

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA

**INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED
JUNE 30, 2010**

APA

**Auditor of
Public Accounts**

COMMONWEALTH OF VIRGINIA

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Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
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January 3, 2011

The Honorable Robert F. McDonnell
Governor of Virginia

The Honorable Charles J. Colgan
Chairman, Joint Legislative Audit
And Review Commission

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

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 3.2.4.16.1, for the year ended June 30, 2010. 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 audits 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. 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. 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, 2010, 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 work sheet 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. We also reviewed reconciliations of ticket sales and revenue to the accounting records for selected periods and found those reconciliations to be accurate.
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 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 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 broadcast, television, radio, and internet rights. We inspected the agreements and verified the mathematical accuracy and coding of the revenue amounts. This amount was deemed to be immaterial for detailed testing.
17. 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 to be immaterial for detailed testing.
18. We obtained an understanding of the College's methodology for recording revenues from sport camps. This amount was deemed to be immaterial for detailed testing.
19. 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

20. We compared each major expense account to prior period amounts and budget estimates. We obtained and documented an understanding of all significant variances.
21. 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.

22. 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.
23. 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 one pay period 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.
24. Intercollegiate Athletics Department management provided us with a listing of severance payments made during the reporting period. This amount was deemed to be immaterial for detailed testing.
25. We discussed the College's recruiting expense and team travel policies with Intercollegiate Athletics Department management and documented an understanding of those policies.
26. 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.
27. 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 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 of William and Mary, 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 does not extend to the financial statements of the College of William and Mary 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

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SCHEDULE

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
For the Year Ended June 30, 2010

	Football	Men's Basketball	Women's Basketball	Other* Sports	Administrative and General	Total
Operating revenues:						
Student fees	\$ -	\$ -	\$ -	\$ -	\$ 9,219,937	\$ 9,219,937
Contributions	1,548,236	356,671	111,674	402,270	406,828	2,825,679
Endowment and investment income	711,675	189,365	134,625	817,992	80,316	1,933,973
Ticket sales	692,677	189,236	9,702	39,647	-	931,262
Guarantees	315,000	215,000	43,000	23,417	-	596,417
Direct institutional support	1,823	-	-	300,000	2,976	304,799
Indirect facilities and administrative support	64,200	33,955	26,686	246,980	54,543	426,364
NCAA and conference distributions	231,221	127,062	43,168	518,521	95,246	1,015,218
Broadcast, television, radio and internet rights	-	-	-	-	2,253	2,253
Program sales, concessions, novelty sales and parking	20,849	2,903	655	848	-	25,255
Royalties, advertisements and sponsorships	227,904	38,223	37,497	43,605	133,023	480,252
Sports camps	-	-	1,966	-	47,195	49,161
Other	11,884	-	-	129,521	164,740	306,145
Total operating revenues	\$ 3,825,469	\$ 1,152,415	\$ 408,973	\$ 2,522,801	\$ 10,207,057	18,116,715
Operating expenses:						
Athletics student aid	1,913,588	439,018	556,315	3,197,967	16,500	6,123,388
Guarantees	110,046	4,177	-	14,423	-	128,646
Coaching salaries, benefits, and bonuses paid by the College and related entities	785,789	464,622	286,201	1,691,848	-	3,228,460
Support staff and administrative salaries, benefits and bonuses paid by the College and related entities	56,194	32,192	24,035	5,490	2,487,071	2,604,982
Severance payments	-	-	-	-	4,185	4,185
Recruiting	102,394	61,891	50,339	99,956	-	314,580
Team travel	313,504	154,630	94,447	761,826	-	1,324,407
Equipment, uniforms and supplies	169,487	36,375	24,763	262,815	66,360	559,800
Game expenses	161,183	79,522	47,184	169,635	-	457,524
Fund raising, marketing and promotion	18,232	24,479	6,247	-	389,556	438,514
Direct facilities, maintenance and rental	752,664	5,757	-	232,547	45,021	1,035,989
Spirit groups	-	-	426	-	59,276	59,702
Indirect facilities and administrative support	64,200	33,955	26,686	246,980	54,543	426,364
Medical expenses and insurance	3,673	4,176	911	2,884	183,715	195,359
Memberships and dues	-	960	577	6,882	86,016	94,435
Other	148,816	55,498	26,614	161,288	594,018	986,234
Total operating expenses	\$ 4,599,770	\$ 1,397,252	\$ 1,144,745	\$ 6,854,541	\$ 3,986,261	17,982,569
Excess of operating revenues over operating expenses						<u>\$ 134,146</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, 2010

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, 2010. The schedule presents only a selected portion of the activities of the College and it is not intended to nor does it 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 are presented and reported accordingly.

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 \$2,422,203 from the AEF during the year ended June 30, 2010, including \$422,203 for debt payments on the 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 athletics program. The College directly received donations from individuals and businesses totaling \$403,476 during the year ended June 30, 2010.

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 \$1,933,973 from the Foundation for the benefit of the Intercollegiate Athletics Department for the year ended June 30, 2010.

4. CAPITAL ASSETS

Capital assets are recorded at historical cost at the date of acquisition or fair market value at the date of donation in the case of gifts. 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 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, 2010 is as follows:

Depreciable capital assets:	
Buildings	\$24,504,503
Equipment	<u>2,286,460</u>
Total depreciable capital assets	<u>26,790,963</u>
Less Accumulated depreciation for:	
Buildings	8,314,774
Equipment	<u>1,153,684</u>
Total accumulated depreciation	<u>9,468,458</u>
Total capital assets, net	<u>\$17,322,505</u>

5. LONG-TERM DEBT

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

Description

	<u>Interest Rates (%)</u>	<u>Maturity</u>	<u>Balance as of June 30, 2010</u>	<u>% used by Athletics</u>	<u>Athletics Balance June 30, 2010</u>
Section 9(d) Bonds:					
William and Mary Hall, Series 2004B	3.000-5.000	2016	\$ 910,000	85%	\$ 773,500
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	760,000	15%	114,000
Recreation Sports Center, Series 2004A	3.500-5.000	2025	6,425,000	15%	963,750
Recreation Sports Center, Series 2005A	3.500-5.000	2026	2,240,000	15%	336,000
Improve Athletics Facilities, Series 2005A	3.500-5.000	2026	3,060,000	100%	3,060,000
Improve Athletics Facilities, Series 2006A	3.000-5.000	2027	705,000	100%	705,000
J. Laycock Football Facility, Series 2006A	3.000-5.000	2027	5,075,000	100%	<u>5,075,000</u>
Total					<u>\$11,167,500</u>

Long-term debt matures as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 509,500	\$ 517,433
2012	536,000	491,695
2013	568,250	464,089
2014	590,500	435,120
2015	629,250	404,627
2016-2020	3,342,000	1,525,768
2021-2025	3,757,750	671,014
2026-2030	<u>1,234,250</u>	<u>35,971</u>
Total	<u>\$11,167,500</u>	<u>\$4,545,717</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, 2010 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, VA

As of June 30, 2010

BOARD OF VISITORS

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John W. Gerdelman - Vice Rector

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COLLEGE OFFICIALS

W. Taylor Reveley III, President

Edward C. Driscoll, Athletics Director

Daniel D. Wakely, Assistant Athletics Director,
Business Affairs