

**FRANCIS MARION UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
FLORENCE, SOUTH CAROLINA**

**Independent Accountants' Report On
Applying Agreed-Upon Procedures
June 30, 2015**

FRANCIS MARION UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
For the Year Ended June 30, 2015

Table of Contents

Independent Accountants' Report On Applying Agreed-Upon Procedures	1-7
Statement of Revenues, Expenses, and Transfers	8
Notes to the Statement	9-10

Independent Accountants' Report On
Applying Agreed-Upon Procedures

Dr. Luther F. Carter
President
Francis Marion University
P.O. Box 100547
Florence, South Carolina 29502

We have audited the financial statements of Francis Marion University as of and for the year ended June 30, 2015, and have issued an unmodified opinion in our report dated September 4, 2015. At your request, we have also performed the procedures described below which were agreed to by the University President and management of Francis Marion University, solely to assist these users in evaluating whether the accompanying Statement of Revenues, Expenses, and Transfers is in compliance with the National Collegiate Athletic Association ("NCAA") Bylaw 6.2.3.1 for the fiscal year ended June 30, 2015. The Statement of Revenues, Expenditures, and Transfers of Francis Marion University Intercollegiate Athletics Program and related note disclosures presented in attachment A was not audited or reviewed by us.—Management is responsible for Francis Marion University's compliance with the requirements of NCAA Bylaw 6.2.3.1, the Intercollegiate Athletics Program's financial records, internal controls and compliance with applicable laws, rules and regulations. This engagement to apply agreed-upon procedures was performed 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 specified users of the report. Consequently, we made 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 and associated findings are as follows:

Procedures Related to the Statement of Revenues, Expenses, and Transfers

1. We obtained the Statement of Revenues, Expenses, and Transfers of Francis Marion University Intercollegiate Athletics Program and related note disclosures for the year ended June 30, 2015, as prepared by accounting management of the University and shown on page 8 in this report. We recalculated the mathematical accuracy of the amounts on the statement, traced the individual line item amounts from the Statement of Revenues, Expenses, and Transfers to management's worksheets and compared the amounts on management's worksheets to the accounts in the University's general ledger.

We found no exceptions as a result of this procedure.

2. We obtained from accounting management a list of all outside organizations that have as their principal purpose or one of their principal purposes the generating of resources for or on behalf of the University's Intercollegiate Athletics Program or the promotion of the Program. We then confirmed the amounts received from these outside organizations directly with the responsible officials of these organizations. We compared the amount per the confirmation with the amount recorded in the Athletic Department's general ledger and on the Statement of Revenues, Expenses, and Transfers.

We found no exceptions as a result of this procedure.

3. We scanned the Intercollegiate Athletics Program contributions revenue account detail to identify each individual contribution received directly that constitutes more than ten percent of all contributions received for intercollegiate athletics. We confirmed directly with responsible officials the amount of contributions that constituted more than ten percent of the contribution revenue. For gifts in-kind that constituted more than ten percent of the contribution revenue, we obtained the supporting schedule.

We found three contributions that constituted more than ten percent of the contribution revenue included in Attachment A Note 1. We found no exceptions as a result of this procedure.

4. We requested the accounting management to describe the basis for allocating student athletic fees to athletics and obtained from management the reconciliation of total student fees revenue.

Per management, the student activity fee, charge to all students, is partially directed toward Athletic Revenue Bond Debt Service, with the allocated to various student service activities. None of this fee is assessed and restricted for support of intercollegiate athletics. We found no exceptions as a result of this procedure.

5. We obtained from accounting management the general ledger activity for all cash receipts related to intercollegiate athletics. We selected a sample of individual receipts and compared the recorded cash receipt amount to the amount on the cashiers' office deposit transmittal reports prepared by the athletic department and submitted along with the cash to the cashiers' office. The sample of the individual receipts selected for comparison is as follows:

<u>Receipt</u>	<u>Date</u>	<u>Amount</u>
104100	6/11/2015	\$ 44.58
89023	10/21/2014	1,300.00
89169	10/23/2014	2,310.00
100243	3/31/2015	120.00
80208	7/15/2014	70.00
85685	8/21/2014	3,000.00
86925	9/3/2014	7,500.00
90202	11/13/2014	1,688.38
86101	8/26/2014	94.00
97288	3/2/2015	323.00

We found no exceptions as a result of this procedure.

