



Dr. Donald Julian Reaves, Chancellor
Winston-Salem State University
Winston-Salem, North Carolina

We have performed the procedures enumerated below, which were agreed to by Dr. Donald Julian Reaves, Chancellor, Winston-Salem State University (WSSU), solely to assist you in connection with the statement of revenues and expenses in regards to certain records and transactions of WSSU for the purpose of complying with National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.16., for the year ended June 30, 2013. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the associated findings in excess of 10% and \$50,000 of the respective revenue or expense line are as follows:

Agreed-Upon Procedures Program for Revenues

General

Compare each major revenue account (greater than 10% of the total revenues) to prior-period amounts. Obtain and document an understanding of any variation greater than 10 percent. Recalculate totals.

We found no exceptions as a result of these procedures.

Ticket Sales

Select a sample of ten events and compare tickets sold during the reporting period, complimentary tickets provided during the reporting period and unsold tickets to the related revenue reported by the institution in the statement and the related attendance figures. Recalculate totals.

We found no exceptions as a result of these procedures.

Student Fees

Compare and agree student fees reported by the institution in the statement for the reporting period to student enrollments during the same reporting period. Obtain and document an understanding of the institution's methodology for allocating student fees to intercollegiate athletics programs. Recalculate totals.

We found no exceptions as a result of these procedures.

Away Games Sales and Guarantees

Select a sample of ten settlement reports for away games during the reporting period and agree each selection to the institution's general ledger and/or the statement. Select a sample of ten contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compare and agree each selection to the institution's general ledger and/or the statement. Recalculate totals.

We found no evidence of settlement reports related to away game sales. We found no exceptions as a result of the procedures relative to game guarantees. We found four games included in away game guarantees.

Contributions

Obtain and review supporting documentation for each contribution of moneys, goods or services received directly by an intercollegiate athletics program that constitutes 10% or more of all contributions received for intercollegiate athletics during the reporting period.

We found no evidence of contributions that exceeded 10% of all contributions received for intercollegiate athletics during the reporting period.

Third-Party Support

Obtain the summary of revenues from affiliated and outside organizations (the Summary) as of the end of the reporting period from the institution. Select a sample of ten funds from the Summary and compare and agree each selection to supporting documentation, the institution's general ledger and/or the Summary. Recalculate totals. If the third party was audited by independent auditors, obtain the related independent auditors' report.

The accounts of Winston-Salem State University Foundation, Inc. that pertain to the University's intercollegiate athletics programs have been blended with the University's statement. We found no exceptions as a result of these procedures.

Direct State or Other Governmental Support

Compare direct state or other governmental support recorded by the institution during the reporting period with state appropriations, institutional authorizations and/or other corroborative supporting documentation. Recalculate totals.

We found no evidence of direct state or other governmental support.

Direct Institutional Support

Compare the direct institutional support recorded by the institution during the reporting period with state appropriations, institutional authorizations and/or other corroborative supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

Indirect Facilities and Administrative Support

Compare the indirect institutional support recorded by the institution during the reporting period with state appropriations, institutional authorizations and/or other corroborative supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

NCAA/Conference Distributions Including Tournament Revenues

Obtain and inspect a sample of ten agreements related to the institution's participation in revenues from tournaments during the reporting period to gain an understanding of the relevant terms and conditions. Compare and agree the related revenues to the institution's general ledger, and/or the statement. Recalculate totals.

We found no exceptions as a result of these procedures. We found one distribution related to the institution's participation in revenues from tournaments.

Broadcast, Television, Radio and Internet Rights

Obtain and inspect a sample of ten items related to the institution's participation in revenues from broadcast, television, radio and Internet rights to gain an understanding of the relevant terms and conditions. Compare and agree related revenues to the institution's general ledger, and/or the statement. Recalculate totals.

We found no evidence of the institution's participation in revenues from broadcast, television, radio or Internet rights.

Program Sales, Concessions, Novelty Sales and Parking

Compare and agree the program sales, concessions, novelty sales and parking revenue category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten program sales, concessions, novelty sales and parking revenue receipts obtained from the above operating revenue supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

Royalties, Licensing, Advertisements and Sponsorships

Obtain and inspect a sample of ten agreements related to the institution's participation in revenues from royalties, licensing, advertisements and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions. Compare and agree the related revenues to the institution's general ledger, and/or the statement. Recalculate totals.

We found no exceptions as a result of these procedures.

Sports Camp Revenues

Inspect a sample of ten sports camp contract(s) between the institution and person(s) conducting institutional sports camps or clinics during the reporting period to obtain an understanding of the institution's methodology for recording revenues from sports camps. Obtain schedules of camp participants. Select a sample of ten individual camp participant cash receipts from the schedule of sports-camp participants and agree each selection to the institution's general ledger, and/or the statement. Recalculate totals.

