



LONGWOOD UNIVERSITY

INTERCOLLEGIATE ATHLETICS PROGRAMS FOR THE YEAR ENDED JUNE 30, 2020

Auditor of Public Accounts

Staci A. Henshaw, CPA

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Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
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March 25, 2021

The Honorable Ralph S. Northam
Governor of Virginia

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

W. Taylor Reveley, IV
President, Longwood University

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the President of **Longwood 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 3.2.4.17.1, 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>
Support staff/administrative compensation, benefits and bonuses paid by the University and relates entities.	The University experienced an increase of \$167,256 or ten percent due to salary changes within athletic training, athletic admin, strength conditioning and student athlete enhancement operations.

Revenues

9. We obtained the amount of ticket sale 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 compared amounts reported in the Schedule for direct institutional support to institutional budget transfer documentation and/or other corroborative supporting documentation and noted them to be substantially in agreement.
12. We obtained the amount of game guarantee revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
13. 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 Longwood University Foundation and Longwood University Trust, affiliated organizations, we noted no

individual contribution which constituted more than ten percent of total contributions received for Intercollegiate Athletics Programs. Although contribution revenue was deemed to be immaterial for detailed testing, we determined that a reclassification of \$53,653 to NCAA distribution revenue was necessary to conform to NCAA reporting guidance. Following adjustment, we believe contribution revenue to be properly stated.

14. We obtained the amount of NCAA distribution revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
15. We obtained the amount of royalties, licensing, advertisement, and sponsorships revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
16. We obtained the amount of sports camps revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.
17. We obtained the amount of other operating revenue from the Schedule. The amount was deemed to be immaterial for detailed testing.

Expenses

18. 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 10 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. We determined that one athlete received an additional \$11,053 that was not reflected within athletic aid in Compliance Assistant resulting in an incorrect revenue distribution equivalency. After contacting the NCAA, University personnel revised the athletic aid amount, thus reporting the correct revenue distribution equivalency.
19. We obtained the amount of game guarantee expense from the Schedule. The amount was deemed to be immaterial for detailed testing.
20. 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 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.

21. 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 the policies.
22. We selected a sample of disbursements for team travel. 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.
23. We obtained a listing of debt service payments, lease payments, and rental fees for athletics facilities for the reporting year. We reviewed all debt service payments for the reporting year and agreed them to supporting documentation.
24. We obtained an understanding of the University's methodology for charging indirect cost to the athletic department. We evaluated indirect cost charges for reasonableness and noted proper reporting of these charges in the Schedule.

Other Reporting Items

25. 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.
26. We agreed total outstanding institutional debt to supporting debt schedules and the University's unaudited financial statements, as the audited financial statements were not yet available.
27. We agreed the fair value of athletics dedicated endowments to supporting documentation provided by the Longwood University Foundation.
28. We agreed the fair value of institutional endowments to the audited financial statements of the Longwood University Foundation.

Additional Procedures

29. 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.
30. 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 variations exceeding four percent when compared to prior year. Through communication between University and NCAA personnel, it was determined that the University should reclassify the amount for unfunded scholarships from other countable

aid to athletic aid. Following the revision, we determined that the variation was not greater than four percent.

31. 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.
32. 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.
33. 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 a reconciling difference of \$6,941 between Compliance Assistant and the student information system. Following an adjustment to Compliance Assistant to reduce Pell grant amounts for withdrawn students, the total in Compliance Assistant agrees with the University's student information system.
34. 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 Longwood 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 Longwood 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

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LONGWOOD UNIVERSITY
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
For the year ended June 30, 2020

	Men's Basketball	Women's Basketball	Men's Soccer	Women's Soccer	Men's Track	Women's Track	Other Sports	Non-Program Specific	Total
Operating revenues:									
Ticket sales	\$ 14,642	\$ 8,058	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,700
Student fees	-	-	-	-	-	-	-	7,853,451	7,853,451
Direct institutional support	-	-	5,000	58,360	3,000	4,500	344,142	1,915,871	2,330,873
Guarantees	330,000	37,000	-	-	-	-	-	-	367,000
Contributions	42,370	15,593	780	1,623	50	4,035	238,146	73,679	376,276
NCAA distributions	-	-	-	-	-	-	-	251,271	251,271
Royalties, licensing, advertisement and sponsorships	-	-	-	-	-	-	-	272,693	272,693
Sports camp revenue	-	90	5,375	9,611	-	-	55,277	210	70,563
Other operating revenue	-	-	948	16	113	-	28,200	11,452	40,729
Total operating revenues	<u>387,012</u>	<u>60,741</u>	<u>12,103</u>	<u>69,610</u>	<u>3,163</u>	<u>8,535</u>	<u>665,765</u>	<u>10,378,627</u>	<u>11,585,556</u>
Operating expenses:									
Athletic student aid	711,828	613,331	235,405	368,164	13,500	17,250	1,851,936	74,962	3,886,376
Guarantees	4,000	-	-	-	-	-	9,000	-	13,000
Coaching salaries, benefits, and bonuses paid by the University and related entities	567,820	383,519	90,178	157,402	26,638	28,299	1,109,287	-	2,363,143
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	161	511	646	-	-	-	7,137	1,834,938	1,843,393
Recruiting	33,899	28,655	1,480	8,016	148	177	29,165	234	101,774
Team travel	192,069	78,446	26,901	36,273	4,629	4,544	251,409	9,912	604,183
Sports equipment, uniforms, and supplies	68,581	38,828	27,169	30,005	4,209	3,992	204,444	29,259	406,487
Game expenses	84,321	56,215	13,461	11,869	19	19	55,225	10,387	231,516
Fundraising, marketing and promotion	-	-	-	-	-	-	-	41,860	41,860
Sports camp expenses	2,985	2,286	696	1,900	-	-	46,809	-	54,676
Spirit groups	2,295	-	-	-	-	-	1,746	39,851	43,892
Athletic facility leases and rental fees	-	-	-	-	-	-	23,930	-	23,930
Athletic facility debt service	-	-	-	-	-	-	-	733,548	733,548
Direct overhead and administrative expenses	4,229	1,280	734	748	40	40	6,110	183,173	196,354
Indirect cost paid to the institution by athletics	102,837	61,594	16,046	24,314	3,668	3,889	162,078	255,866	630,292
Medical expenses and insurance	-	-	-	-	-	-	129	164,459	164,588
Memberships and dues	11,240	8,008	3,155	3,015	167	167	12,829	70,793	109,374
Student-athlete meals (non-travel)	7,876	2,828	-	-	-	-	2,113	135	12,952
Other operating expenses	35,767	10,586	4,097	4,806	2,571	3,328	32,917	151,240	245,312
Total operating expenses	<u>1,829,908</u>	<u>1,286,087</u>	<u>419,968</u>	<u>646,512</u>	<u>55,589</u>	<u>61,705</u>	<u>3,806,264</u>	<u>3,600,617</u>	<u>11,706,650</u>
Excess (deficiency) of revenues over (under) expenses	<u>\$ (1,442,896)</u>	<u>\$ (1,225,346)</u>	<u>\$ (407,865)</u>	<u>\$ (576,902)</u>	<u>\$ (52,426)</u>	<u>\$ (53,170)</u>	<u>\$ (3,140,499)</u>	<u>\$ 6,778,010</u>	<u>\$ (121,094)</u>
Other Reporting Items:									
Total athletics-related debt									\$ 4,040,000
Total institutional debt									\$ 53,618,687
Value of athletics-dedicated endowments									\$ 2,253,558
Value of institutional endowments									\$ 72,706,045

