



THE COLLEGE OF WILLIAM & MARY IN VIRGINIA

INTERCOLLEGIATE ATHLETICS PROGRAMS FOR THE YEAR ENDED JUNE 30, 2020

Auditor of Public Accounts

Staci A. Henshaw, CPA

www.apa.virginia.gov

(804) 225-3350



- TABLE OF CONTENTS -

	<u>Pages</u>
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	9-12
UNIVERSITY OFFICIALS	13



Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

February 5, 2021

The Honorable Ralph S. Northam
Governor of Virginia

The Honorable Kenneth R. Plum
Chairman, Joint Legislative Audit
and Review Commission

Katherine A. Rowe
President, The College of William & Mary in Virginia

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the President of **The College of William & Mary in Virginia** (University; William & Mary), 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 3.2.4.17.1, for the year ended June 30, 2020. University management is responsible for the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) and the Schedule's compliance with NCAA requirements. 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

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 that we performed and our 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 Intercollegiate Athletics, 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, 2020, 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.

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>
Contributions	The University experienced an increase of \$923,601 or 20 percent due to transfers from the William & Mary Athletic Educational Foundation to accommodate additional operating expenses.

Revenues

9. We obtained the amount of ticket sales revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
10. We obtained documentation of the institution'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 minor differences attributed to the methodology used for projecting student fee revenue.
11. We obtained the amount of direct institutional support from the Schedule. The amount was deemed to be immaterial for detailed testing.
12. We ensured the Schedule properly includes revenue related to debt service and rental fees paid or waived by the institution for or on behalf of Athletics. We determined that a reclassification of \$12,375 to other operating revenue was necessary to conform to NCAA reporting guidance. After reclassification, we determined indirect institutional support – athletic facilities debt service, lease and rental fees is properly reported in the Schedule.
13. We obtained the amount of game guarantees revenue for away games from the Schedule. The amount was deemed to be immaterial for detailed testing.
14. 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 William & 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 programs. We reviewed contributions from the William & Mary Athletic Educational Foundation, which exceeded ten percent of all contributions and agreed them to supporting documentation.

15. We obtained the amount of in-kind revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
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 amount of NCAA distributions from the Schedule. The amount was 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. We obtained the amount of royalties, licensing, advertisement, and sponsorships revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
20. The William & Mary Foundation manages athletics-related endowment funds on behalf of the University. The University has access to request endowment income from the Foundation in accordance with certain budgetary restrictions. We confirmed the amount of athletics restricted endowment and investments income used for operations during the fiscal year with Foundation management and agreed it to the amount reported in the Schedule. Additionally, we compared a sample of endowment draws to appropriate supporting documentation. We found all reviewed amounts to be properly approved and in accordance with Intercollegiate Athletics documentation regarding spending restrictions.
21. We obtained the amount of other operating revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.

Expenses

22. Intercollegiate Athletics department management provided us a listing of institutional 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 institution'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. 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 game 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 football and 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 amount of severance payments expense from the Schedule. The amount was deemed to be immaterial for detailed testing.
26. 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.
27. We selected a sample of disbursements for team travel, sports equipment, uniforms, and supplies and direct overhead and administration. 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.
28. We obtained a listing of debt service payments for athletics facilities for the reporting year and agreed them to supporting documentation.
29. We obtained the amount of indirect cost paid to the institution by athletics. The amount was deemed to be immaterial for detailed testing.

Other Reporting Items

30. 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.
31. We agreed total outstanding institutional debt to supporting debt schedules and the University's general ledger.

32. We agreed the fair value of athletics-dedicated endowments to supporting documentation provided by the William & Mary Foundation.
33. We agreed the fair value of institutional endowments to supporting documentation provided by the William & Mary Foundation.
34. We obtained a schedule of athletics-related capital expenditures made during the period. We reviewed all transactions to validate existence and accuracy of recording and recalculated totals.

Additional Procedures

35. We compared the sports sponsored, 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 for the institution. 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 institution'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 or qualified for the extraordinary blanket waiver per NCAA guidance due to the COVID-19 pandemic. 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 institution'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 agreement of the amounts reported.
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.

