

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA

**INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED
JUNE 30, 2009**

APA

**Auditor of
Public Accounts**

COMMONWEALTH OF VIRGINIA

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Commonwealth of Virginia

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

Walter J. Kucharski, Auditor

January 14, 2010

The Honorable Timothy M. Kaine
Governor of Virginia

The Honorable M. Kirkland Cox
Chairman, Joint Legislative Audit
And Review Commission

W. Taylor Reveley, III
President, The College of William and Mary in Virginia

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

We have performed the procedures enumerated below, which were agreed to by the President of **The College of William and Mary in Virginia**, solely to assist the College in evaluating whether the accompanying Schedule of Revenues and Expenses of Intercollegiate Athletics Programs of the College is in compliance with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3, for the year ended June 30, 2009. The College's 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 College. 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 audits of the College'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 College's financial statements.

2. We reviewed an organizational chart provided by the Intercollegiate Athletics Department and discussed it 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. The College 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. The Intercollegiate Athletics Department 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. We obtained any additional reports regarding internal control matters identified during the independent audits of affiliated and outside organizations and inquired as to the corrective action taken in response to such comments. We noted that the affiliated organizations had been audited by independent public accountants and we were not made aware of any internal control findings.

Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

7. We obtained the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) for the year ended June 30, 2009, as prepared by the College 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 Intercollegiate Athletics 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.
8. 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.

Revenues

9. We compared each major revenue account to prior period amounts and budget estimates. We obtained and documented an understanding of all significant variances.
10. 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 these

reconciliations for selected games and found such reconciliations to be accurate and agreed to amounts recorded as ticket revenue for those games.

11. 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 materially in agreement.
12. Intercollegiate Athletics Program 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 selected games and verified the mathematical accuracy and coding of the settlement reports and game guarantee agreements. We found that revenue was properly computed and deposited promptly and intact.
13. Intercollegiate Athletics Department management provided us with a listing of all contributions of moneys, goods or services received directly by the Intercollegiate Athletics Department 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. We vouched each individual contribution received directly by the College for its intercollegiate athletics programs that constituted more than ten percent of the contributions so received. Except for contributions received from the William and Mary Athletic Educational Foundation, an affiliated organization, we noted no individual contribution which constituted more than ten percent of total contributions received for intercollegiate athletics.
14. From the summary of revenues and expenses for or on behalf of the intercollegiate athletics programs by affiliated and outside organizations, we selected and tested receipts of such revenue and agreed each selection to supporting documentation and proper posting in the accounting records. We found all reviewed transactions to be in agreement.
15. 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. We inspected the agreements and verified the mathematical accuracy and coding of the distribution amounts. We found that revenue was properly computed and deposited promptly and intact.
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. We selected and tested receipts of such revenue and, for those items, we inspected the agreements and verified the mathematical accuracy and coding of the payment amounts. This amount was deemed to be immaterial for detailed testing.
17. We obtained an understanding of the College's methodology for recording revenues from sports camps and inspected any sports camps contracts between the College and persons conducting sports camps or clinics during reporting period. This amount was deemed to be immaterial for detailed testing.
18. Based on receipts as listed in the accounting records, we selected and tested collections by the intercollegiate athletics program. We compared and agreed the selected operating receipts to adequate supporting documentation. We found all reviewed amounts to be in agreement with supporting documentation and properly recorded in the accounting records.