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

LONGWOOD UNIVERSITY
NOTES TO SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 expense 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 presented are reported accordingly. Revenues and expenses not directly identifiable to a specific sport are reported under the category "Non-Program Specific."

B. Capital Assets

Capital assets consisting of land, buildings, equipment, infrastructure, and intangible assets are stated at cost or acquisition value at date of donation. Construction in progress, equipment and intangibles in process are capitalized at actual cost as expenses are incurred. Equipment costing \$5,000 or more with a useful life greater than one year is capitalized. Software related intangibles costing \$25,000 or more and other intangibles costing \$100,000 or more are capitalized. Renovation costs are capitalized when expenses total greater than \$100,000. Normal repairs and maintenance are expensed in the year in which the expense was incurred.

Depreciation and amortization are computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. The general range of estimated useful lives is five to fifty years for buildings and fixtures and three to twenty years for equipment. The general range of estimated useful lives for infrastructure is five to thirty years. The estimated useful life of software is five years, all other intangibles vary based on type and expected useful life. The Athletic Department assets are acquired, approved, and disposed of in accordance with standard University policies.

The net book values for fixed assets in the Athletic department at June 30, 2020 are as follows:

Buildings	\$ 2,763,787
Equipment	2,888,983
Infrastructure	4,452,160
Land	<u>1,042,794</u>
Total	<u>\$ 11,147,724</u>

2. AFFILIATED ORGANIZATION

The University received \$298,740 from the Longwood University Foundation, Inc. with \$236,813 used for Athletic scholarships and \$61,927 to be used for general operating expenses. The University received \$73,535 from the Longwood University Trust to be used for Athletic operations. These contributions are included in the accompanying Schedule.

3. LONG-TERM INDEBTEDNESS

The Intercollegiate Athletics Program transferred funds to the general University accounts to pay principal and interest payments on the long-term debt for the year ended June 30, 2020 as follows:

Lacrosse/Field Hockey Complex	\$ 320,429
Soccer Fields	121,417
Baseball/Softball Field	172,134
Willet Hall Renovation	<u>119,568</u>
Total	<u>\$ 733,548</u>

4. LONG-TERM DEBT

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

	Interest Rates (At Issuance)	Fiscal Year Maturity	Amount
Lacrosse / Field Hockey, Series 2004A	3.00-5.00%	2025	\$1,035,000
Soccer Fields, Series 2005A	3.75-5.00%	2026	655,000
Lancer Gym - Willet Hall, Series 2005A	3.50-5.00%	2026	615,000
Baseball / Softball 2006A	3.00-5.00%	2027	520,000
Lacrosse / Field Hockey, Series 2007A	3.00-5.00%	2028	600,000
Baseball / Softball 2007A	3.00-5.00%	2028	615,000
Total			<u>\$4,040,000</u>

Long-term debt matures as follows:

Year Ending June 30,	Principal	Interest
2021	\$ 575,000	\$ 166,175
2022	595,000	136,925
2023	620,000	106,550
2024	645,000	74,925
2025	685,000	46,975
2026 - 2029	920,000	42,525
	<u>\$4,040,000</u>	<u>\$ 574,075</u>

5. ADMINISTRATIVE COST RECOVERY

In fiscal year 2020 the amount of administrative cost recovery for Intercollegiate Athletics Programs, based on the State Council of Higher Education for Virginia approved recovery rate of 14.19%, was \$630,292, and is included in the "Indirect cost paid to the institution by athletics" line.

6. NON-REVENUE FUNDING SOURCES

The Athletics Department used \$121,096 from athletics reserves from previous years' surplus. This is not reflected as current year revenues to avoid double counting revenue recognized in previous years.

LONGWOOD UNIVERSITY

As of June 30, 2020

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UNIVERSITY OFFICIALS

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