

Coastal Carolina University

Conway, South Carolina



Comprehensive Annual Financial Report

A component unit of the State of South Carolina
for the Fiscal Year Ended June 30, 2014





Comprehensive Annual Financial Report

A component unit of the State of South Carolina

For the Fiscal Year Ended June 30, 2014

Prepared by the

Office of the Vice President for Finance and Administration

COASTAL CAROLINA UNIVERSITY
FINANCIAL STATEMENTS
For the Year Ended June 30, 2014
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COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

INTRODUCTORY SECTION



Edward M. Singleton Building



Office of the President

November 11, 2014

Dear Coastal Carolina University Community:

As Coastal Carolina University enters its twenty-second year as an independent institution, I am proud of the University and enthusiastic about the plans we have for the future. Coastal Carolina has grown with the region to become a mid-sized regional comprehensive university with a tradition of a strong liberal arts core. The University's focus is to differentiate itself from the other comprehensive higher education choices in South Carolina and to continue to enhance our reputation for providing excellent value and outstanding quality in educational programming. Reflecting the growing breadth of the academic program, Coastal Carolina University now offers sixty-seven baccalaureate areas of study and eight master's degree programs.

Because Coastal Carolina University embraces the teacher-scholar model, it places primary emphasis on high quality teaching and engaged learning, and it supports faculty research, creative activities, and expert collaboration in the community, state, nation and world. This focus enables faculty and staff to mentor students in collaborative research, creative opportunities, and internships. To nurture this active learning community, Coastal Carolina University maintains a broad range of contemporary technologies, programming, support services, and innovative course offerings and delivery methods. The result is alumni who are well prepared for professional careers or graduate programs in their chosen fields and who continue to be connected to Coastal Carolina University.

Coastal Carolina is committed to financial viability and managed growth. Coastal continues sustained growth, as indicated by the Fall 2013 semester enrollment of 9,478, a 16.3% increase from Fall 2008 to Fall 2013. Consistent growth in student enrollment for the past several years, minor increases in certain tuition charges, and the continued successful efforts to manage spending, increase efficiencies, and generate additional revenues has enabled the University to absorb the appropriation reductions, the discontinuance of the stimulus funding, and to combat the continued declining economy.

Following are some of our most significant accomplishments for the 2013-2014 Academic Year:

- Over the past year Coastal received the following distinctions:
 - U.S. News & World Report: "Best Colleges" & "Best Value"
 - G.I. Jobs Magazine: "Military-Friendly School" for the fifth consecutive year.
(Top 20% of all schools nationwide as a university committed to educating military veterans.)

- S.C. College of Distinction inclusion
- Affordable Colleges Online: Top tier for high return on investment.

- Two major credit agencies have assigned strong ratings to a \$33.6 million revenue bond series issued by Coastal Carolina University. Fitch ratings has assigned an “A+” rating, and Moody’s Investor Service has assigned an “A1” rating. The Moody’s report cites CCU’s “stable market position as a regional public university with strong out-of-state student draw, county tax support that can be applied to debt service payments, continued healthy cash flow, and growing flexible reserves”. Fitch’s report notes that CCU’s operation is “driven by stable to growing enrollment and an adequate balance sheet cushion”. The Fitch report notes that although the university has a high pro-forma debt burden, it has “successfully managed through cycles of state cuts.” The report also noted the limited state appropriations CCU receives and the benefits the university derives from the local penny tax. The bonds will be used to fund the construction of the second phase of the student housing facility project.
- The economic impact of Coastal Carolina University on South Carolina in 2012 was nearly \$498 million, according to a study released by the Center for Economic and Community Development in CCU’s E. Craig Wall Sr. College of Business Administration. Highlights from the study include the following:
 - \$498 million in total output (sales)
 - \$182 million in labor income
 - 4,132 full and part-time jobs
 - \$120 million in direct expenditures
 - \$84 million in construction expenditures
 - \$109.7 million in student expenditures
 - \$5.3 million in visitor spending
- Coastal Carolina University was given approval for its first-ever doctoral program, slated to begin Fall 2014. With its coastal location, CCU has developed a distinguished academic program in marine science over the past twenty (20) years that attracts students both nationally and internationally. The new degree, a Ph.D. in Marine Science: Coastal & Marine Systems Science, will focus on the complex interactions between atmosphere, ocean and land, with special attention on shoreline change, weather impact and environmental policy.
- Coastal Carolina University established a new academic program, the Educational Specialist in Leadership degree (Ed.S.). The program’s first offering, scheduled for the Fall 2014 semester, is designed to provide advanced professional studies in graduate-level coursework for educators interested in becoming school district-level leaders, or in further developing their professional skills and dispositions. It is expected that students who successfully complete the program will qualify for licensure as a school superintendent in South Carolina and will be prepared for other key leadership positions in school systems.
- Coastal Carolina University established a new Master of Arts in Liberal Studies degree, a 30-hour graduate program that provides students with the opportunity to pursue advanced

interdisciplinary study in the humanities, arts and social sciences. CCU is only the second institution in the state to offer this degree, which is becoming more popular across the country because the skills it teaches – excellent communication, critical thinking, and the ability to work collaboratively and consider multiple perspectives – are broadly applicable to a variety of professions.

- The Spadoni College of Education (SCOE) at Coastal Carolina University now offers five (5) graduate courses that meet the South Carolina English for Speakers of Other Languages (ESOL) add-on certification requirements. The number of English Language Learners (ELLs) in mainstream classes is increasing and all teachers, not only ESOL teachers, benefit from educational instruction in ESOL theories and methodologies.
- A cooperative venture between CCU and Horry-Georgetown Technical College was approved for an undergraduate degree program in Civil and Coastal Engineering Technology. The purpose of this program is to develop technologists who can apply the latest civil engineering technology to address needs that are unique to coastal regions of the Carolinas.
- The E. Craig Wall Sr. College of Business Administration at Coastal Carolina University maintained its accreditation by the Association to Advance Collegiate Schools of Business (AACSB) International, the international accrediting association for undergraduate, master's and doctoral degree programs in business schools. AACSB accreditation is earned by less than five (5) percent of the world's business programs. Business schools must not only meet specific standards of excellence, but their deans, faculty and professional staff must make a commitment to ongoing continuous improvement to ensure that the institution will continue to deliver the highest quality of education to students.
- Coastal Carolina University has established the Institute for Leadership and Public Policy (ILPP), a new resource that will have far-reaching significance for the university and the region. Administered through CCU's Department of Politics and Geography, the ILPP will focus on three primary activities: (1) polling, (2) policy analysis and (3) leadership opportunities for students. In conjunction with CCU's emphasis on experiential learning, the new institute is designed to involve students in all aspects of its activities.
- The Board of Trustees approved the adoption of an initiative that began the process of making Coastal Carolina University a smoke-free and tobacco-free campus. This initiative includes smoking cessation support programs and an educational campaign that promotes healthy living in general. The initiative follows national and state trends that show more and more institutions of higher education going tobacco-free.
- Coastal Carolina University currently has \$213 million committed to Capital Projects. Continuing the ambitious building schedule that has characterized our campus since 2008, major capital projects include:
 - Science Annex II
 - Atheneum Hall renovations
 - Softball/Baseball Complex improvements

- Student Center Annex
- Groundbreaking for Freshman Residence Facility (to accommodate 1270 beds for first-year students)

Projects that came to fruition this past year include:

- The Kenneth E. Swain Science Hall (the first building completed of an integrated science complex)
 - A new Public Safety Building
- Coastal Carolina University pledged to join the International Education's Generation Study Abroad initiative which aims to double the number of American students who study abroad by the end of the decade. CCU's goal is to increase participation in study abroad programs by 60 percent by 2019-2020.
 - Coastal Carolina University President David DeCenzo and Associate Provost for Global Initiatives Darla Domke-Damonte addressed a gathering of more than 200 presidents and senior administrators of Chinese and American universities at a graduation ceremony in Hohhot, Inner Mongolia, China. During the ceremony, bachelor's degree diplomas were awarded from both CCU and Southwest Jiaotong University. Student Haocun Wang, who received the diplomas, was a participant in the Sino-American Cooperation on Higher Education and Professional Development 1+2+1 Double Degree Program, in its third year at Coastal. Additionally, a delegation of top administrators from eleven Chinese universities visited Coastal Carolina University to discuss expanding study abroad programs to China, increasing the number of Chinese students at Coastal Carolina University, and broadening cooperation between CCU and top universities in China.
 - Ninety-three of Coastal Carolina University's student athletes, cheerleaders and coaches, all wearing their Chanticleer gear, visited eighteen Horry County schools to read Shel Silverstein's "The Giving Tree" to 2,450 kindergarten students in ninety-eight different classrooms. CCU and United Way of Horry County have partnered for the Caring for Kindergartners program since 2002 as a way of giving back to the community. Following the reading, students put the book's lesson of giving into action by drawing a picture and creating a greeting card for an elderly homebound senior citizen in Horry County. The card was attached to one of several hundred baskets stuffed with special items for senior shut-ins.
 - Coastal Carolina University's Relay for Life raised more than \$120,000, beating its goal and setting another CCU record. Sixty-one teams, more than 900 participants and approximately 3,000 people took part in the 12-hour event, with all proceeds going to the American Cancer Society.
 - Coastal Carolina University's Volunteer Services hosted its first annual Peace Week. The objective of Peace Week is to provide an opportunity for students, faculty, staff and the community to celebrate diversity while raising awareness of the need for global justice and equality.

- Coastal Carolina University initiated a new interdisciplinary anti-bullying working group aimed at researching various ways to address issues related to intimidation. In addition to promoting interdisciplinary work to combat bullying, the group is also interested in involving students in research and future anti-bullying efforts.
- Coastal Carolina University students joined with activists around the world for ONE BILLION RISING FOR JUSTICE Day as part of a worldwide campaign to bring attention to violence against women and girls.
- Coastal held its eighth annual Day of Remembrance Ceremony. The ceremony is designed to memorialize members of the CCU family – students, faculty and staff, who died during the previous year. The ceremony was originally initiated to honor those who lost their lives during the Virginia Tech mass shooting in April 2007.
- “Chasing the Paper Canoe,” the debut book from Coastal Carolina University’s new Athenaeum Press, was released. The mission of the Athenaeum Press is to concentrate on a small list of high impact projects that integrate student learning with print and digital projects and that involve faculty and community. This threefold commitment to quality, education and community engagement goes well beyond the boundaries of a traditional university press.

With state appropriations diminishing per in-state student, Coastal Carolina Board of Trustees found it necessary to impose a nominal increase, effective Fall 2014, in order to maintain the quality education our students and their parents have come to expect. This is the first increase since Fall 2011. In-state undergraduate tuition increased by 2.89 percent, an addition of \$140 per semester. Out-of-state undergraduate tuition increased by 2.96 percent, an addition of \$335 per semester. Housing fees increased by 5.5 to 5.7 percent, depending on the type of amenities provided in specific campus residence facilities. CCU’s meal plan has gone from a single rate to a tiered-rate structure. The cost of an unlimited meal plan increased by \$90 per semester; the cost of the limited meal plan will decrease by \$110 per semester.

Coastal Carolina University will continue to make every effort to provide an exceptional education at a reasonable cost, and while doing so, will continue to positively impact the economic, social and cultural environment of Horry and Georgetown Counties. Our graduates will continue to go on to positively impact the world. Regardless of the economic climate and the challenges ahead, Coastal is a vibrant place where tradition, integrity and excellence guide our progress. We are committed to our students, especially South Carolina residents, who have selected this University.

In evidence thereof, I am pleased to submit this Comprehensive Annual Financial Report for the year ending June 30, 2014.

Sincerely,

/s/

David A. DeCenzo, Ph.D.
President



Office for Finance & Administration

LETTER OF TRANSMITTAL

October 23, 2014

To the President and
Members of the Board of Trustees:

We are pleased to present to you the Comprehensive Annual Financial Report of Coastal Carolina University for the fiscal year ended June 30, 2014.

This report consists of management's representations concerning the finances of Coastal Carolina University. Consequently, management accepts full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the University has established a comprehensive internal control framework that is designed both to protect the University's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the University's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the University's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that this financial report is complete and reliable in all material respects to the best of our knowledge and belief.

The University's financial statements have been audited by Cline Brandt Kochenower & Co., P.A., certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the University for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the University's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to

complement the MD&A and should be read in conjunction with it. The University's MD&A can be found immediately following the report of the independent auditor.

Profile of the University

Coastal Carolina University was founded in 1954 by a group of Horry County citizens who lent their vision and support to bringing higher education to the local area. Initially a two-year college, the new school was supported by private funds and was operated under the auspices of the College of Charleston. A referendum in 1958 resulted in a county property tax millage being made available for the support of the college, and Coastal Carolina University entered into an agreement in 1959 with the University of South Carolina to become a campus of the University System. In 1963, with the support of the Coastal Educational Foundation, Inc., and the Horry County Higher Education Commission, the college moved to its current location upon completion of the Edward M. Singleton Administration Building.

Coastal Carolina College became a four-year institution in 1974, awarding baccalaureate degrees in several areas. During the 1980's, Coastal Carolina College experienced dramatic growth with the enrollment doubling in size from approximately 2,000 to 4,000 students.

In 1991, the Coastal Educational Foundation, Inc., and the Horry County Higher Education Commission voted to seek legislative approval to establish an independent Coastal Carolina University. The University of South Carolina President and Board of Trustees agreed to the proposed independence for Coastal Carolina University. In the 1993 session, the South Carolina legislature established Coastal Carolina University as an independent state-supported institution effective July 1, 1993. The University, for the first time, had acquired its own Board of Trustees which met July 1, 1993, and named Ronald R. Ingle as the University's first president.

Dr. David A. DeCenzo became the second president of Coastal Carolina University on May 7, 2007.

The University currently comprises 102 main buildings on approximately 620 acres, including the Coastal Science Center and the Burroughs & Chapin Center for Marine and Wetland Studies located in the Atlantic Center on U.S. 501, and the General James Hackler Golf Course at Coastal Carolina University, a public 18-hole golf facility located adjacent to the campus. The University also offers courses at Litchfield Landing in Pawleys Island and at the Myrtle Beach Education Center located on the Highway 17 Bypass. In addition, Waties Island, 1,110 acres of pristine barrier island on the Atlantic coast, provides a natural laboratory for extensive study in marine science and wetlands biology.

The University maintains residence halls to accommodate 3,289 students in two general locations: main campus (1,210 beds), and at University Place (2,079 beds).

New Programs and Initiatives

The University is committed to continuous improvement of the institution, as well as accountability to stakeholders. With these goals in mind, we constantly review and evaluate processes with a focus on efficiency, purpose and accuracy, and make changes where appropriate. Some examples of this include:

- A new contract vendor was engaged for bookstore operations. NEEBO, Inc. offers a range of services that will benefit students. These include comprehensive textbook rentals and a Best Price Promise, which refunds the full difference in price if a student finds the exact textbook for a lower price either online or in another store. NEEBO also provides a convenient e-commerce platform for online purchases and offers competitive prices for apparel, supplies and gifts.
- Wi-Fi enhancement continues throughout campus. This year all residence halls have been rewired to allow wireless access for students. Wi-Fi enhancement implementation for all academic buildings is in progress this year.
- The Information Technology Services Department developed and released a new mobile app connecting students, faculty and staff directly to the Coastal Carolina University from their mobile phones.

The move to electronic forms and on-line authorizations has become part of the administrative culture due to the growing availability of e-business functionalities. Some examples of this effort are:

- The elimination of paper and the need for physical storage space was achieved in the Department of Finance by using the ImageNow System to include approvals for Accounts Payable. All requests for payment with supporting documentation are being successfully scanned into the ImageNow document imaging system. The entries are routed to specified approvers electronically and then stored in the completed file, giving easy access to auditors as well as accounting personnel.
- An electronic financial aid authorization form was made available to students and parents for the 2013-2014 financial aid award year. Financial Aid Services is eager to create more documents that may be completed and stored electronically when ImageNow is made available.
- Contractual and Business Services has developed a web page using the T4 content management system, which allows the University Community access to the most updated information 24/7.

Economic Environment

Coastal Carolina University's financial profile fits more closely with that of a private institution than with that of a typical public institution due to our relatively low state appropriation allocation. In spite of the fact that state funding has fallen dramatically over the years, University administration and the Board of Trustees are mindful of the financial impact of college costs on families and closely monitor inflation before approving tuition rates each year. As a result, the University did not raise tuition for in-state students for the 2013-14 academic year. This marks the second consecutive year that Coastal Carolina University implemented a zero percent increase for in-state tuition resulting in the third year with consistent in-state tuition. In the current fiscal year, the Board of Trustees approved a tuition increase of 2.89% for in-state and a 2.96% increase for out of state students. This was in line with the recommendation from the South Carolina State Legislature.

The University continues to grow as indicated by the Fall 2013 semester enrollment of 9,478, representing an 16% increase from Fall 2008 to Fall 2013. The chart below provides a snapshot of the University's enrollment growth over the last five years.

	Fall 2008	Fall 2013	Change	%
New Freshmen	1,655	2,095	440	27%
New Transfers	721	779	58	8%
Undergraduate Headcount	7,573	8,867	1,294	17%
Graduate Headcount	581	611	30	5%
Total Headcount	8,154	9,478	1,324	16%
Undergraduate FTE	7,372	8,564	1,192	16%
Graduate FTE	238	306	68	29%
Total FTE	7,610	8,870	1,260	17%

This growth translates into increasing revenue and corresponding increases in expenses. The University is committed to financial viability and managed growth, as is evident in the accompanying financial statements.

The University operates four auxiliary enterprises which have helped to build and sustain cash reserves in these tight economic times. In the fiscal year 2014, they consisted of the bookstore (outsourced to NEEBO, Inc. as of March 12, 2014), residence life (operated by the University), vending (outsourced to Coca-Cola and Total Vending), and food service (outsourced to Aramark). The Bookstore and Vending Services are operated with oversight from the Office of Contractual and Business Services.

Two major credit rating agencies have assigned strong ratings to the revenue bond series issued by Coastal Carolina University this year. Fitch ratings assigned an "A+" rating to the bonds, and Moody's Investor Service has assigned an "A1" rating. The Moody's report cites CCU's "stable market position as a regional public university with strong out-of-state student draw, county tax support that can be applied to debt service payments, continued healthy cash flow, and growing flexible reserves." Fitch's report notes that CCU's operation is "driven by stable to growing enrollment and an adequate balance sheet cushion."

The University is fortunate to receive appropriations from both Horry County and Georgetown County. This gives the University the ability to take on specific projects in the interest of the citizens of each of those counties which also benefit the University community. Coastal Carolina University is also appreciative of the support received from the citizens of Horry County for voting to implement the local option sales tax.

Long-Term Financial Planning

The strategic planning, assessment, and budgeting process allows the University to respond to present and future initiatives with flexibility and with the innovative approaches that are required due to limited resources. Planning for the future and accomplishment of strategic objectives are paired with annual fundraising events and long-term campaigns. The strategic planning process focuses on the development of strategic priorities which guide resource allocation and performance tracking throughout Coastal Carolina University.

The Strategic Management Committee is charged with evaluating the goals and objectives contained in the strategic plan on an annual basis. The Executive Vice President/Chief Operating Officer serves as the Committee Chair, and there are 31 University stakeholders from the campus community who serve as its members.

Select members of the Strategic Management Committee meet four times a year to:

- Review progress of the strategic plan and identify and evaluate appropriateness of key strategies, goals and objectives with the mission of the University.
- Review the vision and mission of the institution to identify if, and how, it should be changed and to recommend to the Coastal Carolina University President challenges to the University vision, mission, strategic priorities or goals, and/or changes in the process of timing of the implementation of a plan.
- Develop a “Progress on the Plan” report that will incorporate all institutional assessment reports.
- Coordinate action on strategic initiatives across and between layers within the institution.
- Coordinate with other agencies, as appropriate, to provide required information on strategic planning.

Coastal Carolina University continued this year to implement its 2008-2013 Strategic Plan, entitled "Tradition, Integrity, Excellence: Building a Comprehensive University," which provides a guide that links the University's strategic direction to budgeting and continual outcome-based assessment. The four key strategies of the plan are:

1. Meeting the educational needs of the students and our community,
2. Ensuring student success,
3. Ensuring faculty and staff success, and
4. Ensuring financial viability and managed growth.

Three supporting strategies shape the plan through improving communication, creating stronger assessment and accountability systems, and increasing and improving technological support. The strategic plan is being updated during the 2013-2014 academic year.

Relevant Financial Policies

In addition to being guided by its own Strategic Plan, the University is a part of the state of South Carolina government and, as such, follows state law and policies regarding procurement, construction, human resource practices, contract and grant funding, and other operating guidelines. A budget is submitted annually to the Governor's Office, which is built using a comprehensive internal budget process. University budget policies are based on the Strategic Plan, the Campus Master Plan and current enrollment data. When necessary, the University borrows funds for capital projects by working with staff in the State Treasurer's Office.

Major Initiatives

The acquisition and modification of space to accommodate programs and services is one of Coastal Carolina University's highest priorities. Currently, Coastal Carolina University ranks lowest among its peers in assignable academic and support space per FTE student. Fall 2013 statistics show that among the South Carolina Comprehensive Universities, the average for

Academic/Support Facility per FTE is 110.22 square feet. Coastal Carolina University reports 63.51 square feet. This is a slight improvement over previous years, however, there is still a large gap to bridge. The capital projects presently under construction and in the planning phase begin to address the need for more space that this statistic clearly illustrates.

Presently, the major projects under construction are: A new student housing complex to accommodate 1270 beds for first-year students. Also, the Science Annex II is currently under construction. This building is part of an integrated science complex planned with the goal of putting the College of Science in one location. The Biology, Chemistry and the Marine Science Departments will be housed in this facility. A Student Union Center, (Annex I), began construction in fall 2013, and is nearing completion. This building will add 39,000 square feet adjacent to the left side of the current student center. The softball/baseball complex improvements are underway, and have been expanded to include a berm, bullpens, and boardwalk with a completion date estimated to be spring of 2015. Also, construction of a new tennis complex is underway on the east campus.

Approval has been given to move forward with a second building dedicated to academic classroom and office space tentatively scheduled to begin construction in January 2016.

In 2010, capital project funds were secured with a \$54 million infrastructure bond. Projects funded by these bonds, and completed are the HTC Center, Bryan Information Commons, and Swain Hall (Science Annex I). The last of the bond funds are being used to construct the second science annex mentioned above, which will add labs and offices to the rapidly expanding College of Science.

In 2013, the University issued \$54.7 million in new revenue bonds, and an additional \$35.5 million in new revenue bonds was issued in 2014, to be used for the purchase of land and construction of new student housing. Estimated completion for the first residential halls is July 2015, the remaining buildings are scheduled to come on line in May 2016.

Also contributing to this impressive campus growth is a local-option penny sales tax which is split between Horry County Schools, Horry Georgetown Technical College, and Coastal Carolina University. The sales tax was effective March 1, 2009. Since its inception, this funding has been used to fund various campus construction, campus improvements and renovations as well as land acquisitions. As of June 30, 2014, Coastal Carolina University has received more than \$40 million of allocations from the local-options sales tax and estimates a total of \$131 million to be allocated during the course of the sales tax collection.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Coastal Carolina University for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. This was the tenth year that the University received this prestigious award. In order to be awarded a Certificate of Achievement, the University published an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report is the result of dedicated teamwork by the staff in the departments of Finance and Administration, Institutional Research and Assessment, Information Technology Services, and Printing Services. A good report depends as much on data integrity at the level of each transaction as it does on statistical analysis and spreadsheet preparation. We appreciate the hard work and good humor of staff members and their adherence to quality professional standards. Significant credit is also due to the President, the Chief Operating Officer and the Board of Trustees for their leadership, dedication and vision, and for their encouragement of each member of the University community to strive for excellence. The staff especially appreciates the breadth of experience and thorough review completed by the University's external auditors, Cline Brandt Kochenower & Co., P.A.