6. We obtained and read copies of the game guarantee contracts. We recalculated the total amount of the contracts, and compared this amount with the amount recorded as guarantee revenue on the Statement of Revenues, Expenses, and Transfers. We also compared expenses per the contracts to expenses recorded in the program's accounts in the general ledger.

We found no exceptions as a result of this procedure.

7. We obtained a schedule of athletics department salaries from accounting management. We compared the amounts listed on the schedule to amounts recorded in the general ledger and on the Statement of Revenues, Expenses, and Transfers. From this schedule, we haphazardly selected five employees and compared the compensation paid to amounts specified in each respective contract.

We found no exceptions as a result of this procedure.

8. We requested the athletic management to describe specific elements of the University's internal control unique to the Intercollegiate Athletics Program's accounting system and financial reporting.

We found no exceptions as a result of this procedure.

9. We obtained from athletic management a listing of ticket sales for the year and from this list we selected a sample of ticket sales. For the events that have ticket sales, we compared the number of tickets sold per the general ledger with the amount of tickets sold per the ticket report. We recalculated the mathematical accuracy of the amount of ticket sales revenue by multiplying the number of tickets sold, per the ticket sales report, by the individual ticket price. We compared the amount on the accompanying correspondence with the amount recorded in the general ledger. We compared the revenue amount to the amount recorded in the Statement of Revenues, Expenses, and Transfers.

We found no exceptions as a result of this procedure.

10. We obtained a report from the University which details indirect facilities and administrative support recorded by the University for the year ended June 30, 2015, we recalculated the mathematical accuracy of the amount. We also agreed such amount on the Statement to the University's general ledger.

We found no exceptions as a result of this procedure.

11. We obtained a report detailing the direct institutional support revenue recorded for the year ended June 30, 2015. We recalculated the mathematical accuracy of the direct institutional support revenue amounts per the report and agreed the amounts included in the calculation to the general ledger. We compared the total direct institutional support revenue in the report to the corresponding amount in the Statement of Revenues, Expenses, and Transfers.

We found no exceptions as a result of this procedure.

12. We selected a sample of recorded expenses for contractual services, travel, uniforms, financial aid and equipment and supplies from the general ledger. We compared the classification of the selected expenses in the statement to the classifications permitted by NCAA Guidelines as stated by the NCAA Audit Legislation. For the selected expenses we obtained the related disbursement package to determine the items required by University's procurement policy were included and that the expenditure had been authorized in accordance with the University's policy and to validate existence of transaction and accuracy of recording.

Excluding Student Aid:

Description	Reference	Date	Amount
Mike Reichenback Ford Lincoln	21009	5/21/2015	\$ 1,000.00
Struttin' Turkey, LLC	20581	4/23/2015	490.00
Joe C Sparks	19623	3/5/2015	147.07
Sun Solutions	10756	7/21/2014	1,668.60
All Star Sports	21352	6/8/2015	3,210.50
SC Department of Revenue	12959	8/19/2014	579.28
Blake Newsome	14287	9/24/2014	281.37
Pamplico Hwy Development LLC	15926	12/8/2014	472.55
Gary Edwards	10591	7/5/2014	492.50
Joe C Sparks	13964	9/8/2014	115.34
Paul J MacDonald	19103	2/5/2015	751.90
GCAA	15262	10/30/2014	425.00
Mark Gaynor	14527	10/6/2014	1,371.84
USC-Aiken Golf	19659	3/5/2015	250.00
McLeod Sports Medicine	18957	1/29/2015	1,000.00
Ashleigh Windley	20972	5/21/2015	260.49
Florence ODS	13795	9/2/2014	975.00
Hometown Lodging LLC	19944	3/23/2015	1,601.60
Dushawn Davis	21540	6/18/2015	87.19
Trelanne Moore	10921	8/4/2014	100.00
Majestic Tours Inc	20565	4/26/2015	5,088.00
Vontella Kennedy-James	19319	2/16/2015	150.00
City of Florence	20885	5/14/2015	150.00
Horizon Coach Lines	15758	12/1/2014	3,675.00
Carlos Rodriguez	12919	8/19/2014	7,465.00

We found no exceptions as a result of this procedure.

