



VIRGINIA COMMONWEALTH UNIVERSITY

INTERCOLLEGIATE ATHLETICS PROGRAMS

FOR THE YEAR ENDED

JUNE 30, 2022

Auditor of Public Accounts
Staci A. Henshaw, CPA

www.apa.virginia.gov
(804) 225-3350



–TABLE OF CONTENTS–

Pages

| | |
|---|------|
| INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES | 1-7 |
| SCHEDULE | |
| Schedule of Revenues and Expenses of Intercollegiate Athletics Programs | 8 |
| Notes to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs | 9-13 |
| UNIVERSITY OFFICIALS | 14 |



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

March 23, 2023

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Michael Rao
President, Virginia Commonwealth University

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below on **Virginia Commonwealth University's** (University) Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) for the year ended June 30, 2022. University management is responsible for the Schedule and its compliance with National Collegiate Athletic Association (NCAA) requirements.

University management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating whether the Schedule is in compliance with NCAA Constitution 3.2.4.17.1, for the year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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 and associated 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 the Intercollegiate Athletics Department, 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, 2022, 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. Certain adjustments to the Schedule were necessary to conform to NCAA reporting guidance. We discussed the nature of adjusting journal entries with

management and are satisfied that the adjustments are appropriate. While the Agreed-Upon-Procedures specify a deadline of January 15th for the completion of our work, delays in receiving the Schedule and associated supporting documentation, as well as subsequent questions regarding specific items presented in the Schedule, prevented the completion of these procedures by the required deadline.

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. Variances exceeding ten percent of prior period amounts or budget estimates are explained below:

| <u>Line Item</u> | <u>Explanation</u> |
|--|--|
| Direct institutional support | The direct institutional support revenue increase of \$4.7 million and 2,143% is attributable to funding from the University to support academic support staff salaries/benefits, tutoring wages, technology, salary inequities, NCAA legislative support, Title IX increases and operational increases. |
| Coaching salaries, benefits, and bonuses paid by the University and related entities | The increase of \$798,000 or 12.37 percent is primarily attributable to merit raise increases with corresponding fringe benefit costs and contractual increases for certain coaches. |
| Support staff/administrative salaries, benefits, and bonuses paid by the University and related entities | The increase of \$1.5 million or 13.51 percent is attributable to merit raises, off-cycle bonuses and new staff positions over the prior year resulting in an increase in employee compensation and fringe benefit costs. |

Revenues

9. We compared ticket sales revenue by sport and the related number of tickets sold, complimentary tickets provided, and unsold tickets from the ticketing system to revenue recorded in the Schedule. Revenue in the Schedule was higher by \$439,996 due to secondary sales and other online ticket processing services.
10. We compared amounts reported in the Schedule for direct state or other governmental support to state appropriations, institutional authorizations and/or other corroborative supporting documentation, and noted them to be in agreement.

11. We obtained documentation of the University'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 differences attributed to the methodology used for projecting student fee revenue.
12. We compared amounts reported in the Schedule for direct institutional support to institutional budget transfer documentation and/or other corroborative supporting documentation. We determined that the University should remove \$1,472,942 in capital transactions from the Schedule in accordance with NCAA reporting requirements. After adjustment, we determined direct institutional support revenues to be properly stated in the Schedule.
13. We obtained the amount of indirect institutional support revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
14. We obtained the amount of guarantee revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
15. Intercollegiate Athletics Department management provided us with a listing of all contributions of moneys, goods or services received directly by its 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 Virginia Commonwealth University Foundation, an affiliated organization, we noted no individual contribution which constituted more than ten percent of total contributions received for intercollegiate athletics programs. We reviewed contributions from the Virginia Commonwealth University Foundation, which exceeded ten percent of all contributions, and agreed them to supporting documentation.
16. We obtained the amount of media rights revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
17. We obtained the amounts of NCAA distribution and conference distribution (non-media and non-football bowl) revenue from the Schedule. These amounts were deemed to be immaterial for detailed testing.
18. We obtained the amount of program, novelty, parking, and concession sales revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
19. 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.

