

# COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA



*A nighttime view of the courtyard outside the School of Science and Mathematics' new building, opened January 2010*

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
*Included in the Higher Education Fund, an Enterprise Fund of the State of South Carolina*  
**FOR THE YEAR ENDED JUNE 30, 2010**

**PREPARED BY**  
**THE OFFICE OF THE CONTROLLER**  
**COLLEGE OF CHARLESTON**

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CHARLESTON, SOUTH CAROLINA**



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**COLLEGE OF CHARLESTON  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2010**

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# COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



*In January 2010, the College's School of Science and Mathematics opened a new 120,000SF science facility, which houses approximately 30 modern labs, faculty office and meeting space, and an exhibit space, which features a fossil collection on loan from a local Charleston resident. A special feature of the facility planning is the courtyard, which provides landscaped area – a compliment to the building's aesthetic quality (pictured on cover page).*

## INTRODUCTORY SECTION

**P. George Benson, President**

November 12, 2010

Dear Friends of the College of Charleston:

It is my pleasure to present the Comprehensive Annual Financial Report of the College of Charleston for the fiscal year ending on June 30, 2010. It documents the fiscal stability of the institution and our accountability in managing assets of the College. We have made progress on numerous fronts, including the opening of new facilities and the renovation of existing ones; completing the implementation of a new enterprise resource planning system; gaining approval for and beginning the implementation of our new 10-year Strategic Plan; and maintaining our competitive edge in the education marketplace.



The College's net assets of \$226.8 million grew by \$19.8 million, or 9.6%, in fiscal year 2010, demonstrating the institution's ability to maintain fiscal stability in spite of significant state budget cuts. We owe much of this to the remarkable efforts of our faculty and staff, who remain committed to constantly improving our efficiency and quality, and who help us acquire the resources needed for the College to meet and exceed its goals.

In January 2010, we opened the doors to two new facilities. First, our School of the Arts opened The Marion and Wayland H. Cato Center for the Arts. The 70,000 square-foot building features the Halsey Institute of Contemporary Art and studios for music rehearsal, dance, lighting, photography, and painting. The cost of the building was \$27 million. The state provided \$6 million, and the rest of the cost was paid for with \$600,000 in private money and \$20 million in tuition and fees.

Second, our School of Sciences and Mathematics opened its new building. The 117,000 square-foot facility features state-of-the-art research and teaching laboratories, offices, a 150-seat auditorium, several conference rooms, a rooftop green house, and a natural history museum. The museum, which is open to the public, features more than 2,000 fossils, including a cave bear and a saber-toothed tiger. The cost of the building was \$58 million. NASA contributed \$10 million of the cost, the state provided \$4 million, and \$44 million was paid for with tuition and fees.

In March 2010, our Office of Admissions moved into a renovated space that once housed our student cafeteria. Admissions was previously housed in several different buildings around campus.

The entire office has been consolidated, making coordination within the office much more efficient. The cost of the renovation was \$4.7 million, which was paid for with tuition and fees.

We are also moving forward to develop academic programs at Dixie Plantation. The property, which is located along the Stono River about 17 miles south of Charleston, was bequeathed to the College of Charleston Foundation in 1995 by the late conservationist, ornithologist, and artist John Henry Dick. The College's vision for the property revolves around environmental sciences and sustainability. We have used federal stimulus money to begin Phase One, which includes the development of a 4.2-mile interpretative nature trail; rebuilding of an old barn into an air-conditioned meeting space; and conversion of Dick's art studio and office into a museum.

In addition, we are close to completing the restoration of Randolph Hall, Cistern Yard, Towell Library, and Porter's Lodge – the historic structures and grounds that form the heart of our campus. The \$3.7 million project began in September 2009 and is scheduled to be completed by the end of the semester. The project was fully funded by the state.

Like all public colleges and universities in South Carolina, the College continues to cope with state budget cuts and a very weak economy. Over the past three years, the College's state appropriation has declined by 45%. At the start of the 2010 fiscal year, the state contributed 12.5% of the College's operating budget. By the end of the year, our state appropriation had declined to 11.6%. The state now contributes just 8.5% to the College's annual operating budget.

On October 16, 2009, our Board of Trustees approved the College's new Strategic Plan. The plan establishes a blueprint that will guide the College for the next decade and beyond. At the plan's heart are the College's three core values: academic excellence; student-focused community; and the unique history, traditions, culture, and environment of Charleston and the Lowcountry. Guided by these values, we will strive to establish a globally oriented campus culture that embraces innovation, entrepreneurship, philanthropy, diversity, and environmental sustainability.

While liberal arts and sciences education will remain our top priority, the College also will expand and pursue new undergraduate, graduate, and professional programs that take advantage of and support the assets of our unrivaled location in Charleston. Thus, programs called out in the plan include historic preservation, marine biology, African-American studies, environmental science and environmental policy, hospitality and tourism management, the arts, arts management, urban planning, global logistics and transportation, and Southern Jewish Studies. These programs will further differentiate the College from other universities in the state and nation.

The plan also calls for the adoption of a new financial model, which includes a combination of higher tuition; private funding and building a culture of philanthropy; corporate and government grants; and developing entrepreneurial, revenue-generating programs and activities.

We have already begun to implement some of the top priorities identified in the plan. These include hiring additional faculty and staff in key areas, upgrading our technological infrastructure, improving salaries for faculty who are significantly behind their market value, providing more resources for student experience programming, and significantly increasing financial aid. To that end, we have allocated an additional \$3 million toward financial aid, a 25% increase over the previous level.

To help cope with budget cuts and ensure that the College operates as efficiently as possible, we have developed a Comprehensive Program for Quality and Efficiency (CPQE). CPQE is a mechanism for the ongoing, internal review of quality and efficiency in the processes, management, offices, and programs of each campus division. The goal of CPQE is to identify opportunities for quality enhancement, productivity improvement, and cost containment. The initial phase of this review, to be completed by the end of the Spring Semester 2011, will focus on a bottom-up evaluation within each of the College's divisions. The second phase involves the establishment of an ongoing review cycle. It is possible that the College will seek outside expertise to help with the process. Quarterly reports on CPQE will be provided to the College's Board of Trustees.

But institutional performance is more than just the financial success and health of a university. For this academic year, the College received a record 14,000 applications for only about 2,000 slots. We currently have a total of 11,800 graduate and undergraduate students, allowing us to maintain relatively small class sizes. In December 2009, the College awarded nearly 600 undergraduate and graduate degrees. In May 2010, the College awarded more than 2,400 undergraduate and graduate degrees.

The College of Charleston ranks among the nation's best institutions for undergraduate education, according to *The Princeton Review*. Only about 15% of America's 2,500 four-year colleges are listed in the 2011 edition of "The Best 371 Colleges." In August 2010, Parade Magazine named the College to its "College A-List" as one of the top seven small state schools in the country. This well-deserved national recognition affirms the significant accomplishments and dedication of our faculty and staff.

Our distinguished faculty help set us apart from our competitors. The personalized education they provide our students is one of the College's defining attributes. Many of them are leaders in their respective fields and receive national recognition for their research, published findings, and general expertise. Our faculty includes Fulbright and Guggenheim fellows and National Science Foundation award winners.

In closing, I believe that the success of the College should be measured in terms of both its contributions toward specific academic goals and the broader benefits it brings to the life and culture of Charleston, the Lowcountry, and the State of South Carolina. We owe our successes to the hard work and support of the entire College of Charleston community. As we embark on a new era guided by our Strategic Plan, we envision even greater progress and achievement for this remarkable institution.

Sincerely,



**LETTER OF TRANSMITTAL**

November 12, 2010

**To President Benson,  
Members of the Board of Trustees, and  
Citizens of South Carolina**

**FORMAL TRANSMITTAL REQUIREMENTS**

We proudly present to you the Comprehensive Annual Financial Report (CAFR) for the College of Charleston for the year ended June 30, 2010. This report contains the financial statements as well as other information useful to those we serve and to whom we are accountable. The annual report encompasses three major sections, the Introductory, Financial, and Statistical, as well as all disclosures necessary for the reader to gain an understanding of the College's financial operations.

The *Introductory Section* offers insight regarding the organization, structure, and scope of operations of the College. It also provides a message from the President, this transmittal letter, listings of the members of the Board of Trustees, the Business and Finance Officers, and an organizational chart of the institution. The *Financial Section* presents management's discussion and analysis (MD&A) which, when read in conjunction with the financial statements and the notes to the financial statements, provide a more complete picture of the financial health of the institution. In addition to the financial statements and accompanying notes, this section includes the report of the independent auditors. The *Statistical Section* is the chief source of information regarding the College's economic condition. It is organized around five objectives which cover information on financial trends, revenue capacity, debt capacity, demographics and economics, and operations.

### Legal Requirement

As a lump-sum agency of the State of South Carolina, the College is required to provide a complete set of audited financial statements by October of each year for incorporation into the state-wide Comprehensive Annual Financial Report. This report fulfills that requirement for the period ending June 30, 2010.

### Assumption of Responsibility

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, is assumed by the College of Charleston. We believe that, to the best of our knowledge and based upon a strong system of internal controls, the data contained herein is accurate in all material respects and is reported in a manner designed to present fairly the College's financial position as well as revenues, expenses, changes in net assets, and cash flows.

### Internal Control

The management of the College is responsible for the establishment and maintenance of internal control policies and procedures designed to safeguard the College's assets. As part of this responsibility, the management ensures that its financial statements are prepared in conformity with generally accepted accounting principles (GAAP). In addition, reasonable controls are in place to ensure that: access to the College's assets is granted only with appropriate management authorization; transactions are executed in accordance with the authorization of management; transactions are recorded promptly and based on criteria applicable to state guidelines, GAAP, GASB (Governmental Accounting Standards Board), and as developed by the National Association of College and University Business Officers; and general ledger accounts are reconciled timely.

The College of Charleston's Office of Internal Audit periodically reviews procedures and issues reports with recommended improvements to the system. This office reports directly to the Executive Vice President for Business Affairs. Annual audits are conducted by independent auditors with testing to ensure the adequacy of internal controls and the College's compliance with applicable laws and regulations.

