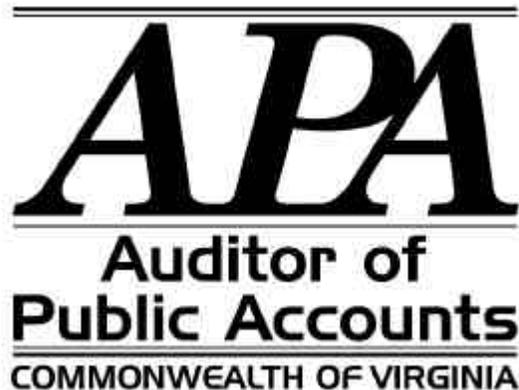


**VIRGINIA STATE UNIVERSITY
PETERSBURG, VIRGINIA**

**INTERCOLLEGIATE ATHLETIC PROGRAMS
FOR THE YEAR ENDED
JUNE 30, 2001**



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UNIVERSITY OFFICIALS

May 17, 2002

The Honorable Mark R. Warner
Governor of Virginia

The Honorable Kevin G. Miller
Chairman, Joint Legislative Audit
and Review Commission

Eddie N. Moore, Jr.
President, Virginia State University

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

We have audited the financial statements of **Virginia State University** as of and for the year ended June 30, 2001, and have issued our unqualified report thereon dated May 17, 2002. 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, 2001, discussed below, solely to assist the University in complying with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.2. The University is responsible for the Intercollegiate Athletics Programs including preparation of the Schedule of Revenues and Expenditures of Intercollegiate Athletic 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
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, 2001, 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 work sheet 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 reviews of actual amounts expended in comparison to budgeted amounts.
- c. We vouched each individual contribution received directly by the University for its Intercollegiate Athletic Programs that constituted more than ten percent of the contributions so received. Except for contributions received from the Virginia State University Foundation, an affiliated organization, we noted no individual contribution that constituted more than ten percent of total contributions received for Intercollegiate Athletics.
- d. We performed a reasonableness test of Student Athletic University fees. We noted that these fees are reasonable.

Because the above procedures “a” through “d” 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 Athletic 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 Virginia State 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. This report relates only to the accounts and items specified above and does not extend to the financial statements of Virginia State University or its intercollegiate athletics department taken as a whole.

Internal Control Related to Intercollegiate Athletic Programs - Agreed-Upon Procedures

The management of Virginia State 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 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 changes in conditions, or that the degree of compliance with the procedures may deteriorate. Our procedures and findings are as follows:

- e. We reviewed an organizational chart provided by the 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.

- f. We reviewed internal control over cash receipts and disbursements, including payroll, for the Intercollegiate Athletic Programs. We reviewed the relationship of internal control over Intercollegiate Athletic 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.
- g. We reviewed the University's procedures for monitoring booster group activities and concluded that those procedures were adequate. It should be noted that no booster group made a contribution for the fiscal year ended June 30, 2001.

Agreed-upon procedures "e" through "g" 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 State University in effect for the year ended June 30, 2001, 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 Athletic 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

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kva: 64

VIRGINIA STATE UNIVERSITY
SCHEDULE OF REVENUES AND EXPENDITURES OF INTERCOLLEGIATE ATHLETIC PROGRAMS
For the Year Ended June 30, 2001

	Non-Program* Specific	Football	Men's Basketball	Men's Track
Operating revenues:				
University fee allocation	\$ 1,671,696	\$ -	\$ -	\$ -
Ticket sales	-	83,868	3,738	-
Guarantees	-	-	8,000	-
Other sales and services	15,030	-	-	175
Private gifts	-	-	17,863	-
Federal grants	90,285	-	-	-
Total operating revenues:	1,777,011	83,868	29,601	175
Operating expenditures:				
Salaries and fringe benefits	391,456	201,676	99,574	17,358
Contractual services	126,959	50,992	36,802	18,573
Supplies and materials	41,073	15,022	6,723	3,808
Property and improvements	-	-	-	8,764
Equipment	7,504	-	655	37,238
Current charges and obligations	181,891	115,689	50,357	22,423
Scholarships	7,818	210,032	90,201	10,000
Total operating expenditures:	756,701	593,411	284,312	118,164
Excess (deficiency) of revenues over (under) expenditures	\$ 1,020,310	\$ (509,543)	\$ (254,711)	\$ (117,989)

* "Non-Program Specific" consists of the Sports Information account, the Athletic Director's Office account, the Athletic Trainer account, federal grants and accrued revenues and expenditures for all athletic programs. The University fee allocation is recorded in one general ledger account for use by all athletic programs rather than distributed amongst programs.