We found no exceptions as a result of these procedures. The institution does not contract with individuals outside of the institution to conduct sports camps.

Endowment and Investment Income

Obtain and inspect a sample of ten endowment agreements to gain an understanding of the relevant terms and conditions. Compare and agree the classification and use of endowment and investment income reported in the statement during the reporting period to the uses of income defined within the related endowment agreement. Recalculate totals.

We found no exceptions as a result of these procedures. We found income from three endowments included in the statement for endowment and investment income.

Other

Compare and agree the other revenue category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten other revenue receipts obtained from the above other revenue supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures. We noted only one other revenue item reported in the statement during the reporting period.

Agreed-Upon Procedures Program for Expenses

General

Compare each major expense account (greater than 10% of the total expense for the category) to prior-period amounts. Obtain and document an understanding of any variation greater than 10%. Recalculate totals.

We found no exceptions as a result of these procedures.

Athletic Student Aid

Select a sample of ten students from the listing of institutional student aid recipients during the reporting period. Obtain individual student-account detail for each selection and compare total aid allocated from the related aid award letter to the student's account. Recalculate totals.

We found no exceptions as a result of these procedures.

Guarantees

Obtain and inspect a sample of ten away-game settlement reports received by the institution during the reporting period and agree related expenses to the institution's general ledger and/or the statement. Obtain and inspect contractual agreements pertaining to expenses recorded by the institution from guaranteed contests during the reporting period. Compare and agree related amounts expensed by the institution to the institution's general ledger and/or the statement. Recalculate totals.

We found no evidence of expenses associated with away-game settlement reports or guaranteed contests during the reporting period.

Coaching Salaries, Benefits, and Bonuses Paid by the Institution and Related Entities

Obtain and inspect a listing of coaches employed by the institution and related entities during the reporting period. Select a sample of ten coaches' contracts that must include football, and men's and women's basketball from the above listing. Compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the institution and related entities in the statement during the reporting period. Obtain and inspect W-2s, 1099s, etc., for each selection. Compare and agree related W-2s, 1099s, etc., to the related coaching salaries, benefits and bonuses paid by the institution and related entity expense recorded by the institution in the statement during the reporting period. Recalculate totals.

We found no exceptions as a result of these procedures.

Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the Institution and Related Entities

Select a sample of ten support staff/administrative personnel employed by the institution and related entities during the reporting period. Obtain and inspect W-2s, 1099s, etc., for each selection. Compare and agree related W-2s, 1099s, etc., to the related support staff/administrative salaries, benefits and bonuses paid by the institution and related entities expense recorded by the institution in the statement during the reporting period. Recalculate totals.

We found no exceptions as a result of these procedures.

Severance Payments

Select a sample of ten employees receiving severance payments by the institution during the reporting period and agree each severance payment to the related termination letter or employment contract. Recalculate totals.

We found no evidence of severance payments made by the institution during the reporting period.

Recruiting

Obtain and document an understanding of the institution's recruiting expense policies. Compare and agree to existing institutional- and NCAA-related policies.

We found no exceptions as a result of these procedures.

Team Travel

Obtain and document an understanding of the Institution's team travel policies. Compare and agree to existing institutional- and NCAA-related policies.

We found no exceptions as a result of these procedures.

Equipment, Uniforms and Supplies

Compare and agree the expense category for equipment, uniforms and supplies reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten equipment, uniforms and supplies expenses obtained from the above operating supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

Game Expenses

Compare and agree the game expense category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten game expenses obtained from the game expense supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

Fund Raising, Marketing and Promotion

Compare and agree the fund raising, marketing and promotion expense category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten fund raising, marketing and promotion expenses obtained from the above supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

Sports-Camp Expenses

Compare and agree the sports-camp expense category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten sports-camp expenses obtained from the above operating expense supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

Direct Facilities, Maintenance and Rental

Compare and agree the direct facilities, maintenance and rental expense category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten direct facilities, maintenance and rental expenses obtained from the above expense supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

Spirit Groups

Compare and agree the spirit groups expense category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten spirit group expenses obtained from the above expense supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

Indirect Facilities and Administrative Support

Obtain and document an understanding of the institution's methodology for allocating indirect facilities support. Recalculate the indirect facilities-support and indirect institutional-support totals reported by the institution in the statement. Compare and agree indirect facilities and administrative support reported by the institution in the statement to the corresponding revenue category (indirect facilities and administrative support – category 8) reported by the institution in the statement. Recalculate totals.

We found no exceptions as a result of these procedures.