Respectfully submitted,

/s/

Stacie A. Bowie
Vice President for
Finance and Administration



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Coastal Carolina University
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

**COASTAL CAROLINA UNIVERSITY
BOARD OF TRUSTEES
2013-2014**

Nikki Haley, Governor	Ex Officio Chairperson
George E. Mullen	Congressional District 1 – Seat 1
Oran P. Smith	Congressional District 2 – Seat 2
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D. Wyatt Henderson, Chairman	Congressional District 4 – Seat 4
Charles E. Lewis	Congressional District 5 – Seat 5
Marion B. Lee	Congressional District 6 – Seat 6
Natasha M. Hanna	Congressional District 7 – Seat 7
Fred F. “Trip” DuBard III	At Large – Seat 8
Eugene C. Spivey	At Large – Seat 9
Samuel J. Swad	At Large – Seat 10
William E. Turner III	At Large – Seat 11
William S. Biggs	At-Large – Seat 13
Daniel W.R. Moore, Sr.	At-Large – Seat 14
Robert G. Templeton	At-Large – Seat 15
Carlos Johnson	Gubernatorial Designee
Samuel H. Frink	Gubernatorial Appointee

**COASTAL CAROLINA UNIVERSITY
ADMINISTRATIVE OFFICERS
2013-2014**

David A. DeCenzo, Ph.D.	President
Edgar L. Dyer, J.D.	Executive Vice President, Chief Operating Officer
J. Ralph Byington, Ph.D.	Provost, Senior Vice President, Academic & Student Affairs
Stacie A. Bowie, M.B.A.	Vice President, Finance and Administration, Chief Financial Officer
Deborah K. Conner, Ph.D.	Vice President, Student Affairs
Travis E. Overton, M.B.A.	Dean of Students
Mark A. Roach, M.S.	Vice President, Office for Philanthropy
Christopher A. Johnson, B.A.	Executive Director, Chanticleer Athletic Foundation
Matthew L. Hogue, M.B.A.	Director, Athletics
William M. Plate, Jr., M.B.A.	Vice President, University Communication
Timothy E. Meacham, J.D.	University Counsel
Lori G. Church, C.P.A., C.I.A.	University Controller
John P. Beard, Ph.D.	Associate Provost, Assessment & Accreditation
Sallie D. Clarkson, M.L.S.	Associate Provost, Academic Administration
Bruxanne Hein, Ed.S.	Director, Grants and Sponsored Research
James O. Luken, Ph.D.	Associate Provost/Director, Graduate Studies
Edward Jadallah, Ph.D.	Dean/Vice President, Online Teaching & Education Excellence Spadoni College of Education
Barbara A. Ritter, Ph.D.	Interim Dean, Wall College of Business
Daniel Ennis, Ph.D.	Dean/Vice President for Academic Outreach, Edwards College of Humanities & Fine Arts
Michael H. Roberts, Ph.D.	Vice President, Research & Emerging Initiatives
Barbara A. Burd, Ph.D.	Dean, Library Services
Nelljean M. Rice, Ph.D.	Dean, University College
Abdallah S. Haddad, M.Ed.	CIO/Assistant Vice President, Information Technology Services
Christine L. Mee, M.Ed.	Executive Director of Planning & Research
Daniel M. Lawless, M.S.	University Registrar
Pat West, M.Ed.	Assistant Vice President, Transportation, Safety & Training

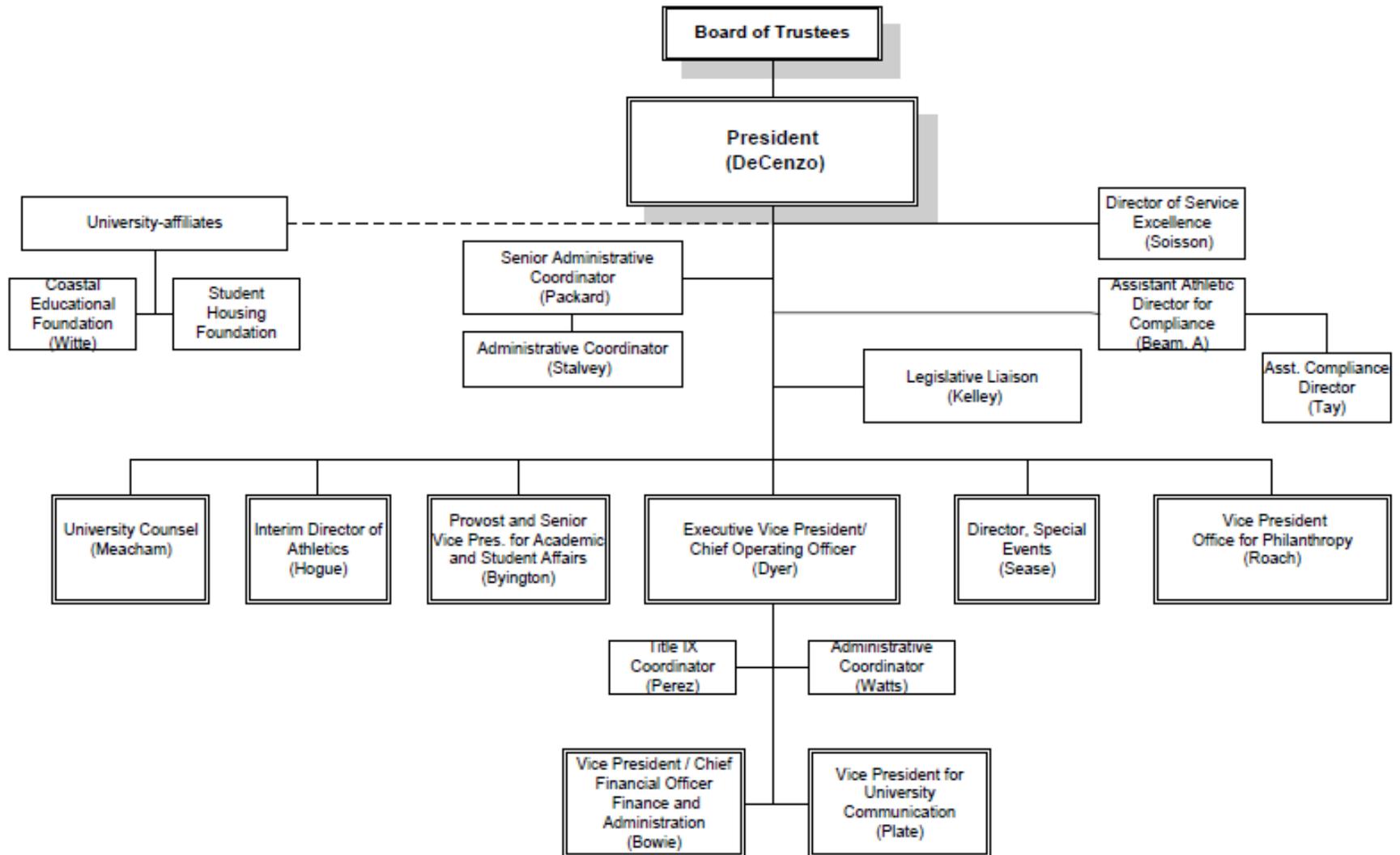
**COASTAL CAROLINA UNIVERSITY
FINANCE AND ADMINISTRATION
EMPLOYEES CONTRIBUTING TO FINANCIAL REPORT
2013-2014**

Stacie A. Bowie	Vice President for Finance & Administration, Chief Financial Officer
Susan Butcher	Administrative Coordinator
Lori Church	University Controller
Mirinda Chestnut	Administrative Specialist
Gregory Thompson	Assistant Controller
Lila Taylor	Staff Accountant
Olga Shabeka	Staff Accountant
Lynn Silver	Supervisor, Accounts Payable
Virginia Altman	Accounts Payable Technician
Brenda Rabon	Accounts Payable Technician
William Fore	Accounts Payable Clerk
Lauren Depottie	Accounts Payable Clerk
Sharon Sluys	Executive Financial Analyst
Daniel Rabon	Accountant/Fiscal Analyst
Carolyn Bender	Senior Accountant
Lisa Sak	Staff Accountant
Sheila Singleton	Accountant, University Receivables, V.A. Coordinator
Michael McDonald	Assistant VA Coordinator
Julianne Cooke	Director, Student Accounts
Patty Lee	Collections, Student Accounts
April Taylor	Payment Plan Coordinator
Tukonya Vereen	Collections Specialist, Student Accounts
Annette Johnson	Cash Receipt Supervisor, Student Accounts
Alisha Singleton	Cash Receipt Auditor, Student Accounts
Tammy McAllister	Student Accounts Specialist, Student Accounts
Sherrell Richardson	Cashier, Student Accounts
Tammy McAllister	Perkins Loan Coordinator, Student Accounts
Kayla Johnson	Student Accounts Specialist, Student Accounts
Robert Taylor	Student Accounts Specialist, Student Accounts
Amanda Hanford	Student Accounts Specialist, Student Accounts
Scott Gallimore	CINO Card Specialist
Larry Peak	Director, Grants/Tax Accounting
Tammy Holt	Grants Accountant
David Moyer	Director, Payroll
Jill Conway	Senior Payroll Accountant
Bo McNeil	Accounting Clerk, Payroll
Vicky Rabon	Senior Payroll Accountant
Dean Hudson	Director, Office of Procurement
Suzanne Beverly	Supply Manager, Campus Supply/Inventory
John McKee	Supply Specialist Temporary, Campus Supply/Delivery
John Stokes	Supply Specialist Temporary, Campus Supply/Delivery
June Barfield	Procurement Specialist
Caren Riedinger	Procurement Specialist
Annette Roberts	Procurement Specialist
Wanda Lewis	Procurement Specialist
Angela Barwick	Administrative Specialist

**COASTAL CAROLINA UNIVERSITY
FINANCE AND ADMINISTRATION
EMPLOYEES CONTRIBUTING TO FINANCIAL REPORT
2013-2014**

David Frost	Director of Finance, Coastal Educational Foundation
Robyn Diven	Donor Relations and Gift Specialist
Alicia Grier	Staff Accountant
Lauren Barker	Accountant/Fiscal Analyst, Athletics
Bryce Skipper	Assistant Business Office Manager
Sandy Baldrige	Senior Manager, Contractual and Business Services

**COASTAL CAROLINA UNIVERSITY
ORGANIZATIONAL CHART
2013-2014**



COASTAL CAROLINA UNIVERSITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FINANCIAL SECTION



HTC Student Recreation and Convocation Center

COASTAL CAROLINA UNIVERSITY

Independent Auditors' Report
Financial Statements and Schedules
For the Year Ended June 30, 2014

FINANCIAL INFORMATION

Independent Auditors' Report

To the Honorable Nikki R. Haley,
Governor of the State of South Carolina
And the Board of Trustees of
Coastal Carolina University
Conway, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Coastal Carolina University, a discretely presented component unit of the State of South Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents. We did not audit the financial statements of Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation which are discretely presented component units. The Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation reflect 100% of total assets, 100% of net assets, and 100% of total revenues of the discretely presented component units.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation, which represent 100% of total assets, 100% of net assets, and 100% of total revenue of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these discretely presented component units, are based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component units of Coastal Carolina University as of June 30, 2014, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2014, the University adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

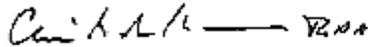
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Coastal Carolina University's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other financial information is presented for purposes of additional analysis as required by Office of the South Carolina Comptroller General and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The other financial information and the schedule of expenditures of federal awards are responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other financial information and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2014, on our consideration of Coastal Carolina University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.



Gaffney, SC
September 23, 2014



Coastal Carolina University Management's Discussion and Analysis

Coastal Carolina University is pleased to present its financial report for the year ended June 30, 2014. This section, Management's Discussion and Analysis, will describe each of the statements, present a condensed, comparative version of each one, and offer financial highlights for the year.

Using the Annual Financial Report

The University's financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities. During fiscal year 2004, the University implemented GASB Statement No. 39; Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14, and incorporated one non-governmental component unit, the Coastal Educational Foundation. In fiscal year 2005, the CCU Student Housing Foundation, (includes Coastal Housing Foundation, LLC), was determined to be a second component unit, primarily due to its close relationship to the growth plans of the institution. A third component unit, Chanticleer Athletic Foundation, was added in fiscal year 2012 also due to its close relationship to the growth plans of the institution.

During the prior fiscal year the University implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position in the financial statements. This statement provided financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This statement also identified net position as the residual of all other elements presented in a statement of financial position.

During the current fiscal year, the University has implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. This statement requires that debt issuance costs, except for any portion that is a prepayment of insurance, and initial direct costs of operating leases no longer be reported in statements of net position. These costs will be expensed in the year they were incurred. GASB has determined that these do not meet the definition of assets, liabilities, deferred outflows of resources or deferred inflows of resources.

The basic financial statements prescribed by GASB No. 35 (the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows) are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Statement of Net Position includes all assets and liabilities of the University. Over time, increases or decreases in net position (the difference between assets and liabilities) are one

indicator of the improvement or erosion of the University's financial health when considered with non-financial facts such as enrollment levels and the condition of facilities.

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and the expenses incurred during the year. Activities are reported as either operating or non-operating. A public university's dependency on state aid and gifts usually produces an operating deficit because the financial reporting model classifies state appropriations and gifts as non-operating revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The Statement of Cash Flows presents information related to cash inflows and outflows which are classified into operating, non-capital financing, capital financing and related investing activities, and helps measure the ability to meet financial obligations as they mature.

Financial Highlights

In fiscal year 2014 as in previous years, financial focus and activity continued to revolve around the state appropriation and operating budget. Fortunately slight gains have been received in recurring state appropriations for the past two years. However, they have not come close to making up the \$7.8 million in budget cuts that the University sustained between fiscal year 2008 and fiscal year 2012. Consistent growth in student enrollment for the past several years, minor increases in certain tuition charges, and the continued successful efforts to manage spending, increase efficiencies, and generate additional revenues has enabled the University to absorb the appropriation reductions, the discontinuance of the stimulus funding, and to combat the continued declining economy.

In fiscal year 2008, the University worked with legislators to amend a law allowing higher education to participate in the revenue from sales tax. As a result of this amendment, Coastal Carolina University and Horry Georgetown Technical College were eligible to participate in a 1% sales tax referendum in conjunction with Horry County Public Schools. The 1% sales tax referendum was on the ballot in the November 2008 election and passed. The University receives 13.3% of the tax collected for a period of fifteen years which began March 1, 2009. Through June 2014 collections, the penny tax has provided more than \$40 million which is restricted to fund campus construction, capital improvements, renovations, and land acquisitions. Over the fifteen year period, the collections are projected to exceed \$131 million.

In June 2014, the University issued \$35.5 million in new revenue bonds to fund the construction of the second phase of a new student housing facility. The facility will provide a total of 1,274 beds for new freshmen and returning sophomores who are required to live on-campus. The first phase with 650 beds, financed with bonds issued in 2013, should be ready for occupancy in the fall of 2015 and the second phase with 624 beds should be ready in the fall of 2016.

Managing undergraduate enrollment growth continued to be one of the principal planning issues at the University in fiscal year 2014. The total Fall 2013 undergraduate enrollment was 8,867 representing a 1.4% (121 students) increase over the previous fall, and a 17.1% increase since the fall of 2008 from enrollment of 7,573. Total full-time equivalency (FTE) enrollment for Fall 2013 was 8,870, representing a .1% growth over the previous fall and a 16.6% growth since fall of 2008 from total FTE of 7,610. This growth was achieved while maintaining quality with the average SAT score for Fall 2013 for new freshman at 1000, which is above the South Carolina average (971) for high school students. The average ACT composite score for Coastal Carolina University freshmen (22) equaled the national average and was two points greater than the South Carolina statewide average (20) for Fall 2013. The Fall 2013 freshman cohort averaged high

school GPA of 3.40 up from the Fall 2012 cohort average high school GPA of 3.32. Since 2009 the freshman cohort average high school GPA has increased from 3.31 to 3.40.

In fall of 2013, the University maintained its current in-state tuition rate and slightly increased its out-of-state rate by 3.3%. Tuition for an in-state undergraduate remained flat at \$4,880 per semester (including the \$40 mandatory technology fee) while out-of-state undergraduate tuition increased by \$360 to \$11,385 per semester (including the \$70 mandatory technology fee). Coastal Carolina University's in-state rate remains slightly below the average rate of higher education offered by South Carolina public institutions with a similar mission. As a result of this slight tuition increase combined with the minor enrollment growth, net revenue generated by tuition and fees increased by 4%.

Overall, Coastal Carolina University had the good fortune to have slightly increased student enrollment and the ability to retain these students through both semesters in the midst of national economic uncertainty that is seeing a trend throughout higher education of many students returning home to their parents and to their home state. Because of this good fortune, the University was able to handle the large budget cuts imposed by the state and continue moving forward with its overall goals and strategy.

Statement of Net Position

Total Assets – increase of \$51 million

Total assets increased by \$51 million. This is the result of increases in capital projects and current assets as well as a decrease in other assets. The increase in capital projects (\$33 million) is the result of placing into service the Swain Hall Science and the new Public Safety building. The Swain Hall Science building is 40,000 square feet and is the first building completed of an integrated science complex. It has state-of-the-art research space and equipment for labs, classrooms, and faculty offices. New lab spaces are designed for multiple disciplines, such as genetic, cellular/microbiology and organic/biochemistry. The new Public Safety building is more than 5,000 square feet and is located on University Boulevard which allows close proximity to main campus, east campus, and student housing. It boasts a state-of-the-art 911 dispatch center, an upgraded video surveillance center, training rooms and an information center to help individuals navigate campus. Also placed in service in May 2014 was the new 9,000 square foot softball facility that includes 500 seats, a 200-seat upgrade from the previous softball facility. The increase in current assets (\$18 million) is the result of an increase in cash from 2014 revenue bond proceeds. There was a decrease in other assets from the prior year as a result of the implementation of GASB Statement No 65. In the past, bond issue costs and losses from refunding were recognized as assets, more specifically other assets. GASB Statement No 65 now requires bond issue costs to be expensed and the losses from refunding to be recognized as deferred outflows of resources.

Total Liabilities – increase of \$31 million

Total liabilities increased by \$31 million with almost all of the increase coming from obligations from the 2014 revenue bonds issued by the University in June 2014. Noncurrent bonds payable increased from almost \$131 million in the prior year to \$162 million in fiscal year 2014. The University issued \$35,480,000 of Higher Education Revenue Bonds to build the second phase of a student housing facility on campus. The new student housing facility is four residence halls located on a 19.5-acre site that is contiguous to the University's main campus. Expected completion of and occupancy for the first phase is fall of 2015. Expected completion of the

second phase is Fall 2016. Overall current liabilities increased slightly due to small increases in accounts payable (\$3 million) as well as accrued payroll and related liabilities (\$464 thousand) at year-end. However some current liabilities experienced decreases such as unearned revenue (down \$500 thousand) and funds held for others (down \$145 thousand) throughout fiscal year 2014. Additionally, the current portion of the capital lease payable related to the capital lease of University Place decreased approximately \$3 million from the prior year.

Net Position – increase of \$20 million

Net position increased by \$20 million or about 9%. This increase was comprised of an increase in capital assets net of related debt of \$24 million, an increase of \$12 million in restricted expendable assets, and a decrease of almost \$16 million in unrestricted assets. The increase in capital assets net of related debt is due to placing in service several buildings that had previously been under construction. The increase in restricted expendable assets was mostly due to the receipt of revenue bond proceeds for construction of the two phases of the new student housing facility. Unrestricted assets decreased by almost \$16 million or about 28% as a result of increased operating expenses particularly related to personnel costs and benefits. There was a restatement in unrestricted net position of \$1,730,685 in 2013 due to the implementation of GASB Statement No. 65.

Condensed Summary of Net Position				
	<u>2014</u>	<u>2013</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
Assets		(Restated)		
Current assets	\$ 195,740,977	\$ 177,249,474	\$ 18,491,503	10%
Capital assets, net	392,791,496	359,846,269	32,945,227	9%
Other assets	1,781,802	2,251,368	(469,566)	-21%
Total Assets	<u>590,314,275</u>	<u>539,347,111</u>	<u>50,967,164</u>	<u>9%</u>
Deferred Outflows	634,346	-	634,346	100%
Liabilities				
Current liabilities	35,195,668	32,266,935	2,928,733	9%
Non-current liabilities	311,350,323	283,013,214	28,337,109	10%
Total Liabilities	<u>346,545,991</u>	<u>315,280,149</u>	<u>31,265,842</u>	<u>10%</u>
Deferred Inflows	332,500	-	332,500	100%
Net Position				
Invested in capital assets, net of debt	154,687,499	130,228,337	24,459,162	19%
Restricted - non-expendable	100,000	100,000	-	0%
Restricted - expendable	48,326,727	36,729,803	11,596,924	32%
Unrestricted	40,955,904	57,008,822	(16,052,918)	-28%
Total Net Position	<u>\$ 244,070,130</u>	<u>\$ 224,066,962</u>	<u>\$ 20,003,168</u>	<u>9%</u>

The University adopted the provisions of GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, by restating net assets as of July 1, 2012.

Statement of Revenues, Expenses and Changes in Net Position

Total Revenues – increase of \$3 million

The \$3 million increase in total revenue was comprised of increases in tuition and fees of \$3.8 million, increases in operating revenue growth in sales and services of \$2.1 million, increases in other operating revenue of \$.2 million, decreases in government scholarships and contracts of \$.3 million, and decreases in non-operating of \$2.5 million.

The largest increase in operating revenue was increases in tuition and fees by \$3.8 million due to the slight increase in out-of-state tuition rates by 3.3% as well as a slight increase in undergraduate enrollment by 1.4%. The increase in sales and services by \$2.1 million relates to additional auxiliary housing revenues from the lease of University Place. Increases in other operating revenues by \$161 thousand are due to increases in other fees such as parking decal sales, parking fines, and payment plan fees. These increases were slightly offset by a decrease of \$320 thousand in government scholarships and contracts.

The non-operating revenue decrease of \$2.5 million is largely the result of the decreases in grants and gifts of \$2.7 million, decreases in state appropriations of \$.9 million, and decreases in investment income of \$133 thousand which were partly offset by increases in capital appropriations of \$1.2 million. Also contributing to the overall decrease in non-operating revenue is the fact that last year CEF transferred large tracts of land to the core campus for building purposes, which did not recur to the same extent this year.

Capital grants and gifts are typically given to the University by the Horry County Higher Education Commission, the Coastal Educational Foundation, the Chanticleer Athletic Foundation and the Coastal Housing Foundation along with private donors. The Coastal Educational Foundation decreased its gifts to the University by \$4.6 million, and the Chanticleer Athletic Foundation increased its gifts by \$7.5 million. The Horry County Higher Education Commission decreased its gifts by \$6.2 million. Last year the HCHEC donated \$6 million towards the construction of the new Student Union Building. Pell grants increased by \$.5 million and gifts by private donors increased by \$.1 million.

State appropriations decreased by \$.9 million because fiscal year 2013 included a non-recurring supplemental appropriation for the purchase of a research vessel for the new doctoral program.

Capital appropriations increased by \$1.2 million due to a net increase of \$668 thousand from state capital appropriations towards the Science Annex II building and a \$499 thousand increase in the penny sales tax funds from the prior year. Investment income decreased by \$133 thousand in fiscal year 2014.

Total Expenses – increase of \$ 11 million

Total expenses increased by \$11 million, and the increase were primarily due to operations. Salaries and fringe benefits increased \$7.0 million, mostly in the form of added permanent faculty and other unclassified positions. The University will continue to convert temporary faculty to permanent faculty positions as the enrollment continues to increase and the University works toward providing the best possible instruction in the form of permanent full-time faculty.

Services and supplies expenses increased approximately \$1.2 million due to increases in rentals and leases, supplies, insurance, professional services, and non-capital repairs. Utilities increased by \$261 thousand due to a full year operation of several new academic and office buildings,

leased student housing complex, and a new student recreation building requiring utility services. Scholarship expense increased by \$539 thousand, with \$368 thousand related to Academic Common Market tuition reductions.