Student Aid:

Student	General Ledger Awarded Amount Traced to Student Account Detail	General Ledger Awarded Traced to Approved Award Letter
Barzola, Briana Rish	Y	Y
Green, Emily Ann	Y	Y
Nevin, Mykah Renae	Y	Y
Brown, David Jamal	Y	Y
West, Brianna Lee	Y	Y
Smiley, Cody Daniel	Y	Y
Barfield, Daniel Sut	Y	Y
Garczynski, Taylor O	Y	Y
Robbins, William Cha	Y	Y
Finn, Paul V	Y	Y
Nelson, Devin Anthony	Y	Y
Shao, Yongliang	Y	Y
Johnsson, Anton Beng	Y	Y
Davidson, Gavin James	Y	Y
Allen, Kylie Marie	Y	Y
Brown, Stephanie M	Y	Y
Henning, Soffia Charl	Y	Y
Garin, Baily Ciera	Y	Y
Amador, Jessica Nico	Y	Y
Reed, Alexander Sue	Y	Y
Burke, Zachary Jorda	Y	Y
Dash, Clara Camille	Y	Y
Arnold, Mackenzie Ch	Y	Y
Allen, Jordan Alyssa	Y	Y
Swisher, Carly Eliza	Y	Y

We found no exceptions as a result of this procedure.

13. We verified each student selected in our sample to ensure their information was reported accurately in either the NCAA's CA software or entered directly into the NCAA Membership Financial Reporting System using the following criteria:
- We recalculated the equivalency value for each student-athlete in all sports, including head-count sports.
 - We verified that a student-athlete is only included in one sport.
 - We recalculated the equivalency calculation to verify that calculation is rounded to two decimal places.

- We verified that the full grant amount used in the calculation is the full cost of tuition for an academic year, not semester.
- We verified that if a sport is discontinued and the grant(s) are still being honored by the institution, the grant(s) are included in student-athlete aid for revenue distribution purposes, if applicable.
- We verified that student-athletes receiving athletic aid who have exhausted their athletic eligibility or are inactive due to medical reasons should be included in the student-athlete aid total and correctly noted on the squad list.
- We verified that only athletic aid awarded in sports in which the NCAA conducts championship competitions, emerging sports for women and football is included in the calculations.
- We recalculated the totals for each sport and overall.

We found one student whose scholarship award letter indicated that he received an athletic scholarship but the grant amount in the squad list is zero.

Response: The student was left off by mistake and he should have been included in the report. It was a clerical error.

We found one student where the scholarship amount in the award letter is different from the amount in the squad list.

Response: The student's scholarship was increased, however it was not recorded in financial aid correctly. The athletic department either did not communicate this or it was missed by financial aid. In either case the athletic department should have found the error after the start of school year when amounts were verified with what the department had on the squad list with the grant in aid report supplied by the financial aid office.

14. We obtained from accounting management a listing of all expenses made directly by the respective outside organizations on behalf of the University's Intercollegiate Athletics Program or employees to determine if they were included as revenues and expenses on the University's Intercollegiate Athletics Program's accounting records and the Program's Statement of Revenues, Expenses, and Transfers. We compared the amounts on this list with the amounts recorded on management's worksheets.

The management informed us that there were no expenses made directly by outside organization on behalf of the University's Intercollegiate Athletics Program during the year ended June 30, 2015.