This agreed-upon procedures engagement was conducted 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, 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 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 the 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.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

JRQ/vks

WILLIAM & MARY
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
For the year ended June 30, 2020

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating revenues:						
Ticket sales	\$ 610,459	\$ 347,358	\$ 16,718	\$ 17,058	\$ -	\$ 991,593
Student fees	165,266	-	-	-	14,925,779	15,091,045
Direct institutional support	748	11,109	31,677	179,843	93,150	316,527
Indirect institutional support - athletic facilities debt service, lease and rental fees	236,568	51,293	49,018	126,963	810,959	1,274,801
Guarantees	750,000	270,000	5,000	12,100	-	1,037,100
Contributions	1,348,631	751,998	634,149	2,260,712	630,306	5,625,797
In-Kind	11,593	7,837	12,846	1,939	12,664	46,879
Media rights	21,179	-	-	-	17,289	38,469
NCAA distributions	85,360	37,367	31,951	182,247	493,232	830,157
Program, novelty, parking, and concession sales	75,936	8,320	1,168	1,198	-	86,622
Royalties, licensing, advertisement and sponsorships	148,557	21,100	5,600	38,687	699,426	913,370
Athletics restricted endowment and investments income	1,768,736	319,728	118,422	1,431,646	219,876	3,858,408
Other operating revenue	101,777	47,001	-	28,922	44,559	222,259
Total operating revenues	5,324,810	1,873,111	906,549	4,281,315	17,947,240	30,333,026
Operating expenses:						
Athletic student aid	3,205,720	871,866	745,315	4,989,145	6,240	9,818,286
Guarantees	-	27,000	-	17,332	-	44,332
Coaching salaries, benefits, and bonuses paid by the University and related entities	2,035,931	745,199	512,448	2,524,495	-	5,818,074
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	161,649	62,980	46,774	52,856	4,823,025	5,147,284
Severance payments	-	327,295	-	-	-	327,295
Recruiting	71,983	75,720	52,651	135,332	-	335,686
Team travel	465,147	341,851	138,113	674,140	30,073	1,649,324
Sports equipment, uniforms, and supplies	357,552	74,359	48,796	423,386	382,115	1,286,209
Game expenses	375,478	186,310	87,154	166,239	-	815,181
Fundraising, marketing and promotion	-	-	-	-	439,374	439,374
Spirit groups	-	-	-	-	29,981	29,981
Athletic facility leases and rental fees	-	51,293	49,018	81,076	71,518	252,904
Athletic facility debt service	633,136	-	-	267,263	407,063	1,307,463
Direct overhead and administrative expenses	693,552	134	-	541,162	39,972	1,274,821
Indirect cost paid to the institution by athletics	87,581	-	-	55,650	379,176	522,407
Medical expenses and insurance	117	314	1,795	7,256	285,558	295,040
Memberships and dues	-	1,865	1,025	7,989	108,191	119,070
Student-Athlete Meals (non-travel)	97,954	36,548	21,446	80,929	-	236,878
Other operating expenses	49,948	12,558	15,140	55,869	524,957	658,472
Total operating expenses	8,235,749	2,815,292	1,719,676	10,080,121	7,527,243	30,378,081
Excess (deficiency) of revenues over (under) expenses	\$ (2,910,939)	\$ (942,181)	\$ (813,127)	\$ (5,798,806)	\$ 10,419,997	\$ (45,055)
Other Reporting Items:						
Total athletics-related debt						\$ 13,900,000
Total institutional debt						\$ 242,487,643
Value of athletics-dedicated endowments						\$ 94,786,881
Value of institutional endowments						\$ 967,685,235
Total athletics-related capital expenditures						\$ 2,974,059

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

WILLIAM & MARY
NOTES TO SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2020

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 Athletics Programs of the university for the year ended June 30, 2020 and includes both those intercollegiate athletics revenues and expenses under the direct accounting control of the university and those on behalf of the University's Intercollegiate Athletics Programs by outside organizations not under the university's control. Because the Schedule presents only a selected portion of the university'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, 2020. Revenues and expenses directly identifiable with each category of sport are presented and reported accordingly. Revenues and expenses not directly identifiable to a specific sport are reported under the category "Non-Program Specific."

2. CONTRIBUTIONS

The William & Mary Athletic Educational Foundation (WMAEF), Incorporated, also referred to as the Tribe Club, raises funds and collects contributions for the benefit of the Intercollegiate Athletics Department. The university received \$5,625,797 from the WMAEF during the year ended June 30, 2020.

The university received \$2,827,751 through the William & Mary Foundation for capital improvements to Kaplan Arena and Busch Field Team Facility. Capital contributions are not reported in the Intercollegiate Athletics Schedule of Revenues and Expenses.

3. ENDOWMENT AND INVESTMENT INCOME

The William & Mary Foundation is authorized to receive and administer gifts and bequests of all kinds. The Foundation makes such resources available to the university, which may be drawn as needed by the university within the Foundation's budgetary restrictions. The university received \$3,858,408 of endowment and investment income from the Foundation for the benefit of the Intercollegiate Athletics Department for the year ended June 30, 2020.

