

**GEORGE MASON UNIVERSITY  
FAIRFAX, VIRGINIA**

**INTERCOLLEGIATE ATHLETIC PROGRAMS  
FOR THE YEAR ENDED  
JUNE 30, 2003**

---

---

***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

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

Walter J. Kucharski, Auditor

July 9, 2004

The Honorable Mark R. Warner  
Governor of Virginia

The Honorable Lacey E. Putney  
Chairman, Joint Legislative Audit  
And Review Commission

Alan G. Merten, Ph.D.  
President, George Mason University

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

We have audited the financial statements of George Mason University as of and for the year ended June 30, 2003, and have issued our unqualified report thereon dated July 9, 2004. At the request of the President of the University, we have performed certain agreed-upon procedures to the University's Intercollegiate Athletics Programs for the fiscal year ended June 30, 2003, discussed below, solely to assist the University in complying with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1. The University is responsible for the Intercollegiate Athletics Programs including preparation of the Schedule of Revenues and Expenditures of Intercollegiate Athletics Programs. 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 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.

### **Schedule of Revenues and Expenditures of Intercollegiate Athletics Programs – Agreed-Upon Substantive Procedures**

- a. We obtained the Schedule of Revenues and Expenditures of Intercollegiate Athletics Programs (Schedule) for the year ended June 30, 2003, 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 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. We discussed the nature of worksheet adjustments with management and are satisfied that the adjustments are appropriate.

- b. 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.
- c. We noted no individual contribution which constituted more than ten percent of total contributions received for Intercollegiate Athletics.

Because the above procedures “a” through “c” do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on the Schedule of Revenues and Expenditures of Intercollegiate Athletics Programs or any of the accounts or items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the specified accounts or items should be adjusted. Had we performed additional procedures or had we made an audit of any financial statements of the Intercollegiate Athletics Department of George Mason University in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to the President of the University/College. This report relates only to the accounts and items specified above and does not extend to the financial statements of George Mason University or its Intercollegiate Athletics Department taken as a whole.

#### **Internal Control Related to Intercollegiate Athletics Programs – Agreed-Upon Procedures**

The management of George Mason Intercollegiate Athletic Department is responsible for establishing and maintaining internal control for its Intercollegiate Athletics Programs. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls. 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 change in conditions, or that the degree of compliance with the procedures may deteriorate. Our procedures and findings are as follows:

- d. We reviewed an organizational chart provided by Intercollegiate Athletics Department and discussed it with appropriate personnel. We reviewed documentation of accounting systems and operating procedures. 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.
- e. We reviewed internal control over cash receipts and disbursements, including payroll, for the Intercollegiate Athletics Programs. We reviewed the relationship of internal control over Intercollegiate Athletics Programs to internal control reviewed in connection with the audit of the University’s financial statements. Our review also included those controls unique to Intercollegiate Athletics which have not been reviewed in connection with the audit of the financial statements.

- f. We reviewed the University's procedures for monitoring booster group activities and concluded that those procedures were adequate.

Agreed-upon procedures "d" through "f" 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 George Mason University in effect for the year ended June 30, 2003, 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 "e" through "g" above, we noted no material weaknesses relating to internal control over the Intercollegiate Athletics Program activities 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

MSM:whb  
whb:XX

## **SCHEDULE**

GEORGE MASON UNIVERSITY  
SCHEDULE OF REVENUES AND EXPENDITURES OF  
INTERCOLLEGIATE ATHLETIC PROGRAMS  
For the Year Ended June 30, 2003

	Administrative and General	Men's Basketball	Women's Basketball
<b>Operating Revenue:</b>			
University fee allocation	\$ -	\$ -	\$ -
Ticket sales and entry fees	-	209,877	6,466
Advertising	-	-	-
Other sales/services	-	-	150
NCAA distribution of revenue	-	-	-
Share of Arena revenue	-	-	-
Gift - GMU Foundation	-	-	-
Gift - Other	-	-	-
<b>Total Operating Revenue</b>	<b>-</b>	<b>209,877</b>	<b>6,616</b>
<b>Operating Expenditures:</b>			
Personal services and fringe benefits	974,259	555,626	312,333
Travel, administrative and team	11,758	88,432	62,148
Recruiting expenses	-	74,821	36,382
Contractual services	88,766	74,137	48,553
Supplies	18,913	28,295	38,159
Equipment	3,027	4,416	-
Current charges and obligations	55,488	1,678	409
Financial aid	-	-	-
<b>Total Operating Expenditures</b>	<b>1,152,211</b>	<b>827,405</b>	<b>497,984</b>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>\$ (1,152,211)</b>	<b>\$ (617,528)</b>	<b>\$ (491,368)</b>