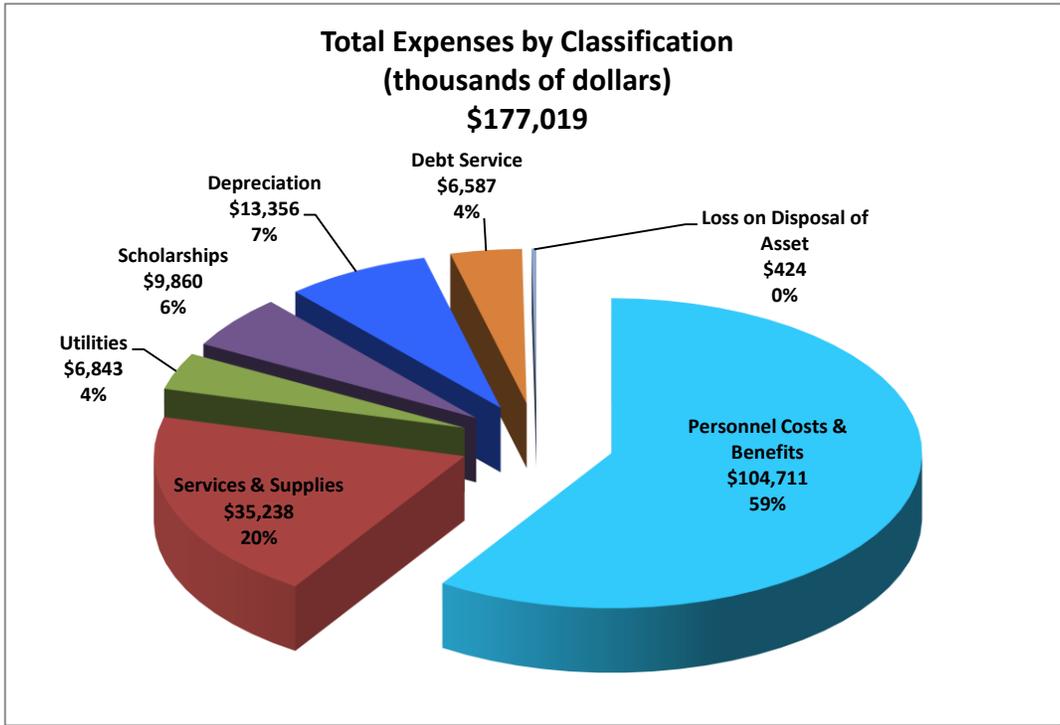
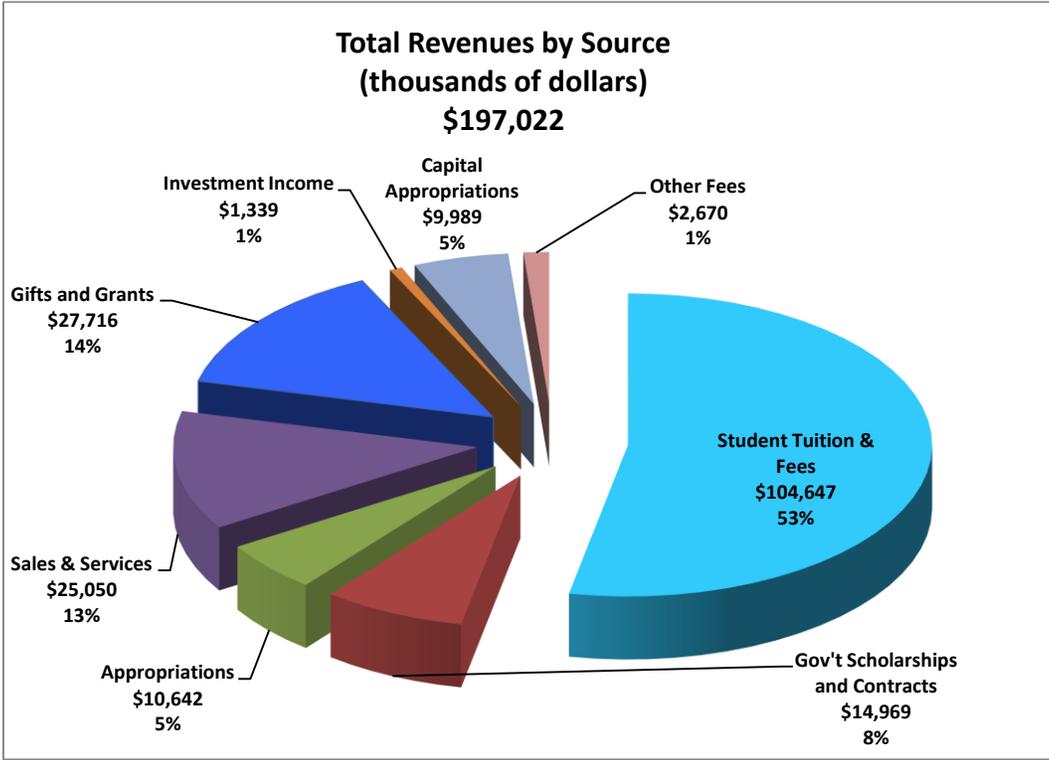
Depreciation expense increased by \$1.6 million due to \$.8 million for newly added buildings including the Swain Hall, \$.5 million for equipment and vehicles, and \$.3 million for land improvements and building renovations.

Interest expense increased by a net of \$81 thousand; interest on debt service for tuition and revenue bonds decreased by \$359 thousand and bond issuance cost increased by \$440 thousand for the 2014 series bonds.

Loss on disposal of assets increased by \$376 thousand, primarily due to the destruction of the baseball field house to make space for the new Baseball stadium complex.

Condensed Summary of Revenues, Expenses and Changes in Net Position				
	2014	2013	Increase/ (Decrease)	Percent Change
		(Restated)		
Revenues:				
Student tuition and fees	\$ 104,646,848	\$ 100,845,686	\$ 3,801,162	4%
Gov't Scholarships and contracts	14,969,011	15,289,075	(320,064)	-2%
Sales and services	25,050,071	22,910,766	2,139,305	9%
Other operating revenues	2,670,049	2,508,994	161,055	6%
Total operating revenues	<u>147,335,979</u>	<u>141,554,521</u>	<u>5,781,458</u>	4%
State appropriations	10,264,739	11,140,551	(875,812)	-8%
Local appropriations	376,875	294,580	82,295	28%
Gifts and grants	27,716,560	30,447,756	(2,731,196)	-9%
Capital appropriations	9,989,149	8,822,085	1,167,064	13%
Investment income	1,338,907	1,472,071	(133,164)	-9%
Total nonoperating revenues	<u>49,686,230</u>	<u>52,177,043</u>	<u>(2,490,813)</u>	-5%
Total Revenues	<u>197,022,209</u>	<u>193,731,564</u>	<u>3,290,645</u>	2%
Expenses:				
Personnel costs and benefits	104,710,936	97,691,335	7,019,601	7%
Services and supplies	35,237,806	34,077,957	1,159,849	3%
Utilities	6,843,404	6,582,470	260,934	4%
Scholarships	9,859,635	9,320,495	539,140	6%
Depreciation	13,355,479	11,798,910	1,556,569	13%
Total operating expenses	<u>170,007,260</u>	<u>159,471,167</u>	<u>10,536,093</u>	7%
Interest & bond issuance cost	6,587,313	6,506,236	81,077	1%
Loss on disposal of asset	424,468	48,469	375,999	776%
Total Expenses	<u>177,019,041</u>	<u>166,025,872</u>	<u>10,993,169</u>	7%
Change in Net Position	20,003,168	27,705,692	(7,702,524)	-28%
Net Position, beginning of year	224,066,962	198,091,955	25,975,007	13%
Cumulative Effect of GASB 65		(1,730,685)		
Net Position, end of year	<u>\$ 244,070,130</u>	<u>\$ 224,066,962</u>	<u>\$ 20,003,168</u>	9%

The University adopted the provisions of GASB Statement 65, Items Previously Reported as Assets and Liabilities, by restating the fiscal year 2013 Summary of Revenues, Expenses, and Changes in Net Position



Capital Assets and Debt

Capital assets at June 30, 2014, consisted of \$26.3 million in land, \$40.2 million in construction in progress, and \$326.2 million in land improvements, buildings, equipment, vehicles, and intangible assets, net of accumulated depreciation. Capital assets also include the second year of a 30-year capital lease of \$144 million with the Coastal Housing Foundation for the operation of University Place, an apartment complex housing 2,100 students located near the campus.

Major projects currently under construction include a new student housing complex to accommodate 1,274 beds for first-year students; renovations to Atheneum Hall where the Alumni Association Staff will be housed and related events may be held on campus; improvements to the baseball complex and a new Student Union Building which includes a new front façade of the current Student Center.

Projects that were completed during fiscal year 2014 include the Swain Hall Science Building, a state-of-the-art research space and lab facility with classrooms and faculty office space and the new Public Safety Building with the most up-to-date technology and 911 dispatch center. The softball facility was also completed and held its first games during the spring. It increases seating capacity from 300 to 500 seats. For more detailed information on capital asset activity please refer to Note 6 – Capital Assets.

Debt on capital assets is approximately \$311.3 million, comprised of \$7.8 million of current liabilities and \$303.5 million in long-term liabilities. Details of bonds payable and long-term liabilities of the University are found in Notes 10 and 11.

Economic Outlook

Fall 2014 full-time undergraduate in-state and out-of-state enrollment increased more than 5% compared to the prior year. Enrollment figures are preliminary. Through close monitoring of expenses, identifying cost savings, production of added revenues, and steady enrollment growth the university was able to hold tuition rates steady for in-state students during fiscal years 2013 and 2014, after the last increase in 2012. However the University was unable to continue that trend for fiscal year 2015 as tuition (excluding the technology fee) for in-state students increased from \$4,840 per semester to \$4,980, or 2.89%, the amount recommended by the South Carolina State Legislature. Tuition for out-of-state students was increased by 2.96%. Currently \$445 per student per semester is set aside for future debt service, a reduction from the \$475 per student per semester from the prior year due to increased enrollment during fiscal year 2015. Faculty and staff support positions remain the same for fiscal year 2015 due to the implementation of a hiring freeze.

The University continues with improvements for the baseball portion of the Softball/Baseball Stadium complex with an anticipated opening date of late fall/winter 2014. The University expects the new baseball stadium to be complete for the opening of the 2015 baseball season. Completion of the Jackson Student Union expansion was originally scheduled for December 2014; however, it has been revised for an opening date in spring 2015. This new Jackson Student Union will include an expanded and updated game room, a 250-seat movie theater, a convenience store, and a variety of lounge spaces for students. The University plans to begin construction of a new 52,000 square foot academic building in January 2016. Land (2.94 acres) has been transferred from the Coastal Educational Foundation to the University for this purpose.

To keep up with enrollment growth and the requirement for all freshmen and sophomores to live on-campus, the University issued revenue bonds totaling \$35.5 million to finance the construction of the second phase of a two-dormitory project which will add 1,274 total beds when completed. Phase I construction has been underway since January 2014 with 650 new beds anticipated for occupancy in the fall of 2015. The second phase is slated for occupancy in the fall of 2016. The University endeavors to manage its growth from both a faculty and student services perspective.

COASTAL CAROLINA UNIVERSITY

Statement of Net Position

June 30, 2014

ASSETS & DEFERRED OUTFLOWS

CURRENT ASSETS

Cash and cash equivalents	\$	61,524,580
Accounts and pledges receivable, net of provision for doubtful accounts		8,417,437
Due from component units		5,237,570
Inventories		630,846
Prepaid expenses		1,068,086
Other assets		20,715

RESTRICTED CURRENT ASSETS

Cash and cash equivalents		118,841,743
Total current assets		195,740,977

NONCURRENT ASSETS

Capital assets, net of accumulated depreciation		
Land		26,316,087
Construction in progress		40,243,579
Building and improvements		319,149,498
Equipment, vehicles and intangible assets		7,082,332
Due from component units		263,063

RESTRICTED NONCURRENT ASSETS

Cash and cash equivalents		345,111
Loans to students, net		1,173,628
Total non-current assets		394,573,298

TOTAL ASSETS

\$ 590,314,275

TOTAL DEFERRED OUTFLOWS

\$ 634,346

LIABILITIES & DEFERRED INFLOWS

CURRENT LIABILITIES

Accounts and retainage payable	\$	8,103,465
Due to component unit		3,406
Accrued payroll and related liabilities		10,363,071
Unearned revenue		5,288,650
Funds held for others		210,653
Accrued compensated absences, current		217,753
Bonds payable, current		4,356,000
Capital leases payable, current		3,406,845
Deferred Compensation Plan, current		353,813

CURRENT LIABILITIES PAYABLE FROM

RESTRICTED CURRENT ASSETS

Interest payable		2,892,012
Total current liabilities		35,195,668

NONCURRENT LIABILITIES

Accrued compensated absences		4,128,423
Bonds payable		162,016,000
Capital leases		141,487,474
Other liabilities		2,301,283

NONCURRENT LIABILITIES PAYABLE FROM

RESTRICTED NONCURRENT ASSETS:

Federal Perkins Loan Funds		1,417,143
Total noncurrent liabilities		311,350,323

TOTAL LIABILITIES

\$ 346,545,991

TOTAL DEFERRED INFLOWS

\$ 332,500

NET FINANCIAL POSITION

Net Investment in Capital Assets		154,687,499
Restricted:		
Endowment - Nonexpendable		100,000
Capital Projects - Expendable		44,135,683
Debt Service - Expendable		4,191,044
Unrestricted		40,955,904

TOTAL NET POSITION

\$ 244,070,130

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY
Statement of Revenues, Expenses and Changes in Net Position
June 30, 2014

Operating Revenues	
Student tuition and fees, net of scholarship allowance of \$26,366,621	
\$7,149,984 is pledged for debt service on general obligation bonds	\$ 104,646,848
Scholarships, contracts and grants	14,969,011
Sales and services of educational departments	4,914,266
Sales and commissions of auxiliary enterprises, net of scholarship allowance of \$4,652,933	20,135,805
Other fees	2,670,049
Total Operating Revenues	<u>147,335,979</u>
Operating Expenses	
Personnel costs and benefits	104,710,936
Services and supplies	35,237,806
Utilities	6,843,404
Scholarships	9,859,635
Depreciation	13,355,479
Total Operating Expenses	<u>170,007,260</u>
Operating Loss	(22,671,281)
Non-Operating Revenue (Expenses)	
Non-Capital State appropriations	10,264,739
Pell Grant Revenues	14,758,629
Local appropriations	376,875
Grants and contracts	7,840
Gifts, including \$1,294,280 from Coastal Educational Foundation and \$753,038 from Chanticleer Athletic Foundation	2,530,123
Other miscellaneous revenue	119,984
Investment and endowment income	1,338,907
Interest on capital asset related debt	(6,147,306)
Bond issuance cost	(440,007)
Gain (Loss) on disposal of assets	(424,468)
Net Non-Operating Revenues (Expenses)	<u>22,385,316</u>
Income before other revenues, expenses, gains and losses	(285,965)
State capital appropriations	1,500,000
Local capital appropriations	8,489,149
Capital grants and gifts, including \$1,795,200 from Coastal Educational Foundation and \$7,504,784 from Chanticleer Athletic Foundation	10,299,984
Increase in Net Position	<u>20,003,168</u>
Net Position	
Net Position, beginning of year	225,797,647
Cumulative Effect of GASB 65	(1,730,685)
Net Position, beginning of year (Restated)	<u>224,066,962</u>
Net Position, end of year	<u><u>\$ 244,070,130</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY

Statement of Cash Flows

For the Year Ended June 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 119,416,727
Grants and contracts	13,659,677
Other operating cash receipts	2,120,682
Payments to employees and for benefits	(103,967,158)
Payments to suppliers	(37,912,904)
Perkins loan collected	(34,563)
Funds held for others	(125,218)
Net cash used by operating activities	<u>(6,842,757)</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES	
State, county, and local appropriations	9,830,607
Gifts and grants	2,440,752
Cash received from Pell Grants	14,536,116
Net cash flow provided by noncapital financing activities	<u>26,807,475</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State capital appropriations	9,989,149
Gifts and grants for capital purposes	5,688,660
Proceeds from sale of capital assets	54,094
Purchase of capital assets	(46,779,268)
Principal and interest paid on capital debt and leases	(14,311,306)
Proceeds from issuance of capital debt	35,480,000
Net cash used by capital activities	<u>(9,878,671)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	<u>1,346,929</u>
Net cash flows used by investing activities	<u>1,346,929</u>
Net change in cash	11,432,976
Cash beginning of year	<u>169,278,458</u>
Cash end of year	<u>\$ 180,711,434</u>
Reconciliation of net operating loss to net cash used by operating activities	
Operating loss	\$ (22,671,281)
Adjustments for non-cash items used by operating activities:	
Depreciation expense	13,355,479
Bad debt expense	209,894
Change in asset and liabilities	
Receivables net	(970,425)
Grants and contracts receivable	(1,341,454)
Payroll Lag Receivable	57,689
Student loans receivable	(29,249)
Prepaid expenses	1,337,673
Inventories	930
Accounts and retainages payable	2,829,703
Accrued salary and vacation payable	726,963
Deferred Compensation plan	(46,187)
Unearned revenue	(177,273)
Deposits held for others	(151,898)
Perkins loan federal share	26,679
Net cash used by operating activities	<u>\$ (6,842,757)</u>
Non-cash transactions	
Cumulative Effect of GASB 65 on Net Position	\$ (1,730,685)
Increase in fair value of investments	1,338,907
Capital assets acquired through gifts	2,540,440
Donated goods and services	459,692

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY

Non-governmental Component Unit

Coastal Educational Foundation

Statement of Financial Position

June 30, 2014

Assets

Cash and cash equivalents	\$ 764,853
Accounts and pledges receivable, net of allowance of \$117,685 and \$144,090 for 2014 and 2013, respectively	2,773,912
Investments	27,773,580
Real estate held for investment	851,266
Cash value of life insurance	34,433
Prepaid expenses	20,940
Property and equipment, net	5,160,643
Other assets	10,000
Total assets	<u>\$ 37,389,627</u>

Liabilities and Net Assets

Accounts payable - related party	\$ 326,901
Accounts payable	28,229
Accrued expenses	300,960
Deferred revenue	40,000
Note payable	46,154
Total liabilities	<u>742,244</u>

Net assets

Unrestricted	7,257,897
Temporarily restricted	10,423,656
Permanently restricted	
Restricted for:	
Permanent endowments	18,465,830
Land required to be permanently used in programs	500,000
Total net assets	<u>36,647,383</u>
Total liabilities and net assets	<u>\$ 37,389,627</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY
Non-governmental Component Unit
Coastal Educational Foundation
Statement of Activity and Change in Net Assets
For the Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains (losses) and other support				
Contributions	\$ 327,660	\$ 879,361	\$ 2,372,617	\$ 3,579,638
Endowed and other investment income				
Interest income	483	-	-	483
Net appreciation in fair value of investments	456,287	1,619,183	126,706	2,202,176
Change in cash value of life insurance	888	1,722	-	2,610
Lease income	268,000	4,575	-	272,575
Royalty income	-	21,354	-	21,354
Miscellaneous income	-	6,292	-	6,292
Fundraising income	-	283,762	-	283,762
Gain on transfer of land to the University	1,784,411	-	-	1,784,411
Net assets released from restrictions	1,466,248	(1,466,248)	-	-
Total revenues, gains (losses) and other support	<u>4,303,977</u>	<u>1,350,001</u>	<u>2,499,323</u>	<u>8,153,301</u>
Expenses				
Program services:				
Scholarships	446,321	-	-	446,321
University support	2,321,270	-	-	2,321,270
Facilities development and physical plant	18,172	-	-	18,172
College of Education	34,552	-	-	34,552
College of Humanities	158,783	-	-	158,783
College of Science	76,265	-	-	76,265
College of Business	243,610	-	-	243,610
General and administrative	548,773	-	-	548,773
Bad debt expense	63,667	-	-	63,667
Bad debt losses	-	-	29,036	29,036
Fundraising expenses	120,392	-	-	120,392
Total expenses	<u>4,031,805</u>	<u>-</u>	<u>29,036</u>	<u>4,060,841</u>
Change in net assets	272,172	1,350,001	2,470,287	4,092,460
Net assets, beginning of year	6,981,115	9,144,588	16,429,220	32,554,923
Transfers	4,610	(70,933)	66,323	-
Net assets, end of year	<u>\$ 7,257,897</u>	<u>\$ 10,423,656</u>	<u>\$ 18,965,830</u>	<u>\$ 36,647,383</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY
 Non-governmental Component Unit
 CCU Student Housing Foundation
 Consolidated Statement of Financial Position
 June 30, 2014

Assets

Current assets

Cash and cash equivalents	\$ 1,081,263
Cash and cash equivalents, restricted	1,674,271
Due from CCU Student Housing Foundation	-
Investments, unrestricted	6,177,548
Investments, restricted	7,747,985
Current portion of bond issuance costs	61,296
Prepaid insurance	7,648
Current portion of capital lease receivable	3,453,689
Total current assets	<u>20,203,700</u>

Other assets

Long-term portion of capital lease receivable	139,932,928
Long-term portion of bond issuance costs, net	1,383,182
Other assets	9,800
Total other assets	<u>141,325,910</u>
Total assets	<u>\$ 161,529,610</u>

Liabilities and Net Assets

Current liabilities

Accounts payable	\$ 22,975
Due to CHF, LLC	-
Accrued interest	1,187,538
Deferred gain on capital lease receivable	2,685,890
Revenue bonds payable	1,390,000
Total current liabilities	<u>5,286,403</u>

Long-term liabilities

Deferred gain on capital lease receivable	72,519,032
Revenue bonds payable	81,111,293
Total long-term liabilities	<u>153,630,325</u>
Total liabilities	<u>158,916,728</u>

Net assets (deficit) - unrestricted

Total liabilities and net assets	<u>2,612,882</u>
	<u>\$ 161,529,610</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY

Non-governmental Component Unit

CCU Student Housing Foundation

Consolidated Statement of Activities

For the Year Ended June 30, 2014

<i>Revenues, gains (losses) and other support</i>	
Interest income	\$ 4,075,125
Other revenue	3,387
Lease income	545,763
Investment gain, net	67,370
Gain on capital lease	2,685,890
Management fees	-
Total revenues, gains (losses) and other support	<u>7,377,535</u>
<i>Expenses</i>	
General and administrative	838,028
Amortization	61,296
Interest and financing fees	4,844,235
Support of Coastal Carolina University	56,000
Management and general	74,796
Total expenses	<u>5,874,355</u>
Change in net assets	1,503,180
<i>Net assets (deficit), beginning of year</i>	<u>1,109,702</u>
<i>Net assets (deficit), end of year</i>	<u>\$ 2,612,882</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY

Non-governmental Component Unit

Chanticleer Athletic Foundation

Statement of Financial Position

June 30, 2014

Assets

Cash and cash equivalents	\$ 1,693,874
Pledges receivable, net of allowance of \$1,547,173 and \$1,330,109 for 2014 and 2013, respectively	7,563,586
Related party receivable	-
Prepaid expenses	38,094
Total assets	<u>\$ 9,295,554</u>

Liabilities And Net Assets

Accounts payable	\$ 3,760
Accounts payable - related party	552,537
Pledges payable	6,426,194
Deferred revenue	37,025
Total liabilities	<u>7,019,516</u>

Net Assets

Unrestricted	1,794,050
Temporarily restricted	481,988
Total net assets	<u>2,276,038</u>
Total liabilities and net assets	<u>\$ 9,295,554</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY
 Non-governmental Component Unit
 Chanticleer Athletic Foundation
 Statement of Activity and Change in Net Assets
 For the Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<i>Revenues, gains, and other support:</i>			
Contributions	\$ 6,040,994	\$ 771,427	\$ 6,812,421
Investment income	28,527	-	28,527
Fundraising proceeds	95,188	13,013	108,201
Net assets released from restrictions	<u>4,524,256</u>	<u>(4,524,256)</u>	<u>-</u>
Total revenues, gains, and other support	<u>10,688,965</u>	<u>(3,739,816)</u>	<u>6,949,149</u>
<i>Expenses and losses:</i>			
Program services - Support of Coastal Carolina University			
Athletics Program	10,520,837	-	10,520,837
Management and general	706,917	-	706,917
Fundraising	<u>159,053</u>	<u>-</u>	<u>159,053</u>
Total expenses and losses	<u>11,386,807</u>	<u>-</u>	<u>11,386,807</u>
<i>Decrease in net assets</i>	(697,842)	(3,739,816)	(4,437,658)
<i>Net assets, beginning of year</i>	2,491,142	4,222,554	6,713,696
Transfers	<u>750</u>	<u>(750)</u>	<u>-</u>
Net assets, end of year	<u>\$ 1,794,050</u>	<u>\$ 481,988</u>	<u>\$ 2,276,038</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Coastal Carolina University is a public, mid-sized (9,500 students), comprehensive liberal arts institution offering baccalaureate degrees in the traditional liberal arts and sciences, interdisciplinary studies, and professional schools, along with master's degrees in several specialized areas. The campus primarily serves its immediate five-county area and the state, while honoring its commitment to the citizens of Horry County who founded the University and who continue to provide funding. Recognizing its responsibility to ensure a student population that is diverse both culturally and geographically, the institution also aggressively recruits statewide, out-of-state, and internationally.

Historically, the University has been treated as a part of the primary government of the State of South Carolina, and its funds were previously reported in the state's higher education enterprise funds in the Comprehensive Annual Financial Report of the State of South Carolina. During fiscal year 2012-13, the State of South Carolina implemented GASB Statement No. 61, The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34. As a result of this implementation, the University will now be reported as a discreetly presented component unit on the State of South Carolina's Comprehensive Annual Financial Report. Discrete presentation entails reporting component unit financial data in one or more columns separate from the financial data of the primary government instead of blending the University's financial information into the State's financial information.

The legislation established the governing body of Coastal Carolina University, the Board of Trustees, effective July 1, 1993, which by statute is responsible for overseeing the effective governance of the University. The Board of Trustees defines the mission, role and scope of the University, establishes the general policies of the University, approves the budget, and provides accountability to the public and the General Assembly

The University's 17-member Board of Trustees comprises the Governor of the State or his or her designee, who is an ex officio member of the Board, and sixteen members, with fifteen of these members to be elected by the South Carolina General Assembly and one member to be appointed by the Governor. Of the fifteen members to be elected by the General Assembly, one member must be elected from each congressional district and the remaining eight members must be elected from the State at large. The Board of Trustees holds regular meetings four times each year.

Financial Statements Presentation: The financial statement presentation for the University conforms to the requirements of Governmental Accounting Standards Board ("GASB") Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities, Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus. The University has also adopted GASB Statement No. 38, Certain Financial Statement Note Disclosures and Statement No. 39, Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14.

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Deferred Outflows/Inflows of Resources: The University implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position in the financial statements for the fiscal year ended June 30, 2013. This statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements – and Management’s Discussion and analysis-for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This statement had no significant impact on the University for the fiscal year ended June 30, 2013.