### Independent Audit

Audits are conducted on an annual basis by an independent audit firm. For the fiscal year ended 2010, the audit was conducted by ElliottDavis, LLC. The audited report appears in the front of the Financial Section and expresses an unqualified opinion on the College's financial statements.

Furthermore, ElliottDavis, LLC audits the College's federal programs to ensure compliance with the requirements of the Single Audit Act of 1984 as provided under Federal Circular A-133 for federal grants and contracts. In accordance with NCAA (National Collegiate Athletic Association) Bylaw 6.2.3.1, ElliottDavis will perform the

audit work of the agreed upon procedures of the College's Department of Athletics. The most recent audits (Fiscal Year 2009) detected no institutional liabilities related to the College's federal and athletic programs. Finally, the College is audited on a periodic basis by the S. C. Budget and Control Board Division of General Services to ensure compliance with the provisions of the South Carolina Procurement Code.

#### Reference to MD&A

The letter of transmittal complements and should be read in conjunction with the Management's Discussion and Analysis (pages 23-35). The discussion focuses on recent activities, accounting changes, and currently known facts.

### **PROFILE OF GOVERNMENT**

#### Basic Information

The College of Charleston is a state-supported, co-educational institution of higher education. The Board of Trustees is the governing body for the College and is responsible for the administration and management thereof. Founded in 1770, and chartered in 1785, the College is the oldest institution of higher education in South Carolina and the thirteenth oldest in the United States. Today this thriving academic institution offers a superlative liberal arts and sciences education for more than 11,000 undergraduate and graduate students.

The College of Charleston is committed to attracting the most promising students from South Carolina as well from other states and nations. The average combined SAT scores of entering freshmen for the Fall 2009 was 1,212, far exceeding the state and national averages. Out-of-state and international students comprise 35% of the student enrollment with 50 states and U. S. possessions and 66 foreign countries represented.

#### Component Units

The College of Charleston and its graduate school are considered to be part of the State of South Carolina primary entity. The funds of the College of Charleston are included in the Comprehensive Annual Financial Report of the State of South Carolina. In addition, the College of Charleston Foundation and the Cougar Club are component units of the College whose financial statements are discretely presented in the College's CAFR.

#### Budget

The College prepares on an annual basis a budget that provides reasonable estimates of revenues and expenditures. The budgetary process encompasses all operating budgets of the College to include educational and general activities, the operations of auxiliary enterprises, all sponsored program activities, and all capital projects. Executive

management, academic officials, and department heads develop a programmatic budget and present it to the Board of Trustees for approval. Using a comprehensive account classification and tracking system, the responsibility for budgetary control rests at the departmental level with appropriate oversight provided by the executive management of the College. Any adjustments, and/or revisions to the budget, are approved by the Board on a quarterly basis.

Finally, the College prepares annual budgetary reports that are available to the General Assembly of South Carolina and the public for review. These reports provide information that demonstrates the ability of the College to accomplish its mission in a manner that ensures legislative compliance and prudent management of public funds.

## **INFORMATION USEFUL FOR ASSESSING THE ECONOMIC CONDITION**

### *Local economy*

The five major industries located within South Carolina that account for more than 70% of the 1.828 million jobs include government; trade, transportation and utilities; manufacturing (food, textiles, paper, computer and electronic products, only to name a few); educational and health services; and professional and business services. The leisure and hospitality industry employing more than 200,000 workers reflects a significant presence and an impact on the State's economy as well.

The State's economy is slowly recovering from one of the longest and deepest financial downturns in its history. During the past ten years, the State's unemployment rate rose from 3.6% in 2000 to 11.0% in 2010<sup>1</sup>. However, the advanced economic indicators for the State are improving as evidenced by the Coincident Index (total non-farm employment, unemployment rate, inflation-adjusted retail sales, and man-hours in manufacturing establishments), display a sustained upward trend, and suggest expansion of the economy.<sup>2</sup> Total seasonally adjusted non-farm employment increased from 1.808 million in September 2009 to 1.820 million in September 2010. Meanwhile, the current unemployment rate has hovered around 11.0% for the past several months and shows a consistent decline since the start of the year at 12.1%. Another sign of the rising economy is the decline in the number of initial claims for jobless benefits. South Carolinians filed 5,289 initial jobless claims at the beginning of November 2010 which reflects a sharp decrease since January 2010, when 18,225 were filed. According to the latest data, inflation-adjusted (real) retail sales vaulted 25.0% to \$6.344 million in September when compared to a year earlier.

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<sup>1</sup> *South Carolina's Employment Situation September 2010*, Released: October 22, 2010, S. C. Department of Employment and Workforce; Labor Market Profile South Carolina, S. C. Department of Employment and Workforce-Labor Market Information Department

<sup>2</sup> <http://sceconomicstrends.moore.sc.edu/wordpress/>, University of South Carolina – Darla Moore School of Business

Furthermore, the steady improvement in the South Carolina leading index reveals a recovery in the economy. In August 2010, the South Carolina leading index was 104.57% and reflects a 4.42 % increase in comparison to the prior period. Seasonally adjusted unemployment insurance claims dropped 27.6% to 24,856. Two other indicators that track the state of the manufacturing sector also showed gains in September. The seasonally adjusted average manufacturing workweek increased one percent while inflation-adjusted earnings increased 4.2%. Finally, the Conference Board leading indicator for the United States (one last component of the South Carolina leading index) reached its highest value for the year with an increase of 7.1 percent in August 2010.

During 2010, South Carolina has shown clear and consistent signs of economic recovery from the recession that began in 2007.<sup>3</sup> The unemployment rate that peaked at a seasonally-adjusted value of 12.5% in January 2010 fell to 11.0% in September 2010. Other signs of economic recovery, since the beginning of 2010, include increasing numbers of online job postings, increasing building permit activity and increasing export and import volume at the Port of Charleston. Aside from the challenges born from the national recession and global economic crisis, South Carolina has attracted in excess of 18,000 jobs in 2009 and 67,000 jobs over the last four years, drawing more jobs through industrial recruitment than any other state in the southeast. Finally, a chart of projected occupational growth rates between 2006 and 2016 illustrates 27%.0 in healthcare support, 16.3% in education, training and library, and 14.5% in business and financial operations.

Several critical factors promote our State's industrial expansion including the low cost of doing business (lowest priced industrial electricity rates, lower labor cost, lowest corporate tax rate in the country) and an infrastructure (the deep-water Port of Charleston with access to 75% of the country's population within 1,000 miles; an efficient rail system and five interstate highways) that facilitates growth in exporting industries, transportation, warehousing and distribution. In summary, with a robust, fast-growing workforce and one of the lowest unionization rate in the country, several highly-ranked research universities and sixteen technical colleges make South Carolina's workforce its most important economic development asset. Future employment growth in high technology manufacturing (e.g. the Boeing Charleston Factory), scientific (e.g. Clemson University wind turbine research site), management and consulting services, healthcare and the broad transition from production related occupations to service occupations all necessitate investment in technical and higher education to continue a course of economic growth.

### Long-term Financial Planning

Future capital acquisitions of the College will encompass the build-out of the second floor of the new science center, renovation of the Rita Hollings Science Center, renovation of the Simons Center and renovation of several historic houses. Moreover, a new facilities master plan is scheduled for release by the end of 2011 and will consider

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<sup>3</sup> *South Carolina Economic Indicator Report*, Department of Commerce, Research Division, June 2010

needs outlined in the Strategic Plan and other academic, administrative, research, or auxiliary space deficiencies identified from space analyses.

A recently-approved Strategic Plan (see below the *Major Initiatives* section) outlines funding requirements to carry out its goals and strategies. The plan involves the development of a new financial model that promotes more aggressive external fundraising; new attention to securing grant funding for teaching, research, and related activities; and careful management of enrollment and tuition.

### Relevant Financial Policies

It is noteworthy to mention at least three other policies that impact the budgetary process. These policies cover debt, cash, and risk management issues.

First, the College has developed a comprehensive debt management strategy to provide guidelines relative to acceptable levels of debt and to formulate a mechanism for calculating and monitoring debt while being cognizant of the effect of long-term borrowing on its credit rating. The College will manage debt on a portfolio basis. Its continuing objective to achieve the lowest cost of capital will be balanced with the goal of limiting exposure to market shifts. The College will manage its credit to maintain the highest acceptable rating which will permit the College to issue debt and finance capital projects at favorable interest rates while meeting its strategic objectives. Overall debt will be limited to a level that will maintain an acceptable credit score with the bond rating agencies.

Secondly, as a state agency, the investment of funds is vested with the State Treasurer of South Carolina. Other than certain approved petty cash funds and two loan funds, all cash is held in a cash management pool administered by the State Treasurer. By law, the College is allowed to earn interest income on revenues derived from the operations of its residence halls, parking, and food services. Certain debt service funds also managed by the State Treasurer allow interest earnings to the credit of the College. All other interest earned from the investment of College and related fees are retained by the State Treasurer and credited to the State General Fund.

Thirdly, the College participates in a statewide risk management program in which the state assumes substantially all risks for unemployment and workers' compensation benefits and claims of covered employees for health, dental, and group life insurance benefits. In addition, the College pays premiums to the South Carolina Insurance Reserve Fund to cover the risk of loss related to the assets and activities including real and personal property. The College also obtains employee fidelity bond insurance coverage from a commercial insurer.

### Major Initiatives

In October 2009, the Board of Trustees and the President approved the new Strategic Plan for the College of Charleston. It lays out the vision for the year 2020 which

combines the student focus of a small teaching institution with the breadth of opportunities characteristic of a research university. The five major goals are to:

- Provide students a highly-personalized education based on a liberal arts and sciences core and enhanced by opportunities for experiential learning.
- Develop or enhance nationally-recognized undergraduate, graduate, and professional programs in areas that take advantage of our history, culture, and location in Charleston and contribute to the well-being of the region.
- Provide students with global and interdisciplinary perspectives necessary to address the social, economic, environmental, ethical, scientific, and political issues of the 21<sup>st</sup> century.
- Establish and promote a vibrant campus-life atmosphere dedicated to education of the whole person through integration of curricular and co-curricular or extracurricular activities.
- Achieve financial security by creating a new financial model for the College of Charleston.