20. We obtained the amount of the athletics-restricted endowment and investments income revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
21. We obtained the amount of the other operating revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.

Expenses

22. Intercollegiate Athletics Department management provided us with a listing of 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 University'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. For one student, we identified a \$245 difference between the student accounting system and Compliance Assistant. 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.
23. We obtained the amount of guarantee expense from the Schedule. The amount was deemed to be immaterial for detailed testing.
24. 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.
25. 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.
26. We selected a sample of disbursements for team travel and direct overhead and administrative expenses. 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.

- 27. We obtained a listing of debt service payments, lease payments, and rental fees for athletics facilities for the reporting year. We selected a sample of facility payments included in the Schedule, including the two highest facility payments, and agreed them to supporting documentation.
- 28. 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

- 29. 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 athletic-related debt to supporting documentation.
- 30. We agreed total outstanding institutional debt to supporting debt schedules and the University's audited financial statements.
- 31. We agreed the fair value of athletics-dedicated endowments to supporting documentation provided by the University.
- 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 the audited financial statements of the University.
- 34. We obtained a schedule of athletics-related capital expenditures made during the period. We tested all transactions to validate the existence and accuracy of recording and recalculated totals.

Additional Procedures

- 35. We compared the sports sponsored by the University, 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. 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 no variations exceeding four percent when compared to prior year.
37. We obtained the University'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. 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 University'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 a reconciling difference of \$10,179.
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.

We were engaged by University management to perform this agreed-upon procedures engagement and conducted our engagement 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, examination, or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, 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 or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of Virginia Commonwealth University and its President 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

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VIRGINIA COMMONWEALTH UNIVERSITY
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
For the year ended June 30, 2022