4. CAPITAL ASSETS

Capital assets are recorded at historical cost at the date of acquisition or acquisition value at the date of donation in the case of gifts. Construction expenses for capital assets and improvements are capitalized when expended. The university's capitalization policy on equipment includes all items with an estimated useful life of two years or more. William & Mary 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, 2020 is as follows:

Non-depreciable capital assets:	
Construction in progress	<u>\$ 2,974,059</u>
Total non-depreciable capital asset:	2,974,059
Depreciable capital assets	
Buildings	62,174,387
Improvements other than Buildings	2,410,306
Infrastructure	2,628,105
Equipment	<u>4,252,988</u>
Total depreciable capital assets	71,465,786
Less Accumulated depreciation for:	
Buildings	18,765,437
Improvements other than Buildings	1,345,001
Infrastructure	2,628,105
Equipment	<u>3,000,132</u>
Total accumulated depreciation	<u>25,738,675</u>
Total depreciable capital assets, net	<u>45,727,111</u>
Total capital assets, net	<u>\$ 48,701,170</u>

5. LONG-TERM DEBT

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

<u>Description</u>	<u>Interest Rate (%)</u>	<u>Fiscal Year Maturity</u>	<u>Balance as of June 30, 2020</u>	<u>% use by Athletics</u>	<u>Athletics Balance June 30, 2020</u>
Section 9(d) Bonds:					
Recreation Sports Center, Series 2010B	5.000	2021	\$ 60,000.00	15%	\$ 9,000
Recreation Sports Center, Series 2012A	5.000	2024	180,000	15%	27,000
Recreation Sports Center, Series 2012A	3.000-5.000	2025	2,575,000	15%	386,250
Recreation Sports Center, Series 2012A	3.000-5.000	2025	820,000	15%	123,000
Recreation Sports Center, Series 2014B	4.000	2026	190,000	15%	28,500
Improve Athletic Facilities, Series 2012A	3.000-5.000	2025	1,105,000	100%	1,105,000
Improve Athletic Facilities, Series 2014B	4.000	2026	260,000	100%	260,000
Improve Athletic Facilities, Series 2014B	5.000	2024	170,000	100%	170,000
Improve Athletic Facilities, Series 2016A	3.000	2027	150,000	100%	150,000
Improve Athletic Facilities II, Series 2013A & B	3.000-5.000	2034	1,250,000	70%	875,000
Improve Athletic Facilities II, Series 2017A	2.125 - 5.000	2038	675,000	10%	67,500
Improve Athletic Facilities II, Series 2017A	2.125 - 5.000	2038	1,325,000	15%	198,750
Improve Athletic Facilities, Series 2019A	5.000	2030	4,180,000	100%	4,180,000
Improve Athletic Facilities, Series 2017A	2.125 - 5.000	2038	3,075,000	100%	3,075,000
J. Laycock Football Facility, Series 2014B	5.000	2024	1,285,000	100%	1,285,000
J. Laycock Football Facility, Series 2016A	3.000	2027	1,100,000	100%	1,100,000
Busch Field Astroturf Replacement Series 2016A	3.000-5.000	2030	860,000	100%	860,000
Total					<u>\$ 13,900,000</u>

Long-term debt matures as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,211,000	\$ 575,592
2022	1,269,000	514,082
2023	1,329,750	449,113
2024	1,409,250	380,638
2025	1,454,000	318,027
2026-2030	5,160,500	852,461
2031-2035	1,349,250	222,424
2036-2038	717,250	32,636
Total	<u>\$ 13,900,000</u>	<u>\$ 3,344,973</u>

6. INDIRECT COSTS

The university charges the Athletic Department an administrative fee. During the fiscal year, the Department paid \$522,407 to the university. This amount is included on the Indirect Cost Paid to the Institution by Athletics line item.

WILLIAM & MARY

As of June 30, 2020

BOARD OF VISITORS

John E. Littel, Rector

William H. Payne, II, Vice Rector

Barbara L. Johnson, Secretary

Mari Carmen Aponte

Mirza Baig

Victor K. Branch

S. Douglas Bunch

Warren Buck

Sue H. Gerdelman

Anne Leigh Kerr

Charles E. Poston

Lisa E. Roday

J.E. Lincoln Saunders

Karen Kennedy Schultz

H. Thomas Watkins, III

Brian P. Woolfolk

UNIVERSITY OFFICIALS

Katherine A. Rowe, President

Samantha K. Huge, Director of Athletics

Chelsey Burk, Deputy Director of Athletics