

GEORGE MASON UNIVERSITY

**INTERCOLLEGIATE ATHLETIC PROGRAMS
FOR THE YEAR ENDED
JUNE 30, 2004**



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Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

April 21, 2005

The Honorable Mark R. Warner
Governor of Virginia

The Honorable Lacey E. Putney
Chairman, Joint Legislative Audit
And Review Commission

Alan G. Merten, Ph.D.
President, George Mason University

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

We have audited the financial statements of George Mason University as of and for the year ended June 30, 2004, and have issued our unqualified report thereon dated April 21, 2005. At the request of the President of the University, we have performed certain agreed-upon procedures to the University's Intercollegiate Athletics Programs for the fiscal year ended June 30, 2004, discussed below, solely to assist the University in complying with National Collegiate Athletics Association (NCAA) Bylaw 6.2.3.1. The University is responsible for the Intercollegiate Athletics Programs including preparation of the Schedule of Revenues and Expenditures of Intercollegiate Athletics Programs. 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.

Schedule of Revenues and Expenditures of Intercollegiate Athletics Programs – Agreed-Upon Substantive Procedures

- a. We obtained the Schedule of Revenues and Expenditures of Intercollegiate Athletics Programs (Schedule) for the year ended June 30, 2004, 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.

- b. 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.
- c. We noted no individual contributions which constituted more than ten percent of total contributions received for Intercollegiate Athletics.

Because the above procedures “a” through “c” do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on the Schedule of Revenues and Expenditures of Intercollegiate Athletics Programs or any of the accounts or items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the specified accounts or items should be adjusted. Had we performed additional procedures or had we made an audit of any financial statements of the Intercollegiate Athletics Department of George Mason University in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to the President of 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.

Internal Control Related to Intercollegiate Athletics Programs – Agreed-Upon Procedures

The management of George Mason University is responsible for establishing and maintaining internal control for its Intercollegiate Athletics Programs. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management’s authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any internal control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that procedures may become inadequate because of change in conditions, or that the degree of compliance with the procedures may deteriorate. Our procedures and findings are as follows:

- d. We reviewed an organizational chart provided by Intercollegiate Athletics Department and discussed it with appropriate personnel. We reviewed documentation of accounting systems and operating procedures. 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.
- e. We reviewed internal control over cash receipts and disbursements, including payroll, for the Intercollegiate Athletics Programs. We reviewed the relationship of internal control over Intercollegiate Athletics Programs to internal control reviewed in connection with the audit of the University’s financial statements. Our review also included those controls unique to Intercollegiate Athletics which have not been reviewed in connection with the audit of the financial statements.

- f. We reviewed the University's procedures for monitoring booster group activities and concluded that those procedures were adequate.

Agreed-upon procedures "d" through "f" applied to certain aspects of the University's internal control were more limited than would be necessary to express an opinion on internal control of George Mason University in effect for the year ended June 30, 2004, taken as a whole. Because our review and evaluation was limited to applying those agreed-upon procedures, we do not express such an opinion. In connection with applying procedures "d" through "f" above, we noted no material weaknesses relating to internal control over the Intercollegiate Athletics Program activities administered by the University.

This report is intended solely for the information and use of the University and authorized representatives of the National Collegiate Athletic Association 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

MSM/whb

SCHEDULE

GEORGE MASON UNIVERSITY
SCHEDULE OF REVENUES AND EXPENDITURES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS

For the Year Ended June 30, 2004

	Administrative and General	Men's Basketball	Women's Basketball
Operating revenue:			
University fee allocation	\$ -	\$ -	\$ -
Ticket sales and entry fees	-	215,471	14,512
Advertising	-	-	-
Other sales/services	-	20,612	-
NCAA distribution of revenue	-	-	-
Share of arena revenue	-	-	-
Gift - GMU Foundation	-	-	-
Total Operating Revenue	-	236,083	14,512
Operating expenditures:			
Personal services and fringe benefits	1,100,093	512,501	330,839
Travel, administrative and team	13,674	143,254	94,558
Recruiting expenses	-	78,975	39,242
Contractual services	93,543	53,437	36,278
Supplies	17,593	43,758	15,808
Equipment	9,794	2,547	8,209
Current charges and obligations	49,215	90	2,291
Financial aid	-	-	-
Total operating expenditures	1,283,912	834,562	527,225
Excess (deficiency) of revenue over expenditures	\$ (1,283,912)	\$ (598,479)	\$ (512,713)

