 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.

Staci A. Henshaw  
AUDITOR OF PUBLIC ACCOUNTS

JSS/clj

**GEORGE MASON UNIVERSITY**  
**SCHEDULE OF REVENUES AND EXPENSES OF**  
**INTERCOLLEGIATE ATHLETICS PROGRAMS**  
For the year ended June 30, 2020

	Men's Basketball	Women's Basketball	Men's Soccer	Women's Soccer	Men's Track	Women's Track	Other Sports	Non-Program Specific	Total
<b>Operating revenues:</b>									
Ticket sales	\$ 755,248	\$ 28,776	\$ 5,394	\$ 5,604	\$ -	\$ -	\$ 32,735	\$ -	\$ 827,757
Student fees	-	-	-	-	-	-	-	18,973,935	18,973,935
Direct institutional support	-	-	-	-	-	-	-	339,347	339,347
Indirect institutional support	-	-	-	-	-	-	-	1,330,369	1,330,369
Indirect institutional support - athletic facilities debt service, lease and rental fees	-	-	-	-	-	-	-	4,509,363	4,509,363
Guarantees	165,000	27,000	-	-	-	-	5,000	-	197,000
Contributions	547,722	14,539	4,480	1,570	824	916	134,266	17,778	722,095
In-Kind	17,760	3,860	-	-	-	-	-	20,757	42,377
Media rights	209,736	23,304	-	-	-	-	-	-	233,040
NCAA distributions	-	-	-	-	4,382	4,348	8,918	518,018	535,666
Conference distributions (non-media or bowl)	12,728	27,875	6,430	-	5,496	5,454	-	60,019	118,002
Program, novelty, parking, and concession sales	-	-	-	-	148	146	-	1,855	2,149
Royalties, licensing, advertisement and sponsorships	2,023,299	50,000	-	-	-	-	-	544,844	2,618,143
Athletics restricted endowment and investments income	-	-	-	-	-	-	-	57,735	57,735
Other operating revenue	18,747	737	1,090	535	9,108	9,037	14,031	66,967	120,252
Total operating revenues	3,750,240	176,091	17,394	7,709	19,958	19,901	194,950	26,440,987	30,627,230
<b>Operating expenses:</b>									
Athletic student aid	805,983	906,731	497,364	531,344	491,759	708,957	2,603,965	71,681	6,617,784
Guarantees	560,000	783	3,052	-	-	-	5,000	-	568,835
Coaching salaries, benefits, and bonuses paid by the University and related entities	1,601,198	778,095	330,820	260,929	210,805	209,158	1,761,712	-	5,152,717
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	587,912	141,405	-	-	-	-	2,836	4,958,444	5,690,597
Recruiting	96,156	83,511	13,012	18,454	7,567	7,507	109,804	-	336,011
Team travel	528,273	503,528	68,038	65,392	117,452	116,535	617,484	77,181	2,093,883
Sports equipment, uniforms, and supplies	273,992	171,387	33,519	19,274	74,922	73,567	403,379	342,918	1,392,958
Game expenses	381,030	142,291	9,063	10,796	8,383	8,317	63,873	85,990	709,743
Fundraising, marketing and promotion	307,964	-	-	-	-	-	-	174,123	482,087
Spirit groups	17,250	12,711	-	-	-	-	-	1,108	31,069
Athletic facility debt service	-	-	-	-	-	-	-	4,509,363	4,509,363
Direct overhead and administrative expenses	405,790	113,828	8,111	2,294	2,396	2,178	150,468	298,484	983,549
Indirect cost paid to the institution by athletics	-	-	-	-	-	-	-	1,330,369	1,330,369
Medical expenses and insurance	9,997	16,819	-	-	4,442	4,407	10,800	195,733	242,198
Memberships and dues	19,704	1,075	675	675	504	501	6,006	21,464	50,604
Student-Athlete meals (non-travel)	63,799	38,437	9,664	15,555	24,919	24,725	111,064	11,682	299,845
Other operating expenses	5,975	4,092	1,150	-	5,810	5,285	50,096	63,210	135,618
Total operating expenses	5,665,023	2,914,693	974,468	924,713	948,959	1,161,137	5,896,487	12,141,750	30,627,230
Excess (deficiency) of revenues over (under) expenses	\$ (1,914,783)	\$ (2,738,602)	\$ (957,074)	\$ (917,004)	\$ (929,001)	\$ (1,141,236)	\$ (5,701,537)	\$ 14,299,237	\$ -
<b>Other Reporting Items:</b>									
Total athletics-related debt									\$ 24,770,413
Total institutional debt									\$ 521,710,652
Value of athletics-dedicated endowments									\$ 2,242,851
Value of institutional endowments									\$ 138,038,291
Total athletics-related capital expenditures									\$ 83,929

