



LONGWOOD UNIVERSITY

INTERCOLLEGIATE ATHLETICS PROGRAMS

FOR THE YEAR ENDED

JUNE 30, 2014

Auditor of Public Accounts
Martha S. Mavredes, CPA

www.apa.virginia.gov

(804) 225-3350



–TABLE OF CONTENTS–

	<u>Pages</u>
INDEPENDENT AUDITOR’S REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES	1-5
SCHEDULE	
Schedule of Revenues and Expenses of Intercollegiate Athletics Programs	6
Notes to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs	7-9
UNIVERSITY OFFICIALS	10



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

January 9, 2015

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable John C. Watkins
Chairman, Joint Legislative Audit
And Review Commission

W. Taylor Reveley, IV
President, Longwood University

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

We have performed the procedures enumerated below, which were agreed to by the President of **Longwood 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 3.2.4.16, for the year ended June 30, 2014. University 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 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 an organizational chart which we reviewed 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. 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 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. 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 (Schedule) for the year ended June 30, 2014, 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. Management made one adjustment to the Schedule based on our review and to ensure compliance with NCAA requirements. 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 revenue and expense amounts reported in the Schedule in order to determine the reasonableness of amounts reported therein. These techniques included trend analyses and review of actual amounts in comparison to budget estimates. We obtained and documented an understanding of significant variations.

Revenues

9. We performed a walkthrough of the Intercollegiate Athletics Department's ticketing policies and procedures. Revenue from ticket sales was deemed immaterial for detailed testing.
10. We compared student fees reported in the Schedule to amounts reported in the accounting records and amount from the University's comprehensive fee allocated to intercollegiate athletics. We found these amounts to be materially in agreement.
11. Intercollegiate Athletics Department 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 all games and agreed the 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 Longwood University Foundation, an affiliated organization, we noted no individual contribution which constituted more than ten percent of total contributions received for Intercollegiate Athletics Programs.
13. We agreed the listing of revenues and expenses for or on behalf of the Intercollegiate Athletics Programs by affiliated and outside organizations to total contributions in the Schedule. We found the amounts to be materially in agreement.
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. This amount was deemed immaterial for detailed testing.
15. 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 immaterial for detailed testing.
16. We obtained an understanding of the University's methodology for recording revenues from sport camps. This amount was deemed immaterial for detailed testing.

Expenses

17. 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.
18. Intercollegiate Athletics Department management provided us with settlement reports and game guarantee agreements for home games during the reporting period. We agreed the amounts to proper posting in the Schedule. This amount was deemed 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 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. 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.
21. We obtained an understanding of the University's methodology for allocating indirect facilities support and ensured that amounts reported on the Schedule agreed to amounts recorded in the accounting records.
22. Based on disbursements as listed in the accounting records, we selected and tested payments to third parties by the Intercollegiate Athletics Programs. These disbursements were for the various activities listed within the Schedule. 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 conducted an audit of any financial statements of the Intercollegiate Athletics Department of Longwood 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 Longwood 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

LONGWOOD UNIVERSITY
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating revenues:					
Ticket sales	\$ 14,251	\$ 8,397	\$ -	\$ -	\$ 22,648
Student fees	1,234,134	895,654	3,147,826	3,138,441	8,416,055
Guarantees	470,000	31,000	6,713	-	507,713
Contributions	33,688	10,786	75,224	63,305	183,003
Indirect facilities and administrative support	-	-	-	88	88
NCAA/conference distributions including all tournament revenues	-	-	-	189,644	189,644
Royalties, advertisements and sponsorships	-	-	-	203,004	203,004
Sports camp revenues	6,279	-	126,319	-	132,598
Other	-	-	23,641	96,110	119,751
Total operating revenues	<u>1,758,352</u>	<u>945,837</u>	<u>3,379,723</u>	<u>3,690,592</u>	<u>9,774,504</u>
Operating expenses:					
Athletic student aid	411,451	453,395	1,513,566	-	2,378,412
Guarantees	12,500	-	-	-	12,500
Coaching salaries, benefits, and bonuses paid by the University and related entities	457,349	335,375	1,184,575	-	1,977,299
Support staff/administrative salaries, benefits, and bonuses paid by the University and related entities	31,700	-	-	1,741,798	1,773,498
Recruiting	67,551	31,818	29,232	-	128,601
Team travel	169,613	80,533	380,839	3,504	634,489
Equipment, uniforms, and supplies	46,698	18,709	146,573	5,862	217,842
Game expenses	66,440	39,198	116,761	6,424	228,823
Fundraising, marketing and promotions	582	-	1,144	59,298	61,024
Sports camp expenses	2,833	-	94,461	-	97,294
Direct facilities, maintenance and rental	18,536	1,343	15,083	1,220,892	1,255,854
Indirect facilities and administrative support	-	-	-	88	88
Medical expenses and medical insurance	299	411	147	107,749	108,606
Memberships and dues	945	480	4,670	21,218	27,313
Other	102,164	30,820	99,774	516,203	748,961
Total operating expenses	<u>1,388,661</u>	<u>992,082</u>	<u>3,586,825</u>	<u>3,683,036</u>	<u>9,650,604</u>
Excess (deficiency) of revenues over (under) expenses	<u>\$ 369,691</u>	<u>\$ (46,245)</u>	<u>\$ (207,102)</u>	<u>\$ 7,556</u>	<u>\$ 123,900</u>