In fiscal year 2014, the University implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognized as outflows of resources or inflow of resources. Requirements of this Statement are effective for financial statements whose fiscal year begins after December 15, 2012.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until that time. For the year ended June 30, 2014, Deferred Outflows of Resources are \$634,346 and impact the University as follows:

	FY2013 Amortizing Assets Amount	FY2013 Restatement of Net Position	FY2014 Deferred Outflows Amount	FY2014 Amortized Portion of Deferred Outflows
Loss on refunding portion 1994 in 2004	\$ 13,291	\$ -	\$ 9,120	\$ 4,171
2004 issue costs	2,637	2,637	-	-
Loss on refunding portion 1999 in 2006	437,911	-	381,776	56,135
2006 issue costs	131,540	131,540	-	-
2010 Issue Costs	255,922	255,922	-	-
Loss on refunding portion 1999 in 2012	282,078	-	243,450	34,458
2012 issue costs	49,910	49,910	-	-
2013 issue costs	1,290,676	1,290,676	-	-
Sub Total:	<u>\$ 2,463,965</u>	<u>\$ 1,730,685</u>	<u>\$ 634,346</u>	<u>\$ 94,764</u>

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. For the year ended June 30, 2014, Deferred Inflows of Resources are \$332,500. This amount represents an upfront payment for service concession arrangement between Coastal Carolina University and a third party vendor, contracted to manage the bookstore.

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The University's financial statement presentation provides a comprehensive, entity-wide perspective of the University's net position, revenues, expenses and changes in net position and cash flows, as well as the net position, revenues, expenses and changes in net position of its separately audited component units.

Reporting Entity: The financial reporting entity, as defined by GASB Statement No. 14, *The Financial Reporting Entity*, consists of the primary government and all of its component units. Component units are legally separate organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete. Accordingly, the financial statements present the University as the primary government and three discretely presented component units, the Coastal Educational Foundation, the CCU Student Housing Foundation, and the Chanticleer Athletic Foundation.

The Coastal Educational Foundation (the CEF) is a legally separate, tax-exempt entity that was chartered by the State of South Carolina in October 1954 for the purpose of soliciting, receiving, managing and distributing gifts for educational purposes in support of Coastal Carolina University. The CEF's activities are governed by its board of directors. The CEF's support comes primarily from contributions from alumni, local individuals and businesses. Although the University does not control the timing or amount of receipts from the CEF, the majority of resources and income thereon that it holds and invests is restricted to the activities of the University by donors. Because these restricted resources can only be used by, or for the benefit of, the University, the CEF is considered a component unit of the University.

The CCU Student Housing Foundation (the Foundation) is also a legally separate, tax-exempt entity that was chartered in 2002 to provide housing for Coastal students and to provide support for various other University programs. The CCU Housing Foundation, LLC, (the Company), a not-for-profit corporation, was organized in 2005. The Foundation is the owner and sole member of the Company. For the purposes of the Coastal Carolina University CAFR note disclosures, the Foundation and the Company will be referred to hereafter as one entity, the Foundation. Moreover, for the purposes of financial presentations both the Foundation and the Company are reported as one consolidated entity. The Foundation is supported by income of the lease of University Place (UP) to the University. The activities of the Foundation are governed by its board of directors. The Foundation is considered a component unit because its economic resources are held entirely for the benefit of the University.

The Chanticleer Athletic Foundation (CAF) is another legally separate tax exempt, not-for-profit organization incorporated under the laws of South Carolina as the University's athletic fund-raising organization. Contributions to CAF are used for athletic scholarships, facilities and program development. CAF's support comes primarily through individual donor contributions, annual fund-raising campaigns and special events.

The CEF, the CAF, and the SHF are not deemed to be governmental entities because a controlling majority of the membership is not appointed by the University; there is no potential for unilateral dissolution by the University, with the net assets reverting to the University; and

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

neither has the power to enact and enforce a tax levy or the ability to directly issue debt that pays interest exempt from federal taxation. Also, the Foundations report their financial results under Financial Accounting Standards Board (FASB) statements, the most significant of which are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Statements of Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Because the Foundations are deemed not to be governmental entities and because they use a different reporting model, their balances and transactions are reported on separate financial statements. Copies of the separately issued financial statements for the CEF, the CAF, and the SHF can be obtained by sending a request to the Executive Director of each foundation at the following address: P.O. Box 261954, Conway, South Carolina, 29528-6054.

Basis of Accounting: For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship and fellowship expenses. All significant intra-agency transactions have been eliminated.

The University applies all applicable GASB pronouncements and in accordance with GASB statement 20, the State of South Carolina has elected to apply only those Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, which are not in conflict with GASB standards.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the University and its component units consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State of South Carolina State Treasurer's Office are considered cash equivalents.

Accounts Receivable: Accounts receivable consists of tuition and fee charges to students, gift pledges and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also includes amounts due from the federal government, state and local governments, component units, or private sources in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories and Prepaid Items: Inventories are carried at the lower of cost or market. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Items accounted for as University inventories include: maintenance supplies, housing supplies, office supplies, mail supplies, athletic supplies, and golf course supplies. Items accounted for as prepaid items include: prepaid insurance, prepaid postage, prepaid magazine and periodical subscriptions, and advance payments for maintenance and service agreements.

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Capital Assets: Capital assets are recorded at cost on the date of acquisition or fair market value on the date of donation in the case of gifts. The 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 usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are 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, maintenance and library materials are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful life for buildings and improvements is 10-40 years; for land improvements is 10-15 years; for vehicles, equipment and machines is 3-10 years, and for intangible assets externally acquired 3 years – internally generated not capitalized. A full month of depreciation is taken the month the asset is placed in service and no depreciation is taken the month of disposition.

Unearned Revenues: Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year, but related to the subsequent accounting period. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement. Also included in unearned revenue are grant funds received but not yet expended for their restricted purpose and amounts paid in advance for football tickets.

Funds Held for Others: Funds held for others result from the University acting as an agent, or fiduciary, for entities which have a relationship with the University's activities or from the University acting as an agent for certain student loans.

Compensated Absences: Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued vacation payable in the statement of net position, and as a component of compensation and benefit expense in the statement of revenues, expenses, and changes in net position.

Federal Perkins Loans Receivable and Related Liability:

The loans receivable on the balance sheet are due to the University under the Federal Perkins Loan program. This program is funded primarily by the federal government with the University providing a required match. The amount reported as federal loan liability is the amount of cumulative federal contributions and a pro-rata share of net earnings on the loans under this program which would have to be repaid to the federal government if the University ceased to participate in the program.

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Net Position: The University's net position included the following categories:

Investment in capital assets, net of related debt: Assets invested in capital assets, net of related debt, represent the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are included as a component of invested in capital assets, net of related debt.

Restricted assets - expendable: Restricted expendable assets include resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted assets - nonexpendable: Nonexpendable restricted assets consist of endowment and similar type funds for which donors or other outside sources have stipulated as a condition of the gift instrument that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income which may either be expended or added to principal.

Unrestricted assets: Unrestricted assets represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, as well as for repair and renovations to the physical plant, and may be used at the discretion of the governing board to meet current expenses for any purpose.

The University policy for applying expenses that can use both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources, then to unrestricted resources

Classification of Revenue and Expense: The University classifies its revenues and expenses as either operating or non-operating. Operating revenues generally result from exchange transactions arising from the University's principal on-going activity, which is the provision of higher education.

Operating revenues include: (1) student tuition and fees received in exchange for providing educational services, housing, and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients or eligibility criteria; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the University; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the University would not otherwise undertake. In past years, higher education institutions have treated Pell Grants as federal operating grants. However, in accordance with Question 7.72.10 of GASB's Comprehensive Implementation Guide, the South Carolina Comptroller General's Office has revised its policy and is now requiring Pell Grant activity to be reported as non-operating revenues. Operating expenses result from providing the goods and services exchanged for the respective revenues.

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

All revenues and expenses not meeting the definition of operating revenues are reported as non-operating revenues and expenses. Such transactions generally arise from activities that have characteristics of non-exchange transactions. Examples include gifts and contributions, government appropriations, investment income, and any grants and contracts that are not classified as operating revenue or that are restricted by the grantor to be used exclusively for capital purposes.

Scholarship Discounts and Allowances: Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenue, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell Grants, and other Federal, State, or non-governmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance. Scholarships for certain individuals that are required by state law or by out-of-state fee differential abatements facilitated by intra-state agreements are recorded neither as tuition and fee revenue nor as scholarship allowance.

Sales and Services of Educational and Other Activities: Revenues from sales and services of educational and other activities generally consist of amounts received from instructional, laboratory, research, and public service activities that incidentally create goods and services which may be sold to students, faculty, staff and the general public. The University receives such revenues primarily from grant-related activities, rental of University space, travel-study courses, research and public service centers, and the physical education center.

Auxiliary Enterprises and Internal Service Activities: Auxiliary enterprise revenues primarily represent revenues generated by housing, bookstore, vending/canteen, and food service. Transactions between the University and its auxiliary enterprises activities have been eliminated.

Rebatable Arbitrage: Arbitrage involves the investment of proceeds from the sale of tax-exempt securities in a taxable investment that yields a higher rate of return, resulting in income in excess of interest costs. Federal law requires entities to rebate to the government such income on tax-exempt debt if the yield from these earnings exceeds the effective yield on the related tax-exempt debt issued. Sound fiscal management dictates that proceeds held for anticipated construction costs, for future debt service or as bondholder-required reserves be invested in interest-earning securities, such as those issued by the U.S. government. Tax provisions dealing with these investments are complex because they must allow for legitimate temporary investment of funds, yet at the same time prevent arbitrage abuse. To achieve this objective the federal government has produced a set of complex regulations. In essence, the regulations consist of two types: arbitrage restriction and arbitrage rebates. For arbitrage restrictions, issuers are permitted to invest both construction funds and reserve funds for limited periods of time, e.g., 85% of the proceeds must be spent within three years. For arbitrage rebates, all arbitrage earnings, with some exceptions (i.e., the proceeds are spent

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

within six months or 75% of the proceeds are spent on construction within two years), must be remitted to the federal government. Governments are exempt from the rebate requirement if they meet these investment tests; if their bond proceeds are “available construction proceeds” or if they issue no more than \$5 million in total of all such debt in a calendar year. For this purpose, tax-exempt indebtedness includes bonds, certain capital leases and installment purchases. Potential rebate liability must be calculated annually, and the actual liability must be paid every five years or at maturity of the debt, whichever is earlier. An outside bond consulting company, BLX (Bond Logistics) calculates the total arbitrage obligation for a group of South Carolina state agencies, one of which is Coastal Carolina University. No arbitrage obligation has been reported for Coastal Carolina University as of June 30, 2014.

Income Taxes: The University, as a political subdivision of the State of South Carolina, is excluded from federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. The Foundations are exempt from income tax under the provisions of Internal Revenue Code Section 501(c)(3). No provision for income taxes has been made.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenditures and affect disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2014

NOTE 2 – CASH AND CASH EQUIVALENTS, OTHER DEPOSITS AND INVESTMENTS

All deposits of the University are under the control of the State Treasurer, who by State law has sole authority for investing State funds.

The following schedule reconciles Deposits to the Statement of Net Position amounts:

STATEMENT OF NET POSITION:	
Cash and Cash Equivalents - Current	\$ 61,524,580
Cash and Cash Equivalents - Restricted	
Debt Service	7,083,056
Capital Project	111,758,687
Other	245,111
Cash and Cash Equivalents - Endowment	100,000
Total	<u>\$ 180,711,434</u>
DEPOSITS:	
Cash on Hand	24,646,360
Deposits Held by State Treasurer	<u>156,065,074</u>
Total	<u>\$ 180,711,434</u>

Cash on Hand: At June 30, 2014, Coastal Carolina University had \$245,111 with the State Treasurer for exclusive use by the Perkins Loan Program.

Deposits Held by State Treasurer: State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. At June 30, 2014, Coastal Carolina University had \$156,065,074 in Deposits Held by State Treasurer. Information pertaining to the reported amounts, fair values and credit risk of the State Treasurer's deposits is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

With respect to investments in the State's internal cash management pool, all of the State Treasurer's investments are insured or registered, or are investments for which the securities are held by the State or its agents in the State's name. Information pertaining to the reported amounts, fair values and credit risk of the State Treasurer's deposits is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2014

NOTE 3 – RESTRICTED ASSETS

The purposes and amounts of University restricted assets at June 30, 2014, are as follows:

CURRENT

Cash and Cash Equivalents	
Satisfaction of Debt Covenants	\$ 7,083,056
Capital Projects	<u>111,758,687</u>
Total Restricted Current Assets	118,841,743

NON-CURRENT

Cash and Cash Equivalents	
Federal Perkins Loan Program	245,111
Endowments	100,000
Loans to Students, net of allowance	<u>1,173,628</u>
Total Restricted Non-Current Assets	1,518,739

Total Restricted Assets	<u>\$ 120,360,482</u>
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COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2014

NOTE 4 – ACCOUNTS RECEIVABLE

University current and non-current receivables for June 30, 2014, are as follows:

CURRENT ACCOUNTS RECEIVABLE			
Student Accounts Receivable	\$	2,552,167	
Less Allowance for Uncollectible		<u>(1,276,082)</u>	
Student Accounts Receivable, Net	\$	1,276,085	\$ 1,276,085
Third Party Receivables			302,249
Federal Grants and Contracts Receivable			1,328,728
State Grants and Contracts Receivable			8,406
Other Grants & Contracts Receivable			184,729
Local Appropriation Receivable			762,479
State Capital Funds Receivable			1,311,764
Accrued Interest and Endowment Income Receivable			165,925
Due from Related Party			3,750
Other Receivables			<u>3,073,322</u>
Net Total Current Receivables	\$		<u><u>8,417,437</u></u>
 NON-CURRENT ACCOUNTS RECEIVABLE			
Loans to Students	\$		1,229,144
Less Allowance for Uncollectibles			<u>(55,516)</u>
Net Loans to Students	\$		<u><u>1,173,628</u></u>
 CURRENT DUE FROM COMPONENT UNITS			
Chanticleer Athletic Foundation Receivable	\$		5,173,732
Coastal Educational Foundation Receivable			63,838
Student/Coastal Housing Foundation Receivable			-
Total Due from Component Units - Current	\$		<u><u>5,237,570</u></u>
 NON-CURRENT DUE FROM COMPONENT UNITS			
Coastal Education Receivable	\$		263,063
Total Due from Component Units - Non-current	\$		<u><u>263,063</u></u>

Allowances for uncollectible accounts receivable are established based upon actual losses experienced in prior year and evaluations of the current account portfolio.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2014

NOTE 5 - LOANS RECEIVABLE AND FEDERAL LIABILITY

Student loans made through the Federal Perkins Loan Program of the University comprise all of the loans receivable as of June 30, 2014. The Perkins Loan program provides various repayment options and interest rates; students have the right to repay the loan over periods up to and including 10 years depending on the amount of the loan and the loan cancellation privileges the student decides to exercise. These federal promissory notes generally do not expire. As the University determines that loans are uncollectible, the loans are written off the books of the University. Depending on compliance with specific loan regulations, these loans can be assigned to the United States Department of Education. At June 30, 2014, the allowance for uncollectible student loans is valued at \$55,516. The funds contributed by the Federal Government are refundable in the event the University decides to no longer participate in the program. Although the University plans to participate in the Perkins Loan Program for the foreseeable future, the University has recorded a long-term liability in the amount of \$1,417,143, representing the federal portion of the loan program at June 30, 2014. If at any time the University opted out of the federal Perkins Loan Program, the total liability to the University would be based on the original federal capital contribution and federal share of cash available at the close of the program, as well as other compliance issues. This amount calculated for just the federal capital contribution and federal share of cash available at June 30, 2014, totals \$1,620,332. The difference between the long term liability recorded and the liability for just the federal capital contribution and federal share of cash available at June 30, 2014, relates to the allowance and other expenses the federal government considers unallowable. These amounts are estimates. The actual liability would be determined in accordance with federal regulations at the time of liquidation if liquidation were ever to occur.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2014

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the University for the year ended June 30, 2014 is summarized as follows:

	Beginning Balance July 1, 2013	Additions	Retirements	Adjustments	Transfers	Ending Balance June 30, 2014
Capital Assets Not Being Depreciated:						
Land	\$ 24,313,968	\$ 2,002,119	\$ -	\$ -	\$ -	\$ 26,316,087
Construction in Progress	27,356,475	39,850,828	-	-	(26,963,724)	40,243,579
Total Capital Assets Not Being Depreciated	51,670,443	41,852,947	-	-	(26,963,724)	66,559,666
Capital Assets Being Depreciated:						
Buildings and Improvements	193,552,015	-	(477,833)	(120,750)	24,741,464	217,694,896
Land Improvements	9,980,320	-	-	-	2,222,260	12,202,580
Equipment	10,119,958	2,000,591	(354,869)	-	-	11,765,680
Intangible Assets	273,777	-	-	-	-	273,777
Vehicles	3,047,923	2,925,731	(83,139)	-	-	5,890,515
Capital Lease	153,517,754	-	-	-	-	153,517,754
Total Capital Assets Being Depreciated	370,491,747	4,926,322	(915,841)	(120,750)	26,963,724	401,345,202
Less Accumulated Depreciation For:						
Buildings and Improvements	(43,780,681)	(5,547,689)	133,427	-	-	(49,194,943)
Land Improvements	(4,298,545)	(771,060)	-	-	-	(5,069,605)
Equipment	(7,390,074)	(1,235,027)	344,282	-	-	(8,280,819)
Intangible Assets	(273,777)	-	-	-	-	(273,777)
Vehicles	(1,572,252)	(801,111)	80,319	-	-	(2,293,044)
Capital Lease	(5,000,592)	(5,000,592)	-	-	-	(10,001,184)
Total Accumulated Depreciation	(62,315,921)	(13,355,479)	558,028	-	-	(75,113,372)
Capital Assets Being Depreciated, Net	308,175,826	(8,429,158)	(357,813)	(120,750)	26,963,724	326,231,830
Capital assets, net	<u>\$ 359,846,269</u>	<u>\$ 33,423,790</u>	<u>\$ (357,813)</u>	<u>\$ (120,750)</u>	<u>\$ -</u>	<u>\$ 392,791,496</u>

Major outlays for capital assets and improvements are capitalized as they are constructed. Interest incurred during the construction process may be capitalized or expensed depending on, among other things, whether the source of funding specifies that it may be used only for the acquisition of specified qualifying assets. In certain cases, the amount of interest earned on unexpended debt proceeds was expended. During the year ended June 30, 2014, the University capitalized interest expense in the amount \$2,710,332. Of that number, \$610,425 was associated with the Institutional Bonds issued in 2010 and \$1,985,261, and \$114,286, was associated with the Higher Education Revenue Bonds issued in 2013, and 2014, respectively.

A warranty agreement with the Horry County Engineering Department remains outstanding as of June 30, 2014. As a developer, CCU must guarantee that the roadway extension built on University Blvd. and Hwy. 501, remain in first-class condition, less normal wear, for a period of three years, and paid of deposit of \$20,715 with the County as a pledge towards this commitment.

Construction: Approximately \$33 million of capital projects in various phases of planning, or construction have been added to capital assets in the 2013-2014 fiscal year, continuing the ambitious building schedule that has characterized our campus for the last few years.

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2014

NOTE 6 - CAPITAL ASSETS, Continued

Presently, the major projects under construction are: A new student housing complex to accommodate 1,274 beds for first-year students, and renovations to Atheneum Hall. When completed, this building will house the Alumni Association Staff and be able to hold related events on campus. Improvements continue to be made to the baseball complex, with a revised completion date estimated to be Fall 2014. A new Student Union Building, which includes a new front façade of the current Student Center is planned to be completed in December 2014.

Projects that were accounted for as construction-in-progress in the last year, but have been completed and transferred to assets during the course of fiscal year 2014 include the Swain Hall Science Building, which is the first building completed of an integrated science complex. A new public safety building was opened in October of 2013. The facility's new location on University Boulevard puts it good proximity to main campus, east campus and student housing. The new softball complex was opened in May of 2014.

Some major renovations which were completed in this fiscal year are a new Starbucks on campus, which is located within the Kimbel Library. The completion of a new Student Accounts Office and Admissions Offices in Baxley Hall occurred in fiscal year 2014. This is the initial phase of a one-stop shop vision to incorporate various student-related services under one roof.

The useful life for the renovations for the Myrtle Beach Education Center that had been capitalized in fiscal year 2009 has been adjusted to reflect the current lease time line. Because the first five years of the lease had expired, and a new lease has been negotiated to last for the next five years, an adjustment was made to the system to remove the initial asset, which was being depreciated for twenty-five years, and adjust accumulated depreciation to reflect the appropriate book value to carry-forward so that the lease can be depreciated over the next five year period.

The University completed leasehold improvements to the off-campus site of the University's Osher Lifelong Learning Institute in Litchfield Exchange and is depreciating this lease over the next five year period.

Acquisitions: The University received 8.16 acres of core campus land from the Coastal Educational Foundation this year. This land was valued at \$220,000 per acre, using a recent appraisal of land with comparable value. The total gift recognized was \$1,795,200. This property is comprised of the roads on the main campus which are in need of repair work.

A parcel of land consisting of 1.61 acres with frontage on Highway 544 between main campus and the fire tower property was purchased from a private party to provide for future University projects in accordance with the Campus Master Plan. This property was purchased at appraised value of \$190,000.

The transfer of 2.94 acres of core campus land from the Coastal Education Foundation was initiated but not completed in this fiscal year. This donation will allow the University to move forward with plans to construct a new 52,000 sq. ft. academic building, scheduled to begin construction in January 2016.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2014

NOTE 6 - CAPITAL ASSETS, Continued

Capital Lease: The University continues the lease which was begun in fiscal year 2013, when Coastal Carolina University entered into a contract with the CCU Housing Foundation, LLC, to lease the property comprising University Place, to be included under the umbrella of University Housing, thus making all student housing consistent and uniform with regard to maintenance and standards.

NOTE 7 – ENDOWMENTS

The University holds one permanent endowment of \$100,000 called the Kearns Palmetto professorship. The cash and cash equivalents, with a fair value at June 30, 2014, of \$108,201 are recorded in non-current assets, restricted cash. If a donor has not provided specific instructions to the contrary, section 34-6-20 of the South Carolina Code of Laws permits the Board of Trustees to authorize for expenditure the net appreciation (realized and unrealized) over historical dollar value of the endowment funds. The income earned on the endowment is spent for the purpose for which it was established, that of faculty research support. It is the University's policy to authorize and spend investment income only at the budgeted amount of 5% of the most recent June 30 fair market value.

NOTE 8 - UNEARNED REVENUE

Unearned revenue for the University totaled \$5,288,650 for fiscal year ended June 30, 2014. These unearned revenues include a food service contract of \$2,280,000, tuition prepayments of \$1,988,338, grant and contract funds of \$563,572, housing prepayments of \$371,074, advance ticket sales of \$46,795, unearned golf course payments of \$25,311, and parking decals prepayments of \$13,560. Tuition prepayments include Summer I fees of \$1,035,437, Summer II fees of \$294,165, Fall fees of \$164,692, and deposits of \$494,045.

NOTE 9 – LEASE OBLIGATIONS

Operating Leases:

The University leases classroom and office facilities from external parties under terms of non-cancelable operating leases having terms in excess of one year. Total payments for such leases were \$100,002 for the year ended June 30, 2014. Future minimum lease payments under terms of these leases are as follows:

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2014

NOTE 9 – LEASE OBLIGATIONS, Continued

<u>Year Ending June 30:</u>	
2015	50,002
2016	2
2017	2
2018	2
2019	2
Thereafter	<u>26</u>
Total minimum payments required	<u><u>50,036</u></u>

The University also leases a parking lot, three activity fields, and classroom, and office facilities from third parties in accordance with operating leases with fixed annual payments and terms of one year or less. Payments for such space during the fiscal year ending June 30, 2014 were \$655,606.

Capital Lease:

The University continues the lease which was begun in fiscal year 2013, when Coastal Carolina University entered into a contract with the CCU Student Housing Foundation, to lease the property comprising University Place, to be included under the umbrella of University Housing, thus making all student housing consistent and uniform with regard to maintenance and standards.

