



**OLD DOMINION UNIVERSITY**

**INTERCOLLEGIATE ATHLETICS PROGRAMS  
FOR THE YEAR ENDED  
JUNE 30, 2013**

– TABLE OF CONTENTS –

	<u>Pages</u>
INDEPENDENT AUDITOR’S REPORT ON APPLICATION OF AGREED-UPON PROCEDURES	1-4
SCHEDULE	
Schedule of Revenues and Expenses of Intercollegiate Athletics Programs	5
Notes to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs	6-8
UNIVERSITY OFFICIALS	9



# Commonwealth of Virginia

## *Auditor of Public Accounts*

Martha S. Mavredes, CPA  
Auditor of Public Accounts

P.O. Box 1295  
Richmond, Virginia 23218

November 5, 2013

The Honorable Robert F. McDonnell  
Governor of Virginia

The Honorable John M. O'Bannon III  
Chairman, Joint Legislative Audit  
And Review Commission

John R. Broderick  
President, Old Dominion 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 **Old Dominion 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, 2013. 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, 2013, 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. We noted no differences between the amounts in the Intercollegiate 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.
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. Intercollegiate Athletics Department management provided us with a reconciliation of tickets sold during the reporting period along with complimentary tickets and unsold tickets to the revenue recorded in the Schedule and related attendance figures. We reviewed the ticket and attendance reconciliations for selected games and found such reconciliations to be accurate. We also reviewed reconciliations of ticket sales and revenue to the accounting records for selected periods and found those reconciliations to be accurate.
10. We compared student fees reported in the Schedule to amounts reported in the accounting records and amounts 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. Game Guarantees were deemed to be immaterial for detailed testing.
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 Old Dominion Athletic Foundation, an affiliated organization, we noted no individual contribution which constituted more than ten percent of total contributions received for Intercollegiate Athletics Programs.
13. From the summary of revenues and expenses for or on behalf of the Intercollegiate Athletics Programs by affiliated and outside organizations, we selected individual contribution amounts and agreed each selection to supporting documentation and proper posting in the accounting records. We found all reviewed transactions to be 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. The related revenue was deemed to be 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 broadcast, television, radio, and internet rights. The related revenue was deemed to be immaterial for detailed testing.
16. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from royalties, advertisements, and sponsorships. The related revenue was deemed to be immaterial for detailed testing.
17. We obtained an understanding of the University's methodology for recording revenues from sport camps and inspected any sports camp contracts between the University and persons conducting sport camps or clinics during the reporting period. The related revenue was deemed to be immaterial for detailed testing.
18. We obtained and inspected endowment agreements to gain an understanding of the relevant terms and conditions of the agreement. The related revenue was deemed to be immaterial for detailed testing.

#### Expenses

19. 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.
20. Intercollegiate Athletics Department management provided us with settlement reports and game guarantee agreements for home games during the reporting period. The related expense was deemed to be immaterial for detailed testing.

21. 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.
22. 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.
23. 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.
24. 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 Old Dominion 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 Old Dominion 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

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OLD DOMINION UNIVERSITY  
SCHEDULE OF REVENUES AND EXPENSES OF  
INTERCOLLEGIATE ATHLETICS PROGRAMS  
For the year ended June 30, 2013