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

LONGWOOD UNIVERSITY
NOTES TO SCHEDULE OF REVENUES AND EXPENSES
INTERCOLLEGIATE ATHLETICS PROGRAMS
AS OF JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 Intercollegiate Athletics Programs of the University for the year ended June 30, 2014, and includes both those intercollegiate athletics revenues and expense under the direct accounting control of the University and those on behalf of the University's Intercollegiate Athletics 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 cash flows for the year ended June 30, 2014. 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."

B. Capital Assets

Capital assets consisting of land, buildings, equipment, infrastructure, and intangible assets are stated at cost or fair market value at date of donation. Construction in progress, equipment and intangibles in process are capitalized at actual cost as expenses are incurred. Equipment costing \$5,000 or more with a useful life greater than one year is capitalized. Software related intangibles costing \$25,000 or more and other intangibles costing \$100,000 or more are capitalized. Renovation costs are capitalized when expenses total greater than \$100,000. Normal repairs and maintenance are expensed in the year in which the expense was incurred.

Depreciation and amortization is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. The general range of estimated useful lives is 5 to 50 years for buildings and fixtures and 3 to 20 years for equipment. The general range of estimated useful lives for infrastructure is 5 to 30 years. The estimated useful life of software is 5 years, all other intangibles vary based on type and expected useful life.

The net book values for fixed assets in the Athletic department at June 30, 2014, are as follows:

Buildings	\$ 3,517,430
Equipment	517,221
Infrastructure	6,422,954
Land	1,042,794
CIP	<u>245,812</u>
Total	<u>\$11,746,211</u>

2. AFFILIATED ORGANIZATION

The University received \$183,003 from the Longwood University Foundation, Inc. to be used for the Athletics program. These contributions are included in the accompanying schedule.

3. LONG-TERM INDEBTEDNESS

The Intercollegiate Athletics Program transferred funds to the general University accounts to pay principal and interest payments on the long-term debt for the year ended June 30, 2014, as follows:

Lacrosse/Field Hockey Complex	\$ 331,657
Soccer Fields	126,419
Baseball/Softball Field	191,123
Willet Hall Renovation	118,425
Athletic Offices	<u>297,788</u>
Total	<u>\$ 1,065,412</u>

4. LONG-TERM DEBT

Long-term debt relating to intercollegiate athletics is shown below.

	Interest Rates	Maturity	Amount
Lacrosse / Field Hockey, Series 2004A	3.00 - 5.00%	2024	\$1,995,000
Soccer Fields, Series 2005A	3.75 - 5.00%	2025	1,155,000
Lancer Gym - Willet Hall, Series 2005A	3.50 - 5.00%	2025	1,095,000
Baseball / Softball 2006A	3.00 - 5.00%	2027	900,000
Lacrosse / Field Hockey, Series 2007A	3.00 - 5.00%	2028	970,000
Baseball / Softball 2007A	3.00 - 5.00%	2028	995,000
Athletic Offices	3.00 - 5.00%	2018	<u>1,330,000</u>
Total			<u>\$8,440,000</u>

Long-term debt matures as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 685,000	\$ 374,938
2016	710,000	343,156
2017	740,000	309,569
2018	780,000	274,494
2019	815,000	236,744
2020-2024	3,050,000	716,968
2025-2029	<u>1,660,000</u>	<u>100,891</u>
Total	<u>\$ 8,440,000</u>	<u>\$ 2,356,759</u>

5. ADMINISTRATIVE COST RECOVERY

In fiscal year 2014 the amount of administrative cost recovery for Intercollegiate Athletics Programs, based on the State Council of Higher Education for Virginia approved recovery rate of 15.87%, was \$583,789. Of this total, \$373,413 is included in the coaches' salaries, as well as support staff and administrative salaries and \$210,376 is included in other operating expenses on the accompanying schedule.

LONGWOOD UNIVERSITY

Farmville, Virginia

BOARD OF VISITORS

Marianne Radcliff, Rector

Edward I. Gordon	Stephen Mobley
Eric Hansen	Brad E. Schwartz
Thomas A. Johnson	Shelby J. Walker
Judi M. Lynch	Lacy Ward, Jr.
Jane S. Maddux	Robert S. Wertz, Jr.
Colleen McCrink Margiloff	Ronald White

OFFICIALS

Taylor Reveley, IV
President

Kenneth Perkins
Provost and Vice President for Academic Affairs

P. Ken Copeland
Vice President for Administration and Finance

Victoria Kindon
Vice President for Strategic Operations

Brenda Atkins
Vice President for Commonwealth Relations

Richard W. Bratcher
Vice President for Facilities Management and Real Property

Tim J. Pierson
Vice President for Student Affairs