

COASTAL CAROLINA UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
Year Ended June 30, 2004

State of South Carolina



Office of the State Auditor

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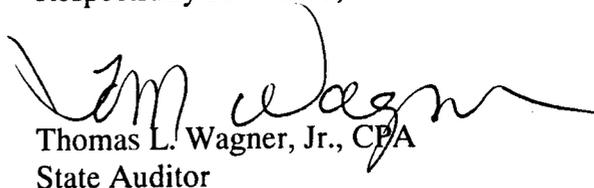
October 15, 2004

The Honorable Mark Sanford, Governor
and
Members of the Board of Trustees
Coastal Carolina University
Conway, South Carolina

This report on the application of certain agreed-upon procedures to the accounting records and the statement of revenues, expenditures, and transfers of the Coastal Carolina University Intercollegiate Athletics Program for the fiscal year ended June 30, 2004, was issued by Walda Wildman, LLC, Certified Public Accountant, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,



Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/trb

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CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

September 28, 2004

Mr. Thomas L. Wagner, Jr. CPA
State Auditor, State of South Carolina
Columbia, South Carolina

I have audited the financial statements of Coastal Carolina University as of and for the year ended June 30, 2004, and have issued my unqualified report thereon dated September 3, 2004. At your request, I have also performed the procedures described below, which were agreed to by the South Carolina Office of the State Auditor and the Board of Trustees and management of Coastal Carolina University, solely to assist the University in complying with NCAA Bylaw 6.2.3.1 for the fiscal year ended June 30, 2004. The Board of Trustees and management are responsible for Coastal Carolina University's compliance with the requirements of NCAA Bylaw 6.2.3.1 and supporting financial records and those internal controls related to compliance. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures and associated findings are as follows:

1. I obtained from the University's accounting department, the statement of operating revenues, expenditures, and other support, and notes thereto of the intercollegiate athletics program for the year ended June 30, 2004, as prepared by management of Coastal Carolina University and shown as Attachment A in this report. I recalculated the addition of the amounts on the statement, traced those amounts to management's worksheets and agreed the amounts on management's worksheets to the Athletic Department's accounts in the University's general ledger. I discussed the nature of the worksheet adjustments with management to satisfy myself that the adjustments were appropriate. I found no exceptions as a result of the procedures.
2. I examined guarantee contracts for all sports for fiscal year 2004. I compared the contract revenues to recorded revenues in the general ledger. I found one contract was understated by \$1,974 which, prior to deposit with the University Bursar, was deducted from the gross contract amount to pay for team travel expenses.
3. I obtained a schedule of Athletic Department salaries and agreed those amounts to the appropriate general ledger salary accounts. I estimated the related employer contributions expenditures using the University's average fringe benefits rates for comparably paid employees and compared our estimates with reported expenditures in the appropriate general ledger accounts. I found no exceptions as a result of the procedures.
4. I scanned the Athletic Department's contributions revenue accounts detail to identify each individual contribution received directly that constitutes more than ten percent of all contributions received for intercollegiate athletics. For the one such receipt, I reviewed the supporting documentation to determine if it was properly classified, if it was received from independent outside sources (those which don't have as one of their principal purposes the promotion and support of the intercollegiate athletics program), and to determine that the source and value of the contribution is disclosed in a footnote to the statement. I found no exceptions as a result of the procedures.

5. I obtained from the Athletic Department staff a list of all outside organizations not under the University's accounting control. The list included only the Coastal Carolina Booster Club, Inc (The Chanticleer Club). The Chanticleer Club has as its principal or one of its principal purposes the generating of resources for or on behalf of the University's intercollegiate athletics program or the promotion of the program. I also obtained descriptions of the University's methods for gathering information on the nature and extent of the Chanticleer Club's activities for or on behalf of the intercollegiate athletics program. I found no exceptions as a result of the procedures.