By the end of 2011, the Strategic Plan outlines, as a component of one strategy, development of a new facilities master plan intended to guide the future physical growth of the campus.

## **AWARDS AND ACKNOWLEDGEMENTS**

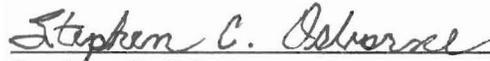
### *Certificate of Achievement for Excellence in Accounting Reporting*

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the College of Charleston for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009. In order to be awarded a Certificate of Achievement, an entity must publish an easily readable and efficiently organized report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

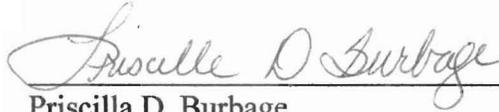
A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to meet the Certificate of Achievement program requirements. We are submitting it to the GFOA to determine its eligibility for another certificate.

### *Acknowledgments*

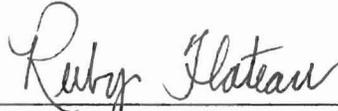
We wish to thank the Board of Trustees and the President of the College for their continued commitment to the fiscal management of the College. Likewise, we wish to thank the members of the College community whose cooperation made the successful close of the fiscal year possible.



Stephen C. Osborne  
Executive Vice President for Business Affairs



Priscilla D. Burbage  
Vice President for Fiscal Services



Ruby Flateau, M.B.A.  
Controller



Kenneth "Rick" Mims, C. P. A.  
Fiscal Manager

**COLLEGE OF CHARLESTON  
BOARD OF TRUSTEES  
2009- 2010**

James F. Hightower  
Member-At-Large

John B. Wood, Jr.  
Fourth District

Marie M. Land, Chair  
Sixth District

William D. Johnson  
Fifth District

J. Philip Bell, Secretary  
Third District

G. Lee Mikell  
Second District

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Member-At-Large

Lawrence R. Miller  
Fourth District

John H. Busch  
Second District

Annaliza Oehmig Moorhead  
Third District

Demetria Noisette Clemon  
Sixth District

Gregory D. Padgett  
Governor's Appointee

Dr. L. Cherry Daniel  
First District

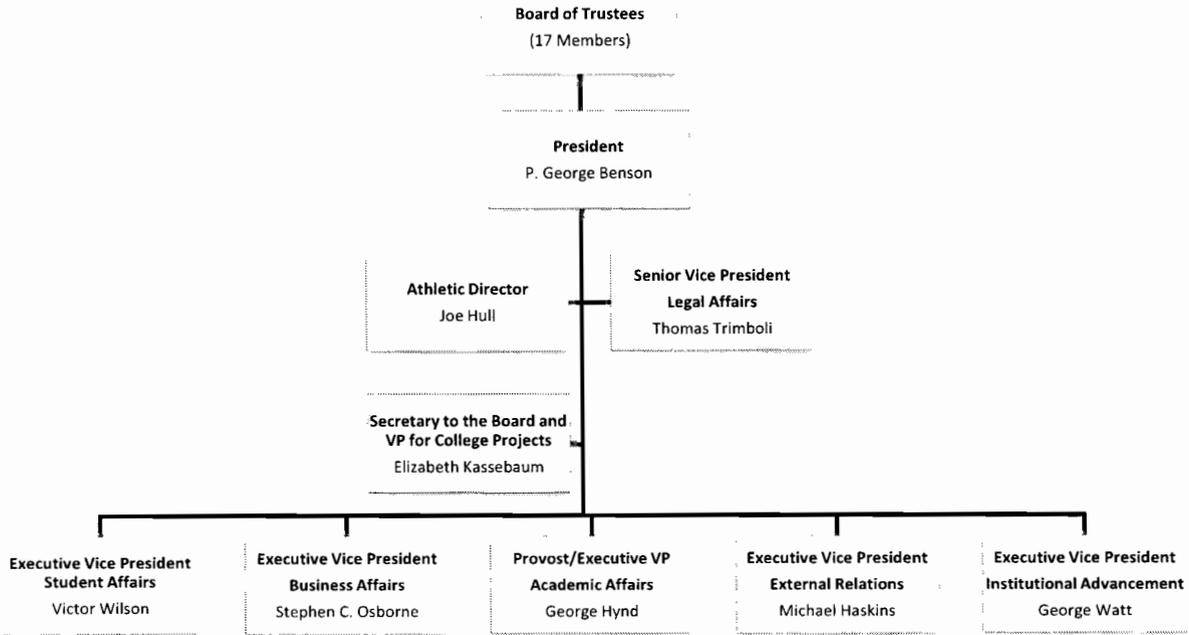
Dr. Sam Stafford, III  
Governor's Designee

Frank M. Gadsden  
Fifth District

Joseph F. Thompson, Jr.  
First District

Daniel Ravenel  
Member-At-Large

**College of Charleston  
President's Office  
Organizational Structure**



**COLLEGE OF CHARLESTON  
BUSINESS AND FINANCE OFFICERS  
2009-2010**

Stephen C. Osborne  
Executive Vice President for Business Affairs

Priscilla Burbage  
Vice President for Fiscal Services

Ruby Fleteau, M.B.A.  
Controller

Kenneth "Rick" Mims, C.P.A.  
Accounting Fiscal Manager

Samuel B. Jones  
Director of Budgeting and Payroll Services

Gail E. Long, C.P.A.  
Audits Manager

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

College of Charleston  
South Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

## COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



*The Halsey Institute of Contemporary Art is administered by the School of the Arts and housed in the Marion and Wayland H. Cato Jr. Center for the Arts, which opened in January 2010. The Institute exists to advocate, exhibit, and interpret visual art, with an emphasis on contemporary art. The Institute is committed to providing a direct experience with works of art in all media within an environment that fosters creativity, individuality, innovation and education.*

## FINANCIAL SECTION



## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Trustees  
The College of Charleston  
Charleston, South Carolina

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of The College of Charleston, a department of the State of South Carolina, as of and for the year ended June 30, 2010, which collectively comprise The College of Charleston's basic financial statements as listed in the table of contents. These financial statements are the responsibility of The College of Charleston's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of The College of Charleston Foundation (a discretely presented component unit). The College of Charleston Foundation's financial statements reflect 97% of total assets, 97% of net assets, and 89% of total revenues of the discretely presented component units. Those financial statements were audited by another auditor whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for these discretely presented component units, are based solely on the reports of the other auditor.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the discretely presented component units were not audited in accordance with Government Auditing Standards issued by the Comptroller General of the United States. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of The College of Charleston are intended to present the financial position, and the changes in financial position and cash flows, of only that portion of the business-type activities of the State of South Carolina that is attributable to the transactions of The College of Charleston. They do not purport to, and do not, present fairly the financial position of the State of South Carolina as of June 30, 2010, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component units of The College of Charleston as of June 30, 2010, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2010 on our consideration of The College of Charleston's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant 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* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis as listed in the accompanying table of contents is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The introductory section and the statistical section as listed in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basis financial statements, and accordingly, we express no opinion on them.

*Elliott Davis, LLC*

Greenwood, South Carolina  
November 12, 2010

**COLLEGE OF CHARLESTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010**

**Introduction**

The College of Charleston's Management Discussion and Analysis (MD&A) presents an overview of its financial condition and guides the reader toward significant financial matters for the year ended June 30, 2010. Management has prepared the discussion and recommends reading it in conjunction with the accompanying financial statements and notes. The responsibility for the financial statements, notes, and this discussion rests with management.

**Financial and Other Highlights**

- Net assets of \$226.8 million in fiscal year 2010 grew by \$19.8 million or 9.6% in comparison to 2009.
- State appropriations totaling \$24.8 million in 2010 decreased by \$2.4 million or 8.9% from the prior year's appropriations.
- Tuition and fee revenue of \$108 million for 2010 reflects an extra \$9.6 million, up approximately 9.8% in relation to fiscal year 2009.
- Scholarship awards of \$12.2 million in 2010 denote an augmentation of 14.6% from 2009.
- Total operating expenses of \$189.9 million in 2010 show an added 3.5% in contrast to 2009.
- The College opened its new science center and Cato Center for the Arts as well as the newly renovated, reconfigured Johnson Center.

- Substantial completion of the enterprise resource planning (ERP) system, replacing the legacy financial, human resources and student information systems, occurred during this fiscal period.

**Using the Annual Financial Report**

The annual financial report encompasses three financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows. These financial statements are prepared according to the Governmental Accounting Standards Board (GASB), Statement No. 34 and 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. They focus on the financial condition of the College, the results of operations, and its cash flows as a whole.

The three financial statements, similar to those of the private sector, should assist the reader of the annual report in assessing whether the College's overall financial condition (the Statement of Net Assets) has improved or deteriorated as a result of current year's financial activities (the Statement of Revenues, Expenses and Changes in Net Assets). In addition, the financial statements will help the reader ascertain whether the College can meet its financial obligations. The Statement of Cash Flows displays information related to both inflows and outflows of cash and further classifies

activities by operating, non-capital financing, capital and related financing, and investing. Moreover, it answers the questions as to whether the institution is generating any extra cash that can be used to repay debt or to invest in new services, and whether the institution is generating enough cash to purchase the additional assets required for growth and maintenance. The elimination of internal service fund transactions ensures that only transactions external to the College are shown in the statements. The following discussion elaborates further on the components and relationships of the three statements.

First, the **Statement of Net Assets** (the balance sheet) is separated into current and non-current assets and liabilities. Current assets convert to cash within one year and for the College consist mainly of cash and receivables. Current liabilities will settle within one year and consist primarily of payables, deferred revenues and accrued compensation. This data provides information on assets available to continue the operations; amounts due to vendors, investors, lending institutions; and the net assets available for expenditure by the College. All depreciable capital assets are reported net of accumulated depreciation. The College does not report any infrastructure assets as a separate line item.