15. We requested a listing of all marketing contracts made by Athletics for commercials, scoreboard ads, etc.

The management informed us that there were no marketing contracts during the year ended June 30, 2015

16. We compared and agreed the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the institution.

We found no exceptions as a result of this procedure.

17. We obtained a report from the University which details the indirect facilities and administrative support recorded by the University for the year ended June 30, 2015, we recalculated the mathematical accuracy of the report and compared the amounts to the related supporting documentation. We also agreed the amount to the Statement.

We found no exceptions as a result of this procedure.

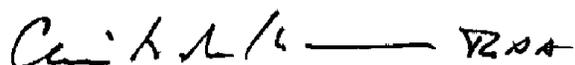
18. We compared the revenues and expenses in the Statement for the year ended June 30, 2015 to the amount for the year ended June 30, 2014. We identified a variance of greater than ten percent from year ended June 30, 2014 amount. We obtained the following explanation from the University's management regarding the reason for the variance.

Indirect facilities and administrative support revenue and expenditure increased 82.50% compared with the fiscal year ended June 30, 2014.

Response: Indirect Institutional support increased this year as compared to last year's amount due to the increase in the University's overall total institutional support and O&M of plant expenses which increased in total for the 2014 – 2015 year. Also, this year we have included debt service on athletic facilities.

We were not engaged to, and did not conduct an audit the objective of which would be the expression of an opinion on compliance with NCAA Bylaw 6.2.3.1 or the expression of an opinion on the Statement of Revenues, Expenses, and Transfers of the Intercollegiate Athletics Program of Francis Marion University for the year ended June 30, 2015 and, furthermore, we were not engaged to express an opinion on the effectiveness of the internal controls over compliance with the laws, rules and regulations described in paragraph one and procedures one through eighteen of this report. Therefore we express no 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 University President and management of Francis Marion University and is not intended to be and should not be used by anyone other than these specified parties.



January 13, 2016

**Francis Marion University
Intercollegiate Athletics Program
Statement of Revenue, Expenses, and Transfers
Year Ended June 30, 2015**

	Men's Sports	Women's Sports	Non-Program Specific	Totals
Revenues:				
Ticket Sales	\$ 5,548	\$ 2,420	\$ -	\$ 7,968
Concessions	-	-	30,808	30,808
Newsletter	93	98	32	223
Contest Guarantees	-	3,000	-	3,000
Contest Tournaments	210	2,495	1,068	3,773
Camps and Clinics	19,872	33,105	2,866	55,843
NCAA Distributions	-	-	15,099	15,099
Fund Raising	9,995	-	19,797	29,792
Gifts:				
Unrestricted	6,570	11,230	3,180	20,980
Restricted	60,574	15,377	18,825	94,776
In-Kind:				
Fund Raising	-	-	-	-
Supplies/Contractual Services	17,886	21,654	800	40,340
Lodging	2,470	1,420	300	4,190
Medicals-Physicals	8,255	5,883	-	14,138
Tuition Waivers for Athletes	495,560	503,976	16,903	1,016,439
Institutional Support	598,574	529,858	1,016,627	2,145,059
Indirect Facilities and Adm Support	-	-	1,631,038	1,631,038
Other	240	-	1,948	2,188
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue	1,225,847	1,130,516	2,759,291	5,115,654
Transfers In:				
Scholarships:				
From Program Enhancement	363,258	411,170	1,000	775,428
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue and Transfers In	<u>\$ 1,589,105</u>	<u>\$ 1,541,686</u>	<u>\$ 2,760,291</u>	<u>\$ 5,891,082</u>
Expenses:				
Salaries and Benefits:				
Coaches	\$ 420,766	\$ 349,435	\$ 345,711	\$ 1,115,912
Other	-	-	481,770	481,770
Student Wages	-	-	1,406	1,406
In-Kind:				
Fund Raising	-	-	-	-
Supplies/Contractual Services	17,886	21,654	800	40,340
Lodging	2,470	1,420	300	4,190
Medical-Physicals	8,255	5,883	-	14,138
Travel:				
Recruiting	9,874	11,591	-	21,465
Team	119,439	101,843	894	222,176
Other	1,787	-	6,940	8,727
Guarantees	4,000	750	-	4,750
Contractual Services				
Officials	30,910	33,720	-	64,630
Other Contractual Services	7,422	7,037	72,507	86,966
Supplies	53,398	53,482	83,060	189,940
Insurance	-	-	45,697	45,697
Dues	1,235	810	22,102	24,147
Business Meals and Ent.	-	-	2,220	2,220
Student Functions	4,491	5,066	7,983	17,540
Recruiting Functions	344	590	1,721	2,655
Fund Raising	-	-	13,484	13,484
Camp	6,760	24,664	2,225	33,649
Indirect Facilities and Adm Support	-	-	1,631,038	1,631,038
Financial Aid:				
Waivers	495,560	503,976	16,903	1,016,439
Scholarships	402,840	426,547	2,250	831,637
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	<u>\$ 1,587,437</u>	<u>\$ 1,548,468</u>	<u>\$ 2,739,011</u>	<u>\$ 5,874,916</u>