6. I obtained a copy of the Chanticleer Club's financial statements for the University's fiscal year from the University's accounting department. I agreed contributions to the University's athletics program per these statements to Chanticleer Club contributions per the University's general ledger, and I agreed in-kind contributions per the Chanticleer Club statements to in-kind contributions per the University's general ledger. I found no exceptions as a result of this procedure.

7. I obtained from the Assistant Athletic Director a listing of all expenditures made directly by the Chanticleer Club for or on behalf of the University's intercollegiate athletics program or employees and determined they are included as revenues and expenditures on the University's Athletic Department accounting records and its statement of revenues, expenditures and transfers. I found no exceptions as a result of the procedures.

8. From the Athletic Department cash receipts files for all sports, I selected 25 receipts for intercollegiate athletics and tested them to determine if they were properly recorded and classified in the accounting records based on our review of the supporting documentation. The items selected for testing were chosen randomly. The total of the selected items was 3.4% of the aggregate total of recorded receipts. I found no exceptions as a result of the procedures.

9. I asked management to describe specific elements of the University's internal control unique to the Athletic Department's accounting system and financial reporting.

a. I tested the items selected in 6 above to determine if they were complete and properly classified based on a review of the supporting documentation. I also tested these items to determine if internal control over the reporting of these revenues was operating as described. I found no exceptions as a result of the procedures.

b. I tested 25 expenditures recorded in expense accounts applicable to the Athletic Department to determine if these expenditures were complete, properly classified, and properly authorized based on a review of the supporting documentation and if internal control over the reporting of these expenditures was operating as described. The items were selected systematically from the 3,202 Athletic Department vouchers. The items selected were .0078% of the aggregate total of recorded expenditures. I found no exceptions as a result of the procedures.

c. I tested reported student activity fees revenue for reasonableness by comparing the recorded amount to our estimate of the fees using student enrollment and the fee per student per semester. I found no exceptions as a result of the procedures.

I was not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the specified areas, accounts, or items. Furthermore, I was not engaged to express an opinion on the effectiveness of internal controls over compliance described in paragraph one and procedures 1 - 9 of this report. Accordingly, I do not express such opinions. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the Governor, the Office of the State Auditor, the Board of Trustees and management of Coastal Carolina University, and authorized representatives of the National Collegiate Athletic Association, and is not intended to be and should not be used by anyone other than these specified parties.

Walda Wildman LLC

WALDA WILDMAN, LLC
Certified Public Accountant

COASTAL CAROLINA UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
STATEMENT OF OPERATING REVENUES, EXPENDITURES, AND OTHER SUPPORT
Year Ended June 30, 2004