In addition, the **Statement of Net Assets** presents three major categories of net assets. The first category, invested in capital assets, net of related debt, illustrates the College's equity in property, plant, and equipment. The next category displays the restricted net assets subdivided into expendable and nonexpendable. The amount of nonexpendable restricted resources is

available solely for investment purposes. Expendable restricted net assets are available for expenditure but must be spent for purposes as determined by donors and/or external entities based on the defined restrictions. The final category is unrestricted net assets which may be expended for any lawful purpose of the institution.

Secondly, the **Statement of Revenues, Expenses and Changes in Net Assets** presents the sources of revenue, types of expenses, gains or losses, and changes in net assets. Revenues and expenses are categorized as either operating or non-operating. Significant recurring sources of the College's revenues, including state appropriations, gifts, and investment income (loss) are considered non-operating. The dependence of public educational institutions on state funding, therefore, will normally result in operating deficits. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the College. Operating revenues are classified in five major areas: student tuition and fees; federal, state, and local grants and contracts; auxiliary enterprises; student organization revenues; and other sources.

Scholarships and fellowships applied to student accounts are shown as a reduction of student fee revenues, while stipends and other payments made directly to students continue to be presented as scholarship and fellowship expenses.

Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Operating expenses are mainly attributable to salaries and benefits for the faculty and staff of the College. Other elements included in operating expenses are supplies and materials, utilities, scholarships and fellowships, and depreciation.

Non-operating revenues are monies received for which goods and services are not provided. State capital appropriations as well as capital improvement bond proceeds are considered neither operating nor non-operating revenues and are reported after "Income before other revenues, expenses, gains or losses."

Lastly, the ***Statement of Cash Flows*** presents detailed information about the cash activity of the College during the year and is divided into five sections. The operating section shows the net cash used by the operating activities of the College.

The second section presents cash flows from non-capital financing activities and reflects the cash received and spent for non-capital financing purposes. Cash used for the acquisition and construction of capital and related items is detailed in the cash from capital and related financing activities section. The section on cash flows from investing activities shows the interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets. This

reconciliation is detailed in the financial statements of the College and is not included in this analysis.

As required by GASB, the Statement of Cash Flows was produced using the direct method. Under the direct method, net change in cash is determined by adjusting each item in the income statement from the accrual basis to cash.

## Statement of Net Assets

The Statement of Net Assets, which details all assets and liabilities of the College, indicates the financial position of the College at the end of the fiscal year. Net assets illustrate the difference between total assets and total liabilities.

The change in net assets during the fiscal year is an indicator of the change in the overall financial condition of the College during the year. A synopsis of the College's assets, liabilities, and net assets as of June 30, 2010 and 2009 follows.

### Condensed Statement of Net Assets

	2010	2009	Increase (Decrease)	Percent Change
<b>Assets</b>				
Current assets	\$ 96,725,654	\$ 95,420,703	\$ 1,304,951	1.4%
Capital assets, net of depreciation	360,147,181	348,108,161	12,039,020	3.5%
Other non-current assets	6,486,889	6,529,183	(42,294)	-0.6%
<b>Total Assets</b>	<b>\$ 463,359,724</b>	<b>\$ 450,058,047</b>	<b>\$ 13,301,677</b>	<b>3.0%</b>
<b>Liabilities</b>				
Current liabilities	\$ 62,454,148	\$ 62,575,949	\$ (121,801)	-0.2%
Non-current liabilities	174,106,324	180,466,420	(6,360,096)	-3.5%
Total Liabilities	\$ 236,560,472	\$ 243,042,369	\$ (6,481,897)	-2.7%
<b>Net Assets</b>				
Investments in capital assets, net of debt	\$ 160,358,338	\$ 156,436,699	\$ 3,921,639	2.5%
Restricted -- nonexpendable	1,047,210	1,139,931	(92,721)	-8.1%
Restricted -- expendable	49,130,975	35,448,148	13,682,827	38.6%
Unrestricted	16,262,729	13,990,900	2,271,829	16.2%
<b>Total Net Assets</b>	<b>\$ 226,799,252</b>	<b>\$ 207,015,678</b>	<b>\$ 19,783,574</b>	<b>9.6%</b>

A 9.6% growth in the **Total Net Assets** illustrates that the College remains financially sound even throughout recent years of severe economic downturns. During fiscal year 2010, the balance of total net assets of \$226.8 million grew by \$19.8 million. Restricted-expendable net assets experienced the highest level of expansion mostly due to an increase in the funds restricted for capital projects and debt service.

Unrestricted net assets of \$16.3 million increased \$2.3 million or 16.2%. Increases in cash, from revenue streams consisting of student tuition and

fees along with sales of auxiliary services, contributed to the growth in unrestricted net assets.

The aggregation of fund balances in the amount of \$160.4 million for investments in capital assets, net of related debt trails third showing an addition of \$3.9 million or 2.5% growth. The total balance represents capital asset accounts (minus debt) of the College's real, personal, and intangible property. The College's capital assets include land and property in an area of approximately 11 city blocks in the center of downtown Charleston. The

increase in the respective net asset balance is a result of the completion of capital projects (new science center, Cato Center for the Arts, the Johnson Center, and the ERP system).

Restricted nonexpendable net assets represent the College's permanent endowments. The College is the recipient of two permanent endowments totaling \$1.0 million from the South Carolina Commission on Higher Education.

**Total Assets** of \$463.4 million have increased by \$13.3 million or 3.0% from last year to the current period. The \$12.0 million increase in capital assets explains the majority of the growth. In particular, the net addition of \$14.0 million in capital expenditures spent to complete the new science center, the Cato Center for the Arts, and the Johnson Center less accumulated depreciation of approximately \$1.8 million accounts for most of the growth.

In regard to total current assets, the receivable balances for grants and contracts increased by approximately \$1.5 million (98.8%) primarily as a result of timing issues related to the posting of cash drawdowns and the new ERP system's processing of grant billings and receivables. Contributing to the increase in revenue was an increase of 7% in tuition and related fees and the receipt of \$4.7 million in American Recovery and Reinvestment Act (ARRA) State Fiscal Stabilization Act (stimulus) Funds creating additional revenue of roughly \$6.8 million and \$4.7 million respectively.

**Total Liabilities** of \$236.6 million decreased by 2.7%. Current liabilities had a marginal decrease while noncurrent liabilities decreased by \$6.4 million. The decrease in noncurrent liabilities is attributable mostly to scheduled principal payments of approximately \$6.2 million on outstanding debt.

In summary, the changes in total net assets provide an important indicator of the financial health of the College but should be considered in conjunction with other non-financial factors. Non-financial factors include the quality of applicants, student retention rates, building conditions, and campus safety.

## Statement of Revenues, Expenses, and Changes in Net Assets

The results of the operations of the College are shown in the Statement of

Revenues, Expenses and Changes in Net Assets which follows.

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### Condensed Statement of Revenues, Expenses, and Changes in Net Assets

	2010	2009	Increase (Decrease)	Percent Change
<b>Revenues:</b>				
Tuition and fees*	\$ 108,008,885	\$ 98,406,287	\$ 9,602,598	9.8%
Federal, state, and local grants and contracts	26,218,018	29,978,321	(3,760,303)	-12.5%
Auxiliary services*	36,453,029	36,531,163	(78,134)	-0.2%
Other	3,297,018	3,881,416	(584,398)	-15.1%
Total Operating Revenues	<u>\$ 173,976,950</u>	<u>\$ 168,797,187</u>	<u>\$ 5,179,763</u>	3.1%
State appropriations	\$ 24,766,325	\$ 27,172,853	\$ (2,406,528)	-8.9%
Federal grants and contracts	12,576,494	4,582,622	7,993,872	174.4%
Gifts	2,181,187	2,239,046	(57,859)	-2.6%
Auxiliary enterprises interest income	301,221	304,596	(3,375)	-1.1%
Interest/ investment income	3,456,998	2,406,887	1,050,111	43.6%
State grants and contracts	-	35,000	(35,000)	-100.0%
Non governmental grants and contracts	538,774	439,982	98,792	22.5%
Capital appropriations	1,108,157	1,122,244	(14,087)	-1.3%
Capital gifts	165,000	-	165,000	100.0%
Total Non-operating Revenues	<u>\$ 45,094,156</u>	<u>\$ 38,303,230</u>	<u>\$ 6,790,926</u>	17.7%
Total Revenues	<u>\$ 219,071,106</u>	<u>\$ 207,100,417</u>	<u>\$ 11,970,689</u>	5.8%
<b>Expenses:</b>				
Personnel cost	\$ 89,415,174	\$ 86,845,850	\$ 2,569,324	3.0%
Benefits	22,901,295	22,541,308	359,987	1.6%
Services, supplies and others	43,541,270	45,972,665	(2,431,395)	-5.3%
Utilities	7,457,697	6,758,962	698,735	10.3%
Scholarships and fellowships	12,175,798	10,623,310	1,552,488	14.6%
Depreciation and amortization	14,373,202	10,620,675	3,752,527	35.3%
Total Operating Expenses	<u>\$ 189,864,436</u>	<u>\$ 183,362,770</u>	<u>\$ 6,501,666</u>	3.5%
Interest on capital assets and related debt	\$ 9,387,583	\$ 6,947,934	\$ 2,439,649	35.1%
Loss on sale or disposal of assets	35,513	102,814	(67,301)	-65.5%
Total Non-operating Expenses	<u>\$ 9,423,096</u>	<u>\$ 7,050,748</u>	<u>\$ 2,372,348</u>	33.6%
Total Expenses	<u>\$ 199,287,532</u>	<u>\$ 190,413,518</u>	<u>\$ 8,874,014</u>	4.7%
<b>Change in Net Assets</b>	\$ 19,783,574	\$ 16,686,899	\$ 3,096,675	18.6%
<b>Net Assets, Beginning</b>	207,015,678	190,328,779	16,686,899	8.8%
<b>Net Assets, Ending</b>	<u>\$ 226,799,252</u>	<u>\$ 207,015,678</u>	<u>\$ 19,783,574</u>	9.6%

\* Net of scholarship discounts and allowances

For fiscal year 2010, the Statement of Revenues, Expenses, and Changes in

Net Assets reflects a net asset balance of \$226.8 million, an augmentation of \$19.8

million or 9.6% in comparison to 2009. Total revenue summed to \$219.1 million while total expenses excluding interest on debt and the loss on disposal of capital assets added up to \$189.9 million. The primary streams of revenue sources consist of tuition and fees, grants and contracts, auxiliary services, and state appropriations.