FRANCIS MARION UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
Notes to the Statement of Revenues, Expenses, and Transfers
June 30, 2015
(Unaudited)

NOTE 1-CONTRIBUTIONS

Contributions and gifts to Francis Marion University's Intercollegiate Athletics Program totaled \$115,756

Individual contributions which exceeded ten percent of the total contributions and the related donors included in the above amounts are as follows:

Francis Marion University Education Foundation	\$ 94,777
Sodexo	15,840
McLeod Sports Medicine	15,375

NOTE 2- INTERCOLLEGIATE ATHLETICS - RELATED ASSETS

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. Francis Marion University follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses or extend the useful life of an existing building costing in excess of \$100,000 are capitalized. Permanent Improvement projects and routine maintenance that do not fall within the defined parameters for capitalization will be expensed in the year they occur according to Generally Accepted Accounting Principles. (GAAP) Generally, if the work is of a replacement nature and does not materially lengthen the useful life of a structure, it will not be capitalized. The University capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred. Total estimated book value of plant and equipment, net of depreciation, for Athletics is \$10,413,805 compared to the institution total of \$69,397,329.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The University has selected a useful life of 15 to 50 years for buildings and improvements and land improvements, 3 years for computer software, and 2 to 25 years life for machinery, equipment and vehicles.

Major outlays for capital assets and improvements are capitalized as they are constructed. Interest cost incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed net of interest earned on the invested proceeds over the same period. The University did not incur any capital expenditure during the year-ended June 30, 2015.

FRANCIS MARION UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
Notes to the Statement of Revenues, Expenses, and Transfers
June 30, 2015
(Unaudited)

NOTE 3- INTERCOLLEGIATE ATHLETICS - RELATED DEBT

	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Balance 6/30/2015</u>
State Institution Obligation Bonds Related to Athletics Facilities			
Athletic Facilities Revenue Bond, Series 2009 A	4.98%	2016 - 2029	\$ 7,095,000

Maturities of debt related to intercollegiate athletics at June 30, 2015 were as follows:

<u>Due in Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2016	\$ 325,000	345,239	\$ 670,239
2017	345,000	328,556	673,556
2018	360,000	311,001	671,001
2019	380,000	292,575	672,575
2020	400,000	273,153	673,153
2021-2025	2,315,000	1,038,953	3,353,953
2026-2030	2,970,000	384,705	3,354,705
	<u>\$ 7,095,000</u>	<u>2,974,182</u>	<u>\$ 10,069,182</u>

Athletically related debt service and total debt year ended June 30, 2015.

	<u>Athletically Related</u>	<u>University Total</u>
Total Annual Debt Service	<u>\$ 671,050</u>	<u>\$ 730,046</u>
Total Debt Outstanding:		
Revenue Bonds	<u>7,095,000</u>	<u>7,165,868</u>
	<u>\$ 7,095,000</u>	<u>\$ 7,165,868</u>