| | Men's Basketball | Women's Basketball | Men's Baseball | Other Sports | Non-Program Specific | Total |
|--|-----------------------------|-------------------------------|---------------------------|------------------------|---------------------------------|---------------------|
| <u>Operating revenues:</u> | | | | | | |
| Ticket sales | \$ 1,827,856 | \$ 10,834 | \$ 33,919 | \$ 9,878 | \$ 250,098 | \$ 2,132,585 |
| Direct State or Other Government Support | 1,382,856 | 52,597 | \$ - | 341,445 | 226,501 | 2,003,399 |
| Student fees | - | - | - | - | 23,602,752 | 23,602,752 |
| Direct institutional support | - | - | - | - | 4,870,741 | 4,870,741 |
| Indirect institutional support | - | - | - | - | 288,961 | 288,961 |
| Guarantees | 25,000 | - | 10,000 | 26,500 | - | 61,500 |
| Contributions | 2,944,035 | 610 | 28,221 | 162,973 | 224,401 | 3,360,240 |
| Media rights | - | - | - | - | 235,059 | 235,059 |
| NCAA distributions | 10,500 | - | 33,750 | 6,241 | 726,037 | 776,528 |
| Conference distributions (non-media or bowl) | 10,750 | 14,023 | 26,727 | 32,086 | 1,232,234 | 1,315,820 |
| Program, novelty, parking, and concession sales | - | - | - | - | 123,560 | 123,560 |
| Royalties, licensing, advertisement and sponsorships | 1,456,715 | 5,000 | - | - | 802,967 | 2,264,682 |
| Athletics restricted endowment and investments income | 10,100 | 1,100 | 3,400 | 29,500 | 22,000 | 66,100 |
| Other operating revenue | - | - | - | 25,490 | 601,256 | 626,746 |
| Total operating revenues | <u>7,667,812</u> | <u>84,164</u> | <u>136,017</u> | <u>634,113</u> | <u>33,206,567</u> | <u>41,728,673</u> |
| <u>Operating expenses:</u> | | | | | | |
| Athletic student aid | 1,093,846 | 1,006,097 | 577,111 | 5,247,835 | 172,938 | 8,097,827 |
| Guarantees | 427,000 | 30,000 | 18,109 | 4,853 | - | 479,962 |
| Coaching salaries, benefits, and bonuses paid by the University and related entities | 3,158,078 | 1,135,506 | 448,099 | 2,508,142 | - | 7,249,825 |
| Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities | 713,826 | 368,935 | 76,309 | 142,395 | 6,398,504 | 7,699,969 |
| Recruiting | 249,541 | 83,730 | 24,374 | 204,909 | - | 562,554 |
| Team travel | 788,728 | 784,477 | 318,125 | 1,466,151 | - | 3,357,481 |
| Sports equipment, uniforms, and supplies | 165,478 | 109,011 | 99,233 | 637,890 | 133,209 | 1,144,821 |
| Game expenses | 136,818 | 83,640 | 45,023 | 69,374 | - | 334,855 |
| Fundraising, marketing and promotion | - | - | - | - | 447,968 | 447,968 |
| Spirit groups | - | - | - | - | 165,601 | 165,601 |
| Athletic facility leases and rental fees | - | - | 131,000 | 115,543 | 60,315 | 306,858 |
| Athletic facility debt service | - | - | - | - | 3,444,801 | 3,444,801 |
| Direct overhead and administrative expenses | 187,405 | 98,526 | 27,345 | 96,553 | 4,355,851 | 4,765,680 |
| Indirect cost paid to the institution by athletics | - | - | - | - | 1,114,468 | 1,114,468 |
| Indirect institutional support | - | - | - | - | 288,961 | 288,961 |
| Medical expenses and insurance | 12,589 | 36,437 | 5,602 | 63,462 | 493,542 | 611,632 |
| Memberships and dues | 1,040 | 1,691 | 506 | 8,211 | 23,802 | 35,250 |
| Student-Athlete Meals (non-travel) | 197,565 | 149,044 | 42,397 | 178,015 | - | 567,021 |
| Other operating expenses | <u>82,617</u> | <u>114,387</u> | <u>48,163</u> | <u>130,942</u> | <u>836,196</u> | <u>1,212,305</u> |
| Total operating expenses | <u>7,214,531</u> | <u>4,001,481</u> | <u>1,861,396</u> | <u>10,874,275</u> | <u>17,936,156</u> | <u>41,887,839</u> |
| Excess (deficiency) of revenues over (under) expenses | <u>\$ 453,281</u> | <u>\$ (3,917,317)</u> | <u>\$ (1,725,379)</u> | <u>\$ (10,240,162)</u> | <u>\$ 15,270,411</u> | <u>\$ (159,166)</u> |

Other Reporting Items:

| | |
|--|----------------|
| Total athletics-related debt | \$ 29,669,004 |
| Total institutional debt | \$ 543,751,987 |
| Value of athletics-dedicated endowments | \$ 90,818 |
| Value of institutional endowments | \$ 417,470,562 |
| Total athletics-related capital expenditures | \$ 828,533 |

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

VIRGINIA COMMONWEALTH UNIVERSITY
NOTES TO THE SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2022

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenses of Intercollegiate Athletic 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 athletic programs of the University for the year ended June 30, 2022. The Schedule includes those intercollegiate athletics revenues and expenses made on behalf of the University's athletics 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 the 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. ENDOWMENT

The Intercollegiate Athletics Department has one restricted endowment established for the benefit of the Department. The recorded value of the endowment totaled \$90,818 as of June 30, 2022. The University has entrusted most, including Athletics, endowment funds to the VCU Foundation, an affiliated foundation, for investment in the Foundation's investment pool. Funds transferred to the VCU Foundation are subject to the investment policies of the VCU Foundation. University and component unit endowments totaled \$417,470,562 as of June 30, 2022.

The Foundation offers no guarantees relating to loss of investment value or rate of return on investments. Further, amounts transferred to the Foundation must remain with the Foundation unless the University Board of Visitors approves the use of these invested funds for specific University purposes.

