

**VIRGINIA COMMONWEALTH UNIVERSITY  
RICHMOND, VIRGINIA**

**INTERCOLLEGIATE ATHLETIC PROGRAMS  
FOR THE YEAR ENDED  
JUNE 30, 1999**

---

---

***APA***

---

---

**Auditor of  
Public Accounts**

---

---

**COMMONWEALTH OF VIRGINIA**

- TABLE OF CONTENTS -

	<u>Pages</u>
INDEPENDENT AUDITOR'S REPORT ON APPLICATION OF AGREED-UPON PROCEDURES	1-3
SCHEDULE	
Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs	5-6
Notes to the Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs	7
UNIVERSITY OFFICIALS	8



# Commonwealth of Virginia

**Walter J. Kucharski, Auditor**

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

January 30, 2000

The Honorable James S. Gilmore III  
Governor of Virginia

The Honorable Richard J. Holland  
Chairman, Joint Legislative Audit and  
Review Commission

Dr. Eugene P. Trani, President  
Virginia Commonwealth University

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

We have audited the financial statements of **Virginia Commonwealth University** as of and for the year ended June 30, 1999, and have issued our unqualified report thereon dated November 19, 1999. At the request of the President of the University, we have applied certain agreed-upon procedures, as discussed below, to the Virginia Commonwealth University Athletic Programs for the year ended June 30, 1999, solely to assist the University in complying with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1. This review to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the University. Consequently, we make no recommendations regarding sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs - Agreed-Upon Substantive Procedures

- a. We obtained the Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs (Schedule) for the year ended June 30, 1999, as prepared by the University 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 University's accounting records. We noted no differences between the amounts in the Athletics Department's accounts in the accounting records and the amounts on the worksheets.

- b. We applied certain analytical review techniques to the revenues and expenditures of the intercollegiate athletic programs in order to determine the reasonableness of amounts reported in the Schedule.
- c. We reviewed a computer generated listing from the University's Advancement Office to identify significant contributions from any outside organization, group, foundation, or individual. No individual contributions that constituted more than ten percent of total contributions for intercollegiate athletics were noted.
- d. We reviewed the University's contracts with Spectator Management Group, for rental of the Richmond Coliseum. The contract provided facilities for practices and games for the men's basketball team during the 1998-1999 basketball season. We determined that financial transactions relative to the contract were properly reported in the Schedule.
- e. We reviewed any amendments to the University's agreement for the use of the Diamond for baseball games. We determined that financial transactions relative to the agreement were properly reported in the Schedule.
- f. We reviewed the University's agreement for the use of the Arthur Ashe Center for indoor track meets and practices. We determined that financial transactions relative to the agreement were properly reported in the Schedule.

With respect to the above procedures "a" through "f", we were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs (the Schedule), and the accompanying notes to the Schedule. Had we performed additional procedures, other matters might have come to our attention that would have been reported to the President of the University.

Internal Control Structure Policies and Procedures Related to  
Intercollegiate Athletic Programs - Agreed-Upon Procedures

The management of Virginia Commonwealth University is responsible for establishing and maintaining internal control for its intercollegiate athletic programs. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any internal control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate. Our procedures and findings with respect to internal control of the University's intercollegiate athletic programs are as follows:

- g. We reviewed documentation of accounting systems and operating procedures. We also made certain inquiries of management regarding control consciousness, competence of personnel, and protection of records and equipment.
- h. We reviewed the internal control structure policies and procedures over cash receipts and disbursements, including payroll, for the intercollegiate athletic

programs. We reviewed the relationship of specific systems of the internal control structure over intercollegiate athletic programs to the internal control structure reviewed in connection with the audit of the University's financial statements. To the extent that these systems were tested in the audit of the financial statements, we expanded our compliance tests to include transactions of the intercollegiate athletic programs. Our review also included those internal control structure policies and procedures unique to intercollegiate athletics that have not been reviewed in connection with the audit of the University's financial statements. We found that the Department of Athletics did not deposit three out of seven receipts timely.

- i. We noted that the University does not have a separately organized booster group.

Agreed-upon procedures "g" through "i" applied to certain aspects of the University's internal control were more limited than would be necessary to express an opinion on internal control of Virginia Commonwealth University taken as a whole. Because our review and evaluation was limited to applying those agreed-upon procedures, we do not express such an opinion. In connection with applying procedures "g" through "i" above, we noted no material weaknesses relating to internal control over the intercollegiate athletic programs administered by the University.