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

**GEORGE MASON UNIVERSITY**  
**NOTES TO SCHEDULE OF REVENUES AND EXPENSES OF**  
**INTERCOLLEGIATE ATHLETICS PROGRAMS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**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 University's intercollegiate athletics programs for the year ended June 30, 2020. The Schedule includes both intercollegiate athletic revenues and expenses under the direct accounting control of the University and those on behalf of the University's athletic programs by outside organizations not under the University's control. 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 flows for the fiscal year ended June 30, 2020. 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. RELATED PARTY TRANSACTIONS**

The Schedule includes transactions of the Patriot Club of George Mason University Foundation, Inc. This Foundation was organized for fund-raising activities that either support the University or benefit specific schools within the University. The Foundation provided \$1,173,691 in support of University athletics in the form of direct contributions and other expenses for the fiscal year ended June 30, 2020. This amount includes \$250,000 that was received in the current fiscal year, for capital expenses incurred in the previous fiscal year. Per NCAA reporting requirements, capital expenses are not recorded in the Schedule of Revenues and Expenses.

**3. CAPITAL ASSETS**

Capital assets include land, buildings and other improvements, equipment, and infrastructure. 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 one year. Athletics follows the University policy and procedures for the approval and disposal of capital assets. Depreciation is computed using the straight-line method over the estimated useful life of the asset with no residual value.

The following comprises athletics-related property and equipment at June 30, 2020:

Buildings	\$ 90,509,192
Equipment	5,374,599
Improvements	11,002,740
Accumulated depreciation	<u>(60,120,353)</u>
Net property and equipment	<u>\$ 46,766,178</u>

#### 4. VCBA NOTES PAYABLE

The University participates in the Public Higher Education Financing Program (Pooled Bond Program) created by the Virginia General Assembly in 1996. Through the Pooled Bond Program, the Virginia College Building Authority (VCBA) issues 9(d) bonds and uses the proceeds to purchase debt obligations (notes) of the University and various other institutions of higher education. The University's general revenue secures these notes. The following schedule describes each of the athletically related notes outstanding:

Bond Title	Issue Date	Original Amount	Interest Rate	Bond Term	Final Payment Due	Balance Outstanding at June 30, 2020
PE Building, Phase I	2009	\$ 2,750,000	2.1 - 5.0%	20 Years	2021	\$ 5,000
PE Building, Phase II	2009	5,245,000	2.1 - 5.0%	20 Years	2021	15,000
Fieldhouse Life/Safety/Code Renovation	2010	1,395,000	3.75 - 5.5%	20 Years	2031	920,000
Repair Aquatic & Fitness Center HVAC	2010	2,325,000	2.0 - 5.0%	10 Years	2021	280,000
VCBA 2012 A (partial refunding of 2004A, Fairfax Aquatic Center)	2012	3,130,000	5.00%	8 Years	2021	590,000
Fieldhouse Life/Safety/Code Renovation	2012	3,060,000	4.0 - 5.0%	10 Years	2023	375,413
Renovate Fieldhouse	2013	3,230,000	1.0 - 3.5%	10 Years	2024	1,530,000
VCBA 2013 B (Refunding of 2006A, Patriot Center)	2013	7,280,000	1.0 - 4.0%	14 Years	2028	4,505,000
VCBA 2013 B (Refunding of 2009A, Patriot Center)	2013	1,845,000	1.0 - 4.0%	15 Years	2029	1,195,000
VCBA 2014 B (partial refunding of 2006A, PE Addition/Renovation)	2014	2,070,000	3.0 - 5.0%	9 Years	2024	1,270,000
VCBA 2014 B (partial refunding of 2006A, PE Addition Phase II)	2014	950,000	3.0 - 5.0%	9 Years	2024	580,000
VCBA 2014 B (partial refunding of 2007A, PE Addition)	2014	3,950,000	3.0 - 5.0%	11 Years	2026	3,105,000
VCBA 2014 B (partial refunding of 2007A, PE Addition Phase II)	2014	1,765,000	3.0 - 5.0%	11 Years	2026	1,385,000
VCBA 2015 B (partial refunding of 2009A, PE Bldg Ph I)	2015	1,580,000	3.0 - 5.0%	13 Years	2029	1,580,000
VCBA 2015 B (partial refunding of 2009A, PE Bldg Ph II)	2015	3,020,000	3.0 - 5.0%	13 Years	2029	3,020,000
VCBA 2016 A (partial refunding of 2006A, PE Addition/Renovation)	2016	1,750,000	3.0 - 5.0%	12 Years	2029	1,750,000
VCBA 2016 A (partial refunding of 2006A, PE Addition Phase II)	2016	805,000	3.0 - 5.0%	12 Years	2029	805,000
VCBA 2016 A (partial refunding of 2007A, PE Addition)	2016	1,285,000	3.0 - 5.0%	11 Years	2028	1,285,000
VCBA 2016 A (partial refunding of 2007A, PE Addition Phase II)	2016	575,000	3.0 - 5.0%	11 Years	2028	575,000
Total		<u>\$48,010,000</u>				<u>\$24,770,413</u>

The following schedule describes the total principal and interest payments due on the notes outstanding:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 3,554,813	\$ 960,250	\$ 4,515,063
2022	2,794,605	828,071	3,622,676
2023	2,905,995	705,621	3,611,616
2024	2,900,000	579,005	3,479,005
2025	2,615,000	460,910	3,075,910
2026-2030	9,900,000	773,966	10,673,966
2031	<u>100,000</u>	<u>1,788</u>	<u>101,788</u>
<b>Total</b>	<b><u>\$24,770,413</u></b>	<b><u>\$4,309,611</u></b>	<b><u>\$29,080,024</u></b>

#### 5. INDIRECT INSTITUTIONAL SUPPORT

The University provides certain facilities and services to Auxiliary Enterprises (AE). The University charges AE for these indirect costs using an AE indirect cost rate established under a program managed by the State Council of Higher Education for Virginia (SCHEV). As part of AE, the Athletics Program benefits from these indirect costs, but AE does not charge the Athletics Program for its share of these costs. In accordance with the NCAA's 2020 Agreed-Upon Procedures manual, the value of these indirect costs is reported on the Schedule of Revenues and Expenses on both the operating revenues line titled Indirect institutional support and the operating expenses line titled Indirect cost paid to the Institution by Athletics.

The University pays the debt service for Athletic Facilities but does not charge the Athletics Program for the debt service payments. In accordance with the NCAA's 2020 Agreed-Upon Procedures manual, the value of these debt service payments for the current fiscal year is reported on the Schedule of Revenues and Expenses on both the operating revenues line titled Indirect institutional support - athletic facilities debt service, lease and rental fees and the operating expenses line titled Athletic facility debt service.

## **GEORGE MASON UNIVERSITY**

As of June 30, 2020

### **BOARD OF VISITORS**

Thomas M. Davis, Rector

James W. Hazel, Vice Rector

Shawn N. Purvis, Secretary

Karen Alcalde	David Peterson
Horace L. Blackman	Nancy Gibson Prowitt
Anjan Chimaladinne	Paul J. Reagan
Stephen M. Cumbie	Edward Rice
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### **UNIVERSITY OFFICIALS**

Gregory Washington, President as of July 1, 2020

Brad Edwards, Assistant VP and Director of Intercollegiate Athletics Programs