	Football	Baseball	Men's Basketball	Men's Soccer	Women's Basketball	Other Sports	Non-Sport Specific	Total
Operating Revenues:								
Student Activity Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$4,037,472	\$ 4,037,472
Guarantees	-	5,000	147,000	3,000	7,350	450	-	162,800
Chanticleer Club Contributions	14,985	15,474	17,663	625	-	30,605	245,622	324,975
NCAA Program for Academic Enhancement*	-	-	-	-	-	-	-	-
NCAA Distributions	-	-	53,043	22,430	-	-	99,980	175,453
Big South Distributions	-	-	1,474	-	-	-	14,609	16,083
Gifts - Unrestricted	-	-	-	-	-	-	6,000	6,000
Sponsorships	-	-	820	-	-	7,490	194,381	202,691
Athletic Camps	-	-	-	-	-	-	14,413	14,413
Ticket Sales	271,718	8,024	20,091	285	-	-	-	300,118
Merchandise Sales/Logo Royalties	-	-	-	-	-	-	99,368	99,368
Inkind Gifts	18,600	-	15,325	-	4,200	53,100	4,600	95,825
Other	-	-	-	-	-	-	5,461	5,461
Total Revenues	305,303	28,498	255,417	26,340	11,550	91,644	4,716,446	5,440,658
Expenditures:								
Scholarships	507,313	238,908	238,568	172,605	244,397	1,237,619	60,709	2,700,119
Salaries	501,024	118,347	140,889	76,122	121,801	434,114	907,919	2,300,216
Fringe Benefits	126,302	29,834	40,014	21,224	35,614	122,708	245,438	621,134
Team Travel	39,100	65,351	80,935	43,829	35,770	262,072	10,390	537,447
Recruiting	20,613	15,381	19,669	11,982	11,436	46,713	4,026	129,820
Guarantees	-	11,744	9,927	-	5,647	8,613	1,000	36,931
Equip. Rentals and Leases	-	6,482	1,200	297	-	866	26,360	35,205
Equipment Purchase and Repairs	490	-	919	-	154	51	24,823	26,437
Insurance	1,484	259	318	-	158	-	43,725	45,944
Broadcasting Services	-	-	-	-	-	-	92,807	92,807
Game Officials	20,350	12,686	19,409	7,231	15,145	17,675	-	92,496
Other Services	44,163	201	11,937	3,623	4,767	33,866	181,370	279,927
Athletic Supplies	162,400	35,348	32,572	6,100	18,717	152,235	274,852	682,224
Athletics Merchandise	-	-	-	-	-	-	58,156	58,156
Administrative Expenses	14,432	5,541	11,151	2,730	4,449	15,812	74,198	128,313
Staff Travel	7,276	1,372	3,503	1,773	2,146	5,379	20,114	41,563
Printing and Advertising	2,852	517	1,004	87	591	2,594	52,848	60,493
Visiting Team / Tournament Expenses	-	-	-	-	-	6,268	-	6,268
Total Expenditures	1,447,799	541,971	612,015	347,603	500,792	2,346,585	2,078,735	7,875,500
Excess (Deficiency) of Operating Revenues								
Over (Under) Expenditures	(1,142,496)	(513,473)	(356,598)	(321,263)	(489,242)	(2,254,941)	2,637,711	(2,434,841)
Other Support:								
Transfers from Operating Fund of University	-	3,945	2,280	3,500	455	2,881	2,350,558	2,363,619
Athletics Fund Balance, beginning of year	-	-	-	-	-	-	150,284	150,284
Excess (Deficiency) of Operating Revenues	\$(1,142,496)	\$(509,528)	\$ 354,318)	\$(317,763)	\$(488,787)	\$(2,252,060)	\$,138,553	\$ 79,061

*NCAA Academic Enhancement FY 04 revenue received and recorded in June, 2003

COASTAL CAROLINA UNIVERSITY
NOTE TO INTERCOLLEGIATE ATHLETICS PROGRAM STATEMENT OF OPERATING REVENUES,
EXPENDITURES, AND OTHER SUPPORT
Year Ended June 30, 2004

1. INDIVIDUAL CONTRIBUTIONS EXCEEDING TEN PERCENT OF TOTAL CONTRIBUTIONS

Contributions and gifts to Coastal Carolina University's intercollegiate athletics program totaled 533,666. This amount is reported in Attachment A at the following captions:

Chanticleer Club Contributions	\$ 324,975
Gifts - Unrestricted	6,000
Sponsorships	<u>202,691</u>
	<u>\$ 533,666</u>

Individual contributions which exceeded 10 percent of the total contributions and the related donors included in the above amounts are as follows:

Chanticleer Club	\$ 324,975
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**COASTAL CAROLINA UNIVERSITY
AUDITORS' COMMENTS
Year Ended June 30, 2004**

CURRENT YEAR FINDINGS

When I compared the 2004 guarantee contract amounts with recorded guarantee revenues, I found that revenue for one contract was understated by \$1,974 because travel expenses were deducted from the guarantee payment before the balance was turned over to the University Bursar for deposit. I recommend that the Athletic Department discuss its policy against such a procedure with applicable coaches.

FOLLOW UP ON PRIOR YEAR FINDINGS

There were no prior year findings