The following is an analysis of leased property under capital leases by major classes:

	<u>Asset Balance at June 30, 2014</u>
<u>University Place Classes of Property</u>	
Land & Buildings	153,517,754
Less: Accumulated depreciation	<u>(10,001,184)</u>
	<u><u>\$143,516,570</u></u>

Starting July 1, 2012, the University entered into a 30 year triple net capital lease with the CCU Student Housing Foundation (the Foundation) for University Place (UP), an apartment complex housing 2,100 students located approximately one-half mile from the campus. The lease will allow the University to manage the operation of UP, and collect the revenue from student housing at UP. In turn, the University will remit varying lease payments to the Foundation in the amount necessary to keep the Foundation within their bond covenants. The University will also

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2014

NOTE 9 – LEASE OBLIGATIONS, Continued

remit payments to be held by the Foundation for maintenance and improvements of UP. Maintenance and improvement projects must be agreed upon by both parties before these funds are remitted back to the University for construction. Over the remaining 28-year term of the lease, the University will pay the Foundation \$206,366,802 in lease payments. At the end of the lease, the University will have the option to purchase UP from the Foundation. Future payments due are as follows:

<u>Fiscal Year Ending June 30</u>	<u>University Place Future Minimum Lease Payments</u>	<u>Improvements and Maintenance Projects</u>
2015	7,368,176	614,015
2016	7,371,807	614,317
2017	7,371,777	614,315
2018	7,367,697	613,975
2019	7,370,997	614,250
2020-2024	36,853,875	3,071,156
2025-2029	36,856,482	3,071,374
2030-2034	36,842,100	3,070,175
2035-2039	36,855,510	3,071,293
2040-2042	22,108,381	1,842,365
Total Future Lease Payments	\$206,366,802	\$17,197,235
Less: Imputed Interest	(64,972,483)	
Plus: Value of Land	3,500,000	
Net Capital Lease Liability	<u>\$144,894,319</u>	

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2014

NOTE 10 – BONDS PAYABLE

For the University, bonds payable consisted of the following at June 30, 2014:

	Balance at Inception	Interest Rates	Maturity Dates	Balance 6/30/2014
Revenue Bonds				
Series 2004 (Refunded 1994 Bonds)	3,885,000	4.09%	6/1/2018	1,340,000
Series 2006 (Refunded 1999 Bonds)	13,175,000	3.75% to 4.25%	6/1/2026	9,805,000
Series 2012 (Refunded 1999 Bonds)	6,147,000	2.10%	6/1/2026	5,377,000
Series 2013	54,705,000	2.750% to 4.0%	6/1/2040	54,705,000
Series 2014	35,480,000	3.125% to 4.0%	6/1/2044	35,480,000
Total Revenue Bonds				<u>106,707,000</u>
State Institution				
General Obligation 2002	8,750,000	3.25% to 4.625%	9/1/2022	5,040,000
General Obligation 2006	11,300,000	4.25% to 6.00%	10/1/2026	8,960,000
General Obligation 2010	54,000,000	3.52%	4/1/2030	45,665,000
Total State Institutional Bonds				<u>59,665,000</u>
Total Bonds Payable				<u>\$ 166,372,000</u>

Revenue bonds are payable from and secured by a pledge of net revenues derived by the University from the operation of the facilities constructed with the bond proceeds and by a pledge of additional funds, which are all available funds and academic fees of the University except for those which are not (i) otherwise designated or restricted; (ii) funds derived from State appropriations; and (iii) tuition funds pledged to the repayment of State institution bonds, if any. The University has also secured insurance contracts for its revenue bonds which guarantee payment of principal and interest, in the case such required payment has not been made, for a period equal to the final maturity of the bonds. Certain of the bonds payable are callable at the option of the University.

State institution bonds are general obligation bonds backed by the full faith, credit, and taxing power of the State. For fiscal year 2014, tuition revenue is pledged in the amount of \$475 per full-time in-state student, \$475 per full-time out-of-state student and \$15 per graduate credit hour. The legal debt margin for general obligation bonds is that the maximum amount of annual debt service shall not exceed ninety percent of the sums received from tuition and fees for the preceding fiscal year. Tuition bonds fees for the preceding year were \$7,744,604 which results in a legal annual debt service at June 30, 2014, of \$6,970,144.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2014

NOTE 10 – BONDS PAYABLE, Continued

The scheduled maturities of the bonds payable by type are as follows:

	Principle	Interest	Total
<u>Revenue Bonds</u>			
2015	1,366,000	3,770,789	5,136,789
2016	2,823,000	3,723,287	6,546,287
2017	3,653,000	3,617,719	7,270,719
2018	3,797,000	3,479,038	7,276,038
2019	3,570,000	3,338,436	6,908,436
2020-2024	19,988,000	14,560,617	34,548,617
2025-2029	18,755,000	11,085,021	29,840,021
2030-2034	18,400,000	8,321,225	26,721,225
2035-2039	21,860,000	4,860,198	26,720,198
2040-2044	12,495,000	1,262,350	13,757,350
	\$ 106,707,000	\$ 58,018,679	\$ 164,725,679
	Principle	Interest	Total
<u>General Obligation Bonds</u>			
2015	2,990,000	2,251,476	5,241,476
2016	3,075,000	2,174,576	5,249,576
2017	3,170,000	2,084,176	5,254,176
2018	3,280,000	1,955,789	5,235,789
2019	3,395,000	1,821,891	5,216,891
2020-2024	19,120,000	6,811,566	25,931,566
2025-2029	20,785,000	2,555,887	23,340,887
2030	3,850,000	96,250	3,946,250
	\$ 59,665,000	\$ 19,751,611	\$ 79,416,611

On June 1, 2014, the University issued \$35,480,000 Higher Education Revenue Bonds, Series 2014, to construct the second phase of a student housing facility to provide housing for students attending the University. These Series 2014 Bonds are special obligations of the University and are payable solely from and secured by a pledge of revenues generated from the facility. This multiphase project includes the purchase of approximately 19.5 acres and the construction of a 1,274-bed student housing complex on the main campus. The first phase was financed by the Series 2013 bonds which includes project design, land purchase, site construction and construction of two buildings with 650 beds for occupancy in 2015. This second phase includes 624 beds in two buildings with anticipated occupancy no later than 2016. Site work for the project began early June 2013 with construction of the Phase I building beginning in October 2013 and Phase II building beginning in October 2014.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2014

NOTE 10 – BONDS PAYABLE, Continued

The purposes of all outstanding bond issues are listed below:

- State Institution Bonds Series 2010A
 - i. Construct an approximately 18,000 square foot addition to the Kimbel Library.
 - ii. Construct an approximately 40,000 square foot annex to the Smith Science Building.
 - iii. Construct a new student recreation complex.

- State Institution Bonds Series 2006C
 - i. Fund various projects, specifically including Science Facilities, other Academic Facilities, Physical Plant and Campus Infrastructure, and Student Life and Intramural Facilities.
 - a. Repairs and renovations to roofs and HVAC systems on academic facilities.
 - b. Construct a planned environmental research facility.
 - c. Convert the existing space in two warehouses to science laboratories.
 - d. Allow for electrical upgrades, parking lots, sidewalks, irrigation, expansion of fiber optics, security cameras, and wireless technology system throughout the campus.
 - e. Provide playing fields and weight rooms for intramural sports activities.

- State Institution Bonds Series 2002D
 - i. Renovate and construct certain academic and athletic facilities.

- Revenue Auxiliary Bonds 2004, 2006, 2012 Series
 - i. Construction of Baxley Hall.
 - ii. Construction of Hicks Dining Hall.

- Higher Education Revenue Bonds 2013 & 2014 Series
 - i. Expansion of student housing on main campus with Eaglin Hall.
 - ii. Acquisition of land and construction of first phase of student housing facility (650 beds).
 - iii. Construction of second phase of student housing facility (624 beds).

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2014

NOTE 11—LONG-TERM LIABILITIES

Long-term liability activity for the University for the year ended June 30, 2014, was as follows:

	Balance 6/30/2013	Additions	Reductions	Balance 6/30/2014	Due Within One Year
Bonds Payable					
General Obligation Bonds	\$ 62,585,000	\$ -	\$ (2,920,000)	\$ 59,665,000	\$ 2,990,000
Revenue Bonds	72,551,000	35,480,000	(1,324,000)	106,707,000	1,366,000
Total Bonds Payable	135,136,000	35,480,000	(4,244,000)	166,372,000	4,356,000
Capital Lease Payable	148,208,521	-	(3,314,202)	144,894,319	3,406,845
Federal Loan Program Liability	1,390,463	26,680	-	1,417,143	-
Accrued Compensated Absences	4,079,605	525,341	258,770	4,346,176	217,753
Total Other Liabilities	153,678,589	552,021	(3,055,432)	150,657,638	3,624,598
Total Long-Term Liabilities	\$ 288,814,589	\$ 36,032,021	\$ (7,299,432)	\$ 317,029,638	\$ 7,980,598

Additional information regarding Capital Lease Obligations is included in Note 9. Additional information regarding Bonds Payable is included in Note 10.

NOTE 12 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2014 are summarized as follows:

Functional Classification	Personnel Costs and Benefits	Services and Supplies	Utilities	Scholarships	Depreciation	Total
Instruction	\$ 51,688,892	\$ 6,560,721	\$ 165,433			\$ 58,415,046
Research	1,093,660	1,109,243	8,685			2,211,588
Public Service	860,982	496,010	9,909			1,366,901
Academic Support	7,659,004	1,935,364	6,970			9,601,338
Student Services	16,246,315	9,188,810	137,603			25,572,728
Institutional Support	10,980,670	2,467,549	227,628			13,675,847
Plant Operation	12,010,048	8,165,127	3,770,047			23,945,222
Scholarships	1,129,519	877,427		9,859,635		11,866,581
Auxiliary Enterprises	3,041,846	4,437,555	2,517,129			9,996,530
Depreciation					13,355,479	13,355,479
Total Expenses	\$ 104,710,936	\$ 35,237,806	\$ 6,843,404	\$ 9,859,635	\$ 13,355,479	\$ 170,007,260

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2014

NOTE 13 – PENSION PLANS

South Carolina Retirement System

The majority of employees of Coastal Carolina University are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Benefits Division of the South Carolina Public Employee Benefit Authority (PEBA). Generally, all full-time or part-time equivalent State employees in a permanent position are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws, as amended, or are eligible and elect to participate in the State Optional Retirement Program (ORP). The SCRS plan provides life-time monthly retirement annuity benefits to eligible members as well as disability, survivor options, annual benefit adjustments, and incidental death benefits to eligible employees and retired members.

The Retirement Division maintains five independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the South Carolina Public Employee Benefit Authority, P.O. Box 11960, Columbia, South Carolina 29211-1960. Furthermore, the Division and the five pension plans are included in the State of South Carolina's CAFR.

Under the SCRS, Class II members are eligible for a full service retirement annuity upon reaching age 65 or completion of 28 years of credited service regardless of age. Employees who first became members of the System after June 30, 2012 are considered Class III members and are eligible for a full service retirement annuity upon reaching age 65 or upon meeting the rule of 90 requirement (i.e., the members age plus the years of service add up to a total of at least 90). The benefit formula for full service retirement annuity effective since July 1, 1989 for the SCRS is 1.82 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual earnable compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay at retirement for unused annual leave. For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. Early retirement options with reduced benefits are available as early as age 55 for Class II members and age 60 for Class III members. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Disability annuity benefits are available to Class II members if they have permanent incapacity to perform regular duties of the member's job and they have at least 5 years of earned service (this requirement does not apply if the disability is a result of a job related injury). Class III members can apply for disability annuity benefits provided they have a permanent incapacity to perform the regular duties of the member's job and they have a minimum of eight years of

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2014

NOTE 13 – PENSION PLANS, Continued

service. For disability applications received after December 31, 2013, a member of SCRS will have to be approved for disability benefits from the Social Security Administration in order to be eligible for SCRS disability retirement benefits.

An incidental death benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service or to a working retired contributing member. There is no service requirement for death resulting from actual performance of duties for an active member. For eligible retired members, a lump-sum payment is made to the retiree's beneficiary of up to \$6,000 based on years of service at retirement. TERI participants and retired contributing members are eligible for the increased death benefit equal to their annual salary in lieu of the standard retired member benefit.

Effective July 1, 2013, employees participating in the SCRS were required to contribute 7.50% of all earnable compensation. The employer contribution rate for SCRS was 15.52%. Included in the total SCRS employer contribution rate is a base retirement contribution of 10.45%, .15% for the incidental death benefit program and a 4.92% surcharge that will fund retiree health and dental insurance coverage. Coastal Carolina University's actual retirement and incidental death benefit program contributions to the SCRS for the years ended June 30, 2014, 2013, and 2012 were:

Fiscal Year <u>Ended</u>	<u>Retirement</u>		<u>Incidental Death</u>	
	<u>Rate</u>	<u>Contribution</u>	<u>Rate</u>	<u>Contribution</u>
2014	10.450%	\$3,914,711	.15%	\$56,192
2013	10.450%	\$3,651,416	.15%	\$52,413
2012	9.385%	\$3,123,157	.15%	\$49,917

Teacher and Employee Retention Incentive

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any benefit adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit and are ineligible for disability retirement benefits. The TERI program will end effective June 30, 2018 and a member's participation may not continue after this date.

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2014

NOTE 13 – PENSION PLANS, Continued

Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple employer defined benefit public employee retirement plan. Generally, all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to PORS as a condition of employment. This plan provides for lifetime monthly annuity benefits as well as disability, survivor benefits and incidental death benefits to eligible employees and retirees. In addition, participating employers in the PORS may elect to contribute to the accidental death program which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Under the PORS, Class II members are eligible for a full service retirement annuity upon reaching age 55 or completion of 25 years of credited service regardless of age. Class III members are eligible for a full service retirement annuity upon reaching age 55 or 27 years of credited service. The benefit formula for full benefits for the PORS is 2.14 % of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay for unused annual leave. For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. PORS does not have an early retirement option. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Effective July 1, 2013, employees participating in the PORS were required to contribute 7.84% of all earnable compensation. The employer contribution rate for PORS was 17.76%. Included in the total PORS employer contribution rate is a base retirement contribution of 12.44%, .20% for the incidental death benefit program, .20% for the accidental death program, and a 4.92% surcharge that will fund retiree health and dental insurance coverage. Coastal Carolina University's actual retirement, incidental death benefit program and accidental death program contributions to the PORS for the years ended June 30, 2014, 2013, and 2012 were:

Fiscal Year <u>Ended</u>	<u>Retirement</u>		<u>Incidental Death</u>		<u>Accidental Death</u>	
	<u>Rate</u>	<u>Contribution</u>	<u>Rate</u>	<u>Contribution</u>	<u>Rate</u>	<u>Contribution</u>
2014	12.440%	\$230,506	.20%	\$3,706	.20%	\$3,706
2013	11.900%	\$200,166	.20%	\$3,364	.20%	\$3,364
2012	11.363%	\$169,570	.20%	\$2,985	.20%	\$2,985

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2014

NOTE 13 – PENSION PLANS, Continued

Optional Retirement Program

As an alternative to membership in the SCRS, newly hired State and school district employees may elect to participate in the State Optional Retirement Program (ORP), a defined contribution retirement plan. The ORP was established in 1987 under Title 9, Chapter 20, of the South Carolina Code of Laws. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. The State assumes no liability for the State ORP plan other than for the employer's payment of contributions to designated companies. To elect participation in the ORP, eligible employees must elect membership within their first 30 days of employment. Under State law, contributions to the ORP are required at the same rates as for the SCRS, 10.60% plus the retiree surcharge of 4.92% from the employer in fiscal year 2014. Of the 10.60% employer contribution rate, the employer remits 5.00% directly to the participant's ORP account and the remaining 5.45% retirement contribution and .15% incidental death benefit program contribution amounts are remitted to SCRS.

For fiscal year 2014, total contributions requirements to the ORP were approximately \$4,754,154 (including the surcharge) from Coastal Carolina University as employer and approximately \$2,319,854 from its employees as plan members.

The amounts paid by Coastal Carolina University for pension, incidental death benefit program, and accidental death program contributions are reported as employer contribution expenditures within the applicable functional expenditure categories to which the related salaries are charged.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefit, and employee/employer contributions for each retirement system. Employee and employer contribution rates to SCRS and PORS are actuarially determined.

While the surcharge to fund retiree health and dental insurance benefits is collected by the Retirement Benefits Division of PEBA, it is remitted to the Insurance Benefits Division of PEBA, which is responsible for administration of retiree health and dental insurance benefits and establishment of the applicable retiree insurance surcharge rate.

For the current fiscal year, the SCRS and PORS do not make separate measurements of assets and pension benefit obligations for individual employers within the cost-sharing plan. Under Title 9 of the South Carolina Code of Laws, Coastal Carolina University's liability under the plans is limited to the amount of required employer contributions (stated as a percentage of covered payroll) as established by the South Carolina Public Employee Benefit Authority and as appropriated in the South Carolina Appropriation Act and from other applicable revenue sources. Accordingly, Coastal Carolina University recognizes no contingent liability for unfunded costs associated with participation in the plans.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2014

NOTE 13 – PENSION PLANS, Continued

Deferred Compensation Plans

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of Coastal Carolina University have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan. During fiscal year 2013, University instituted a 415(m) plan. The assets of the plan are held by the University and are indexed at a rate equivalent to the University Auxiliary Funds. For the year ended June 30, 2014, the 415(m) plan assets are \$353,813, all of which will be distributed in fiscal year 2015.

NOTE 14—POST-EMPLOYMENT AND OTHER EMPLOYEE BENEFITS

Plan Description

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. Coastal Carolina University contributes to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), cost-sharing multiple employer defined benefit postemployment healthcare and long-term disability plans administered by the Insurance Benefits Division (IB) of the South Carolina Public Employee Benefit Authority (PEBA).

Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15 through 24 years of service for 50% employer funding.

Benefits become effective when the former employee retires under a State retirement system. Basic Long-Term Disability (BLTD) benefits are provided to active state, public school district, and participating local government employees approved for disability.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2014

NOTE 14—POST-EMPLOYMENT AND OTHER EMPLOYEE BENEFITS, Continued

Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the IB and participating retirees to the PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the IB, for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 4.92% of annual covered payroll for 2014 and 4.55% of annual covered payroll for 2013. The IB sets the employer contribution rate based on a pay-as-you-go basis. Coastal Carolina University paid approximately \$3,456,087 and \$2,944,908 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2014 and 2013, respectively. BLTD benefits are funded through a person's premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to IB was \$3.22 for the fiscal years ended June 30, 2014 and 2013. Coastal Carolina University recorded employer contributions expenses applicable to these insurance benefits for active employees in the amount of approximately \$41,918, \$46,844, and \$42,855 for the years ended June 30, 2014, 2013, and 2012, respectively.

Effective May 1, 2008, the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The SCRHITF is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated IB reserves, and income generated from investments. The SCLTDITF is primarily funded through investment income and employer contributions.

A copy of the separately issued financial statements for the benefit plans and the trust funds may be obtained by writing to the South Carolina Public Employee Benefit Authority – Insurance Benefits Division, P.O. Box 11960, Columbia, South Carolina 29211-1960.

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements
For the Year Ended June 30, 2014

NOTE 15 – RELATED PARTIES

There are several separately chartered legal entities which do not meet the criteria established by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, to be treated as component units of the University. These entities include the Horry County Higher Education Commission and the Georgetown County Advisory Board for Coastal Carolina University. While they are not financially accountable to the University, these organizations exist primarily to provide financial assistance and other support to the University and its educational programs. The activities of these entities are not included in the University's financial statements. However, the University's statements for the year ended June 30, 2014, include significant transactions between them and the University which are as follows:

Horry County Higher Education Commission: The Horry County Higher Education Commission was created by Act No. 114 in the 1959 session of the South Carolina General Assembly. The Commission is composed of sixteen members who are appointed by the Horry County Legislative Delegation. The Commission is responsible for providing resources to meet the goals and carry out the mission of Coastal Carolina University, and to expend funds, including proceeds of bonds issued by Horry County, to provide buildings and equipment for the University. The Commission receives an annual appropriation from Horry County to accomplish these objectives. During the year ended June 30, 2014, the Commission made grants to Coastal Carolina University totaling \$528,733 in which \$3,750 was receivable at year end. Of the total, \$236,875 was for scholarships, and \$291,858 was for public service, academic enhancement and staff development projects. In addition, the Commission also donated a gift of \$1,000,000 towards the renovation of the Edward M. Singleton building. The Commission leases its land and buildings to the University at a below-market rental rate under terms of annual leases. Rent paid by the University during the fiscal year 2014 was \$3, none of which was payable at year-end. Also, as required by the leases, the University insures the Commission's buildings and improvements. The University provides accounting and cash management services to the Commission at no charge, including management of the operating portion of its cash. At June 30, 2014, the Commission had a net position of (\$820,078). The deficit in net position is the result of a \$6 million 2013 General Obligation Bond the Commission issued in order to assist the University with funding for the new Student Union Building. The Commission is confident that future tax revenues will cover debt service. For the year ended June 30, 2014, total tax revenues were \$1,238,013 and total debt service was \$539,294.

Georgetown County Advisory Board for Coastal Carolina University: Georgetown County annually appropriates funds to support the mission of Coastal Carolina University in Georgetown County. The Georgetown County Advisory Board for Coastal Carolina University is responsible for the budgeting and distribution of these funds. During the year ending June 30, 2014, the University recognized and received \$75,000 in revenue from the Advisory Board. Expenditures made on behalf of the University for scholarships and the development of facilities in Georgetown County were approximately \$146,730.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2014

NOTE 15 – RELATED PARTIES, Continued

Transactions with the State of South Carolina: The University has significant transactions with the State of South Carolina and various State agencies. The University receives various business, banking and legal services at no cost, and purchases various goods and services from State agencies and component units. The amounts of such expenditures for 2014 are not readily available. At June 30, 2014, accounts receivable included \$18,997 due from other State agencies primarily for Federal and State sponsored projects, and accounts payable included \$348,892 due to other State agencies. Horry Georgetown Technical College (HGTC) contracts with the University to provide security services to each of their campuses. These services were billed and paid in fiscal year 2014.

Transactions with Related-Party Vendors: The University has identified 10 potential related party vendors with whom they have transacted business during fiscal year ending June 30, 2014. These vendors and the total related transaction amounts are listed below:

Related Party Vendor Transactions
FYE June 30, 2014

Vendor	Amounts
Burroughs & Chapin Company, Inc.	\$209
Charles H Johns IV	3,333
Frames by Lauren Elizabeth	3,891
Grand Strand Tee Time Network	20,334
Hanco of SC Inc.	152,209
The Lowcountry Companion	2,032
Total	\$182,008

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2014

NOTE 16 – RISK MANAGEMENT

The University is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several State funds accumulate assets, and the State itself substantially assumes all the risk for the following claims of covered employees: unemployment compensation benefits; workers' compensation benefits for job-related illnesses or injuries; health and dental insurance benefits; long-term disability and group life insurance benefits. Employees elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

The University and other entities pay premiums to the State's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to: theft; damage to, or destruction of assets, real property, personal property; business interruption; equipment, motor vehicles, watercraft, torts (liability) and professional medical services.

The South Carolina Office of Insurance Reserve Fund is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The South Carolina Office of Insurance Reserve Fund rates are determined actuarially.

The University obtains coverage through a commercial insurer for fidelity bond insurance for all employees for losses arising from theft or misappropriation and for officers' and directors' errors and omissions.

NOTE 17 – COMPONENT UNITS

The Coastal Educational Foundation: The Coastal Educational Foundation (the CEF) is a separately chartered corporation organized exclusively to support Coastal Carolina University. As discussed in Note 1, the CEF has been included in the reporting entity as a component unit. Because the CEF is deemed not to be a government entity and, therefore, used a different reporting model, its balances and transactions are reported on separate financial statements.

The CEF provides support directly to the University through funds embarked from private contributions to support University scholarship and various academic programs. The CEF has provided \$3,298,973 in support through direct and indirect transfers. For the fiscal year ended June 30, 2014, CEF had receivables from the University of \$3,406 and payables to the University totaled \$326,901 (current \$63,838, noncurrent \$263,063).

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2014

NOTE 17 – COMPONENT UNITS, Continued

The Coastal Educational Foundation, Continued

In support of the University, the CEF owns parcels of real property on which portions of the University’s campus is located. At June 30, 2014, the carrying value of said property was \$5,160,643 net of \$63,520 accumulated depreciation. The University leases this land annually from the foundation at a rate below market value.

The CEF transferred parcels of land to the University to be utilized in campus expansion during the fiscal year ended June 30, 2014. These parcels of land had a fair market value at the date of contribution of \$1,795,200.

The University, in turn, provides operation and fund-raising staff for which it does not charge the foundation. The CEF has valued these services for their financial reporting at \$251,028 for the fiscal year ending June 30, 2014. The University paid total rent of \$268,000 in fiscal year 2014 to the foundation for six parcels of land: the soccer field, student parking lot, an athletic parcel, a Wheelwright Auditorium parcel, an academic parcel, and a University Housing parcel.

The CEF carries investment in marketable equity securities with readily determinable fair market values, and all debt securities, at fair value in the Statement of Financial Position. Investment income is considered unrestricted unless the donors have specified otherwise. Unrealized gains and losses are netted with realized gains and losses in the statement of activities. Donated investments are valued at fair market value at the date of donation. Investments in non-publicly traded securities of closely held entities with no readily determinable market value are carried on the books at established fair value at the date of donation to the foundation. Dividend income is considered unrestricted unless the donor has specified otherwise.