Tuition and related fees of \$108.0 million comprise the largest part of the total operating revenues. Tuition and related fees increased by 7% for in-state students and out-of-state students during this fiscal year. For both fiscal years 2010 and 2009 tuition and fees make up 49.4% and 47.5% respectively as the composition of total revenue.

State appropriations encompass 11.3% or \$24.8 million of the total revenue. The total of State appropriations was reduced by 13.3% or \$3.8 million. Of that amount, \$2.4 million or 8.7% represents budget cuts taken throughout the 2010 fiscal year. It should be noted that an additional reduction of approximately \$1.4 million occurred at the end of fiscal year 2009 and resulted in a decrease of the 2010 beginning year original appropriation. Finally, other decreases are explained by the cuts to special items including the Low Country Graduate Center, the Academic Endowment, and the Access and Equity Program.

Federal and state grant revenue at \$38.6 million reflects an 11.8% or \$4.1 million expansion in funds. The majority of this additional revenue came from the American Recovery and Reinvestment Act (ARRA) State Fiscal Stabilization Act (stimulus) Funds by way of the U. S. Department of Education. Additionally, the National Science Foundation awarded

to the College roughly \$93 thousand for research projects.

Revenues from the auxiliary systems produce 16.6% or \$36.4 million of the total revenue and show a moderate decrease of \$0.1 million, down by 0.2% in contrast to 2009. Auxiliary services generated 17.6% of the total revenue during 2009. Sales and services of auxiliary enterprises are comprised of athletics, health services, bookstore commissions, rentals, student housing, food services, vending, and parking. Declines in revenue totaling \$0.6 million are reflected in food services, parking, athletics, and health services programs. Only the housing services experienced moderate growth of \$0.6 million.

Total operating expenses reported for 2010 were \$189.9 million. Personnel costs and benefits comprise most of the operating expenses of the College. Approximately \$112.3 million or 59.1% of the total operating expenses covered employee compensation and benefits for the fiscal year. Operating expenses increased by 3.5% or \$6.5 million due mostly to increases in overall personnel costs, scholarships and fellowships, and depreciation and amortization. Personnel costs show an increase of \$2.6 million. Faculty received pay adjustments for promotion and tenure while more funding was allocated for additional adjunct faculty and market adjustment to adjunct pay scales to be competitive. Several staff lines were added and some temporary employees were converted to permanent status. Depreciation and amortization increased by 35.3% due to the completion of capital asset projects including the new science center, the Cato Center for the Arts, the Johnson Center and the enterprise resource

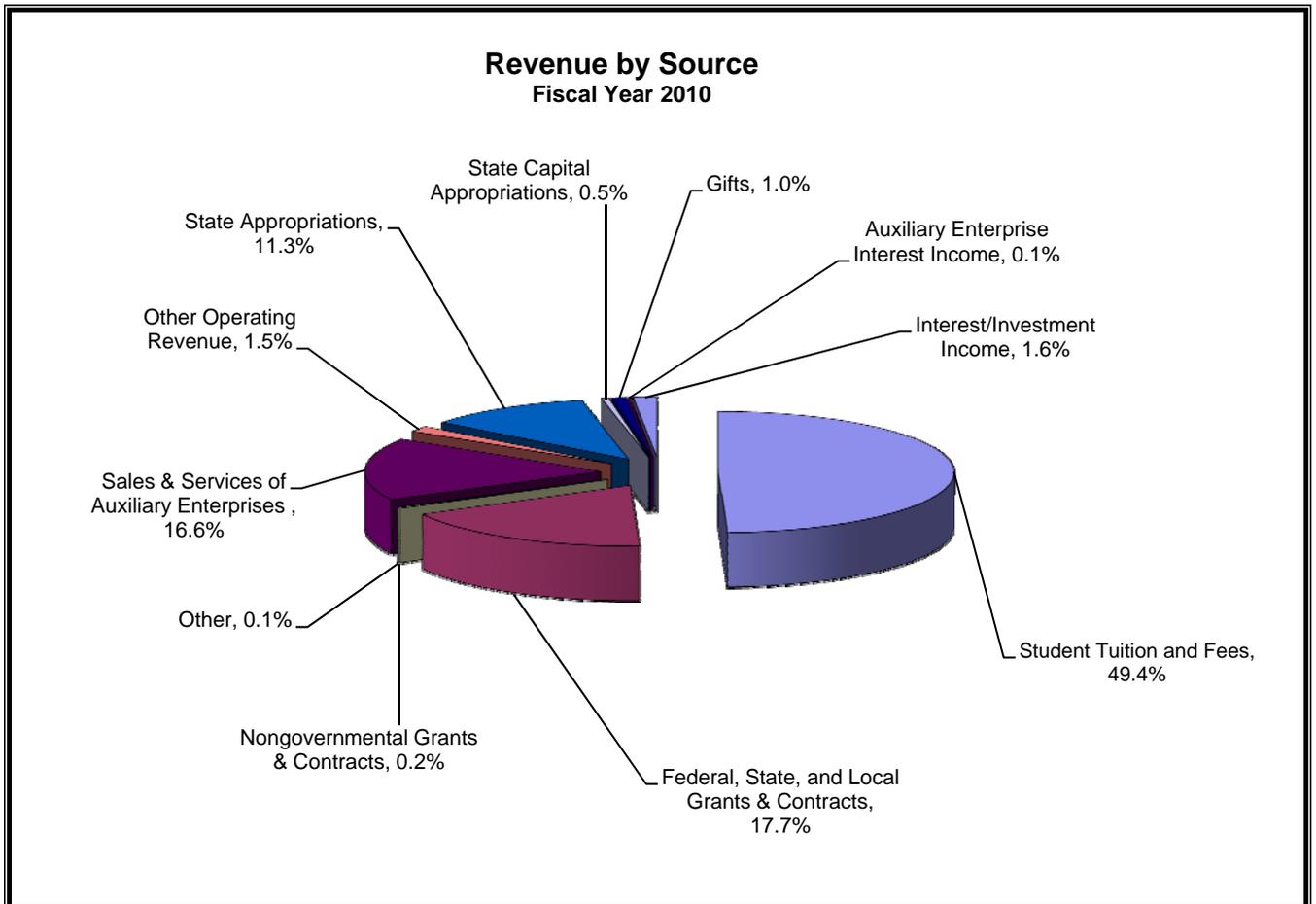
planning system. Scholarships and fellowships grew by 14.6% as a result of more students receiving financial assistance due to the continued downturn in the economy

Other significant changes include the interest/investment income and interest expense. Interest income was \$3.5 million at the end of fiscal year 2010, up roughly \$1.1 million from fiscal year 2009. In addition, interest on capital assets and related debt show an increase of 35.1% or \$2.4 million. Interest expense increased as several capital projects were

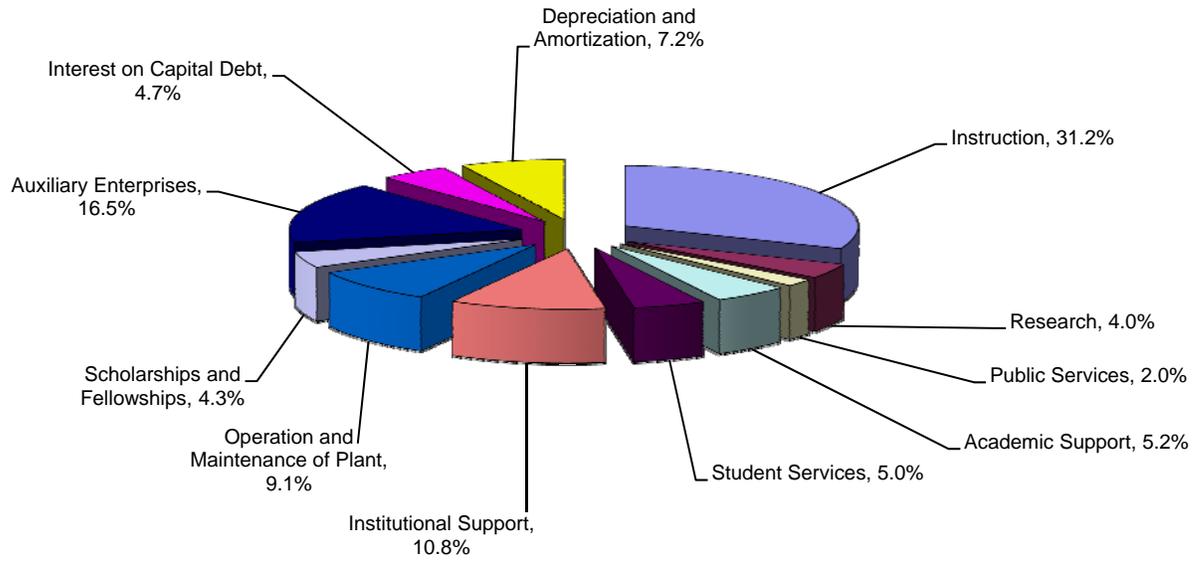
placed into service during the current fiscal year and the associated interest on these projects was no longer capitalized. Gifts for scholarships were down slightly in 2010 by \$60 thousand, totaling \$2.2 million.

The College did not draw any University Infrastructure bond proceeds or Capital Reserve funds during the fiscal year.

*(The following charts depict the revenues by source and expenses by function.)*



### Expenses By Function Fiscal Year 2010



## **Statement of Cash Flows**

The Statement of Cash Flows also provides information about the College's financial health by reporting the cash receipts and cash payments of the

College during the year ended June 30, 2010. A synopsis of the Statement of Cash Flows follows.