3. CAPITAL ASSETS

The Intercollegiate Athletics Department follows the same policies and procedures as the University for acquiring capital assets. Capital assets are stated at cost or, if donated, at acquisition value on the date of acquisition. Equipment costing \$5,000 or more with a useful life of two or more years is capitalized. Infrastructure assets are included in the financial statements and are depreciated. The University records depreciation on property, plant, and equipment, including long-term leases and excluding land and construction in progress, computed over the estimated useful lives of the assets based on the straight-line method. The general range of estimated useful lives is ten to 40 years for buildings and fixtures and five to 20 years for equipment. The general range of estimated useful lives is ten to 25 years for land improvements

and infrastructure. Expenditures for construction in progress are capitalized as incurred. Capital assets at the time of disposal revert to the Commonwealth of Virginia for disposition.

Athletics-related capital assets as of June 30, 2022, were as follows:

| | |
|---|----------------------|
| Non-depreciable assets: | |
| Construction in Progress | \$ 742,117 |
| Land | 3,107,764 |
| Total non-depreciable capital assets | <u>3,849,881</u> |
| Depreciable assets: | |
| Land improvements | 5,334,308 |
| Buildings | 65,252,993 |
| Equipment | 2,293,215 |
| Total depreciable assets, at cost | <u>72,880,516</u> |
| Less accumulated depreciation: | |
| Land improvements | 5,197,558 |
| Buildings | 31,841,320 |
| Equipment | 1,878,046 |
| Total accumulated depreciation | <u>38,916,924</u> |
| Total depreciable capital assets net of accumulated depreciation | 33,963,592 |
| Total capital assets, net of accumulated depreciation | <u>\$ 37,813,473</u> |

Total athletics related capital expenditures for the fiscal year ending June 30, 2022, were \$828,533.

4. DEBT REPAYMENT SCHEDULE

General Revenue Pledge Bonds were issued to fund the capital construction of a basketball training facility in June 2015, totaling \$10,384,615. The bonds carry an interest rate of 2.03 percent and are due May 1, 2030. In November 2018, additional general revenue pledge bonds were issued in the amount of \$6,695,000 also for the basketball training facility. These carry an interest rate of four percent and are due May 2048.

The debt maturity schedule and summary of future interest requirements is as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> |
|--------------------|----------------------|---------------------|
| 2023 | \$ 688,642 | \$ 387,843 |
| 2024 | 701,923 | 373,868 |
| 2025 | 715,385 | 359,618 |
| 2026 | 730,769 | 345,096 |
| 2027 | 746,154 | 330,262 |
| 2028 - 2032 | 2,330,769 | 1,434,254 |
| 2033 - 2037 | 0 | 1,339,000 |
| 2038 - 2042 | 0 | 1,339,000 |
| 2043 - 2047 | 0 | 1,339,000 |
| 2048 - 2052 | 6,695,000 | 267,800 |
| | <u>\$ 12,608,642</u> | <u>\$ 7,515,741</u> |

General Revenue Pledge Bonds were issued to fund the capital construction of the athletics village location #1 in June 2020, totaling \$11,778,000. The bonds carry an interest rate of 3.12 percent and are due November 1, 2050. The University's debt repayment schedule calls for a lump sum principal payment in fiscal year 2051. Athletics entered into an internal loan agreement with the University to provide annual funding towards the bond obligation starting in March 2020. This loan is due May 1, 2050, and carries an interest rate of 4.039 percent.

