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Athletic Programs

UNIVERSITY OFFICIALS

May 8, 2000

The Honorable James S. Gilmore, III
Governor of Virginia

The Honorable Vincent F. Callahan, Jr.
Chairman, Joint Legislative Audit
and Review Commission

Douglas Covington, Ph.D.
President, Radford University

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

We have audited the financial statements of **Radford University** as of and for the year ended June 30, 1999, and have issued our unqualified report thereon dated May 8, 2000. At the request of the President of the University, we have performed certain agreed-upon procedures to the University's Intercollegiate Athletic Programs for the fiscal year ended June 30, 1999, discussed below, solely to assist the University in complying with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1. This review to apply agreed-upon procedures was performed in accordance with 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 Athletic Programs - Agreed-Upon Substantive Procedures

- a. We obtained the Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs (the Schedule) for the year ended June 30, 1999, 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 Athletic Department's accounts in the accounting records. We noted no differences between the amounts in the Intercollegiate Athletic Department's accounts in the accounting records and the amounts on the worksheets. We discussed the nature of worksheet 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 analysis and other tests using operating data and reviews of actual amounts expended in comparison to budgeted amounts.
- c. We vouched each individual contribution received directly by the University for its Intercollegiate Athletic Programs that constituted more than ten percent of the

contributions so received. Except for contributions received from Radford University Foundation, Incorporated, an affiliated organization, we noted no individual contribution that 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 any of the accounts or 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 amounts or items should be adjusted. Had we performed additional procedures or had we made an audit of any financial statements of the Intercollegiate Athletic Programs of Radford 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 Radford University or its Intercollegiate Athletic Programs taken as a whole.

Internal Control Related to Intercollegiate Athletic Programs - Agreed-Upon Procedures

The management of Radford University is responsible for establishing and maintaining internal control for its Intercollegiate Athletic 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 changes 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 the Intercollegiate Athletic 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 Athletic Programs. We reviewed the relationship of internal control over Intercollegiate Athletic 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 Radford

University in effect for the year ended June 30, 1999, 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 Athletic Program activities administered by the University.

This report is intended solely for the use of the President and Athletic Director 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

JEG:kva
kva:37

Radford University
Schedule of Revenues and Expenditures of
Intercollegiate Athletic Programs
For the Year Ended June 30, 1999

	Men's Basketball	Men's Other	Women's Basketball	Women's Other	Non-Program Specific	Total
Operating revenues:						
Ticket sales - Cash sales	\$ 2,897	\$ -	\$ 1,265	\$ -	\$ -	\$ 4,162
Ticket sales - Game proceeds	45,000	3,000	7,000	-	-	55,000
Student activity fees	-	-	-	-	3,069,117	3,069,117
Gifts - Restricted	-	-	-	-	337,200	337,200
Camps and clinics	-	-	-	-	5,690	5,690
NCAA revenue sharing	-	-	-	-	150,460	150,460
Total operating revenue	47,897	3,000	8,265	-	3,562,467	3,621,629
Operating expenditures:						
Coaches and other personal services	207,773	175,852	145,055	232,994	494,007	1,255,681
Films	160	-	-	5	81	246
Travel - Teams	41,264	69,069	41,784	62,201	16,660	230,978
Travel - Recruiting	20,616	3,236	27,544	-	14,470	65,866
Travel - Other	-	-	-	-	21,833	21,833
Financial aid	203,621	304,250	192,486	398,124	(3,525)	1,094,956
Game guarantees	11,350	-	1,500	-	-	12,850
University administrative fees (Note 3)	-	-	-	-	508,414	508,414
Maintenance and general administration	20,570	41,209	11,031	46,687	37,737	157,234
Supplies and equipment	37,609	66,585	31,010	72,155	136,365	343,724
Promotion and publicity	291	305	1,785	151	140,338	142,870
Insurance	-	-	-	-	35,670	35,670
Telephone	916	374	390	2,348	31,984	36,012
Total operating expenditures	544,170	660,880	452,585	814,665	1,434,034	3,906,334
Excess (deficiency) of revenues over (under) expenditures	\$ (496,273)	\$ (657,880)	\$ (444,320)	\$ (814,665)	\$ 2,128,433	\$ (284,705)

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

RADFORD UNIVERSITY
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES OF
INTERCOLLEGIATE ATHLETIC PROGRAMS
AS OF JUNE 30, 1999

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs (the Schedule) has been prepared on the accrual basis of accounting. The purpose of the Schedule is to present a summary of current fund revenues and expenditures of the Intercollegiate Athletic Programs of the University for the year ended June 30, 1999. The Schedule includes those intercollegiate athletics revenues and expenditures 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 the financial position, changes in fund balances, or current funds revenues and other additions, expenditures, and other deductions for the year then ended. Revenues and expenditures directly identifiable with each category of sport presented are reported accordingly. Revenue and expenditures not directly identifiable to a specific sport are reported under the category, "Non-Program Specific."

2. AFFILIATED ORGANIZATIONS

The University received \$320,780 in contributions from Radford University Foundation, Incorporated, which are included in the accompanying schedule.

3. UNIVERSITY ADMINISTRATIVE FEE

As with all auxiliary enterprises, the University charges the Athletic Department an administrative fee. Athletics paid \$508,414 during the fiscal year ended June 30, 1999, which is recorded as Non-Program Specific.

RADFORD UNIVERSITY
Radford, Virginia

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