Medical Expenses and Medical Insurance

Compare and agree the medical expenses and medical insurance expense category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten medical expenses and medical insurance expenses obtained from the above expense supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures. We noted only one medical insurance expense reported in the statement during the reporting period.

Memberships and Dues

Compare and agree the memberships and dues expense category reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten memberships and dues expenses obtained from the above expense supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures.

Other Operating Expenses and Transfers to Institution

Compare and agree each other operating expenses and transfers to institution categories reported in the statement during the reporting period to supporting schedules provided by the institution. Compare and agree a sample of ten other operating expenses obtained from the above other operating expense supporting schedules to adequate supporting documentation. Compare and agree any transfers to the institution obtained from the above transfers to the institution supporting schedules to adequate supporting documentation. Recalculate totals.

We found no exceptions as a result of these procedures. We noted no transfers to the institution during the reporting period.

Agreed-Upon Procedures Program for Outstanding Intercollegiate Athletic Debt (if applicable)

Obtain the repayment schedules for all outstanding Intercollegiate athletic debt maintained by the institution during the reporting period and recalculate the annual maturities (consisting of principal and interest) provided in the schedules obtained. Agree the total annual maturities to supporting documentation and the institution's general ledger.

We found no exceptions as a result of these procedures.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the statement of revenues and expenses. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Chancellor and management of Winston-Salem State University and the NCAA, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey LLP

Greensboro, North Carolina
January 13, 2014

Name of Reporting Institution: Winston-Salem State University
Information for the Reporting Year: 2013



**Statement of Revenues and Expenses
For the year ended June 30, 2013 (UNAUDITED)**

ID	Item	Football	Men's			Non-		Total
			Basketball	Women's Basketball	Other Sports	Program Specific		
1	Ticket Sales.	187192	12393	12393	0	0	211978	
2	Student Fees	666763	225790	196878	676856	664404	2430691	
3	Guarantees.	15000	15000	2000	0	0	32000	
4	Contributions.	300	510	1014	4824	254371	261019	
5	Compensation and Benefits Provided by a Third Party.	0	0	0	0	0	0	
6	Direct State or Other Government Support.	0	0	0	0	0	0	
7	Direct Institutional Support.	0	0	0	0	750000	750000	
8	Indirect Facilities and Administrative Support.	0	0	0	0	298309	298309	
9	NCAA/Conference Distributions including all tournament revenues.	0	0	0	10445	0	10445	
10	Broadcast, Television, Radio, and Internet Rights.	0	0	0	0	0	0	
11	Program Sales, Concessions, Novelty Sales, and Parking.	30163	0	0	0	1350	31513	
12	Royalties, Licensing, Advertisements and Sponsorships.	0	0	0	0	51188	51188	
13	Sports Camp Revenues.	3715	1575	1700	5877	20516	33383	
14	Endowment and Investment Income.	0	9584	9583	0	5025	24192	
15	Other Operating Revenue.	0	0	0	0	12764	12764	
16	Total Operating Revenue.	903133	264852	223568	698002	2057927	4147482	
Expenses								
17	Athletic Student Aid.	490069	131611	129019	586529	43130	1380358	
18	Guarantees.	0	0	0	0	0	0	
19	Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities.	558574	220735	174362	330645	0	1284316	

20	Coaching Other Compensation and Benefits Paid by a Third Party.	0	0	0	0	0	0
21	Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities.	0	0	0	0	710930	710930
22	Support Staff/Administrative Other Compensation and Benefits Paid by a Third Party.	0	0	0	0	0	0
23	Severance Payments.	0	0	0	0	0	0
24	Recruiting.	5200	4695	3261	6628	0	19784
25	Team Travel	68273	36042	38757	190225	0	333297
26	Equipment, Uniforms and Supplies.	41007	5524	5816	54906	0	107253
27	Game Expenses.	23089	3768	3016	1423	114486	145782
28	Fund Raising, Marketing and Promotion.	0	0	0	0	60310	60310
29	Sports Camp Expenses.	2345	778	78	1836	0	5037
30	Direct Facilities, Maintenance, and Rental.	570	35	84	10178	58768	69635
31	Spirit Groups	0	0	0	0	32837	32837
32	Indirect Facilities and Administrative Support.	0	0	0	0	298309	298309
33	Medical Expenses and Medical Insurance	0	0	0	0	111240	111240
34	Memberships and Dues.	0	350	825	2139	43145	46459
35	Other Operating Expenses.	3034	4158	591	18598	435765	462146
36	Total Operating Expenses.	1192161	407696	355809	1203107	1908920	5067693
37	Transfers to Institution	0	0	0	0	0	0
38	Total Expenses	1192161	407696	355809	1203107	1908920	5067693
	Excess (Deficiencies) of Revenues Over (Under) Expenses	(-289028)	(-142844)	(-132241)	(-505105)	149007	(-920211)