A summary of investments at fair value at June 30, 2014, follows:

<u>Brown Brothers Harriman Investments</u>	
Cash and Cash Equivalents	\$ 51,190
Equities	18,352,034
Fixed Income Funds	<u>9,180,356</u>
Total Privately Managed Funds	27,583,580
Closely Held Investments	
Common Stock	<u>190,000</u>
Total Closely Held Investments	190,000
Total Investments	<u><u>\$ 27,773,580</u></u>

During the year ended June 30, 2014, University Board members served as ex-officio members of the Coastal Educational Foundation Board.

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements

For the Year Ended June 30, 2014

NOTE 17 – COMPONENT UNITS, Continued

The Chanticleer Athletic Foundation: The Chanticleer Athletic Foundation (the CAF) is a separately chartered 501c (3) corporation organized in 1987 exclusively to support Coastal Carolina University Athletics. The CAF is comprised of no less than fifteen board members and an executive director, who manages the operations of the CAF. The board of directors oversees the actions of the executive director and provides strategic goals which the executive director carries out. As discussed in Note 1, the CAF has been included in the reporting entity as a component unit. Because the CAF is deemed not to be a government entity and, therefore, uses a different reporting model, its balances and transactions are reported on separate financial statements.

The CAF provides support directly to the University through funds embarked from private contributions to support University athletic scholarships and programs. These transfers for fiscal year 2014 were recorded by the University as non-operating gift revenues totaling \$10,520,837.

The CAF procured and gifted to the University \$526,365 of goods and services, which included vehicle leases to athletic coaches and future wiring of a variety of buildings on campus.

For the year ended June 30, 2014, the CAF had net assets of \$2,276,038, there were no receivables between the University and CAF, and payables to the University totaled \$5,173,732.

The CCU Student Housing Foundation:

The CCU Student Housing Foundation (the Foundation) is a separately chartered not-for-profit corporation organized in 2002 to provide housing for students at the University, as well as to provide support for the various programs of the University. The CCU Housing Foundation, LLC, (the Company), a not-for-profit corporation, was organized in 2005. The Foundation is the owner and sole member of the Company. As discussed in Note 1, the Foundation and the Company have been included in the reporting entity as a component unit. Since the Foundation and the Company are deemed not to be governmental entities and use a different reporting model, their balances and transactions are reported on separate financial statements.

University Place, an apartment complex housing 2,100 students located approximately one half mile from the campus, is the primary residential project of the Company. In June, 2012, the Company and the University executed the Governmental Real Estate Lease Agreement and a related Restricted Funds Agreement. Beginning July 1, 2012 the University began leasing the University Place complex for a term of 30 years, with an optional one year extension beyond 2042. Lease payments to the Company are due semi-annually.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2014

NOTE 17 – COMPONENT UNITS, Continued

The Lease is classified as a capital lease for accounting purposes. At June 30, 2014 the Company's value of the asset Capital Lease Receivable was \$143,386,616 net of Unearned Interest Income of \$62,980,186 and the value of Deferred Gain on Capital Lease was \$75,204,922. The Company held debt of \$82,501,293 at June 30, 2014 for revenue bonds issued to finance University Place. Interest on the bonds is payable semi-annually and varies from four to five percent. The bonds mature in varying amounts through 2042. The annual debt service coverage ratio per the bond agreement is 1.2:1 The Company paid debt service interest of \$4,809,423 for the fiscal year 2014.

The Restricted Funds Agreement attached to the Lease requires the Company to restrict and set aside an amount from surplus funds, as calculated per the Agreement. These funds are to be used to defray the costs of capital improvements or capital assets at the request or recommendation of the University and as permitted under the governing documents of the Company and the Foundation. For fiscal year ending June 30, 2014, \$463,222 was requested by and remitted to the University for capital improvements to a food service building at University Place.

The Company also provided financial support to the University of \$791,149 during the year for other capital improvements, maintenance, and repairs to University Place.

Additionally, for the fiscal year ended June 30, 2014, the University received financial support of \$56,000 from the CCU Student Housing Foundation for a salary supplement for the University's President.

For the year ended June 30, 2014, the Foundation and the Company had consolidated net assets of \$2,612,883.

NOTE 18 – CONTINGENCIES AND LITIGATION

The University participates in certain federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

The University is a defendant in various legal actions, some of which are uninsured, the outcome of which is not presently determinable. In the opinion of the University's counsel, the resolution of these matters, including the uninsured claims, will not have a material adverse effect on the University's financial position.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2014

NOTE 19 – COMMITMENTS

Horry County One-Cent Sales Tax: In March 2009, Horry County began charging an additional one-cent sales tax on most all taxable goods and services that a consumer currently pays tax on at the time of purchase to fund facilities for education. Exempt from this sales tax are groceries, gas, and prescription drugs. The one-cent sales tax provides funding for Horry County schools, Coastal Carolina University, and Horry Georgetown Technical College over the next 15 years. For the fiscal year ending June 30, 2014, Coastal Carolina University has received approximately \$8.7 million in revenue from this new tax. Since the inception of the one-cent sales tax, CCU has received more than \$40 million in revenue. The University has purchased several buildings with this revenue and has recently completed construction of Clay D. Brittain Hall as well as a new Central Energy Plant. A new Science Annex II building is scheduled to begin construction in fall 2014.

Open Constructions and Renovation Contracts: As of June 30, 2014, Coastal Carolina University had ninety-two (92) open contracts for construction and on-going renovations, which total \$68.5 million. Of this total \$39.5 million remains unspent. The largest contract is with HG Reynolds, for construction of the new student housing, in the amount of \$33.2 million. Also, included in these contracts are services rendered for construction, architectural work, engineering and testing, and land improvements, as well as interior refurbishments such as carpet replacement, painting and HVAC system control.

Subsequent Events: Currently the University is two years into a 30 year triple net capital lease with the CCU Student Housing Foundation. The terms of this capital lease require the University to pay 1.3 times the debt service the Foundation pays on its bonds. In August 2014, the Foundation agreed to sell University Place to the University. During fiscal year 2015, the University will explore the possibility of issuing debt in order to purchase the property and pay off the remaining Foundation bond obligations. For the year ended June 30, 2014, the Foundation has outstanding debt on UP of \$82,501,293. Once a plan is in place, the University will approach the State of South Carolina for approval. Early estimates suggest potential cost savings of approximately \$73 million over the remaining 28 years of the capital lease from this subsequent transaction.

OTHER FINANCIAL INFORMATION

COASTAL CAROLINA UNIVERSITY
Schedule of Information on Business-Type Activities
Required for the Government-Wide
Statement of Activities in the State CAFR
For the Year Ended June 30, 2014

	<u>Year Ended June 30</u>		Increase (Decrease)
	<u>2014</u>	<u>Restated 2013</u>	
Charges for Services	\$ 147,335,979	\$ 141,554,521	\$ 5,781,458
Operating Grants and Contributions	19,124,518	18,303,145	821,373
Capital Grants and Contributions	10,299,984	13,895,892	(3,595,908)
Less Expenses	<u>(177,019,041)</u>	<u>(166,025,872)</u>	<u>(10,993,169)</u>
Net Program Revenue (Expense)	(258,560)	7,727,686	(7,986,246)
Transfers			
State Appropriations	10,264,739	11,140,551	(875,812)
State Capital Appropriations	1,500,000	831,612	668,388
State Nonoperating Grants & Contracts	7,840	15,370	(7,530)
Local Sales Tax Allocation	<u>8,489,149</u>	<u>7,990,473</u>	<u>498,676</u>
Total General Revenue and Transfers	20,261,728	19,978,006	(384,666)
Change in Net Position	20,003,168	27,705,692	(7,702,524)
Net Position - Beginning	224,066,962	198,091,955	25,975,007
Cumulative Effect of GASB 65		<u>(1,730,685)</u>	
Net Position - Ending	<u>\$ 244,070,130</u>	<u>\$ 224,066,962</u>	<u>\$ 20,003,168</u>

The University adopted the provisions of Statement 65, Items Previously Reported as Assets and Liabilities, by restating net assets, as of July 1, 2012, and the fiscal year 2013 Summary of Revenues, Expenses, and Changes in Net Position

COASTAL CAROLINA UNIVERSITY
 Schedule of Reconciling State Appropriations per the Financial Statements
 to State Appropriations Recorded in State Accounting Records
 For the Year Ended June 30, 2014

Following is a reconciliation of the original base budget amount presented in the General Funds Column of Section 16 of the 2013-2014 Appropriations Bill 3710 enacted by the South Carolina General Assembly to State Appropriations revenue reported in the financial statements for the year ended June 30, 2014.

Non-Capital Appropriations

Original Appropriations	\$ 9,016,785
Supplement Appropriation Addition (Health Allocation)	98,957
Technology Grant Program	751,735
Fiscal year 2014 Repair & Maintenance Needs State Appropriation	390,953
South Carolina Endowment Incentive Act of 1997	<u>6,309</u>
Statement of Revenues, Expenses & Changes in Net Position	<u>\$ 10,264,739</u>

Capital Appropriations

Science Center Capital Reserve Funds	<u>\$ 1,500,000</u>
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COASTAL CAROLINA UNIVERSITY
Schedule of Tuition Fees
For the Year Ended June 30, 2014

South Carolina Code of Laws Section 59-107-90 requires that the maximum amount of annual debt service on State institution bonds for each institution shall not exceed ninety percent of the sums received from tuition fees (as defined by code Section 59-107-30) for the preceding year. The applicable amount for the year ended June 30, 2014 is as follows:

Amount of Tuition Fees as defined by Code Section 59-107-30 for the Fiscal Year Ended June 30, 2013	<u>\$ 7,744,604</u>
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Legal Annual Debt Service Limit at June 30, 2014	<u>\$ 6,970,144</u>
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COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

STATISTICAL SECTION



Bell Tower

This part of the University's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the University's overall financial health. Unless otherwise noted, the information in this section is derived from the comprehensive annual financial report of the relevant year. The University implemented GASB Statement No. 34 in 2002; certain schedules include information beginning in that year.

FINANCIAL TRENDS

These schedules contain trend information to help the reader Understand how the University's financial performance and well-being has changed over time.

**Schedule 1
Coastal Carolina University
Net Position by Component
Fiscal Years 2005 – 2014**

	For the year ended June 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net Financial Position		Restated								
Net Investment in Capital Assets	\$ 154,687,499	\$ 130,228,337	\$ 118,117,078	\$ 92,076,002	\$ 71,619,921	\$ 59,953,874	\$ 57,318,311	\$ 46,314,833	\$ 57,050,243	\$ 54,822,552
Restricted - endowment - non-expendable	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	97,953	102,626
Restricted - capital projects and debt service - expendable	48,326,727	36,729,803	33,396,565	32,445,453	33,277,562	21,751,075	19,439,071	15,203,375	3,119,736	637,981
Unrestricted	40,955,904	58,739,507	46,478,312	43,673,313	33,825,798	26,417,735	16,471,934	18,843,171	10,887,678	9,031,159
Total Net Position	\$ 244,070,130	\$ 225,797,647	\$ 198,091,955	\$ 168,294,768	\$ 138,823,281	\$ 108,222,684	\$ 93,329,316	\$ 80,461,379	\$ 71,155,610	\$ 64,594,318

Notes:

*In years 2004-2012, line items in the above schedule were named as follows:

- Net Assets
- Invested in capital assets, net of debt
- Restricted - non expendable
- Restricted - expendable
- Unrestricted
- Total Net Position

*In 2013, the university implemented GASB Statement No. 63 and the names of the line items were changed.

*In 2014, the university implemented GASB Statement No. 65 resulting in a restatement of the 2013 Total Net Position.

Schedule 2 Coastal Carolina University Major Revenue Sources Fiscal Years 2005 – 2014

For the year ended June 30
(dollars)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Tuition, net of allowance	\$ 104,646,848	\$ 100,845,686	\$ 98,590,156	\$ 88,379,677	\$ 78,675,758	\$ 75,894,084	\$ 64,647,787	\$ 60,037,693	\$ 51,186,504	\$ 43,074,537
State grants to students	10,394,517	10,309,617	9,821,512	9,931,985	9,200,535	8,884,673	8,261,850	6,725,629	6,368,500	5,637,258
Federal grants to students	2,237,119	2,510,626	2,565,409	3,770,094	3,529,443	8,468,043	7,467,366	5,031,709	4,631,878	4,866,852
Other operating grants	2,337,375	2,468,832	2,281,414	2,070,136	2,078,719	1,808,138	1,948,524	2,578,763	2,643,014	2,104,181
Sales and services of educ activities	4,914,266	4,786,480	4,647,195	3,033,764	2,974,222	2,789,296	2,380,591	2,527,891	1,957,787	1,788,649
Auxiliary enterprises, net of allowance	20,135,805	18,124,286	8,777,833	8,105,193	7,841,230	7,227,340	7,193,288	7,018,449	6,538,216	5,305,441
Other fees	2,670,049	2,508,994	2,082,887	1,677,210	2,043,312	1,322,613	1,243,228	1,073,120	1,125,867	999,332
Total operating revenue	147,335,979	141,554,521	128,766,406	116,968,059	106,343,219	106,394,187	93,142,634	84,993,254	74,451,766	63,776,250
State appropriations	10,264,739	11,140,551	8,920,787	9,856,086	11,970,857	13,524,645	17,671,977	16,171,875	13,562,113	11,792,079
Local appropriations	376,875	294,580	313,125	238,313	434,395	209,658	233,670	315,079	338,539	214,889
Gifts, Grants, and Contracts*	17,416,576	16,551,864	17,202,173	18,247,517	14,411,780	1,484,956	2,525,354	1,412,749	2,074,663	2,503,349
Investment income	1,338,907	1,472,071	713,372	3,464,715	2,016,468	2,042,596	1,551,714	1,256,909	425,808	402,465
Total non-operating revenue	29,397,097	29,459,066	27,149,457	31,806,631	28,833,500	17,261,855	21,982,715	19,156,612	16,401,123	14,912,782
Total non-capital revenue	\$ 176,733,076	\$ 171,013,587	\$ 155,915,863	\$ 148,774,690	\$ 135,176,719	\$ 123,656,042	\$ 115,125,349	\$ 104,149,866	\$ 90,852,889	\$ 78,689,032

(percentages of total)

Tuition, net of allowance	61.2%	59.0%	63.2%	59.4%	58.2%	61.4%	56.2%	57.6%	56.3%	54.7%
State grants to students	6.1%	6.0%	6.3%	6.7%	6.8%	7.2%	7.2%	6.5%	7.0%	7.2%
Federal grants to students	1.3%	1.5%	1.6%	2.5%	2.6%	6.8%	6.5%	4.8%	5.1%	6.2%
Other operating grants	1.4%	1.4%	1.5%	1.4%	1.5%	1.5%	1.7%	2.5%	2.9%	2.7%
Sales and services of educ activities	2.9%	2.8%	3.0%	2.0%	2.2%	2.3%	2.1%	2.4%	2.2%	2.3%
Auxiliary enterprises, net of allowance	11.8%	10.6%	5.6%	5.4%	5.8%	5.8%	6.2%	6.7%	7.2%	6.7%
Other fees	1.6%	1.5%	1.3%	1.1%	1.5%	1.1%	1.1%	1.0%	1.2%	1.3%
Total operating revenue	86.2%	82.8%	82.6%	78.6%	78.7%	86.0%	80.9%	81.6%	81.9%	81.0%
State appropriations	6.0%	6.5%	5.7%	6.6%	8.9%	10.9%	15.4%	15.5%	14.9%	15.0%
Local appropriations	0.2%	0.2%	0.2%	0.2%	0.3%	0.2%	0.2%	0.3%	0.4%	0.3%
Gifts	10.2%	9.7%	11.0%	12.3%	10.7%	1.2%	2.2%	1.4%	2.3%	3.2%
Investment income	0.8%	0.8%	0.5%	2.3%	1.5%	1.7%	1.3%	1.2%	0.5%	0.5%
Total non-operating revenue	17.2%	17.2%	17.4%	21.4%	21.3%	14.0%	19.1%	18.4%	18.1%	19.0%
Total non-capital revenue	100.0%									

Schedule 3
Coastal Carolina University
Expenses by Function
Fiscal Years 2005 – 2014

For the year ended June 30

	(dollars)										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	
Instruction	\$ 58,415,046	\$ 54,399,415	\$ 51,251,285	\$ 47,126,842	\$ 42,940,090	\$ 41,222,211	\$ 37,496,227	\$ 33,749,600	\$ 30,302,652	\$ 27,433,692	
Research	2,211,588	2,435,676	2,311,453	1,969,431	2,450,264	1,534,647	1,365,651	991,703	1,130,243	689,398	
Public Service	1,366,901	1,232,711	1,314,729	1,401,435	1,194,171	1,010,520	1,398,176	1,530,716	1,402,660	1,188,870	
Academic Support	9,601,338	9,237,715	8,406,129	7,692,319	6,916,496	6,839,919	6,260,774	5,544,497	5,444,440	5,193,271	
Student Services	25,572,728	23,368,935	21,896,903	19,090,602	18,010,372	17,282,683	16,636,251	13,663,750	12,499,087	10,836,863	
Institutional Support	13,675,847	13,362,086	13,516,038	11,639,916	11,545,464	10,121,548	9,927,237	8,560,893	8,180,490	7,383,968	
Plant Operation	23,945,222	21,619,557	19,096,049	17,518,943	16,713,037	15,346,465	13,433,372	14,423,873	12,700,415	9,488,335	
Scholarships	11,866,581	11,188,558	10,201,727	10,521,521	7,270,964	7,717,421	6,807,605	6,220,738	5,555,772	5,639,316	
Auxiliary Enterprises	9,996,530	10,827,604	4,786,652	4,824,147	4,656,279	5,215,065	4,943,921	5,355,666	4,384,077	3,336,934	
Depreciation	13,355,479	11,798,910	4,538,853	5,235,188	4,615,762	4,096,014	3,703,908	3,267,991	3,190,958	2,922,724	
Total operating expenses	170,007,260	159,471,167	137,319,818	127,020,344	116,312,899	110,386,493	101,973,122	93,309,427	84,790,794	74,113,371	
Interest on capital debt	6,147,306	6,506,236	1,646,247	1,770,271	2,321,273	1,857,739	1,647,266	1,740,332	1,627,464	1,690,726	
Other non-operating expenses	864,475	48,469	19,974	67,094	10,256	2,585	45,539	-	-	-	
Total non-operating expenses	7,011,781	6,554,705	1,666,221	1,837,365	2,331,529	1,860,324	1,692,805	1,740,332	1,627,464	1,690,726	
Total expenses	\$ 177,019,041	\$ 166,025,872	\$ 138,986,039	\$ 128,857,709	\$ 118,644,428	\$ 112,246,817	\$ 103,665,927	\$ 95,049,759	\$ 86,418,258	\$ 75,804,097	

(percentages of total)

Instruction	33.0%	32.8%	36.9%	36.6%	36.2%	36.7%	36.2%	35.5%	35.1%	36.2%	
Research	1.2%	1.5%	1.7%	1.5%	2.1%	1.4%	1.3%	1.0%	1.3%	0.9%	
Public Service	0.8%	0.7%	0.9%	1.1%	1.0%	0.9%	1.3%	1.6%	1.6%	1.6%	
Academic Support	5.4%	5.6%	6.0%	6.0%	5.8%	6.1%	6.0%	5.8%	6.3%	6.9%	
Student Services	14.4%	14.1%	15.8%	14.8%	15.2%	15.4%	16.0%	14.4%	14.5%	14.3%	
Institutional Support	7.7%	8.0%	9.7%	9.0%	9.7%	9.0%	9.6%	9.0%	9.5%	9.7%	
Plant Operation	13.5%	13.0%	13.7%	13.6%	14.1%	13.7%	13.0%	15.2%	14.7%	12.5%	
Scholarships	6.7%	6.7%	7.3%	8.2%	6.1%	6.9%	6.6%	6.5%	6.4%	7.4%	
Auxiliary Enterprises	5.6%	6.5%	3.4%	3.7%	3.9%	4.6%	4.8%	5.6%	5.1%	4.4%	
Depreciation	7.5%	7.1%	3.3%	4.1%	3.9%	3.6%	3.6%	3.4%	3.7%	3.9%	
Total operating expenses	96.0%	96.1%	98.8%	98.6%	98.0%	98.3%	98.4%	98.2%	98.1%	97.8%	
Interest on capital debt	3.5%	3.9%	1.2%	1.4%	2.0%	1.7%	1.6%	1.8%	1.9%	2.2%	
Other non-operating expenses	0.5%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Total non-operating expenses	4.0%	3.9%	1.2%	1.4%	2.0%	1.7%	1.6%	1.8%	1.9%	2.2%	
Total expenses	100.0%										

Schedule 4
Coastal Carolina University
Expenses by Use
Fiscal Years 2005 – 2014

For the year ended June 30
(dollars)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Personnel costs and benefits	\$ 104,710,936	\$ 97,691,335	\$ 89,827,887	\$ 81,420,498	\$ 75,630,433	\$ 70,346,054	\$ 65,043,866	\$ 57,926,829	\$ 52,396,576	\$ 46,868,903
Services and supplies	35,237,806	34,077,957	28,821,931	26,221,253	25,321,514	25,146,483	23,150,973	22,859,221	20,422,732	16,433,595
Utilities	6,843,404	6,582,470	4,359,122	4,019,195	3,844,951	3,399,167	3,517,704	3,280,450	3,447,960	2,562,796
Scholarships	9,859,635	9,320,495	9,772,025	10,124,210	6,900,239	7,398,775	6,556,671	5,974,936	5,332,568	5,325,354
Depreciation	13,355,479	11,798,910	4,538,853	5,235,188	4,615,762	4,096,014	3,703,908	3,267,991	3,190,958	2,922,723
Total operating expenses	170,007,260	159,471,167	137,319,818	127,020,344	116,312,899	110,386,493	101,973,122	93,309,427	84,790,794	74,113,371
Interest & bond issuance cost	6,587,313	6,506,236	1,646,247	1,770,271	2,321,273	1,857,739	1,647,266	1,740,332	1,627,464	1,690,726
Other non-operating expenses	424,468	48,469	19,974	67,094	10,256	2,585	45,539	-	-	-
Total non-operating expenses	7,011,781	6,554,705	1,666,221	1,837,365	2,331,529	1,860,324	1,692,805	1,740,332	1,627,464	1,690,726
Total expenses	\$ 177,019,041	\$ 166,025,872	\$ 138,986,039	\$ 128,857,709	\$ 118,644,428	\$ 112,246,817	\$ 103,665,927	\$ 95,049,759	\$ 86,418,258	\$ 75,804,097

(percentages of total)

Personnel costs and benefits	59.2%	58.8%	64.6%	63.2%	63.7%	62.7%	62.7%	60.9%	60.6%	61.8%
Services and supplies	19.9%	20.5%	20.7%	20.3%	21.3%	22.4%	22.3%	24.0%	23.6%	21.7%
Utilities	3.9%	4.0%	3.1%	3.1%	3.2%	3.0%	3.4%	3.5%	4.0%	3.4%
Scholarships	5.6%	5.6%	7.0%	7.9%	5.8%	6.6%	6.3%	6.3%	6.2%	7.0%
Depreciation	7.5%	7.1%	3.3%	4.1%	3.9%	3.6%	3.6%	3.4%	3.7%	3.9%
Total operating expenses	96.0%	96.1%	98.8%	98.6%	98.0%	98.3%	98.4%	98.2%	98.1%	97.8%
Interest on capital asset debt	3.7%	3.9%	1.2%	1.4%	2.0%	1.7%	1.6%	1.8%	1.9%	2.2%
Other non-operating expenses	0.2%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total non-operating expenses	4.0%	3.9%	1.2%	1.4%	2.0%	1.7%	1.6%	1.8%	1.9%	2.2%
Total expenses	100.0%									

Schedule 5 Coastal Carolina University Other Changes in Net Position Fiscal Years 2005 – 2014

	For the year ended June 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Income before other changes in net assets	\$ 138,503	\$ 5,036,184	\$ 16,949,798	\$ 19,984,075	\$ 16,542,547	\$ 11,411,810	\$ 11,522,195	\$ 8,687,182	\$ 4,434,631	\$ 2,884,935
Capital appropriations	9,989,149	8,822,085	7,660,595	6,884,907	6,665,565	1,959,902	145,000	168,307	1,246,339	-
Capital grants and gifts	10,299,984	13,895,892	5,206,768	2,669,599	7,402,741	1,524,241	833,356	-	193,939	-
Gain (Loss) on disposal of assets	(424,468)	(48,469)	(19,974)	(67,094)	(10,256)	(2,585)	(45,539)	649,901	686,383	553,131
Total change in net position	\$ 20,003,168	\$ 27,705,692	\$ 29,797,187	\$ 29,471,487	\$ 30,600,597	\$ 14,893,368	\$ 12,455,012	\$ 9,505,390	\$ 6,561,292	\$ 3,438,066

Notes: State capital grants and appropriations

- *The 2006 and 2007 amounts include \$1.35 million in state research infrastructure bond proceeds for complete renovation of the Kearns Hall classroom building.
- *In 2009, 2010, 2011, 2012, 2013, and 2014 the University received \$1.48 million, \$6.66, \$6.88, \$7.66, \$7.99, and \$8.49 million respectively from the Horry County 1 % Education Capital Improvement Tax.
- *In 2010, SCDOT granted \$300,000 for University Blvd. road improvements.
- *In 2013, the University recognized \$831,612 in State Capital Reserve Funds allocated for the purpose of deferred maintenance.
- *In 2014, amount for capital appropriations included \$1,500,000 in State Capital Reserve Funds for the Science Annex II construction.