*Other sports includes baseball, swimming, golf, softball, lacrosse, tennis, trap & skeet, volleyball, wrestling, crew, invitationals, tournaments and dance

The accompanying notes are an integral part of this schedule.

Men's Track	Women's Track	Men's Soccer	Women's Soccer	Other Sports*	Non- Program Specific	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,081,378	\$ 7,081,378
11,825	14,152	19,027	22,333	90,037	-	387,357
-	-	-	-	1,752	170,363	172,115
-	-	1,611	1,678	74,954	598,620	697,475
-	-	-	-	-	442,945	442,945
-	-	-	-	-	755,247	755,247
-	-	-	-	21,855	100,000	121,855
11,825	14,152	20,638	24,011	188,598	9,148,553	9,658,372
131,791	127,306	136,159	133,541	705,326	1,148,154	4,325,710
58,924	74,786	32,421	26,060	416,777	184,155	1,044,609
9,738	18,793	14,756	16,508	43,385	-	221,397
17,792	4,233	10,927	13,397	92,665	291,987	614,259
14,646	16,847	19,159	17,864	115,807	159,120	420,602
-	180	-	841	13,859	48,712	84,142
975	-	-	-	20,643	134,920	208,134
-	-	-	-	-	2,618,874	2,618,874
233,866	242,145	213,422	208,211	1,408,462	4,585,922	9,537,727
\$ (222,041)	\$ (227,993)	\$ (192,784)	\$ (184,200)	\$ (1,219,864)	\$ 4,562,631	\$ 120,645

GEORGE MASON UNIVERSITY

NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES OF

INTERCOLLEGIATE ATHLETIC PROGRAMS

AS OF JUNE 30, 2004

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenditures of Intercollegiate Athletics Programs has been prepared on the cash basis of accounting. The purpose of the Schedule is to present a summary of cash basis receipts and disbursements of the University's Intercollegiate Athletics Programs for the year ended June 30, 2004 and includes only those intercollegiate athletics receipts and disbursements under the direct 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 either the financial position, changes in financial position or changes in cash flows for the year ended. Disbursements are directly identifiable with each category presented and reported accordingly. Receipts, except for ticket sales/entry fees, are not allocated to each category and are reported in the "Administrative and General" and "Non-Program Specific" categories.

2. RELATED PARTY TRANSACTION

The Schedule does not include 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 gave the University \$121,855 for athletic scholarships and other expenses during the fiscal year ended June 30, 2004.

GEORGE MASON UNIVERSITY

BOARD OF VISITORS

June 30, 2004

Edwin Meese III
Rector

Sidney O. Dewberry
Vice Rector

Dorothy S. Gray
Secretary

David E. Anderson	Byron F. Marchant
Mel Chaskin	Long Nguyen
Edwin J. Feulner, Jr.	Leonard Pomata
Richard H. Fink	Gary J. Shapiro
Dennis Garcia	Sudhakar V. Shenoy
William Page Johnson, II	J. Knox Singleton
Teresa M. Klaassen	

Deepa Menon, Student Representative
Jessica Tiaht, Student Representative

ADMINISTRATIVE OFFICERS

Alan G. Merten, President

Maurice W. Scherrens, Senior Vice President

Thomas O'Connor, Athletic Director

Jeanne Medford, Assistant Athletic Director for Finance