<b>Condensed Statement of Cash Flows</b>				
	2010	2009	Increase (Decrease)	Percent Change
Cash provided by (used for) operating activities	\$ 567,008	\$ (11,266,161)	\$ 11,833,169	105.0%
Cash provided by non-capital financing activities	40,488,935	34,856,295	5,632,640	16.2%
Cash used by capital debt and related financing activities	(41,636,217)	(22,235,318)	19,400,899	87.3%
Cash provided by investing activities	448,072	1,374,212	(926,140)	-67.4%
<b>Net Increase (Decrease) in Cash</b>	<b>(132,202)</b>	<b>2,729,028</b>	<b>(2,861,230)</b>	<b>-104.8%</b>
Cash, Beginning of Year	88,531,202	85,802,174	2,729,028	3.2%
Cash, End of Year	<b>\$ 88,399,000</b>	<b>\$ 88,531,202</b>	<b>\$ (132,202)</b>	<b>-0.1%</b>

In 2010, cash and cash equivalents of \$88.4 million decreased by \$132 thousand or 0.1%. To begin with, cash flows from operating activities increased by \$11.8 million or 105%. Additional cash of \$8.9 million or 9.0% received for tuition and fees primarily caused this increase and relates directly to tuition and fee increases. Cash receipts for sales of auxiliary services declined by \$0.3 million and stems primarily from slight decreases in revenue for food services, parking, and health services. In addition operating expenses for salaries and benefits as well as services, supplies, and fixed charges reflect a reduction in cash outlays of 2% or \$3.0 million.

It is also noteworthy to mention the changes in the inflows and outflows of cash within the student direct lending program. Receipts and disbursements

rose to \$55.3 million, up by \$9.0 million (19.5%) when compared to FY 2009. According to data received from the Office of Student Financial Aid, the College experienced an increase of 27.9% in the number of students who applied for aid in FY 2010 in contrast to FY 2009.

Meanwhile, cash provided by non-capital financing activities increased by \$5.6 million or 16.2% driven by additional Pell grant and stimulus funding. These increases were offset by the reduction to state appropriations. Cash from state appropriations of \$24.8 million in 2010 is \$2.4 million less than the amount in 2009. The majority of state agencies suffered substantial budget cuts due to State revenue shortfalls.

Finally, payments for capital expenditures were substantially less for fiscal year 2010, \$31.3 million in comparison to \$60.2 million. During fiscal year 2009, the College received cash of \$38.8 million from notes payable. In comparison, no new bond issuances or notes payable were authorized during fiscal year 2010.

As of fiscal year end 2010, cash and cash equivalents made up 19.1% of the total assets of the College.

### **Capital Asset and Debt Activity**

A critical factor in continuing the quality of the College's academic and research programs and residential life experience is the acquisition, construction, and improvement of its capital assets. The College continues to implement its long-range plan to modernize its complement of older teaching and research facilities, balanced with new construction.

The College had approximately \$360.1 million invested in capital assets, net of accumulated depreciation of \$111.8 million at the end of June 30, 2010. Total net capital assets in 2010 increased by \$12 million or 3.5% in relation to 2009. Accumulated depreciation for 2009 was \$97.9 million.

The new science center, the Cato Center for the Arts, the Johnson Center, and the ERP system were transferred from construction-in-progress and reclassified to the appropriate capital asset account (land, buildings, improvements, etc.) The completion of these projects and reclassification of the capital expenditures explain the increases/decreases reflected in these accounts. A synopsis of the net capital assets for the years ended 2010 and 2009 further illustrates the significant changes between the accounting periods.

	<b>Capital Assets</b>			
	<b>2010</b>	<b>2009</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
Land	\$ 41,850,600	\$ 41,835,759	\$ 14,841	0.0%
Construction in progress	8,049,530	83,324,614	(75,275,084)	-90.3%
Land improvements	4,102,016	3,930,238	171,778	4.4%
Buildings	351,010,317	264,225,085	86,785,232	32.8%
Building improvements	45,731,093	40,083,016	5,648,077	14.1%
Machinery, equipment, and other	13,471,498	11,698,661	1,772,837	15.2%
Information technology equipment and software	7,180,487	343,732	6,836,755	1989.0%
Motor vehicles	532,968	580,533	(47,565)	-8.2%
Accumulated depreciation and amortization	(111,781,328)	(97,913,477)	(13,867,851)	14.2%
<b>Total Capital Assets - Net</b>	<b>\$ 360,147,181</b>	<b>\$ 348,108,161</b>	<b>\$ 12,039,020</b>	<b>3.5%</b>

## **Debt**

Outstanding long-term debt was \$209.1 million as of June 30, 2010. Embedded in that figure is long-term bond and note debt of \$171.4 million and \$37.7 million respectively. Total long-term debt is down by \$6.2 million in contrast to 2009.

See notes 5, 10, and 11 for additional information on capital assets and long-term debt.

## **Economic Outlook**

As a state-supported higher education institution, the economic position of the College directly correlates to the State of South Carolina. The fiscal year-end 2010 news release of the S. C. Comptroller General's Office<sup>1</sup> reported that by cutting agency budgets across the board and taking other drastic measures, the State was able to avoid overspending and completed the year with a \$71.0 million surplus in the Budgetary General Fund.

Three major factors contributed to the uncertainty of the budget environment and necessitated intervention of the State Budget and Control Board. The State's actual revenues were \$310.1 million less than the revenue projections used to generate the General Fund budget for that period; it incurred \$40.2 million of unbudgeted spending through "open-ended appropriations" and it began FY10 with an operating deficit of \$98.2 million carried forward from FY09. In addition to avoiding the overspending, as of July 1, 2010, the State Legislature restored its General Reserve or "Rainy Day" Fund to its FY11 full funding

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<sup>1</sup> News Release, Comptroller General's Office, August 20, 2010

requirement of 3% of FY09 actual revenues of \$5.5 billion.

Another publication, the *South Carolina Employment Situation*<sup>2</sup>, reveals some gain, albeit sluggish, in the development of the recovery of the economy from the recent recession. The unemployment rate of 11% was down by 1.2 % at the end of September 2010 in comparison to September 2009. The overall job count was 11,900 above the level of 1,816,100 a year ago with the government sector accounting for most of the growth.

With that said, the College of Charleston along with all of South Carolina's institutions of public higher education continues to experience dwindling support in state funding. Currently, the College's budget is comprised of only 11.3% state appropriations, reflective of sharp declines of 13.3% and 24.7% in revenue during FY10 and FY09 respectively.

During FY10, the total revenue appropriated to the College was \$24.8 million. Although, the College received approximately \$4.7 million of American Recovery and Reinvestment Act (ARRA) State Fiscal Stabilization Act (stimulus), management did not use the money to replace state appropriations for recurring operational costs. Instead, the College used the ARRA money to defray the current year's operational expenses freeing up funding to cover one-time capital project expenditures. In FY11, the College expects to receive ARRA funding of roughly \$5.0 million and plans to spend the money in the

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<sup>2</sup> South Carolina's Employment Situation September 2010, Released: October 22, 2010, S. C. Department of Employment and Workforce

same manner as it did in FY 10. Management is not projecting the need to reduce its operations in the event the College does not receive funds to replace the ARRA money in FY12.

In conclusion, the College recently adopted a strategic plan. The plan calls for the adoption of a new financial model, which includes a combination of higher tuition; private funding and building a culture of philanthropy; corporate and government grants; and developing entrepreneurial, revenue-generating programs and activities.

### **More Information**

This financial report is designed to provide a general overview of the College of Charleston's finances. Any questions or requests for information may be addressed to: Ruby Flateau, Controller; College of Charleston.

**COLLEGE OF CHARLESTON**  
**STATEMENT OF NET ASSETS**  
**June 30, 2010**

**Assets**

**Current Assets**

Cash and cash equivalents	\$ 29,242,956
Cash and cash equivalents, restricted	57,777,275
Accounts receivable	2,222,964
Allowances for bad debts	(225,000)
Grants and contracts receivable	2,957,851
Component unit receivable	1,189,942
Interest income receivable	168,393
Prepaid items	3,192,787
Inventories	198,486
<b>Total Current Assets</b>	<b>\$ 96,725,654</b>

**Non-Current Assets**

Cash and cash equivalents, restricted	\$ 1,378,769
Component unit receivable	1,155,195
Student loans receivable	2,209,509
Prepaid items	390,389
Capital assets not being depreciated	49,900,130
Capital assets, net of accumulated depreciation	310,247,051
Bond issue costs (net)	1,353,027
<b>Total Non-Current Assets</b>	<b>\$ 366,634,070</b>

**Total Assets** **\$ 463,359,724**

**Liabilities And Net Assets**

**Current Liabilities**

Accounts payable and accrued expenses	\$ 6,590,002
Accrued payroll and related liabilities	7,664,131
Retainage payable	255,657
Deferred and unearned student revenues	3,549,324
Deposits held for others	261,754
Student deposits	148,839
Compensated absences payable	1,880,416
Accrued interest payable	2,238,566
Bond anticipation note	33,500,000
Notes payable	713,680
Bonds payable	5,651,779
<b>Total Current Liabilities</b>	<b>\$ 62,454,148</b>

**Non-Current Liabilities**

Compensated absences payable	\$ 2,369,528
Notes payable	3,549,932
Bonds payable	165,721,914
Federal capital contribution	2,464,950
<b>Total Non-Current Liabilities</b>	<b>\$ 174,106,324</b>

**Total Liabilities** **\$ 236,560,472**

**Net Assets**

Invested in capital assets, net of related debt \$ 160,358,338

**Restricted for:**

Nonexpendable	
Endowed professorship	110,344
Endowment other	936,866
Expendable	
Scholarships and fellowships	216,389
Research	608,474
Loans	128,601
Capital projects	44,877,550
Debt service	3,299,961

**Unrestricted** 16,262,729

**Total Net Assets** **\$ 226,799,252**

**COLLEGE OF CHARLESTON**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Operating Revenues**

Tuition and related fees (\$5,260,742 pledged for debt service; net of scholarship discounts and allowances of \$23,283,018)	\$ 108,008,885
Federal grants and contracts	7,583,857
State grants and contracts	18,447,988
Local grants and contracts	80,911
Nongovernmental grants and contracts-restricted	105,262
Educational activities revenues	614,703
Student organizations generated revenues	1,989,423
Sales and Services of Auxiliary Enterprises	
Revenues not pledged for debt service	
Athletics (net of scholarship discounts and allowances of \$1,817,386)	8,093,801
Health services (net of scholarship discounts and allowances of \$264,508)	1,024,917
Rental, vending, bookstore and debit card	664,031
Revenues pledged for debt service	
Housing (net of scholarship discounts and allowances of \$3,951,045)	17,575,475
Food service (net of scholarship discounts and allowances of \$1,844,024)	7,145,231
Parking	1,949,574
Other sources	692,892
<b>Total Operating Revenues</b>	<b>\$ 173,976,950</b>

