



**THE COLLEGE OF WILLIAM AND MARY
IN
VIRGINIA**

**INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED
JUNE 30, 2013**

- TABLE OF CONTENTS -

	<u>Pages</u>
INDEPENDENT AUDITOR'S REPORT ON APPLICATION AGREED-UPON PROCEDURES	1-4
SCHEDULE	
Schedule of Revenues and Expenses of Intercollegiate Athletics Programs	5
Notes to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs	6-8
COLLEGE OFFICIALS	9



Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

January 13, 2014

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable John M. O'Bannon, III
Chairman, Joint Legislative Audit
And Review Commission

W. Taylor Reveley, III
President, The College of William and Mary in Virginia

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

We have performed the procedures enumerated below, which were agreed to by the President of **The College of William and Mary in Virginia**, solely to assist the College in evaluating whether the accompanying Schedule of Revenues and Expenses of Intercollegiate Athletics Programs of the College is in compliance with National Collegiate Athletic Association (NCAA) Constitution 3.2.4.16, for the year ended June 30, 2013. College management is responsible for the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs and the Schedule's compliance with NCAA requirements. 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 College. 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

The procedures that we performed and our findings are as follows:

Internal Controls

1. We reviewed documentation of accounting systems and operating procedures. We reviewed the relationship of internal control over Intercollegiate Athletics Programs to internal control reviewed in connection with our audit of the College's financial statements. In addition, we identified and reviewed those controls unique to Intercollegiate Athletics Programs, which were not reviewed in connection with our audit of the College's financial statements.

2. Intercollegiate Athletics Department management provided an organizational chart which we reviewed with appropriate personnel. 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.
3. Intercollegiate Athletics Department management provided us with their procedures for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the Intercollegiate Athletics Programs.

Affiliated and Outside Organizations

4. Intercollegiate Athletics Department management identified all intercollegiate athletics-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 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 (Schedule) for the year ended June 30, 2013, as prepared by the College and shown in this report. We recalculated the addition of the amounts in the Schedule, traced the amounts on the Schedule to management's worksheets, and agreed the amounts in management's worksheets to the Intercollegiate Athletics Department's accounts in the accounting records. We noted no differences between the amounts in the Intercollegiate 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.
8. We applied certain analytical review techniques to the revenue and expense amounts reported in the Schedule in order to determine the reasonableness of amounts reported therein. These techniques included trend analyses and review of actual amounts in comparison to budget estimates. We obtained and documented an understanding of significant variations.

Revenues

9. We performed a walkthrough over Intercollegiate Athletics Department ticketing policies and procedures. Revenue from ticket sales was deemed to be immaterial for detailed testing.
10. We compared student fees reported in the Schedule to amounts reported in the accounting records and amounts from the College's comprehensive fee allocated to intercollegiate athletics. We found these amounts to be materially in agreement.
11. Intercollegiate Athletics Department management provided us with settlement reports and game guarantee agreements for away games during the reporting period. This amount was deemed immaterial for detailed testing.

12. 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 Athletic Educational Foundation of The College of William and Mary in Virginia, an affiliated organization, we noted no individual contribution which constituted more than ten percent of total contributions received for Intercollegiate Athletics Programs.
13. We agreed the listing of revenues and expenses for or on behalf of the Intercollegiate Athletics Programs by affiliated and outside organizations to total contributions in the Schedule. We found the amounts to be in agreement.
14. We obtained amounts reported in the Schedule for direct institutional support and indirect facilities and administrative support. These amounts were deemed to be immaterial for detailed testing.
15. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from tournaments, conference distributions, and NCAA distributions. We gained an understanding of the terms of the agreements and agreed selected amounts to proper posting in the accounting records and supporting documentation.
16. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from broadcast, television, radio, and internet rights. These amounts were deemed to be immaterial for detailed testing.
17. From the Schedule, we obtained the amount of revenue related to participation in royalty, advertisement, and sponsorship agreements. This amount was deemed to be immaterial for detailed testing.
18. We obtained an understanding of the College's methodology for recording revenues from sport camps and inspected any sports camp contracts between the College and persons conducting sport camps or clinics during the reporting period. These amounts were deemed to be immaterial for detail testing.
19. We obtained and inspected endowment agreements to gain an understanding of the relevant terms and conditions of the agreement. We compared the use and classification of endowment and investment income to the corresponding endowment agreement.

Expenses

20. Intercollegiate Athletics Department management provided us a listing of institutional student aid recipients during the reporting period. We selected individual student-athletes across all sports and agreed amounts from the listing to their award letter. We also ensured that the total aid amount for each sport materially agreed to amounts reported as Financial Aid in the student accounting system.
21. Intercollegiate Athletics Department management provided us with settlement reports and game guarantee agreements for home games during the reporting period. This amount was deemed immaterial for detailed testing.
22. Intercollegiate Athletics Department management provided us with a listing of coaches, support staff, and administrative personnel employed and paid by the College during the

reporting period. We selected and tested individuals 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.