\*Other Sports includes baseball, swimming, golf, softball, lacrosse, tennis, trap & skeet, volleyball, wrestling, crew, invitationals, tournaments, and dance.

The accompanying notes are an integral part of this schedule.

Men's Track	Women's Track	Men's Soccer	Women's Soccer	Other Sports*	Non- Program Specific	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,736,000	\$ 6,736,000
11,748	16,736	22,554	26,000	28,673	50,150	372,204
-	-	-	-	-	168,179	168,179
150	810	2,123	4,113	42,135	425,311	474,792
-	-	-	-	-	304,232	304,232
-	-	-	-	-	745,907	745,907
-	-	-	-	21,405	85,532	106,937
-	-	-	-	-	10,517	10,517
11,898	17,546	24,677	30,113	92,213	8,525,828	8,918,768
124,847	125,520	131,721	114,924	677,894	1,160,810	4,177,934
49,176	66,100	21,474	35,168	322,297	146,671	803,224
11,677	5,803	22,019	17,796	42,946	-	211,444
6,345	8,430	15,609	10,011	59,947	300,644	612,442
13,580	16,416	12,113	8,482	116,425	135,142	387,525
-	-	-	23	19,862	15,132	42,460
953	953	-	-	14,295	127,153	200,929
-	-	-	-	-	2,292,797	2,292,797
206,578	223,222	202,936	186,404	1,253,666	4,178,349	8,728,755
\$ (194,680)	\$ (205,676)	\$ (178,259)	\$ (156,291)	\$ (1,161,453)	\$ 4,347,479	\$ 190,013

GEORGE MASON UNIVERSITY  
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES OF  
INTERCOLLEGIATE ATHLETIC PROGRAMS  
AS OF JUNE 30, 2003

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs has been prepared on the cash basis of accounting. The purpose of the Schedule is to present a summary of cash basis receipts and disbursements of the University's Intercollegiate Athletic Programs for the year ended June 30, 2003 and includes only those intercollegiate athletic receipts and disbursements under the direct accounting control of the University. Because the Schedule presents only a selected portion of the University's activities, it is not intended to and does not present either the financial position, changes in financial position or changes in cash flows for the year then ended. Disbursements are directly identifiable with each category presented and reported accordingly. Receipts, except for ticket sales/entry fees, are not allocated to each category and are reported in the "Administrative and General" and "Non-Program Specific" categories.

2. RELATED PARTY TRANSACTION

The Schedule does not include transactions of the Patriot Club of George Mason University Foundation, Inc. This Foundation was organized for fund-raising activities that either support the University or benefit specific schools within the University. The Foundation gave the University \$106,937 for athletic scholarships and other expenses during the fiscal year ended June 30, 2003.

GEORGE MASON UNIVERSITY  
Fairfax, Virginia

BOARD OF VISITORS  
June 30, 2003

Edwin Meese III, Rector

W. Scott McGeary, Vice Rector

Dorothy Gray, Secretary

David E. Anderson	Teresa M. Klaassen
Mel Chaskin	Long Nguyen
Sidney O. Dewberry	Leonard Pomata
Edwin J. Feulner, Jr.	Gary J. Shapiro
Richard H. Fink	Sudhakar V. Shenoy
Dennis Garcia	Brendan J. McMurrer, Student Representative
John F. Herrity	Saweda A Bright, Alternate Student Representative
Manuel H. Johnson	

ADMINISTRATIVE OFFICERS

Alan G. Merten, President

Maurice W. Scherrens, Senior Vice President

Thomas O'Connor, Athletic Director

Jeanne Medford, Assistant Athletic Director for Finance