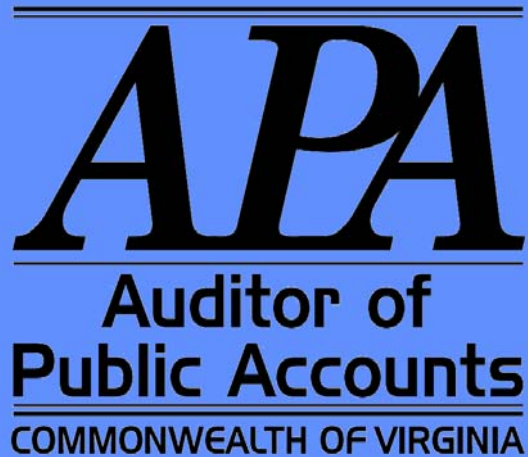


**THE COLLEGE OF WILLIAM AND MARY
IN
VIRGINIA**

**INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED
JUNE 30, 2012**



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Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
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January 7, 2013

The Honorable Robert F. McDonnell
Governor of Virginia

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

W. Taylor Reveley
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) Constitution 3.2.4.16, for the year ended June 30, 2012. College 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. 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 us with the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) for the year ended June 30, 2012, as prepared by the College 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. This amount was deemed immaterial for detailed testing.

10. We compared student fees reported in the Schedule to amounts reported in the accounting records and amounts from the College's comprehensive fee allocated to intercollegiate athletics.
11. Intercollegiate Athletics Department management provided us with settlement reports and game guarantee agreements for away games during the reporting period. This amount was deemed 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 Athletic Educational Foundation of The College of William and Mary in Virginia, 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. Amounts reported in the Schedule for direct institutional support and indirect facilities and administrative support were deemed immaterial for detailed testing.
15. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from tournaments, conference distributions, and NCAA distributions. We gained an understanding of the terms of the agreements and agreed selected amounts to proper posting in the accounting records and supporting documentation.
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. These amounts were deemed 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. These amounts were deemed immaterial for detailed testing.
18. We obtained an understanding of the College's methodology for recording revenues from sport camps. These amounts were deemed immaterial for detailed testing.
19. We obtained and inspected endowment agreements to gain an understanding of the relevant terms and conditions of the agreement. We compared the use and classification of endowment and investment income to the corresponding endowment agreement.

Expenses

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 a listing of home game guarantee payments made during the reporting period. This amount was deemed immaterial for detailed testing.
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 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 materially equaled amounts paid as salary and bonuses and were materially in agreement with approved contracts or other documentation.
23. Intercollegiate Athletics Department management provided us with a listing of severance payments made during the reporting period. This amount was deemed immaterial for detailed testing.
24. 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 College and NCAA policies and noted substantial agreement of those policies.
25. We obtained an understanding of the College's methodology for allocating indirect facilities support. This amount was deemed immaterial for detailed testing.
26. 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 of 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 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 does not extend to the financial statements of the College 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/clj

SCHEDULE

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
For the Year Ended June 30, 2012

	Football	Men's Basketball	Women's Basketball	Other* Sports	Non-Program Specific	Total
Operating revenues:						
Student fees	\$ -	\$ -	\$ -	\$ -	\$ 10,910,040	\$ 10,910,040
Contributions (Note 2)	1,945,660	552,657	118,373	645,249	245,675	3,507,614
Endowment and investment income (Note 3)	676,762	180,907	127,282	799,465	82,744	1,867,160
Ticket sales	693,617	142,802	11,449	39,629	116	887,613
Guarantees	267,318	150,000	-	18,250	-	435,568
Direct institutional support	846	-	-	55,000	1,557	57,403
Indirect facilities and administrative support	56,550	29,233	20,207	344,083	77,191	527,264
NCAA/conference distributions	185,652	234,963	52,660	588,766	152,987	1,215,028
Broadcast, television, radio and internet rights	-	-	-	-	9,440	9,440
Program sales, concessions, novelty sales and parking	55,315	2,100	200	502	-	58,117
Royalties, advertisements and sponsorships	281,515	66,722	43,349	95,697	142,769	630,052
Sports camp revenues	-	-	-	1,009	35,179	36,188
Other	11,329	620	660	181,057	147,917	341,583
Operating revenues	<u>\$ 4,174,564</u>	<u>\$ 1,360,004</u>	<u>\$ 374,180</u>	<u>\$ 2,768,707</u>	<u>\$ 11,805,615</u>	<u>20,483,070</u>
Operating expenses:						
Athletics student aid	2,219,265	525,351	612,542	3,607,799	23,500	6,988,457
Guarantees	50,000	4,479	3,892	8,187	-	66,558
Coaching salaries, benefits, and bonuses paid by the College and related entities	972,024	580,261	286,782	1,693,404	-	3,532,471
Support staff/administrative salaries, benefits, and bonuses paid by the College and related entities	51,858	58,760	51,905	5,419	2,643,258	2,811,200
Severance payments	-	-	-	20,988	4,044	25,032
Recruiting	131,210	76,827	42,429	144,115	-	394,581
Team travel	271,591	174,237	123,193	958,790	-	1,527,811
Equipment, uniforms and supplies	108,986	39,410	32,489	269,423	58,725	509,033
Game expenses	171,745	116,084	83,334	262,994	-	634,157
Fund raising, marketing and promotion	78	-	-	-	419,964	420,042
Direct facilities, maintenance and rental	878,574	4,960	119	679,690	77,243	1,640,586
Spirit groups	-	-	-	-	30,229	30,229
Indirect facilities and administrative support	56,550	29,233	20,207	344,083	77,191	527,264
Medical expenses and medical insurance	15,990	902	873	13,192	306,662	337,619
Memberships and dues	-	795	667	6,901	90,874	99,237
Other	55,284	24,544	21,688	71,094	668,010	840,620
Operating expenses	<u>\$ 4,983,155</u>	<u>\$ 1,635,843</u>	<u>\$ 1,280,120</u>	<u>\$ 8,086,079</u>	<u>\$ 4,399,700</u>	<u>20,384,897</u>
Excess of revenues over expenses						<u>\$ 98,173</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, 2012