Expenses

19. We compared each major expense account to prior period amounts and budget estimates. We obtained and documented an understanding of all significant variances.
20. 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
21. Intercollegiate Athletics Department management provided us with settlement reports and game guarantee agreements for home games during the reporting period. We reviewed these settlement reports and guarantee agreements for selected games and verified the mathematical accuracy and coding of the settlement reports and game guarantee agreements. We found all reviewed amounts to be properly approved, in agreement with supporting documentation, and properly recorded in the accounting records.
22. Intercollegiate Athletics Department management provided us with a listing of coaches, support staff, and administrative personnel employed and paid by the College during the reporting period. We selected and tested individuals and compared amounts paid for two pay periods or a bonus payment 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.
23. We discussed the College's recruiting expense and team travel policies with Intercollegiate Athletics Department management and documented an understanding of those policies.
24. We obtained an understanding of the College's methodology for allocating indirect facilities support and ensured that amounts reported on the Schedule agreed to amounts recorded in the accounting records.
25. Based on disbursements as listed in the accounting records, we selected and tested payments to third parties by the intercollegiate athletics program. These disbursements were for supplies, equipment, travel, and other general expenses. 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 made an audit of any financial statements of the Intercollegiate Athletics Department of the College in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to the College. This report relates only to the accounts and items specified above and do not extend to the financial statements of The College of William and Mary in Virginia or its Intercollegiate Athletics Department taken as a whole.

This report is intended solely for the information and use of the President and the College 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

JS/alh

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS

For the Year Ended June 30, 2009

	Football	Men's Basketball	Women's Basketball	Other* Sports	Administrative and General	Total
Operating revenues:						
Student fees	\$ -	\$ -	\$ -	\$ -	\$ 9,245,324	\$ 9,245,324
Contributions	1,491,835	441,372	148,662	720,054	386,803	3,188,726
Endowment and investment income	733,402	193,432	144,277	851,561	86,292	2,008,964
Ticket sales	612,236	151,567	10,596	36,264	-	810,663
Game guarantees	260,000	155,000	9,000	3,000	-	427,000
Direct institutional support	-	-	-	300,000	-	300,000
NCAA and conference distributions	124,080	109,267	39,448	484,885	79,080	836,760
Program sales, concessions, novelty sales and parking	22,561	3,855	553	1,102	-	28,071
Royalties, advertisements and sponsorships	205,955	35,505	35,505	39,049	128,031	444,045
Sports camp revenues	-	-	4,351	-	54,261	58,612
Other	-	-	-	114,365	210,153	324,518
Total operating revenues	\$ 3,450,069	\$ 1,089,998	\$ 392,392	\$ 2,550,280	\$ 10,189,944	17,672,683
Operating expenses:						
Athletics student aid	1,830,888	410,926	547,208	2,866,949	7,500	5,663,471
Game guarantees	105,000	33,500	600	-	-	139,100
Coaching salaries, benefits, and bonuses paid by the College and related entities	825,964	470,418	289,995	1,479,273	-	3,065,650
Support staff and administrative salaries, benefits, and bonuses paid by the College and related entities	49,133	16,047	17,745	168,599	2,251,273	2,502,797
Recruiting	113,649	71,455	52,949	116,182	157,906	512,141
Team travel	161,991	95,447	77,562	744,125	-	1,079,125
Equipment, uniforms and supplies	122,418	50,563	34,220	282,607	145,827	635,635
Game expenses	-	-	-	-	399,233	399,233
Fund raising, marketing and promotion	-	-	-	4,590	56,335	60,925
Direct facilities, maintenance and rental	756,774	5,151	9,306	250,447	1,049,938	2,071,616
Spirit groups	-	-	-	-	7,611	7,611
Medical expenses and insurance	9,849	250	225	12,808	125,848	148,980
Memberships and dues	2,463	6,015	9,261	79,789	207,786	305,314
Other	64,190	49,690	44,147	166,860	670,729	995,616
Total operating expenses	\$ 4,042,319	\$ 1,209,462	\$ 1,083,218	\$ 6,172,229	\$ 5,079,986	17,587,214
Excess/(deficiency) of operating revenues over/(under) operating expenses						<u>\$ 85,469</u>

* Other sports include baseball, field hockey, golf, gymnastics, lacrosse, soccer, swimming, tennis, track and field, and volleyball.

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

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA
NOTES TO SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2009

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 College for the year ended June 30, 2009. The Schedule includes those intercollegiate athletics revenues and expenditures made in behalf of the College on behalf of the College's intercollegiate athletics programs by outside organizations not under the accounting control of the College. Because the Schedule presents only a selected portion of the activities of the College, 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 that are directly identifiable with each category presented are reported accordingly. Revenues and expenses not directly identifiable to a specific sport are reported under the category "Administrative and General."