23. Intercollegiate Athletics Department management provided us with a listing of severance payments made during the reporting period. This amount was deemed to be immaterial for detailed testing.
24. We discussed the Intercollegiate Athletics Department's recruiting expense and team travel policies with Intercollegiate Athletics Department management and documented an understanding of those policies. We compared these policies to existing College and NCAA policies and noted substantial agreement of those policies.
25. We obtained an understanding of the College's methodology for allocating indirect facilities support. This amount was deemed to be immaterial for detailed testing.
26. Based on disbursements as listed in the accounting records, we selected and tested payments to third parties by the Intercollegiate Athletics Programs. These disbursements were for the various activities listed within the Schedule. We compared and agreed the selected operating expenses to adequate supporting documentation. We found all reviewed amounts to be properly approved, in agreement with supporting documentation, and properly recorded in the accounting records.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression on 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 College of William and Mary in Virginia, in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to the College. This report relates only to the accounts and items specified above and does not extend to the financial statements of The College of William and Mary in Virginia or its Intercollegiate Athletics Department taken as a whole.

This report is intended solely for the information and use of the President and the College, 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

EMS/clj

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA
SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
For the year ended June 30, 2013

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating revenues:						
Ticket sales	\$ 610,768	\$ 150,839	\$ 8,310	\$ 36,619	\$ -	\$ 806,536
Student fees	-	-	-	-	11,125,135	11,125,135
Guarantees	250,000	246,400	23,225	24,416	-	544,041
Contributions (Note 2)	1,803,272	359,998	116,604	750,894	287,356	3,318,124
Direct institutional support	626	9	29	55,026	-	55,690
Indirect facilities and administrative support	326,821	34,930	16,153	356,235	74,389	808,528
NCAA/conference distributions including all tournament revenue	208,575	290,291	81,460	645,188	138,499	1,364,013
Broadcast television, radio and internet rights	-	-	-	-	11,713	11,713
Program sales, concessions, novelty sales, and parking	66,944	3,485	677	187	-	71,293
Royalties, advertisements and sponsorships	321,611	76,150	51,825	65,703	233,405	748,694
Sports-camp revenues	-	-	-	2,303	40,164	42,467
Endowment and investment income (Note 3)	705,118	182,626	125,605	836,685	83,440	1,933,474
Other	19,333	2,302	2,250	307,234	142,295	473,414
Total operating revenues	4,313,068	1,347,030	426,138	3,080,490	12,136,396	21,303,122
Operating expenses:						
Athletic student aid	2,331,805	561,234	624,641	3,912,412	28,050	7,458,142
Guarantees	-	4,279	2,500	18,175	-	24,954
Coaching salaries, benefits, and bonuses paid by the College and related entities	1,013,765	616,196	318,323	1,759,789	-	3,708,073
Support staff/administrative salaries, benefits and bonuses						
bonuses paid by the College and related entities	52,879	61,011	52,775	3,208	2,837,099	3,006,972
Severance payments	26,913	-	17,693	23	3,972	48,601
Recruiting	157,257	81,969	38,227	143,555	310	421,318
Team travel	304,383	163,257	151,346	901,603	551	1,521,140
Equipment, uniforms, and supplies	141,697	38,380	21,378	321,142	42,081	564,678
Game expenses	186,041	133,727	71,383	352,913	-	744,064
Fund-raising, marketing and promotions	2,415	-	1,398	6,567	357,179	367,559
Direct facilities, maintenance and rental	680,040	-	-	467,212	31,721	1,178,973
Spirit groups	-	-	-	-	26,815	26,815
Indirect facilities and administrative support	326,820	34,930	16,153	356,235	74,390	808,528
Medical expenses and medical insurance	-	-	129	326	406,166	406,621
Memberships and dues	-	70	800	7,050	88,984	96,904
Other	74,348	44,788	23,513	91,691	626,812	861,152
Total operating expenses	5,298,363	1,739,841	1,340,259	8,341,901	4,524,130	21,244,494
Excess (deficiency) of revenues over (under) expenses	\$ (985,295)	\$ (392,811)	\$ (914,121)	\$ (5,261,411)	\$ 7,612,266	\$ 58,628

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

THE COLLEGE OF WILLIAM AND MARY
NOTES TO SCHEDULE OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2013

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenses of Intercollegiate Athletics 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 College for the year ended June 30, 2013, and includes both those intercollegiate athletics revenues and expenses under the direct accounting control of the College and those on behalf of the College's Intercollegiate Athletics Programs by outside organizations not under the College's control. Because the Schedule presents only a selected portion of the College'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, 2013. 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 Athletic Educational Foundation (AEF) of the College of William and Mary in Virginia, Incorporated, also referred to as the Tribe Club, raises funds and collects contributions for the benefit of the Intercollegiate Athletics Department. The College received \$3,086,705 from the AEF during the year ended June 30, 2013.