Notes: Local and other capital grants and appropriations

- *In 2006, a grant was received from the Santee Cooper utility for \$216,400 for upgrades to the newly leased Coastal Science Center.
- *In 2006, a total of \$190,000 was received from the Horry County Higher Education Commission for upgrades to the building housing the Burroughs and Chapin Center for Marine and Wetlands Studies.
- *In 2007, over \$400,000 represents the donation of a bell tower constructed on campus and the gift of related land by the Coastal Educational Foundation.
- *The 2009, amount for capital appropriations include \$482,480 of research infrastructure bond proceeds.
- *In 2010, the Coastal Educational Foundation gave \$1,750,000 for improvements to Adkins Field House and \$3,676,000 in land donations for building projects.
- *In 2010, the Chanticleer Club gave a \$750,000 gift for an athletic training facility and \$491,600 for Adkins Field House improvements.
- *In 2011, the Coastal Educational Foundation gave \$187,400 for the purchase of Quail Creek Golf Course. The Coastal Educational Foundation also donated 3.06 acres of land to the University with a fair market value of \$416,000.
- *In 2011, Chestnut Holding, LLC sold Quail Creek Golf Course under market value, donating \$1,008,000 to the University.
- *From 2009 to 2011, the Horry County Higher Education Commission donated over \$1,289,000 for the construction of intramural fields.
- *In 2011, the Chanticleer Athletic Foundation donated \$174,000 for netting on the practice hitting facility and donated \$119,000 in improvements to the Adkins Field House. Excess donations were refunded in 2012.
- *In 2012, the Coastal Educational Foundation donated \$3,245,000 of land for academic classrooms. The Coastal Educational Foundation also gave the University \$533,300 for Hackler Golf Course improvements, \$454,300 for the Bryan Information Commons Library renovations, and \$3,420 for Adkins Field House improvements.
- *In 2012, the Horry County Higher Education Commission donated \$535,000 for the Blanton Circle project, as well as \$373,000 of the procurement building purchase.
- *In 2012, HTC donated \$291,000 of wiring for the Student Recreation and Convocation Center.
- *In 2013, the Coastal Educational Foundation donated \$4,692,600 of core campus land. The Coastal Educational Foundation also gave the University \$129,273 for Hackler Golf Course improvements, \$1,043,714 for the Bryan Information Commons Library renovations, and \$350,000 for Swain Hall equipment purchases, as well as \$192,755 in other gifts designated for capital improvements, for a total of \$6,408,342.
- *In 2013, the Horry County Higher Education Commission donated \$6,000,000 towards the construction of Annex I of the Lib Jackson Student Center. A land donation for the tennis complex was also received, for which the gift portion totaled \$1,187,550.
- *In 2013, the Horry County Transportation Committee gave \$100,000 towards the installation of a traffic light where Founders Drive intersects Hwy. 544.
- *In 2013, the University recognized a gift in the amount of \$200,000 from the Coastal Housing Foundation, as part of land purchase on which the new residence halls are being constructed.
- *In 2013, capital appropriations includes both state and local capital appropriations.
- *In 2014, the Coastal Education Foundation donated \$1,795,200 of land.
- *In 2014, the Chanticleer Athletic Foundation donated \$7,203,194 towards the construction of the Softball and Baseball Complex. The Chanticleer Athletic Foundation also gave the University \$140,000 for the Brooks Entrance Signage, as well as \$161,590 for the capital improvements of the softball field.
- *In 2014, the Horry County Higher Education Commission donated \$1,000,000 for the Singleton Building renovations.
- *In 2014, capital appropriations includes both state and local capital appropriations.

REVENUE CAPACITY

These schedules and charts contain information to help
The reader assess the factors affecting the University's
ability to generate its operating revenue

Schedule 6
Coastal Carolina University
Applications, Enrollment and Degrees Awarded
Last Ten Academic Years

	Academic Year Beginning in Fall									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
ADMISSIONS - FRESHMEN										
Applications	14,050	10,993	10,502	9,639	8,706	7,514	6,618	6,218	5,427	5,041
Applications accepted	9,014	8,139	7,836	7,170	6,438	5,215	4,524	4,238	4,016	3,661
Accepted as a percentage of applications	64%	74%	75%	74%	74%	69%	68%	68%	74%	73%
Students enrolled	2,095	2,206	2,137	2,006	1,775	1,655	1,652	1,474	1,498	1,323
Students enrolled as a percentage of accepted	23%	27%	27%	28%	28%	32%	37%	35%	37%	36%
SAT scores - total	1000	1000	1013	1008	1028	1030	1040	1047	1046	1041
ENROLLMENT										
Headcount enrollment										
Undergraduate	8,867	8,746	8,517	8,203	7,920	7,573	7,070	6,660	6,397	6,020
Graduate	611	589	567	503	440	581	802	1,389	1,216	1,001
Full time equivalent enrollment										
Undergraduate	9,478	8,568	8,455	8,073	7,665	7,372	6,890	6,398	6,140	5,807
Graduate	5,146	291	265	229	200	238	288	546	436	334
Residency for Fee Payment Purposes*										
Undergraduate, State Residents	6,514	6,327	6,013	5,796	5,365	5,147	4,825	4,623	4,519	4,319
Undergraduate, Out of State Residents	2,353	2,419	2,504	2,407	2,555	2,426	2,245	2,037	1,878	1,701
Headcount Total by Fee Payment Purposes	8,867	8,746	8,517	8,203	7,920	7,573	7,070	6,660	6,397	6,020
Percent of Undergraduates paying as Residents	73%	72%	71%	71%	68%	68%	68%	69%	71%	72%
Percent of Undergraduates paying as Non-residents	27%	28%	29%	29%	32%	32%	32%	31%	29%	28%
Required Tuition and Fees**										
Undergraduate, In State, Full Time	\$ 9,760	9,760	9,760	\$ 9,390	\$ 8,950	\$ 8,650	\$ 7,600	\$ 7,500	\$ 6,860	\$ 6,100
Undergraduate, Out of State, Full Time	\$22,770	22,050	21,560	\$20,270	\$ 18,770	\$ 18,090	\$ 16,590	\$ 16,190	\$ 15,100	\$ 14,150
Non-resident: Resident Fee Ratio	2.33	2.26	2.21	2.16	2.10	2.09	2.18	2.16	2.20	2.32
DEGREES AWARDED										
Bachelor's	1,510	1,399	1,379	1,289	1,222	1,076	1,004	931	887	768
Master's	199	181	120	92	95	86	75	46	49	30

* Scholarship recipients who are non-residents may receive a partial or full waiver of the out-of-state fee differential

** Does not include room and board

Source: CCU Office of Institutional Research & Assessment

Schedule 7
Coastal Carolina University
Undergraduate Annual Required Tuition and Fees at South Carolina Public Four-Year Institutions
Last Ten Academic Years

	Academic Year Beginning in Fall									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
The Citadel	\$ 11,098	\$ 10,838	\$ 10,523	\$ 10,216	\$ 9,871	\$ 8,735	\$ 8,403	\$ 7,735	\$ 7,168	\$ 6,522
Clemson University	13,446	13,054	12,674	12,304	11,854	11,078	10,378	9,870	9,400	8,886
Coastal Carolina University	10,140	9,760	9,760	9,760	9,390	8,950	8,650	7,600	7,500	6,860
College of Charleston	10,558	10,230	9,918	9,616	9,616	8,988	8,400	7,778	7,234	6,668
Francis Marion University	9,738	9,386	9,066	8,802	8,480	7,960	7,682	7,038	6,512	5,984
Lander University	10,418	10,100	9,792	9,504	9,144	8,760	8,380	7,728	7,162	6,668
South Carolina State University	10,089	9,776	9,258	9,258	8,898	8,462	7,806	7,318	7,278	6,480
University of South Carolina										
Columbia	11,158	10,816	10,488	10,168	9,786	9,156	8,838	8,346	7,808	7,314
Aiken	9,552	9,258	8,974	8,700	8,374	7,900	7,532	7,006	6,670	6,128
Beaufort	9,354	8,922	8,508	8,108	7,756	7,250	7,000	6,250	5,724	5,214
Upstate	10,348	10,028	9,722	9,426	9,072	8,642	8,342	7,760	7,218	6,636
Winthrop University	13,812	\$ 13,430	\$ 13,026	\$ 12,656	\$ 12,176	\$ 11,606	\$ 11,140	\$ 10,210	\$ 9,500	\$ 8,756
Average Rate	\$ 10,809	\$ 10,467	\$ 10,142	\$ 9,877	\$ 9,535	\$ 8,957	\$ 8,546	\$ 7,887	\$ 7,431	\$ 6,843

Source: CHE Tuition & Required Fees for Academic Year 2014-15

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the University's current levels of outstanding debt and the University's ability to issue debt in the future.

Schedule 8
Coastal Carolina University
Ratios of Outstanding Debt
Fiscal Years 2005-2014

	Academic Year Beginning in Fall									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Bonded Debt										
General obligation bonds	\$ 59,665,000	\$ 62,585,000	\$ 65,440,000	\$ 68,235,000	\$ 70,980,000	\$17,655,000	\$ 18,305,000	\$ 18,935,000	\$ 7,935,000	\$ 8,220,000
Total general bonded debt	\$ 59,665,000	\$ 62,585,000	\$ 65,440,000	\$ 68,235,000	\$ 70,980,000	\$17,655,000	\$ 18,305,000	\$ 18,935,000	\$ 7,935,000	\$ 8,220,000
Outstanding general bonded debt per full-time equivalent student	\$ 6,727	\$ 7,065	\$ 7,505	\$ 8,219	\$ 9,025	\$2,320	\$ 2,551	\$ 2,727	\$ 1,207	\$ 1,339
Other Debt										
Revenue bonds	\$ 106,707,000	\$ 72,551,000	\$ 19,122,000	\$ 20,200,000	\$ 21,305,000	\$22,365,000	\$ 23,375,000	\$ 24,345,000	\$ 24,600,000	\$ 25,425,000
Capital lease obligations	\$ 144,894,319	\$ 148,208,521	\$ -	\$ -	\$ 55,133	\$162,895	\$ 267,404	\$ 368,758	\$ 467,052	\$ 562,379
Total outstanding debt	\$ 311,266,319	\$ 283,344,521	\$ 84,562,000	\$ 88,435,000	\$ 92,340,133	\$40,182,895	\$ 41,947,404	\$ 43,648,758	\$ 33,002,052	\$ 34,207,379
Total outstanding debt per full-time equivalent student	\$ 35,092	\$ 31,984	\$ 9,697	\$ 10,652	\$ 11,741	\$5,280	\$ 5,845	\$ 6,286	\$ 5,019	\$ 5,570
Number of full time equivalent undergraduate and graduate students	8,870	8,859	8,720	8,302	7,865	7,610	7,177	6,944	6,576	6,141

Schedule 9
Coastal Carolina University
Debt Service Coverage on Revenue Bonds
Fiscal Years 2005-2014

REVENUE BONDS	For the year ended June 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues	\$159,198,369	\$152,009,017	\$138,853,361	\$131,251,959	\$116,793,340	\$104,224,614	\$90,926,143	\$ 70,209,074	\$ 59,884,941	\$ 50,441,023
Expenses	146,387,042	136,531,706	123,860,178	111,929,070	99,040,370	92,597,576	80,449,056	58,774,006	53,701,011	46,408,826
Net Revenues Available for Debt Service	\$12,811,327	\$15,477,311	\$14,993,183	\$19,322,889	\$17,752,970	\$11,627,038	\$10,477,087	\$ 11,435,068	\$ 6,183,930	\$ 4,032,197
Debt Service Req., Revenue Bonds	1,936,417	1,932,683	2,050,518	2,046,069	2,044,872	2,041,557	2,046,371	\$ 2,716,850	\$ 2,711,330	\$ 2,700,655
Coverage	6.62	8.01	7.31	9.44	8.68	5.70	5.12	4.21	2.28	1.49

Above revenues, expenses, and net revenues available for debt service have been determined in accordance with the requirements of the applicable bonds.

Schedule 10
Coastal Carolina University
Debt Service Coverage on General Obligation Bonds
Fiscal Years 2005-2014

GENERAL OBLIGATION BONDS	For the year ended June 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Tuition Pledged for Debt Service	\$7,149,984	\$7,744,604	\$7,674,531	\$7,320,182	\$6,135,497	\$5,753,325	\$6,392,583	\$2,020,067	\$1,687,780	\$1,344,290
Debt Service, General Obligation Bonds	\$5,248,076	\$5,259,526	\$5,317,126	\$5,403,801	\$1,418,776	\$1,424,964	\$1,434,845	\$ 872,111	\$ 614,439	\$ 608,458
Coverage	1.36	1.47	1.44	1.35	4.32	4.04	4.46	2.32	2.75	2.21

Coastal Carolina University Supplemental Information

Enrollment and Admissions

The following table sets forth the full-time, part-time and FTE enrollments to the University for fall semesters in the years 2009 through 2013, as well as the percent changes from previous years.

Full-Time/Part-Time/Full-Time Equivalent Enrollment Trends Fall 2009-2013

<u>Fall Semester</u>	<u>Full-Time</u>	<u>Part-Time</u>	<u>Total</u>	Percent Change	<u>FTE</u>	Percent Change
				From Previous		From Previous
				<u>Year</u>		<u>Year</u>
2009	7,254	1,106	8,360	2.5	7,865	3.4
2010	7,667	1,039	8,706	4.1	8,302	5.6
2011	7,984	1,100	9,084	4.3	8,720	5.0
2012	8,071	1,264	9,335	2.8	8,859	1.6
2013	8,199	1,279	9,478	1.5	8,870	0.0

Occupancy and Demand for Housing Facilities

The following table sets forth the historical data for main campus housing for the academic years 2009-10 through 2013-14 with respect to the number of housing applications received, the number of the waiting list, the total number of beds on campus, the number of occupied beds and the percentage of occupied beds to the total number of beds on campus.

Historical Residence Hall Data Main Campus and University Place I, II, III Academic Years 2009-10 through 2013-14

<u>Year</u>	<u>Applications Received</u>	<u>Waiting List</u>	<u>Design Capacity Of Beds</u>	<u>Opening Occupancy Fall Semester</u>	<u>Percent Occupancy</u>
2009-10	2,721	86	2,209	2,136	97%
2010-11	3,902	*	3,289	3,326	101%
2011-12	4,105	*	3,289	3,509	107%
2012-13	4,179	*	3,289	3,514	107%
2013-14	4,084	*	3,289	3,551	108%

* Demand in these years exceeded capacity.

University Resources

According to the South Carolina Commission on Higher Education, there are 13 four-year public colleges and universities in South Carolina including Coastal Carolina University. Three of these, Clemson University, the University of South Carolina-Columbia and the Medical University of South Carolina, are classified as research institutions, and the remaining are considered comprehensive teaching institutions which offer primarily the baccalaureate degree and some graduate degree programs. The following table sets forth the historical data of annual appropriations per full-time equivalent (FTE) for fall semesters in the years 2009 through 2013 among all comprehensive teaching institutions in South Carolina.

Annual Appropriations per FTE SC Comprehensive Teaching Institutions Fall 2009 through 2013

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
The Citadel	\$ 3,515	\$ 2,749	\$ 2,604	\$ 3,930	\$ 4,383
Coastal Carolina Univ.	1,469	1,110	985	1,311	1,781
College of Charleston	2,331	1,859	1,717	2,474	2,659
Francis Marion Univ.	3,864	3,007	2,849	2,823	2,927
Lander University	2,868	2,128	2,056	2,041	2,192
SC State University	3,996	2,976	2,839	3,941	3,860
USC-Aiken	2,779	2,190	2,126	1,985	2,209
USC-Beaufort	1,270	963	854	868	966
USC-Upstate	2,095	1,636	1,597	1,536	1,564
Winthrop	3,037	2,487	2,385	2,207	2,535
Average	\$ 2,722	\$ 2,111	\$ 2,001	\$2,312	\$2,508

The following table sets forth the historical data of annual tuition and academic fees for South Carolina residents who are full-time undergraduate students for the academic years 2009-10 through 2013-14 among all comprehensive teaching institutions in South Carolina.

In-state Undergraduate Tuition SC Comprehensive Teaching Institutions Academic Years 2009-10 through 2013-14

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
The Citadel	\$ 8,735	\$ 9,871	\$ 10,216	\$10,523	\$10,838
Coastal Carolina Univ.	8,950	9,390	9,760	9,760	9,760
College of Charleston	8,988	9,616	9,616	9,918	10,230
Francis Marion Univ.	7,960	8,480	8,802	9,066	9,386
Lander University	8,760	9,144	9,504	9,792	10,100
SC State University	8,462	8,898	9,258	9,258	9,776
USC-Aiken	7,900	8,374	8,700	8,974	9,258
USC-Beaufort	7,250	7,806	8,108	8,508	8,922
USC-Upstate	8,642	9,072	9,426	9,722	10,028
Winthrop	11,606	12,176	12,656	13,026	13,430
Average	\$ 8,725	\$ 9,283	\$ 9,605	\$9,855	\$10,173

Tuition and Fees

The following table sets forth the tuition fees for undergraduate in-state and out-of-state full-time students, as well as the per-credit tuition fee and residence hall fees for the University for the academic years 2009-10 through 2013-14.

Tuition and Residence Hall Fees Academic Years 2009-10 through 2013-14

Year	Tuition					Residence Hall Fees
	In State		Out of State			
	Full-Time Student	Per Credit Hour	Full-Time Student	Per Credit Hour		
2009-10	8,950	373	18,770	782	7,200	
2010-11	9,390	382	20,270	830	7,350	
2011-12	9,760	407	21,560	898	7,700	
2012-13	9,760	407	22,050	920	7,700	
2013-14	9,760	411	22,770	942	7,860	

Financial Aid

The following table sets forth the types and amounts of financial aid received by students of the University during the academic years 2009-10 through 2013-14.

Total Financial Aid Received By University Students Academic Years 2009-10 through 2013-14

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Federal Financial Aid					
Pell Grant	\$ 10,530,900	\$ 13,481,078	\$ 14,097,750	\$ 14,273,553	\$ 14,811,193
ACG/SMART	839,730	1,036,716	-	-	-
Supplemental Grants	521,684	402,760	453,569	328,924	378,696
College Work Study	285,740	296,624	323,962	317,680	308,173
Perkins Loans	125,671	79,000	142,074	141,627	215,651
Bank Loans	49,225,282	56,693,532	65,767,852	64,626,729	65,919,891
VA Benefits	-	-	-	-	-
TOTAL FEDERAL AID	<u>\$ 61,529,007</u>	<u>\$ 71,989,710</u>	<u>\$ 80,785,207</u>	<u>\$ 79,688,513</u>	<u>\$ 81,633,604</u>
Other Aid					
Scholarships – Foundation & Internal Committee	\$ 1,527,222	\$ 1,898,596	\$ 2,133,295	\$ 2,375,733	\$ 2,647,264
Athletics Scholarships/Waivers	5,238,282	5,709,290	6,143,044	6,140,495	6,837,182
Other Scholarships	16,362,209	18,740,011	19,451,248	21,336,056	23,933,261
Institutional Employment	2,264,825	2,337,838	2,462,849	2,600,562	3,278,360
Institutional Work Study	16,358	29,799	-	-	-
Private Loans	12,311,589	13,383,634	16,224,751	17,545,235	19,783,278
TOTAL OTHER AID	<u>\$ 37,720,485</u>	<u>\$ 42,099,169</u>	<u>\$ 46,415,187</u>	<u>\$ 49,998,081</u>	<u>\$ 56,479,345</u>
TOTAL FINANCIAL AID	<u>\$ 99,249,492</u>	<u>\$ 114,088,878</u>	<u>\$ 127,200,394</u>	<u>\$ 129,686,594</u>	<u>\$ 138,112,949</u>
Unduplicated Count of Students Receiving Aid	7,086	7,723	8,323	8,421	8,573

Note: ACG/SMART no longer funded after 2010-2011

Note: VA Benefits are no longer counted towards students' financial aid after 2008-2009.

DEMOGRAPHIC AND ECONOMIC INFORMATION

These charts offer demographic and economic indicators to help the reader understand the environment within which the University's financial activities take place and to help make comparisons over time and with other universities.

Schedule 11
Coastal Carolina University
South Carolina Employment by Industry
Calendar Year 2013 and Ten Years Earlier

<u>Sources</u>	<u>2003</u>		<u>2013</u>	
	<u>Number of Employees</u>	<u>Percent of Total</u>	<u>Number of Employees</u>	<u>Percent of Total</u>
Construction	112,600	6.20%	82,300	4.33%
Manufacturing	275,100	15.14%	221,500	11.65%
Trade, Transportation and Utilities	349,900	19.25%	363,900	19.14%
Information	26,900	1.48%	25,700	1.35%
Financial Activities	93,400	5.14%	103,500	5.44%
Professional and Business Services	188,700	10.38%	239,000	12.57%
Education and Health Services	176,200	9.69%	208,900	10.99%
Leisure and Hospitality	204,800	11.27%	240,600	12.66%
Other Services	65,300	3.59%	68,600	3.61%
Government	324,600	17.86%	347,100	18.26%
	<u>1,817,500</u>	<u>100.00%</u>	<u>1,901,100</u>	<u>100.00%</u>

Source: United States Department of Labor, Bureau of Labor Statistics

Information for calendar year 2014 is only available up through June. Therefore calendar year 2013 is presented in this report.

Schedule 12
Coastal Carolina University
Top 10 Employers - Calendar Year 2013 and Ten Years Earlier
Horry County, South Carolina

Year 2013

<u>Employer</u>	<u>Number of Employees</u>	<u>%</u>
Horry County School District	5,473	30.6%
Wal-Mart Associates, Inc.	2,262	12.7%
Horry County Government	2,000	11.2%
Coastal Carolina University	1,477	8.3%
Conway Medical Center	1,398	7.8%
Grand Strand Regional Medical Center	1,300	7.3%
Blue Cross / Blue Shield	1,200	6.7%
Food Lion	972	5.4%
McLeod Loris Seacoast	928	5.2%
City of Myrtle Beach	850	4.8%

Year 2003

<u>Employer</u>	<u>Number of Employees</u>	<u>%</u>
Horry County School District	4,000	25.6%
Burroughs & Chapin Company	2,214	14.2%
Wal-Mart Associates, Inc.	1,792	11.5%
Horry County Government	1,470	9.4%
AVX	1,380	8.8%
Conway Hospital	1,000	6.4%
Grand Strand Regional Medical Center	1,000	6.4%
Myrtle Beach National	960	6.2%
Blue Cross / Blue Shield	900	5.8%
Verizon	891	5.7%

Source: Myrtle Beach Area Chamber of Commerce. 23rd Ed. Statistical Abstract

Schedule 13
Coastal Carolina University
State and Regional
Population, Income and Unemployment History
Last Ten Academic Years

<u>Year</u>	<u>Population</u>			<u>Total Personal Income</u>			<u>Unemployment Rate (%)</u>		
	<u>South Carolina</u>	<u>Horry County</u>	<u>Georgetown County</u>	<u>South Carolina</u>	<u>Horry County</u>	<u>Georgetown County</u>	<u>South Carolina</u>	<u>Horry County</u>	<u>Georgetown County</u>
2013	4,774,839	289,650	60,440	\$ 169,282,713,000	n/a	n/a	6.4	5.8	6.1
2012	4,723,723	282,285	60,189	161,863,730,000	\$ 8,598,437,000	\$ 2,341,605,000	8.1	7.6	7.9
2011	4,679,230	276,340	59,991	157,565,000,000	8,054,854,000	2,303,848,000	9.6	9.4	9.4
2010	4,625,364	269,291	60,158	150,495,805,000	7,721,872,000	2,226,090,000	11.0	10.5	10.8
2009	4,561,242	263,868	60,703	145,041,489,000	7,678,701,000	2,256,752,000	11.0	10.3	11.3
2008	4,479,800	257,380	60,731	146,334,933,000	7,603,947,000	2,230,074,000	11.6	10.9	12.5
2007	4,404,914	249,711	60,388	141,243,653,000	7,068,484,000	2,095,081,000	5.9	5.1	6.4
2006	4,324,799	239,496	59,912	134,203,912,000	6,754,139,000	1,995,556,000	6.4	5.5	7.0
2005	4,249,385	228,254	59,464	124,379,061,000	6,119,654,000	1,819,785,000	6.7	5.7	8.6
2004	4,196,799	217,890	59,141	117,229,951,000	5,616,186,000	1,700,895,000	6.8	5.9	9.5

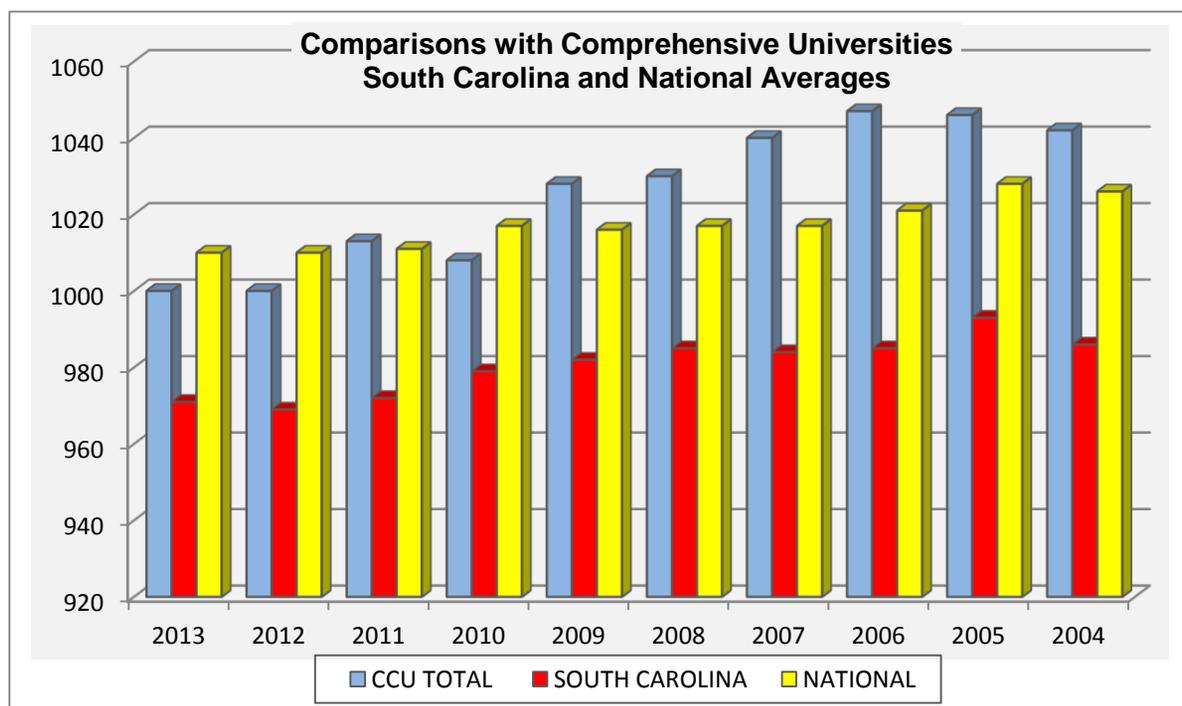
Source: South Carolina Department of Employment and Workforce Labor Market Information
U.S. Census Bureau

OPERATING INFORMATION

These schedules contain information about the University's operations and resources to help the reader understand how the University's information relates to the services the University provides and the activities it performs.