**Operating Expenses**

Personnel cost	\$ 89,415,174
Benefits	22,901,295
Services, supplies and others	43,541,270
Utilities	7,457,697
Scholarships and fellowships	12,175,798
Depreciation and amortization	14,373,202
<b>Total Operating Expenses</b>	<b>\$ 189,864,436</b>

**Operating Loss**

\$ (15,887,486)

**Non-Operating Revenues (Expenses)**

State appropriations	\$ 24,766,325
Federal grants and contracts	12,576,494
Gifts	2,181,187
Auxiliary enterprises interest income	301,221
Interest/investment income	3,456,998
Interest expense on capital assets and related debt	(9,387,583)
Non governmental grants and contracts	538,774
Loss on sale of assets	(35,513)
<b>Total Net Non-Operating Revenues</b>	<b>\$ 34,397,903</b>

**Income Before Other Revenues**

\$ 18,510,417

**Other Revenues**

Capital appropriations	\$ 1,108,157
Capital gifts	165,000
<b>Total Other Revenues</b>	<b>\$ 1,273,157</b>

**Increase In Net Assets**

\$ 19,783,574

**Net Assets, Beginning Of Year**

207,015,678

**Net Assets, End Of Year**

**\$ 226,799,252**

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010**

**Cash Flow From Operating Activities**

Tuition and fees	\$	107,433,142
Grants and contracts		25,257,964
Sales and services of education and other activities		2,604,126
Sales and services of auxiliary enterprises		36,393,064
Other operating revenues		1,088,008
Payments to employees for salaries and benefits		(111,200,009)
Payments to suppliers		(41,392,313)
Payments for utilities		(7,457,697)
Payments to students for scholarships and fellowships		(12,175,798)
Loans issued to students		(217,662)
Collection of loans from students		232,212
Student direct lending receipts		55,349,015
Student direct lending disbursements		(55,347,044)
<b>Net Cash Provided by Operating Activities</b>	<b>\$</b>	<b>567,008</b>

**Cash Flows From Non-Capital Financing Activities**

State appropriations	\$	24,766,325
Increase in notes receivable		(115,264)
Gifts and grants for other than capital purpose		15,837,874
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>\$</b>	<b>40,488,935</b>

**Cash Flows From Capital And Related Financing Activities**

Proceeds from state capital appropriations	\$	1,108,157
Proceeds from capital grants and gifts		336,858
Purchases of capital assets		(31,273,098)
Principal paid on capital debt		(6,140,191)
Proceeds from investments in capital and related financing activities		3,530,217
Interest paid on capital related debt		(9,198,160)
<b>Net Cash Used for Capital Debt And Related Financing Activities</b>	<b>\$</b>	<b>(41,636,217)</b>

**Cash Flows From Investing Activities**

Interest on investments	\$	448,072
<b>Net Cash Provided by Investing Activities</b>	<b>\$</b>	<b>448,072</b>

Net change in cash and cash equivalents	\$	(132,202)
Cash and cash equivalents - Beginning of the Year		88,531,202
<b>Cash and Cash Equivalents - End of the Year</b>	<b>\$</b>	<b>88,399,000</b>

**Reconciliation of operating loss to net cash provided by operating activities**

Operating loss	\$	(15,887,486)
Depreciation and amortization expense		14,373,202
Changes in assets and liabilities:		
Account receivable, net		(1,184,612)
Inventories		75,117
Student loans receivable		14,549
Prepaid items		(1,117,991)
Accounts payable and accrued expenses		4,270,483
Accrued compensated absences and related liabilities		37,802
Deferred revenue		8,283
Student and other deposits		(22,339)
<b>Net Cash Provided by Operating Activities</b>	<b>\$</b>	<b>567,008</b>

**Reconciliation of Cash and Cash Equivalent Balances:**

Current Assets:		
Cash and cash equivalents	\$	29,242,956
Cash and cash equivalents, restricted		57,777,275
Noncurrent assets:		
Cash and cash equivalents, restricted		1,378,769
<b>Total Cash and Cash Equivalents</b>	<b>\$</b>	<b>88,399,000</b>

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON FOUNDATION  
NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2009**

<b>Assets</b>	
Cash and cash equivalents	\$ 3,807,074
Accounts receivable	56,590
Prepaid expenses	178,570
Inventories	17,995
Unconditional promises to give, net	5,772,948
Investments	52,851,126
Contributions receivable from remainder trusts	320,555
Cash value of life insurance	51,514
Property and equipment, net	10,761,920
<b>Total Assets</b>	<b>\$ 73,818,292</b>

<b>Liabilities</b>	
Accounts payable and accrued expenses	\$ 401,688
Annuities payable	254,982
Deferred revenue	185,262
Marine Genomics grant payable (College of Charleston)	1,174,648
IRA loan payable (College of Charleston)	662,777
<b>Total Liabilities</b>	<b>\$ 2,679,357</b>

<b>Net Assets</b>	
Unrestricted:	
Board Designated quasi-endowment	\$ 412,383
Reserved for portion of donor designated endowment with investment losses below gift corpus	(280,216)
Undesignated	11,072,349
	<u>\$ 11,204,516</u>
Temporarily restricted:	
Restricted for:	
Program expenses	\$ 14,057,202
Portion of perpetual endowment subject to a time restriction under UPMIFA and with purpose restrictions	10,210,202
Investment in property	1,102,001
	<u>\$ 25,369,405</u>
Permanently restricted:	
Permanent endowments	<u>\$ 34,565,014</u>
<b>Total Net Assets</b>	<b>\$ 71,138,935</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 73,818,292</b>

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON FOUNDATION  
NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenue, gains and other support:</b>				
Contributions	\$ 1,218,839	\$ 3,743,728	\$ 787,646	\$ 5,750,213
Net interest and dividend income	31,302	1,349,287	-	1,380,589
Rental income	831,735	-	-	831,735
Net realized and unrealized gains (losses) on long-term investments	63,616	5,544,781	-	5,608,397
Other income	4,457	494,873	2,565	501,895
Loss on sale of equipment	-	(20,833)	-	(20,833)
Changes in value of split interest agreements	-	104,144	-	104,144
	<u>\$ 2,149,949</u>	<u>\$ 11,215,980</u>	<u>\$ 790,211</u>	<u>\$ 14,156,140</u>
<b>Net assets released from restrictions:</b>				
Changes in donor designations	\$ -	\$ 140,780	\$ (140,780)	\$ -
Program restrictions satisfied	4,031,383	(4,031,383)	-	-
Payment of administrative surcharges	363,406	(363,406)	-	-
	<u>\$ 6,544,738</u>	<u>\$ 6,961,971</u>	<u>\$ 649,431</u>	<u>\$ 14,156,140</u>
<b>Total revenue, gains (losses), and other support</b>	<u>\$ 6,544,738</u>	<u>\$ 6,961,971</u>	<u>\$ 649,431</u>	<u>\$ 14,156,140</u>
<b>Expenses:</b>				
<b>Program:</b>				
Student aid and recognition	\$ 1,947,495	\$ -	\$ -	\$ 1,947,495
Faculty/ community enrichment	2,899,703	-	-	2,899,703
Total program expenses	<u>\$ 4,847,198</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,847,198</u>
<b>Supporting Services:</b>				
General and administrative	\$ 600,689	\$ -	\$ -	\$ 600,689
Fundraising	1,086,317	-	-	1,086,317
Total supporting services	<u>\$ 1,687,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,687,006</u>
<b>Change in allowance for uncollectible promises to give</b>	<u>\$ 5,940</u>	<u>\$ 40,621</u>	<u>\$ (60,893)</u>	<u>\$ (14,332)</u>
<b>Total Expenses</b>	<u>\$ 6,540,144</u>	<u>\$ 40,621</u>	<u>\$ (60,893)</u>	<u>\$ 6,519,872</u>
<b>Change in net assets</b>	<u>\$ 4,594</u>	<u>\$ 6,921,350</u>	<u>\$ 710,324</u>	<u>\$ 7,636,268</u>
<b>Net Assets, Beginning of Year</b>	<u>\$ 11,199,922</u>	<u>\$ 18,448,055</u>	<u>\$ 33,854,690</u>	<u>\$ 63,502,667</u>
<b>Net Assets, End of Year</b>	<u>\$ 11,204,516</u>	<u>\$ 25,369,405</u>	<u>\$ 34,565,014</u>	<u>\$ 71,138,935</u>

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON COUGAR CLUB  
NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT  
STATEMENT OF FINANCIAL POSITION  
June 30, 2010**

**Assets**

Cash and cash equivalents	\$	1,554,677
Investments		56,468
Accounts receivable		18,073
Due from related organizations		194,281
Prepaid expenses		6,351
Unconditional promises to give, net		142,318
Property and equipment, net		7,617
<b>Total Assets</b>	<b>\$</b>	<b>1,979,785</b>

**Liabilities and Net Assets**

**Liabilities**

Accounts payable	\$	13,923
Due to related parties		2,487
Deferred revenue		14,325
Incentive compensation contract		56,468
<b>Total Liabilities</b>	<b>\$</b>	<b>87,203</b>

**Net Assets**

Unrestricted	\$	1,002,397
Temporarily restricted		890,185
<b>Total Net Assets</b>	<b>\$</b>	<b>1,892,582</b>
<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b>1,979,785</b>