The AEF receives directly from various individuals and businesses donations in the form of goods or services for the athletic program. The College received \$231,419 from individuals and businesses in donations during the year ended June 30, 2013.

3. ENDOWMENT AND INVESTMENT INCOME

The College of William and Mary Foundation is authorized to receive and administer gifts and bequests of all kinds. The Foundation makes such resources available to the College, which may be drawn as needed by the College within the Foundation's budgetary restrictions. The College received \$1,933,474 of endowment and investment income from the Foundation for the benefit of the Intercollegiate Athletics Department for the year ended June 30, 2013.

4. CAPITAL ASSETS

Capital assets are recorded at historical cost at the date of acquisition or fair market value at the date of donation in the case of gifts. Construction expenses for capital assets and improvements are capitalized when expended. The College's capitalization policy on equipment includes all items with an estimated useful life of two years or more. The William and Mary campus 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, 2013 is as follows:

Depreciable capital assets:	
Buildings	\$28,260,147
Improvements other than Buildings	1,051,718
Infrastructure	2,628,105
Equipment	<u>2,566,174</u>
Total depreciable capital assets	<u>34,506,144</u>
Less Accumulated depreciation for:	
Buildings	10,107,652
Improvements other than Buildings	327,318
Infrastructure	2,038,647
Equipment	<u>1,630,806</u>
Total accumulated depreciation	<u>14,104,423</u>
Total capital assets, net	<u>\$20,401,721</u>

5. LONG-TERM DEBT

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

<u>Description</u>	Interest Rates (%)	Maturity	Balance as of June 30, 2013	% used by Athletics	Athletics Balance June 30, 2013
Section 9(d) Bonds:					
William and Mary Hall, Series 2004B	3.000-5.000	2016	560,000	85%	\$ 476,000
William and Mary Hall, Series 2007B	4.000-4.250	2018	165,000	85%	140,250
Recreation Sports Center, Series 2003A	2.000-5.000	2024	45,000	15%	6,750
Recreation Sports Center, Series 2004A	3.500-5.000	2025	710,000	15%	106,500
Recreation Sports Center, Series 2005A	3.500-5.000	2026	665,000	15%	99,750
Recreation Sports Center, Series 2010B	2.000-5.000	2021	220,000	15%	33,000
Recreation Sports Center, Series 2012A	3.000-5.000	2024	315,000	15%	47,250
Recreation Sports Center, Series 2012A	3.000-5.000	2025	4,585,000	15%	687,750
Recreation Sports Center, Series 2012A	3.000-5.000	2025	1,225,000	15%	183,750
Improve Athletics Facilities, Series 2005A	3.500-5.000	2026	920,000	100%	920,000
Improve Athletics Facilities, Series 2006A	3.000-5.000	2027	620,000	100%	620,000
Improve Athletics Facilities, Series 2012A	3.000-5.000	2025	1,655,000	100%	1,655,000
J. Laycock Football Facility, Series 2006A	3.000-5.000	2027	4,460,000	100%	4,460,000
Busch Field Astroturf Replacement 2009B	3.000-5.000	2030	1,290,000	100%	1,290,000
Total					<u>\$ 10,726,000</u>

Long-term debt matures as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2014	640,500	486,520
2015	678,500	453,545
2016	707,000	418,908
2017	745,750	382,589
2018	783,000	344,896
2019-2023	3,699,750	1,184,492
2024-2028	3,256,500	290,544
2029-2033	215,000	10,875
Total	<u>\$ 10,726,000</u>	<u>\$ 3,572,369</u>

6. INDIRECT COSTS

The College recovers a percentage of each auxiliary enterprise's expenses, including athletics, to cover overhead costs such as utilities and custodial services. In the fiscal year ended June 30, 2013, the overhead rate charged to athletics and other auxiliary enterprises was 25.63 percent. This amount is included in other operating expenses, under the category "Non-Program Specific."

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA

Williamsburg, Virginia

BOARD OF VISITORS

As of June 30, 2013

Jeffrey B. Trammell, Rector
Charles A. Banks, III, Vice Rector
Dennis H. Liberson, Secretary

Kendrick F. Ashton, Jr.
Ann Green Baise
Keith S. Fimian
Edward L. Flippen
Thomas R. Frantz
Sue H. Gerdelman
John E. Littel
Leigh A. Pence
L. Clifford Schroeder, Sr.
Robert E. Scott
Peter A. Snyder
Todd A. Stottlemyer
Michael Tang
John Charles Thomas

COLLEGE OFFICIALS

W. Taylor Reveley, III, President

Terry Driscoll, Director of Intercollegiate Athletics Programs