WINSTON SALEM STATE UNIVERSITY
DEPARTMENT OF ATHLETICS

Notes to Statement of Revenues and Expenditures
June 30, 2013

Summary of Significant Accounting of Policies

The Department of Athletics is an auxiliary service of Winston-Salem State University (the University) and as such is responsible for the intercollegiate athletics programs of Winston-Salem State University. The Department of Athletics' transactions are reported in the University's auxiliary service area. The University transitioned to a NCAA Division II membership on July 1, 2010. The university is an active member of the Central Intercollegiate Athletic Association.

Basis of Presentation – The accompanying statement presents the recorded amounts of revenue and expenditures of Winston-Salem State University's Department of Athletics. It is not intended to be a complete presentation of the revenues and expenditures of Winston-Salem State University. The presentation includes revenues and expenditures of the Department of Athletics through both University auxiliary funding and Winston-Salem State University Foundation, Inc., a separate legal entity from the University. The statement of revenues and expenditures has been prepared using the accrual basis of accounting. However, no provision has been made for depreciation of physical plant assets. Revenue is recognized when earned and expenses when supplies or services are received. Indirect costs, including general administrative costs, maintenance, and other related costs, are allocated to the Department of Athletics through the University's Facility Department. These costs were \$298,309.

Contributions – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts that are restricted by donor are reported as deferred revenue until such time as the restriction expired (that is, when a stipulated time restriction ends or a purpose restriction is accomplished).

Direct Institutional Support – A total of \$750,000 was allocated to the athletic department from the University to support scholarship offerings.

Student Athletics Fees – During the fiscal year 2008, the Board of Trustees of Winston-Salem State University approved a student fee of \$579 per full-time student to support intercollegiate athletics. There has not been a fee increase since that time. The Department of Athletics recognized \$2,430,691 in student athletics fees for the year ending June 30, 2013.

Fund Accounting – In order to ensure observance of limitations and restrictions placed on the use of resources to Winston-Salem State University's Department of Athletics, the accounts are maintained in accordance with fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. Separate accounts are maintained for each auxiliary service.

**WINSTON SALEM STATE UNIVERSITY
DEPARTMENT OF ATHLETICS**

Notes to Statement of Revenues and Expenditures
June 30, 2013

Revenue Bonds Payable - The University's department of athletics was indebted for revenue bonds payable for the purpose of renovating the Civitan Park Athletic Fields:

Purpose	Series	Interest Rate/ Ranges	Final Maturity Date	Original Amount of Issue	Principal Outstanding June 30, 2013	Due Within One Year
Housing and Dining System						
UNC System Pool Revenue Bonds	2008A	3.00%-5.00%	10/01/2033	\$ 2,723,995.79	\$ 2,463,326.35	\$ 186,104.03

The annual requirements to pay principal and interest on the long-term obligations at June 30, 2013, are as follows:

Fiscal Year	Annual Requirements		
	Revenue Bonds Payable		
	Principal	Interest	Total
2014	\$ 70,753.14	\$ 115,350.89	\$ 186,104.03
2015	74,476.99	112,446.29	186,923.28
2016	78,200.84	109,001.73	187,202.57
2017	80,062.76	105,045.14	185,107.90
2018	85,648.54	100,902.35	186,550.89
2019-2023	489,686.19	441,163.29	930,849.48
2024-2028	620,020.91	313,765.76	933,786.67
2029-2033	783,870.29	146,868.62	930,738.91
2034	180,606.69	4,515.17	185,121.86
Total Requirements	\$ 2,463,326.35	\$ 1,449,059.24	\$ 3,912,385.59

**WINSTON SALEM STATE UNIVERSITY
DEPARTMENT OF ATHLETICS**

Notes to Statement of Revenues and Expenditures
June 30, 2013

Capital Lease Obligations - Capital lease obligations relating to University athletic facilities for the Bowman Gray Field House are recorded at the present value of the minimum lease payments. Future minimum lease payments under capital lease obligations consist of the following at June 30, 2013:

<u>Fiscal Year</u>	<u>Amount</u>
2014	\$ 233,958.50
2015	234,148.50
2016	234,098.00
2017	233,807.00
2018	233,275.50
2019-2023	1,177,582.50
2024-2028	1,171,916.50
2029-2033	<u>708,011.00</u>
Total Minimum Lease Payments	4,226,797.50
Amount Representing Interest (4.81% Interest Rate)	<u>1,441,797.50</u>
Present Value of Future Lease Payments	<u><u>\$ 2,785,000.00</u></u>