This report is intended solely for the information and use of the University and authorized representatives of the National Collegiate Athletic Association, 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

PBB:jld  
jld:45

## **SCHEDULE**

VIRGINIA COMMONWEALTH UNIVERSITY  
SCHEDULE OF REVENUES AND EXPENDITURES OF  
INTERCOLLEGIATE ATHLETIC PROGRAMS  
For the Fiscal Year Ended June 30, 1999

	Non-Program Specific	Men's Basketball	Men's Baseball
Operating revenue:			
University fee allocation	\$ 5,232,102	\$ -	\$ -
Conference and NCAA revenue sharing	217,553	-	-
Ticket sales	20,292	173,257	9,879
Contributions	110,408	-	2,150
Advertising, radio, and television rights	217,435	-	-
Other	79,869	-	964
<b>Total operating revenue</b>	<b>5,877,659</b>	<b>173,257</b>	<b>12,993</b>
Operating expenditures:			
Coaches and faculty salaries and fringe benefits	636,735	372,154	109,163
Other salaries and wages	579,854	72,697	28,068
Financial aid	71,536	224,966	128,203
Travel, administrative and team	104,686	127,108	69,911
Contractual services	565,481	20,098	7,355
Supplies, materials, and equipment	217,106	16,666	25,683
General administrative expenses	385,179	136,936	29,833
Current charges and obligations	558,799	1,902	2,692
Miscellaneous	21,068	-	-
Less: reimbursement for E&G program support	(57,237)	-	-
<b>Total operating expenditures</b>	<b>3,083,207</b>	<b>972,527</b>	<b>400,908</b>
Excess/(deficiency) of revenues over/(under) operating expenditures before transfers	2,794,452	(799,270)	(387,915)
Transfers in:			
Nonmandatory	232,761	-	-
<b>Net increase/(decrease)</b>	<b>\$ 3,027,213</b>	<b>\$ (799,270)</b>	<b>\$ (387,915)</b>

Fund balance at beginning of year

Fund balance at end of year

\*Other sports include cross country, field hockey, golf, soccer, tennis and volleyball.

The accompanying notes to the Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs are an integral part of this schedule.

Women's Basketball	Other Sports*	Total
\$ -	\$ -	\$ 5,232,102
-	-	217,553
5,155	(255)	208,358
-	1,900	114,458
-	2,000	219,435
(50)	3,270	84,053
5,105	6,945	6,075,959
253,006	453,556	1,824,614
15,421	56,488	752,528
241,157	829,677	1,495,539
48,307	129,703	479,715
23,491	29,164	645,589
14,042	63,651	337,148
57,700	83,361	693,009
2,315	1,779	567,487
-	-	21,068
-	-	(57,237)
655,439	1,647,379	6,759,460
(650,334)	(1,640,434)	(683,501)
-	632	233,393
<u>\$ (650,334)</u>	<u>\$ (1,639,802)</u>	(450,108)
		<u>(154,410)</u>
		<u>\$ (604,518)</u>

VIRGINIA COMMONWEALTH UNIVERSITY

NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES OF  
INTERCOLLEGIATE ATHLETIC PROGRAMS

AS OF JUNE 30, 1999

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs has been prepared on the accrual basis of accounting. The purpose of the Schedule is to present a summary of current fund and endowment fund revenues and expenditures of the intercollegiate athletic programs of the University for the year ended June 30, 1999. The amount of expenditures incurred by organizations outside the control of the University on behalf of the University's intercollegiate athletic programs are not included in either revenues or expenditures on the accompanying Schedule. Because the Schedule presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position, changes in fund balances, or current funds revenues and other additions, expenditures, transfers, and other deductions for the year then ended. Revenues and expenditures are directly identifiable with each category presented and are reported accordingly. Revenues and expenditures not directly identifiable to a specific sport are reported under the category "Non-Program Specific."

NOTE 2 - ENDOWMENT

The Athletics Department has two quasi-endowments established for the benefit of the Department. The recorded value of one of the endowments totaled \$89,235 at June 30, 1999 and \$148,493 at June 30, 1998. The second endowment was established as a result of the settlement when the University ended its affiliation with the Metro Conference. The recorded value of this endowment totaled \$549,682 at June 30, 1999 and \$1,464,493 at June 30, 1998. The University has entrusted all endowment funds to the VCU Fund, an affiliated foundation, for investment in the Fund's investment pool. Funds transferred to the VCU Fund are subject to the investment policies of the VCU Fund. The Fund offers no guarantees relating to loss of investment value or rate of return on investments. Further, amounts transferred to the Fund must remain with the Fund unless the University Board of Visitors approves the use of these invested funds for specific University purposes.

VIRGINIA COMMONWEALTH UNIVERSITY  
Richmond, Virginia

BOARD OF VISITORS

Jay M. Weinberg, Rector

H. George White, Jr., Vice Rector

Edward L. Flippen, Secretary

Yvonne E.R. Benner  
William C. DeRusha  
M. Boyd Marcus, Jr.  
Steven A. Markel  
Angela Miles  
W. Baxter Perkinson, Jr.

Diane Linen Powell  
Robert E. Rigsby  
Lindley T. Smith  
Ted L. Smith  
Clarence L. Townes, Jr.  
David A. Vaughan

Percy Wootton

ADMINISTRATIVE OFFICERS

Eugene P. Trani, President

Dr. Richard L. Sander, Athletic Director and Assistant to the President

Jeffrey E. Cupps, Senior Associate Athletic Director for Business Affairs