** "Other sports" includes Volleyball, Cheerleaders, Men's Tennis, Women's Tennis, Softball-Women, Golf Co-ed, Athletic Concession, CIAA tickets, Woo Woo Super Camp, and Basketball Camp Boys and Girls.

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

Women's Track	Women's Basketball	Men's Baseball	Other Sports**	Total
\$ -	\$ -	\$ -	\$ -	\$ 1,671,696
-	-	-	65,855	153,461
-	-	-	-	8,000
-	-	-	82,859	98,064
-	-	-	-	17,863
-	-	-	-	90,285
-	-	-	148,714	2,039,369
15,923	76,264	12,508	31,239	845,998
18,828	55,141	12,805	76,779	396,879
11,516	7,551	2,536	94,114	182,343
-	-	-	-	8,764
-	2,519	4,337	4,281	56,534
19,896	47,205	12,119	56,646	506,226
22,000	60,082	19,558	62,653	482,344
88,163	248,762	63,863	325,712	2,479,088
\$ (88,163)	\$ (248,762)	\$ (63,863)	\$ (176,998)	\$ (439,719)

VIRGINIA STATE UNIVERSITY

NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES OF

INTERCOLLEGIATE ATHLETIC PROGRAMS

AS OF JUNE 30, 2001

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs (Schedule) has been prepared on the accrual basis of accounting. The purpose of the Schedule is to present a summary of current fund revenues and expenditures of the Intercollegiate Athletic Programs of the University for the year ended June 30, 2001. The amount of expenditures incurred by organizations outside the control of the University on behalf of the University's Intercollegiate Athletic Programs are 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 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."

2. PLANT FUND ACTIVITY

Plant fund expenditures are not reflected in the accompanying schedules. For fiscal year 2001, \$23,827 was spent on Daniels Gymnasium. Project to date, \$647,000 has been spent and funded through bond proceeds.

For fiscal year 2001, \$89,000 was received from private and local organizations for the track renovation. Project to date, the University has received \$532,374 and spent \$577,378. Of the \$577,378 spent on the project from donated funds, \$136,194 came from funds borrowed through the Commonwealth's Master Lease Program. The loan will be repaid through future donations and Auxiliary Enterprise funds.

3. GIFTS AND GUARANTEES

The University received \$75,000 of a \$100,000 guarantee for the Whitney Young Classic in fiscal year 1998. The Board of Visitors authorized \$37,500 of the \$75,000 for the establishment of a quasi-endowment fund for athletic scholarships and certain other expenditures to support the athletic program. In fiscal year 2000, the University added guarantees from the Howard University football game of \$10,500 and from the Men's Freedom Classic Basketball game of \$15,000. Earnings on the \$63,000 endowment base since its inception totals \$29,821, as of June 30, 2001. Additionally in fiscal year 2002, the University added \$15,000 to this endowment from its guaranteed revenue from the football game against Norfolk State University.

Private gifts for scholarships from the CIAA and NCAA were \$49,999 and \$5,906, respectively, for the 2001 CIAA Basketball Tournament. In fiscal year 2001, the CIAA and NCAA also contributed \$39,500 and \$5,929, respectively, for the 2000 CIAA Basketball Tournament. Of

these contributions, \$17,863 was expended in fiscal year 2001 for scholarships and is included in the schedule.

The Virginia State University Foundation received \$4,000 from the Virginia State University Alumni Association in support of the University's intercollegiate athletic program. These funds have not yet been used for intercollegiate athletics expenditures.

VIRGINIA STATE UNIVERSITY
BOARD OF VISITORS

As of June 30, 2001

Ronald C. Johnson, Rector

Elwood L. Bland, Vice Rector

Garland L. Bigley, Secretary

B. Keith Fulton	Daun S. Hester
Kodwo Ghartey-Tagoe	Adele Johnson
Jorman D. Granger	Gary Lee
Harold T. Green, Jr.	Freeman McCullers

T.W. Taylor

ADMINISTRATIVE OFFICERS

Eddie N. Moore, Jr., President

Earl G. Yarbrough, Sr., Provost and Vice President for Academic Affairs

Edward J. Mazur, Vice President for Administration and Finance

Claud Flythe, Chief of Staff and Vice President for Student Affairs

Derek Carter, Athletic Director