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, 2012, and includes both those intercollegiate athletics revenues and expenses under the direct accounting control of the College and those on behalf of the College's Intercollegiate Athletics Programs by outside organizations not under the College's control. Because the Schedule presents only a selected portion of the College's activities, it is not intended to, and does not present the financial position, changes in financial position, or cash flows for the year ended June 30, 2012. 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. CONTRIBUTIONS

The Athletic Educational Foundation (AEF) of The College of William and Mary in Virginia, Incorporated, also referred to as the Tribe Club, raises funds and collects contributions for the benefit of the Intercollegiate Athletics Department. The College received \$ 3,075,219 from the AEF during the year ended June 30, 2012.

The AEF receives directly from various individuals and businesses donations in the form of goods or services for the athletic program. The College received \$432,395 from individuals and businesses in such donations during the year ended June 30, 2012.

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 Foundation's budgetary restrictions. The College received \$1,867,160 of endowment and investment income from the Foundation for the benefit of the Intercollegiate Athletics Department for the year ended June 30, 2012.

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 unit price greater than or equal to \$5,000.

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

Buildings	40-50 years
Improvements other than Buildings	10-50 years
Infrastructure	10-50 years
Equipment	2-30 years
Library Books	10 years

A summary of the capital asset ending balances net of accumulated depreciation for the year ending June 30, 2012 is as follows:

Depreciable capital assets:	
Buildings	\$27,514,143
Improvements other than Buildings	799,483
Infrastructure	2,628,105
Equipment	<u>2,679,156</u>
Total depreciable capital assets	<u>33,620,887</u>
Less Accumulated depreciation for:	
Buildings	9,539,158
Improvements other than Buildings	240,957
Infrastructure	1,802,725
Equipment	<u>1,455,339</u>
Total accumulated depreciation	<u>13,038,179</u>
Total capital assets, net	<u>\$20,582,708</u>

5. LONG-TERM DEBT

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

<u>Description</u>	Interest Rates (%)	Maturity	Balance as of June 30, 2012	% used by Athletics	Athletics Balance June 30, 2012
Section 9(d) Bonds:					
William and Mary Hall, Series 2004B	3.000-5.000	2016	685,000	85%	\$ 582,250
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	90,000	15%	13,500
Recreation Sports Center, Series 2004A	3.500-5.000	2025	1,040,000	15%	156,000
Recreation Sports Center, Series 2005A	3.500-5.000	2026	770,000	15%	115,500
Recreation Sports Center, Series 2010B	2.000-5.000	2021	220,000	15%	33,000
Recreation Sports Center, Series 2012A	3.000-5.000	2024	315,000	15%	47,250
Recreation Sports Center, Series 2012A	3.000-5.000	2025	4,585,000	15%	687,750
Recreation Sports Center, Series 2012A	3.000-5.000	2025	1,225,000	15%	183,750
Improve Athletics Facilities, Series 2005A	3.500-5.000	2026	1,065,000	100%	1,065,000
Improve Athletics Facilities, Series 2006A	3.000-5.000	2027	650,000	100%	650,000
Improve Athletics Facilities, Series 2012A	3.000-5.000	2025	1,655,000	100%	1,655,000
J. Laycock Football Facility, Series 2006A	3.000-5.000	2027	4,675,000	100%	4,675,000
Busch Field AstroTurf Replacement 2009B	3.000-5.000	2030	1,335,000	100%	1,335,000
Total					<u>\$ 11,339,250</u>

Long-term debt matures as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 613,250	\$ 508,401
2014	640,500	486,520
2015	678,500	453,545
2016	707,000	418,908
2017	745,750	382,589
2018-2022	3,671,750	1,368,254
2023-2027	3,967,500	438,804
2028-2032	315,000	23,750
Total	<u>\$ 11,339,250</u>	<u>\$ 4,080,771</u>

6. INDIRECT COSTS

The College 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, 2012, the overhead rate charged to athletics and other auxiliary enterprise was 22.39 percent. This amount is included in other operating expenses, under the category "Non-Program Specific."

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA

Williamsburg, Virginia

BOARD OF VISITORS

as of June 30, 2012

Jeffrey B Trammell, Rector
Charles A. Banks III, Vice Rector
Dennis H. Liberson, Secretary

Kendrick F. Ashton Jr.

Ann Green Baise

Keith S. Fimian

Edward L. Flippen

Laura L. Flippin

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L. Clifford Schroeder Sr.

Robert E. Scott

Peter A. Snyder

Todd A Stottlemeyer

Michael Tang

John C. Thomas

COLLEGE OFFICIALS

W. Taylor Reveley III, President

Edward C. Driscoll, Director of Intercollegiate Athletics Programs

Daniel D. Wakely, Assistant Athletic Director for Business Affairs