The internal loan debt maturity schedule and summary of future interest requirements is as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> |
|--------------------|----------------------|---------------------|
| 2023 | \$ 225,833 | \$ 458,519 |
| 2024 | 234,954 | 449,398 |
| 2025 | 244,444 | 439,908 |
| 2026 | 254,317 | 430,035 |
| 2027 | 264,589 | 419,763 |
| 2028 - 2032 | 1,492,143 | 1,929,616 |
| 2033 - 2037 | 1,818,827 | 1,602,932 |
| 2038 - 2042 | 2,217,034 | 1,204,726 |
| 2043 - 2047 | 2,702,422 | 719,338 |
| 2048 - 2052 | 1,897,734 | 155,322 |
| | <u>\$ 11,352,397</u> | <u>\$ 7,809,557</u> |

In fiscal year 2021, Athletics entered into an internal loan agreement with the University to provide financing for the capital construction of the athletics village location #2, totaling \$4,261,049. The debt maturity schedule and summary of future interest requirements is as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> |
|--------------------|---------------------|---------------------|
| 2023 | \$ 158,729 | \$ 155,918 |
| 2024 | 165,142 | 149,505 |
| 2025 | 171,814 | 142,833 |
| 2026 | 178,755 | 135,892 |
| 2027 | 185,977 | 128,670 |
| 2028 - 2032 | 1,048,843 | 524,392 |
| 2033 - 2037 | 1,278,534 | 294,701 |
| 2038 - 2042 | 671,553 | 46,076 |
| | <u>\$ 3,859,347</u> | <u>\$ 1,577,987</u> |

An installment purchase contract was entered into to acquire capital equipment. The debt maturity schedule and summary of future interest requirements is as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> |
|--------------------|-------------------|------------------|
| 2023 | \$ 196,089 | \$ 8,827 |
| 2024 | 200,039 | 4,877 |
| 2025 | 135,594 | 1,017 |
| | <u>\$ 531,722</u> | <u>\$ 14,721</u> |

In fiscal year 2019, Athletics entered into a fixed rate internal loan agreement with the University to provide financing for the Siegel Center chiller replacement. The debt maturity schedule and summary of future interest requirements is as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> |
|--------------------|---------------------|------------------|
| 2023 | \$ 645,551 | \$ 53,201 |
| 2024 | 671,625 | 27,127 |
| | <u>\$ 1,317,176</u> | <u>\$ 80,328</u> |

Total University debt totaled \$543,751,987 as of June 30, 2022.

5. CONTRIBUTIONS

During the fiscal year ended June 30, 2022, the University received \$3,267,974 of Athletics-related contributions from the Virginia Commonwealth University Foundation to support operations. This constituted ten percent or more of total contributions. The majority of these contributions are included in revenue as “contributions” and additional amounts are included in various revenue and expense lines. Contributions received by the University from the Foundation for Athletics related capital projects are not included in this schedule.

6. OPERATING DEFICIT

Auxiliary Enterprise Programs are essentially run as businesses and expenses must remain within revenues and accumulated fund balances. The Commonwealth has established guidelines requiring units to set aside an amount from current year operations as a reserve to be used to fund revenue shortfalls and special needs (primarily equipment replacement), facility repairs and renovations. Budget administration policies for Auxiliary Enterprise Programs address the annual operating budget and the use of fund balances for both State and University Auxiliary funds. Within the scope of these policies, the operating deficit in the fiscal year ending June 30, 2022, was covered by these reserves.

VIRGINIA COMMONWEALTH UNIVERSITY

As of June 30, 2022

BOARD OF VISITORS

H. Benson Dendy III
Rector

Carolina Espinal
Vice Rector

Todd P. Haymore
Secretary

| | |
|-----------------------------|----------------------|
| Anthony R. Bedell | Edward L. McCoy |
| Peter Farrell | Tyrone E. Nelson |
| Ellen Fitzsimmons | Keith T. Parker |
| Andrew C. Florance | Tonya Parris-Wilkins |
| Dale Jones | Clifton Peay |
| Carmen Lomellin | Alexis Swann |
| Shantaram Talegaonkar, M.D. | |

UNIVERSITY OFFICIALS

Michael Rao
President

Karol Gray
Vice President and Chief Financial Officer

Edward McLaughlin
Director of Intercollegiate Athletics Programs