**Schedule 14
Coastal Carolina University
SAT Scores, New Freshmen
Last Ten Academic Years**

	FALL SEMESTERS									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
CCU TOTAL	1000	1000	1013	1008	1028	1030	1040	1047	1046	1042
SOUTH CAROLINA	971	969	972	979	982	985	984	985	993	986
NATIONAL	1010	1010	1011	1017	1016	1017	1017	1021	1028	1026



Schedule 15
Coastal Carolina University
Average Faculty Salaries by Rank
Last Ten Academic Years

	Academic Year Beginning in Fall									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Coastal Carolina University										
Professor	\$90,920	\$86,945	\$84,168	\$82,640	\$83,036	\$82,159	\$78,667	\$73,231	\$71,845	\$68,471
Associate Professor	\$69,923	\$70,405	\$70,535	\$68,877	\$68,397	\$67,679	\$63,887	\$62,123	\$59,385	\$56,615
Assistant Professor	\$59,586	\$59,999	\$58,234	\$56,232	\$57,468	\$58,005	\$57,786	\$53,996	\$51,395	\$48,248
Instructor/Other	\$45,347	\$47,472	\$46,112	\$45,593	\$46,076	\$44,910	\$41,300	\$37,009	\$34,470	\$32,564
Average, all ranks	\$69,721	\$68,960	\$67,832	\$65,110	\$65,270	\$64,034	\$61,905	\$58,227	\$55,822	\$52,411
Average, percent of										
SC public universities	107.22%	107.18%	111.40%	108.50%	108.90%	105.99%	103.40%	101.33%	99.11%	97.15%
Average, percent of SREB*	n/a	117.25%	113.40%	113.21%	112.92%	111.74%	110.42%	105.99%	104.44%	102.13%
Average, percent of national**	88.14%	90.38%	93.06%	90.07%	91.29%	90.25%	91.67%	90.16%	81.55%	79.56%
South Carolina Public Universities										
Professor	\$83,019	\$82,365	\$76,402	\$75,990	\$75,452	\$76,573	\$74,802	\$71,895	\$69,949	\$66,270
Associate Professor	\$66,114	\$66,027	\$62,647	\$62,428	\$62,158	\$64,009	\$63,124	\$60,936	\$59,267	\$56,901
Assistant Professor	\$57,927	\$57,559	\$54,599	\$54,100	\$54,175	\$54,199	\$53,825	\$51,282	\$49,373	\$46,761
Instructor/Other	\$48,350	\$47,538	\$45,426	\$44,848	\$44,866	\$44,357	\$44,159	\$41,942	\$40,443	\$40,350
Average, all ranks	\$65,024	\$64,341	\$60,893	\$60,009	\$59,937	\$60,416	\$59,868	\$57,462	\$56,326	\$53,949
Southern (SREB*) Average	n/a	\$58,816	\$59,816	\$57,515	\$57,804	\$57,308	\$56,062	\$54,937	\$53,449	\$51,318
National** (CUPA) Average	\$79,102	\$76,301	\$72,894	\$72,291	\$71,500	\$70,953	\$67,533	\$64,580	\$68,454	\$65,875

*Southern Regional Education Board

**College and University Professional Association

Schedule 16
Coastal Carolina University
Faculty, Staff and Administrative Statistics
Last Ten Academic Years

	For year ended June 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Full-time faculty	414	384	355	346	315	299	264	248	233	231
Part-time faculty	184	199	195	193	168	184	160	132	120	133
Total faculty	598	583	550	539	483	483	424	380	353	364
Full-time staff/administrators	692	666	672	652	619	606	561	541	532	459
Part-time staff/administrators	296	228	141	191	152	203	134	136	98	94
Total staff/administrators	988	894	813	843	771	809	695	677	630	553
Total full-time employees	1106	1050	1027	998	934	905	825	789	765	690
Total employees	1586	1477	1363	1382	1254	1292	1119	1057	983	917
Part-time faculty FTE (full-time equivalent)	145.2	151.9	151.1	149.2	140.7	141.5	135.7	121.5	106.1	100.4
Total teaching faculty FTE	556.2	529.9	502.1	493.2	452.7	435.5	397.7	361.5	339.1	320.4
Ratios:										
Full-time faculty: Full-time staff/administrators	0.60	0.58	0.53	0.53	0.51	0.49	0.47	0.46	0.44	0.50
Total faculty: Total staff and administrators	0.61	0.65	0.68	0.64	0.63	0.60	0.61	0.56	0.56	0.66
Part-time faculty: Total faculty	0.31	0.34	0.35	0.36	0.35	0.38	0.38	0.35	0.34	0.37

Source: IPEDS - HR Survey

Schedule 17
Coastal Carolina University
Capital Asset Information
Fiscal Years 2005 - 2014

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Buildings – Assignable Area Square Feet										
Instruction	364,887	331,723	318,969	318,969	319,342	278,626	285,471	284,251	226,247	236,635
Research	8,508	997	997	997	927	416	416	416	675	675
Public Service	182	0	0	0	0	1,200	1,200	1,200	3,377	3,377
Academic Support	47,147	49,144	35,083	35,083	35,083	59,128	59,043	59,043	58,659	57,089
Student Services	179,818	175,364	89,323	89,323	89,149	116,462	100,541	100,541	103,185	105,478
Institutional Support	70,472	59,634	59,763	59,763	59,763	59,435	59,074	57,874	49,605	48,431
Plant Operation and Maintenance	30,212	30,212	29,822	29,822	26,721	25,665	24,865	20,706	37,393	33,229
Auxiliaries	875,500	522,736	298,581	298,581	298,581	286,073	284,910	286,574	280,523	285,126
Other	51,605	64,237	53,136	53,136	41,033	10,892	13,297	13,297	13,840	13,686
Library										
Total physical volumes (excluding e-books)	125,593	137,952	139,164	140,703	143,935	176,761	177,447	156,342	152,823	154,925
Dormitories - Number of beds										
Main Campus	1,210	1,210	1,210	1,210	1,210	1,222	1,222	1,222	1,222	1,222
University Place I and II	987	987	987	987	987	987	987	987	987	987
University Place III	1,092	1,092	1,092	1,092	1,092	0	0	0	0	0
Athletic and Intramural Facilities										
Stadiums	4	4	4	4	4	4	4 *	4 *	4 *	4
Extramural and intramural fields	3	3	3	3	3	3	3	3	3	3
Track facility	1	1	1	1	1	1	1	1	1	1
Golf course	1	1	1	1	0	0 *	0 *	0 *	0 *	0
Pool	1	3	1	1	1	1	1	1	1	1
Gymnasiums	3	2	3	2	2	2	2	2	2	2
Fitness centers	2	2	3	2	2	2	2	2	2	2
Tennis courts	6	6	8	8	8	8	10	10 *	10 *	10 *
Number of Buildings:	102	101	74	72	69	71				

* Changed due to reclassification of facility

COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

SINGLE AUDIT SECTION



Thomas W and Robin W Edwards College of Humanities and Fine Arts

COASTAL CAROLINA UNIVERSITY - SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED 6/30/14

Account	Federal Grantor/Pass through Grantor/Program Title	CFDA NUMBER	Pass-through Grantor's Number	Res/Dev	Budget	EXPENDITURES	TOTALS
RESEARCH AND DEVELOPMENT							
DEPARTMENT OF COMMERCE							
31-2325	Passed thru University of South Carolina Hydrology and Pollutant Removal Performance in Detention Ponds Typical fo the Lower Coastal Plain of South Carolina	11.417	N152/NA140AR417008	YES	\$18,213.00	\$12,656.88	
31-2315	Passed through South Carolina Sea Grant Consortium Consequences of Altered Temperature Regimes on the Reproduction, Survival, Growth, and Interactions of Two Key Estuarine Fauna	11.420	2012-13	YES	\$98,186.00	\$40,535.75	
31-2314	Observation and Modeling Studies to Benefit the Management and Selection of Borrow Sites for Beach Nourishment in South Carolina	11.420	Ominbus 2012-13	YES	\$77,987.00	\$50,835.36	
31-2977	Passed thru University of South Carolina Determining the Role of Estuarine Swashes on Water Qality Impairment Along the Grand Strand of SC: Impacts of Land Use and Stormwater Runoff	11.420	PO 31783 L	YES	\$348,805.00	\$59,182.12	
31-2895	Passed thru North Carolina State University Marine mammal Bycatch Reduction and Related Research in Cooperation with North Carolina Sea Grant	11.420	2010-2446-03	YES	\$40,700.00	\$890.50	
31-2047	The South Carolina Marine Mammal Stranding Network	11.439	NA12NMF4390147	YES	\$79,585.00	\$45,340.61	
31-2703	Passed thru Global Science & Technology, Inc. Mesonet 2013	11.459	SA12-CCU01	YES	\$443,443.00	\$201,016.18	
31-2318	Passed thru Fish America Foundation Grand Strand Community Restoration of Tidal Swash Estuaries	11.463	FAF-12023	YES	\$70,000.00	\$21,938.61	
31-2306	Mechanisms Controlling Hypoxia: Integrated Causal Modeling	11.478	NAOPNOS4780229	YES	\$81,548.00	\$14,840.00	
DEPARTMENT OF DEFENSE							
31-2899	Physics Based Inverse Problem to Deduce Marine Atmospheric	12.300	N000141310307	YES	\$138,446.00	\$65,532.97	
DEPARTMENT OF THE INTERIOR/FISH AND WILDLIFE SERVICE							
31-2816	Assessing the Status of McGillivray's Seaside Sparrows in South Carolina	15.634	SC-TF13AF01185	YES	\$34,713.00	\$7,228.53	

COASTAL CAROLINA UNIVERSITY - SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED 6/30/14

Account	Federal Grantor/Pass through Grantor/Program Title	CFDA NUMBER	Pass-through Grantor's Number	Res/Dev	Budget	EXPENDITURES	TOTALS
DEPARTMENT OF STATE							
31-2108	Iraq Science Fellowship Program of the U.S. Department of State, Dr. Ghusoon Mohsin Ali al-Waeli	19.016	CO-8473G-13	YES	\$5,000.00	\$4,182.51	
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION							
Passed through College of Charleston							
31-2912	South Carolina Space Grant Consortium Year 14	43.001	NNG05GI68G	YES	\$2,000.00	\$546.94	
31-2984	Changes in the Upper Atmospheric Zone	43.001	NNX10AM76H	YES	\$8,875.00	(\$886.60)	
31-2786	SC Space Grant Palmetto Academy	43.001	Pal/Acc/Sites	YES	\$14,583.00	\$6,824.36	
NATIONAL SCIENCE FOUNDATION							
31-2119	RUI: Role of the Ambient in the Electrical Properties at the Interface for ZnO Systems	47.049	DMR-1104600	YES	\$99,570.00	\$23,851.74	
31-2979	RUI: Dynamical Coupling during Major Stratospheric Sudden Warming	47.050	AGS-1116123	YES	\$254,185.00	\$54,446.37	
Passed thru University of Georgia							
31-2310	Hydrogeological Characterization of the Duplin River: A Detailed Examination of a Subset of the GCE-LTER Site	47.050	OCE0620959	YES	\$45,592.00	(\$4,092.22)	
31-2993	Hydrogeological Characterization of the Duplin River: A Detailed Examination of a Subset of the GCE-LTER Site	47.050	OCE1237140	YES	\$48,858.00	\$33,692.49	
31-2976	Development and Testing of a Submersible, Remotely-Operated, Continuous Rn-222 Survey System	47.050	OCE-1029223	YES	\$181,605.00	\$5,180.88	
Passed thru Clemson University							
31-2319	NSF Intelligent Rivers with Clemson University	47.070	1653-206-2098647	YES	\$399,714.00	\$109,424.77	
Passed thru SC EPSCOR/Idea							
31-2991	SC4: South Carolina Computational Chemistry Consortium	47.074	GEAR: CRP	YES	\$9,463.00	\$8,774.58	
31-2054	Collaborative Research: Defining Ecosystem Heterotrophic Response to Nutrient Concentrations and Ratios	47.074	DEB-0919054	YES	\$246,394.00	\$40,881.71	
31-2778	Collaborative Research: Regulation of CpNifS/CpSufE1-Mediated Iron-Sulfur Cluster Synthesis in Plant Plastids	47.074	MCB-0950648	YES	\$154,557.00	\$13,274.32	
31-2760	GK-12 Fellows Linking Marine and Wetland Research with Science Education in Coastal Carolina Schools	47.076	DGE-0742419	YES	\$509,225.00	\$257,659.35	
31-2818	Improving Scientific Reasoning and Metacognition via a Conceptual Physics Course	47.076	DUE-1244801	YES	\$118,214.00	\$13,449.34	
31-2992	RUI: Proteasomal Removal of Senenoproteins in Plants	47.076	MCB-1244009	YES	\$112,762.00	\$28,693.34	

COASTAL CAROLINA UNIVERSITY - SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED 6/30/14

Account	Federal Grantor/Pass through Grantor/Program Title	CFDA NUMBER	Pass-through Grantor's Number	Res/Dev	Budget	EXPENDITURES	TOTALS
Environmental Protection Agency							
31-2898	Passed thru Waccamaw Regional COG Developing a Baseline Assessment for the Murrells Inlet Watershed	66.460	C6-00476111	Yes	\$15,996.00	\$6,398.66	
US DEPARTMENT OF ENERGY							
31-2783	Passed thru Savannah River Nuclear Solutions, LLC Breaking Waves	81.087	DE-AC09-08SR22470	YES	\$327,556.00	\$158,384.79	
US Department of Education							
							\$1,280,684.84
STUDENT FINANCIAL ASSISTANCE PROGRAMS							
US DEPARTMENT OF EDUCATION							
31-5211	CWS Clearing	84.007		NO		\$13.73	
31-8043	FSEOG 12-13	84.007		NO		\$39,411.00	
31-8044	SEOG 13-14	84.007		NO		\$280,271.87	
31-8014	Federal Work Study - America Reads	84.033		NO		\$15,277.18	
31-8054	Federal Work Study	84.033		NO		\$219,496.96	
50-5230	PERKINS Loans	84.038		NO		\$215,651.00	
31-8033	Federal Pell Grant Programs 12-13	84.063		NO		\$54,506.00	
31-8024	Federal Pell Grant Programs 13-14	84.063		NO		\$14,722,512.70	
80-8201	Direct Loans Stafford	84.268		NO		\$46,473,010.00	
80-8202	Direct Loans Plus	84.268		NO		\$17,650,714.00	
31-8154	UGTCH 13-14	84.379		NO		\$189,759.15	
31-8164	GRTCH 13-14	84.379		NO		\$24,951.34	
							\$79,885,574.93
OTHER PROGRAMS							
DEPARTMENT OF COMMERCE							
31-3723	Passed thru South Carolina Sea Grant Consortium Sea Grant Specialist 2013	11.420	Slattery/2013-2014	NO	\$40,363.00	\$19,631.53	
31-3785	Sea Grant Specialist 2014	11.420	Slattery/2014	NO	\$42,218.00	\$11,106.00	

COASTAL CAROLINA UNIVERSITY - SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED 6/30/14

Account	Federal Grantor/Pass through Grantor/Program Title	CFDA NUMBER	Pass-through Grantor's Number	Res/Dev	Budget	EXPENDITURES	TOTALS
DEPARTMENT OF THE INTERIOR							
31-3722	USGS Sublease of Space at Coastal Carolina University	15.808	GO9AC00327	NO	\$19,620.00	\$6,540.00	
NATIONAL ENDOWMENT FOR THE HUMANITIES							
31-3577	Lincoln: The Constitution and the War Traveling Exhibition	45.164	11026	NO	\$750.00	\$30.32	
31-3090	Muslim Journeys Programming Support	45.164	2192	NO	\$4,500.00	\$3,408.60	
31-3812	America's Music: A Film History of Our Music from Blues to Bluegrass to Broadway	45.164	LB-50125-13	NO	\$1,500.00	\$1,500.00	
National Science Foundation/Education and Human Resources							
Passed thru Georgia State University							
31-1809	Writing POGIL-in-Context for Use in General Chemistry	47.076	DUE-1022895	NO	\$4,415.00	\$3,690.11	
US Department of Education							
Passed thru South Carolina Department of Education							
31-1148	Project CREATE -Amendment for Redistribution	84.027	10-CO-310-01	NO	\$42,983.00	\$34,406.60	
31-1808	Heap Program College Access Challenge	84.378	P378A100048	NO	\$500.00	\$500.00	
31-1811	Core Math Development Project: Coastal Carolina University MSP	84.366	H63010008213	NO	\$138,987.45	\$113,282.27	\$194,095.43
TOTAL FEDERAL EXPENDITURES						\$81,360,355.20	<u>\$81,360,355.20</u>

COASTAL CAROLINA UNIVERSITY
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

1. GENERAL

The accompanying Schedule of Federal Financial Assistance presents the activity of all federal award programs of Coastal Carolina University. The reporting entity is defined in Note 1 of the University's financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Federal Financial Assistance is presented using the accrual basis of accounting which is described in Note 1 of the University's financial statements.

3. LOAN PROGRAMS

The federal loan program we participated in from July 1, 2013, to June 30, 2014, is the William D. Ford Federal Direct, which is the umbrella name for the Federal Direct Stafford Student Loan Program and the Federal Direct Parent Loan for Undergraduate Students (PLUS) Program. The Federal Family Education Program (FFELP) ended June 30, 2010, but the Ford title is still used as the umbrella title for all the federal loan programs. The loans are made directly from the federal government, therefore, there is no loan balance recorded at the University. The totals of loans processed for the current fiscal year are:

Stafford Student Loan – Subsidized	\$ 20,428,610
Stafford Student Loan – Unsubsidized	26,044,400
PLUS Loans	<u>17,650,714</u>
Total	\$ 64,123,724

The Federal Perkins Loan Program is administered directly by the University, and balances and transactions relating to the program are included in the University's financial statements. The balance of loans outstanding under the Federal Perkins Loan program was \$1,229,144 as of June 30, 2014. The expenditures for June 30, 2013, are calculated as follows:

June 30, 2013 Loan Balance	\$ 1,192,486
Current Year Loans Made	<u>215,651</u>
Total	\$ 1,408,137

MEMBERS
AMERICAN INSTITUTE OF CPAS
PRIVATE COMPANIES PRACTICE SECTION
SOUTH CAROLINA ASSOCIATION OF CPAS

CLINE BRANDT KOCHENOWER
& Co., P.A.
Certified Public Accountants
Established 1950

ALBERT B. CLINE, CPA (1923-2013)
RAYMOND H. BRANDT, CPA
BEN D. KOCHENOWER, CPA, CFE, CVA, CICA, CGMA
TIMOTHY S. BLAKE, CPA, PFS
JENNIFER J. AUSTIN, CPA

Independent Auditors' Report on Compliance for Each
Major Program And On Internal Control Over
Compliance Required by OMB Circular A-133

To the Honorable Nikki R. Haley,
Governor of the State of South Carolina
And the Board of Trustees of
Coastal Carolina University
Conway, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Coastal Carolina University's compliance with the types of compliance requirements described in the *(OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Coastal Carolina University's major federal programs for the year ended June 30, 2014. Coastal Carolina University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *(OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Coastal Carolina University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Coastal Carolina University's compliance.

Opinion on Each Major Federal Program

In our opinion Coastal Carolina University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2014.

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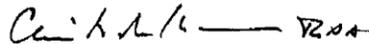
Report on Internal Control Over Compliance

Management of Coastal Carolina University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirement referred to above. In planning and performing our audit of compliance, we considered Coastal Carolina University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Coastal Carolina University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Gaffney, SC
September 23, 2014

Independent Auditors' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Based On An Audit Of Financial Statements Performed
In Accordance With Government Auditing Standards

To the Honorable Nikki R. Haley,
Governor of the State of South Carolina
And the Board of Trustees of
Coastal Carolina University
Conway, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Coastal Carolina University, a discretely presented component unit of the State of South Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprised Coastal Carolina University's basic financial statements, and have issued our report thereon dated September 23, 2014. Our report includes a reference to other auditors who audited the financial statements of Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation, as described in our report on Coastal Carolina University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Coastal Carolina University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coastal Carolina University's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coastal Carolina University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

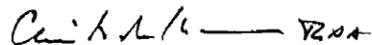
Coastal Carolina University
Conway, South Carolina
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coastal Carolina University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gaffney, SC
September 23, 2014

COASTAL CAROLINA UNIVERSITY
Summary Schedule of Prior Audit Findings
June 30, 2014

Findings Relating to the Financial Statements:

There were no findings relating to the financial statements.

Findings and Questioned Costs Relating to Federal Awards:

There were no findings or questioned costs related to federal awards.

COASTAL CAROLINA UNIVERSITY
Schedule of Findings and Questioned Costs
June 30, 2014

Summary of Auditor's Results:

- An unmodified opinion was issued on Coastal Carolina University's basic financial statements dated September 23, 2014.
- There were no material weaknesses or significant deficiencies relating to the financial statements reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in accordance with *Government Auditing Standards*.
- There were no instances of noncompliance material to the financial statements of Coastal Carolina University disclosed during the audit
- The auditor's report on compliance for the major federal award programs for Coastal Carolina University expresses an unmodified opinion.
- There were no material weaknesses or significant deficiencies relating to the audit of major federal awards reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.
- There were no audit findings reported relative to the major federal award programs for Coastal Carolina University as depicted below in this schedule.
- Major federal programs:

Student Financial Aid Cluster

Federal Supplemental Education Opportunity Grants	CFDA #84.007
Federal Work-Study Programs	CFDA #84.033
Federal Perkins Loans	CFDA #84.038
Federal PELL Grant Program	CFDA #84.063
Federal Direct Loan Program	CFDA #84.268
Teacher Education Assistance for College and Higher Education Grants (TEACH)	CFDA #84.379

- Type A programs are defined as those that expended \$300,000 or more and Type B programs are those that expended less than \$300,000.
- Coastal Carolina University qualified as a low risk auditee according to the criteria in OMB Circular A-133

Findings Relating to the Financial Statements:

There were no findings relating to the financial statements.

Findings and Questioned Costs Relating to Federal Awards:

There were no findings or questioned costs related to federal awards.