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
<b>Operating Revenues:</b>						
Ticket Sales	\$ 2,256,602	\$ 923,954	\$ 153,617	\$ 31,683	\$ -	\$ 3,365,856
Student Fees	-	-	-	-	27,089,358	27,089,358
Guarantees	-	-	-	9,500	-	9,500
Contributions	1,302,679	440,426	200,362	455,898	1,406,943	3,806,308
NCAA/Conference Distributions Including All Tournament Revenue	16,900	-	-	24,504	757,155	798,559
Broadcast, Television, Radio and Internet Rights	51,259	55,310	16,144	-	-	122,713
Program Sales, Concession, Novelty Sales, and Parking	93,470	-	-	-	-	93,470
Royalties, Licensing, Advertisements, and Sponsorships	65,582	9,876	4,875	25,176	582,652	688,161
Sports Camp Revenues	1,368	1,408	678	6,154	-	9,608
Endowment and Investment Income	-	-	-	-	1,457	1,457
Other	-	71,771	71,771	-	800,951	944,493
<b>Total Operating Revenue</b>	<u>3,787,860</u>	<u>1,502,745</u>	<u>447,447</u>	<u>552,915</u>	<u>30,638,516</u>	<u>36,929,483</u>
<b>Operating Expenses:</b>						
Athletics Student Aid	2,015,466	434,745	476,361	3,897,655	29,140	6,853,367
Guarantees	135,000	65,000	59,745	1,500	-	261,245
Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities	1,493,760	963,657	589,095	2,722,565	-	5,769,077
Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities	302,406	130,467	136,633	68,121	4,861,360	5,498,987
Recruiting	241,647	95,024	80,789	166,359	4,408	588,227
Team Travel	475,073	379,432	192,905	1,141,219	-	2,188,629
Equipment, Uniforms and Supplies	357,025	42,521	58,476	407,271	307,007	1,172,300
Game Expenses	419,975	371,712	222,733	153,352	4,845	1,172,617
Fund Raising, Marketing and Promotion	39,482	9,875	4,875	12,000	435,418	501,650
Sport Camp Expenses	-	89	-	14,520	8	14,617
Direct Facilities, Maintenance and Rental	349,509	-	192	25,564	6,298,049	6,673,314
Spirit Groups	-	-	-	-	47,465	47,465
Medical Expenses and Medical Insurance	17,012	4,207	2,486	1,800	200,704	226,209
Membership and Dues	31,500	-	885	14,175	829,931	876,491
Other Operating Expenses	214,947	32,824	52,653	303,207	3,113,629	3,717,260
<b>Total Operating Expenses</b>	<u>6,092,802</u>	<u>2,529,553</u>	<u>1,877,828</u>	<u>8,929,308</u>	<u>16,131,964</u>	<u>35,561,455</u>
Transfers to Institution	-	-	-	-	1,650,000	1,650,000
<b>Total Expenses</b>	<u>6,092,802</u>	<u>2,529,553</u>	<u>1,877,828</u>	<u>8,929,308</u>	<u>17,781,964</u>	<u>37,211,455</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenses</b>	<u>\$ (2,304,942)</u>	<u>\$ (1,026,808)</u>	<u>\$ (1,430,381)</u>	<u>\$ (8,376,393)</u>	<u>\$ 12,856,552</u>	<u>\$ (281,972)</u>

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

OLD DOMINION UNIVERSITY  
NOTES TO SCHEDULE OF REVENUES AND EXPENSES OF  
INTERCOLLEGIATE ATHLETICS PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 2013

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 intercollegiate athletics programs of the University for the year ended June 30, 2013. 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. AFFILIATED ORGANIZATIONS

The University received \$3,258,994 from the Old Dominion Athletic Foundation and the Old Dominion University Educational and Real Estate Foundations. Approximately \$2,743,892 of these funds was for scholarships for student-athletes. Additionally, the Athletic Foundation provided in-kind contributions valued at \$547,314 to the University for intercollegiate programs. The amount received is included in the accompanying schedule in Contributions revenue.

3. CAPITAL ASSETS

The University's capital assets include land, buildings and other improvements, and equipment. 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, including assets acquired under the Higher Education Equipment Trust Fund. Such assets are recorded at actual cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Expenses for major capital assets and improvements (construction in progress) are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to an asset's value or materially extend its useful life are not capitalized.

Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. Useful lives by asset categories are listed below:

Buildings	5-50 years
Other improvements and infrastructure	4-30 years
Equipment	2-25 years



A summary of the various capital asset categories relating to Athletics for the year ending June 30, 2013, is presented as follows:

	<u>Ending Balance</u>
<b>Nondepreciable Capital Assets:</b>	
Land	\$ 539,000
Construction in progress	<u>215,211</u>
Total Nondepreciable Capital Assets	<u>754,211</u>
<b>Depreciable Capital Assets:</b>	
Buildings	72,331,891
Equipment	4,121,373
Improvements other than building	<u>2,606,911</u>
Total Depreciable Capital Assets	<u>79,060,175</u>
<b>Less Accumulated Depreciation For:</b>	
Buildings	16,118,679
Equipment	2,122,601
Improvements other than building	<u>499,592</u>
Total Accumulated Depreciation	<u>18,740,872</u>
Depreciable Capital Assets, net	<u>60,319,303</u>
Total Capital Assets, net	<u>\$ 61,073,514</u>

#### 4. LONG-TERM DEBT

Long-term debt relating to Athletics:

Description	Interest Rates	Maturity	As of June 30, 2013
Revenue Bonds:			
Recreation, Series 2004B	3.00% - 5.00%	2017	\$ 3,505,000
Recreation, Series 2004B	3.00% - 5.00%	2020	480,000
Recreation, Series 2007B	4.00% - 4.25%	2018	413,781
Recreation, Series 2007B	4.00% - 4.50%	2020	6,718,256
Recreation, Series 2010B	2.00% - 5.00%	2020	630,000
Recreation, Series 2010B	2.00% - 5.00%	2021	<u>8,465,000</u>
Total Convocation Center			20,212,037
Percent used by Athletics			<u>20%</u>
Portion of Convocation Center			<u>4,042,408</u>
Athletic Fac. Exp., Series 2004A	3.00% - 5.00%	2025	205,000
Indoor Tennis Court, Series 2004A	3.00% - 5.00%	2025	130,000

Athletic Fac. Exp., Series 2005 A	3.50% - 5.00%	2026	905,000
Indoor Tennis Court, Series 2005A	3.50% - 5.00%	2026	695,000
Athletic Fac. Exp., Series 2006A	3.00% - 5.00%	2027	780,000
Indoor Tennis Court, Series 2006A	3.00% - 5.00%	2027	185,000
Athletic Fac. Exp., Series 2007A	4.50% - 5.00%	2028	400,000
Indoor Tennis Court, Series 2007A	4.50% - 5.00%	2028	210,000
Powhatan Sports Ctr, Series 2007A	4.50% - 5.00%	2028	5,405,000
Powhatan Sports Ctr, Series 2009A	2.10% - 5.00%	2029	24,105,000
Powhatan Sports Ctr, Series 2010A	2.00% - 5.50%	2030	860,000
Athletic Fac. Exp., Series 2012A	3.00% - 5.00%	2024	1,330,000
Athletic Fac. Exp., Series 2012A	3.00% - 5.00%	2024	1,645,000
Indoor Tennis Court, Series 2012A	3.00% - 5.00%	2024	820,000
Indoor Tennis Court, Series 2012A	3.00% - 5.00%	2024	<u>1,280,000</u>
Total			<u>38,955,000</u>
Total Revenue Bonds			<u>\$ 42,997,408</u>
Installment Purchases			<u>\$ 83,032</u>
Amortized Bond Premium			<u>\$ 2,724,955</u>
Deferred Loss on Early Retirement of Debt			<u>\$ (656,135)</u>

Long-term debt matures as follows:

	<u>Principal</u>	<u>Interest</u>
2014	\$ 2,272,339	\$ 1,962,142
2015	2,358,339	1,860,546
2016	2,465,339	1,753,742
2017	2,575,104	1,639,603
2018	2,689,287	1,522,903
2019-2023	14,312,000	5,635,665
2024-2028	14,035,000	2,203,562
2029-2033	<u>2,290,000</u>	<u>67,643</u>
Total	<u>\$ 42,997,408</u>	<u>\$ 16,645,806</u>

##### 5. ALLOCATION OF ATHLETIC OVERHEAD COSTS

The University recovers a percentage of each auxiliary enterprise's expenses, including athletics, to cover overhead costs such as utilities and custodial services. In the fiscal year ended June 30, 2013, the overhead rate charged to athletics and other auxiliary enterprise was 11.41 percent. This amount is included in Other Operating Expenses.

OLD DOMINION UNIVERSITY

Norfolk, Virginia

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