2. CONTRIBUTIONS

The Athletic Educational Foundation (AEF) of The College of William and Mary in Virginia, Incorporated, raises funds and collects contributions for the benefit of the Intercollegiate Athletics Department. The College received \$2,794,094 from the AEF during the year ended June 30, 2009, including \$424,094 for debt payments on the new Laycock football training facilities.

The Athletic Educational Foundation of the College of William and Mary in Virginia, Incorporated, receives directly from various individuals and businesses, donations in the form of goods or services for the athletic program. The College received \$394,632 in donations during the year ended June 30, 2009.

3. ENDOWMENT AND INVESTMENT INCOME

The College of William and Mary Foundation is authorized to receive and administer gifts and bequests of all kinds. The Foundation makes such resources available to the College, which may be drawn as needed by the College within the Association's budgetary restrictions. The College received \$2,008,964 from the Foundation for the benefit of the Intercollegiate Athletics Department for the year ended June 30, 2009.

4. CAPITAL ASSETS

Capital assets are recorded at historical cost at the date of acquisition or, in the case of gifts, fair market value at the date of donation. Construction expenses for capital assets and improvements are capitalized when expended. The College's capitalization policy on equipment includes all items with

an estimated useful life of two years or more. The Williamsburg campus capitalizes all items with a unit price greater than or equal to \$2,000.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings	40-50 years
Equipment	2-30 years

A summary of the capital asset ending balances net of accumulated depreciation for the year ending June 30, 2009 is as follows:

Depreciable capital assets:	
Buildings	\$26,077,180
Equipment	<u>2,462,733</u>
Total depreciable capital assets	<u>28,539,913</u>
Less accumulated depreciation for:	
Buildings	7,773,308
Equipment	<u>1,169,759</u>
Total accumulated depreciation	<u>8,943,067</u>
Total capital assets, net	<u>\$19,596,846</u>

5. LONG-TERM DEBT

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

<u>Description</u>	<u>Interest Rates (%)</u>	<u>Maturity</u>	<u>Balance as of June 30, 2009</u>	<u>% used by Athletics</u>	<u>Athletics Balance June 30, 2009</u>
Section 9(d) Bonds:					
William and Mary Hall, Series 2004B	3.000-5.000	2016	\$ 1,020,000	85%	\$ 867,000
William and Mary Hall, Series 2007B	4.000-4.250	2018	165,000	85%	140,250
Recreation Sports Center, Series 2003A	2.000-5.000	2024	795,000	15%	119,250
Recreation Sports Center, Series 2004A	3.500-5.000	2025	6,715,000	15%	1,007,250
Recreation Sports Center, Series 2005A	3.500-5.000	2026	2,330,000	15%	349,500
Improve Athletics Facilities, Series 2005A	3.500-5.000	2026	3,185,000	100%	3,185,000
Improve Athletics Facilities, Series 2006A	3.000-5.000	2027	730,000	100%	730,000
J. Laycock Football Facility, Series 2006A	3.000-5.000	2027	5,260,000	100%	<u>5,260,000</u>
Total					<u>\$11,658,250</u>

Long-term debt matures as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 490,750	\$ 539,188
2011	509,500	517,433
2012	536,000	491,695
2013	568,250	464,089
2014	590,500	435,120
2015-2019	3,320,750	1,690,861
2020-2024	3,592,000	850,147
2025-2027	<u>2,050,500</u>	<u>96,372</u>
Total	<u>\$11,658,250</u>	<u>\$5,084,905</u>

6. **INDIRECT COSTS**

The College recovers a percentage of each auxiliary enterprise's expenditures, including athletics, to cover overhead costs such as utilities and custodial services. In the fiscal year ended June 30, 2009 the overhead rate charged to athletics and other auxiliary enterprise was 22.39 percent. This amount is included in direct facilities, maintenance, and rental expenses, under the category "Administrative and General."

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA

Williamsburg, Virginia

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Daniel D. Wakely, Assistant Athletic Director
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