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON COUGAR CLUB  
NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenue, gains and other support:</b>			
Contributions and memberships	\$ 793,615	\$ 912,159	\$ 1,705,774
Special events net of direct expenses of \$43,331	58,960	-	58,960
Interest	11,643	-	11,643
Other income	43	-	43
<b>Subtotal</b>	<u>\$ 864,261</u>	<u>\$ 912,159</u>	<u>\$ 1,776,420</u>
<b>Net assets released from restrictions</b>	<u>\$ 898,378</u>	<u>\$ (898,378)</u>	<u>\$ -</u>
<b>Total revenue, gains (losses), and other support</b>	<u>\$ 1,762,639</u>	<u>\$ 13,781</u>	<u>\$ 1,776,420</u>
<b>Expenses:</b>			
<b>Program:</b>			
Grants and support	\$ 1,402,470	\$ -	\$ 1,402,470
Membership activities	38,752	-	38,752
Total program expenses	<u>\$ 1,441,222</u>	<u>\$ -</u>	<u>\$ 1,441,222</u>
<b>Supporting Services:</b>			
Management and general	\$ 131,543	\$ -	\$ 131,543
Fundraising	68,235	-	68,235
Total supporting services	<u>\$ 199,778</u>	<u>\$ -</u>	<u>\$ 199,778</u>
<b>Total Expenses</b>	<u>\$ 1,641,000</u>	<u>\$ -</u>	<u>\$ 1,641,000</u>
<b>Change in net assets</b>	<u>\$ 121,639</u>	<u>\$ 13,781</u>	<u>\$ 135,420</u>
<b>Net Assets, Beginning of Year</b>	<u>\$ 880,758</u>	<u>\$ 876,404</u>	<u>\$ 1,757,162</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,002,397</u>	<u>\$ 890,185</u>	<u>\$ 1,892,582</u>

See Accompanying Notes to Financial Statements

**THE COLLEGE OF CHARLESTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Reporting Entity**

The College of Charleston (the College) is a state-supported institution of higher education. The College's main purpose is to provide a world-class liberal arts education to undergraduate and graduate students. The College is committed to attracting the most promising students from South Carolina, other states in the nation, and from around the world.

The accompanying basic financial statements present the statement of net assets, statement of revenue, expenses and changes in net assets, and the statement of cash flows of the College. The financial statements include individual schools and departments. The financial statements also include all funds and accounts of the College, and all component units.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government and 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 relationships with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete. Accordingly, the financial statements

include the accounts of the College, as the primary government, and the accounts of its discretely presented component units, the College of Charleston Foundation and the Cougar Club. The College is part of the primary government of the State of South Carolina.

The College of Charleston Foundation is a separately chartered corporation formed primarily to provide financial assistance and scholarships to the College. The Foundation reports under the Financial Accounting Standards Board (FASB) and historically operated on a calendar year basis. For the year ended June 30, 2010, the Foundation changed to a fiscal year end consistent with the College. The most recent, available financial statements are presented (December 31, 2009).

The Cougar Club is a separately chartered corporation organized exclusively to solicit and provide funds to the Athletic Department. The Cougar Club reports under FASB, and its fiscal year runs concurrent with the College.

**Financial Statement Presentation**

The financial statement presentation for the College meets the requirements of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and*

*Management's Discussion and Analysis for Public Colleges and Universities.* The financial statement presentation provides a comprehensive, entity-wide perspective of the College's net assets, revenues, expenses and changes in net assets and cash flows. In addition and as per GASB Statement No. 39, its component units are discretely presented in the report.

### **Basis of Accounting**

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements reflect 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 fees and auxiliary enterprise fees are presented net of scholarship discounts and allowances 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 College has elected not to apply FASB pronouncements issued after November 30, 1989.

### **Cash, Cash Equivalents**

The amounts shown in the financial statements in the College funds as "cash and cash equivalents" represent petty cash, cash on deposits in banks, cash on deposit with the State Treasurer, cash invested in various instruments by the State Treasurer as part of the State's internal cash

management pool as well as cash invested in various short-term investments by the State Treasurer and held in separate agency accounts.

Most State agencies including the College participate in the State's internal cash management pool. Because the cash management pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. The State Treasurer administers the cash management pool. The pool includes some long-term investments such as obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit and certain corporate bonds.

The State's internal cash management pool consists of a general deposit account and several special deposit accounts. The State records each fund's equity interest in the general deposit account; however, all earnings on the account are credited to the General Fund of the State. The College records its deposits in the general deposit account at cost. It records and reports its special deposit account at fair value.

For purposes of the Statement of Cash Flows, the College considers 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.

## **Investments**

The College accounts for its investments at fair market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses and Changes in Net Assets.

## **Accounts Receivable**

Accounts receivable consist of tuition and fee charges to students, gift receivables, and auxiliary enterprise services provided to students and other outside entities. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. Student loans receivable consist of amounts due from the Federal Perkins Loan Program.

## **Inventories**

The College reports inventories using the consumption approach for which goods are recorded as assets at the time of purchase and recognition of the expenditures are deferred until the goods are actually consumed. Inventories are carried at the lower of cost or market. The cost of inventory is reported on a first-in, first-out basis. Items accounted for as the College

inventories include maintenance, janitorial, housing and office supplies.

## **Capital Assets**

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The College follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The College capitalizes moveable personal property with a unit value in excess of \$5,000 and a useful life in excess of one year; depreciable land improvements, buildings and improvements; and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful life of the asset, generally 15 to 50 years for buildings and improvements and land improvements, and 3 to 25 years for machinery, equipment, and vehicles. A full year of depreciation is taken during the year the asset is placed in service, and no depreciation is taken in the year of disposition.

### **Deferred Revenues and Deposits**

Deferred 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. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Deposits include dormitory room deposits, advance tuition payments, and other miscellaneous deposits. Student deposits are recognized as revenue during the semester for which the fee to which the deposit relates is applicable, and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

### **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.

Governmental units that issue no more than \$5 million in total of all such debt in a calendar year are exempt from the rebate requirements. For this purpose, tax-exempt indebtedness includes bonds and certain capital leases and installment purchases. Rebates are payable every five years or at maturity of the debt, whichever is earlier. However, the potential liability is calculated annually for financial reporting purposes. The liability and

expense incurred are recorded at year-end to accrued accounts payable in the Statement of Net Assets and as an expense in the Statement of Revenue, Expenses and Changes in Net Assets.

### **Non-current Liabilities**

Non-current liabilities include (1) principal amounts of bonds payable, (2) estimated amounts for accrued compensated absences, and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as non-current assets.

### **Compensated Absences**

Generally, all permanent full-time State employees and certain part-time employees scheduled to work at least one half of the agency's workweek are entitled to accrue and carry forward at calendar year-end maximums of 180 days sick leave and of 45 days annual vacation leave. Upon termination of State employment, employees are entitled to be paid for accumulated unused annual vacation leave up to the maximum but are not entitled to any payment for unused sick leave. The compensated absences liability includes accrued annual leave. The College calculates the compensated absences liability based on recorded balances of unused leave for which the employer expects to compensate employees through cash payments at termination.

The net change in the liability is recorded in the current year in the applicable functional expenditure categories. The liability and expense incurred are recorded at year-end as compensated absences payable in the Statement of Net Assets, and as a

component of compensation and benefit expense in the Statement of Revenues, Expenses, and Changes in Net Assets.

### **Perkins Loans Receivable and Related Liability**

The loans receivable on the balance sheet is due to the College under the Perkins Loan Program. This program is funded primarily by the federal government with the College providing a required match. The amount reported as Perkins liability is the amount of cumulative federal contributions and a pro rata share of net earnings on the loans under this program which would require repayment to the federal government if the College ceases to participate in the program. The College recognizes as revenue and expenses only the portion attributable to its matching contribution.

### **Net Assets**

The College's net assets are classified as follows:

*Invested in capital assets, net of related debt:* This category represents the College'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 not included as a component of invested in capital assets, net of related debt.

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

*Restricted net assets – nonexpendable:* Nonexpendable restricted net assets consist of endowment and similar type funds 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 net assets:* Unrestricted net assets represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services to students, faculty and staff.

The College policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

### **Income Taxes**

The College, 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.

### **Classification of Revenues and Expenses**

The College has classified its revenues and expenses as either operating or non-operating according to the following criteria:

*Operating revenues and expenses:* Operating revenues include activities

that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) federal, state and local grants and contracts for services that finance programs the College would not otherwise undertake, (4) receipts for scholarships where the provider has identified the student recipients, and (5) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College. Operating expenses include all expense transactions incurred other than those related to investing, capital or non-capital financing activities.

*Non-operating revenues and expenses:* Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes. Non-operating expenses include interest paid on capital asset related debt, losses on the disposal of capital assets, and refunds to grantors.

### **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 Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances are the

difference between the stated charge for goods and services provided by the College 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 College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and 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 College receives such revenues primarily from the general public.

### **Auxiliary Enterprises and Internal Service Activities**

Auxiliary enterprise revenues primarily represent revenues generated by intercollegiate athletics, parking, bookstore, food services, housing, health services, debit card, and vending. Revenues of internal auxiliary enterprise activities and the related expenditures of college departments have been eliminated.

### **Use of Estimates in Accounting**

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/expenses, and affect disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Estimates are used to determine the useful lives of long-lived assets such as buildings, improvements, and equipment. The College has used approximations as provided by the South Carolina Comptroller General's Office in developing the estimates of useful lives.

In addition, the College has estimated the percentage of accounts receivable that may not be collected, typically known as the allowance for bad debts. The College uses an aging analysis to estimate this allowance.

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

All deposits and investments of the College are under the control of the State Treasurer, who, by law, has sole authority for investing State funds. Information pertaining to the reported amounts, fair values and credit risk of the State Treasurer's deposits and investments is disclosed in the

Comprehensive Annual Financial Report of the State of South Carolina.

The following schedule as of June 30, 2010, reconciles deposits and investments in the notes to the Statement of Net Assets amounts:

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### Schedule of Deposits and Investments As of June 30, 2010

#### Statement of Net Assets

Current assets	
Cash and cash equivalents	\$ 29,242,956
Cash and cash equivalents, restricted	57,777,275
Noncurrent assets	
Cash and cash equivalents, restricted	1,378,769
	<u>\$ 88,399,000</u>

#### Disclosure, Deposits, and Investments

Cash on hand	\$ 3,139
Deposits held by State Treasurer	22,045,707
Deposits held by State Treasurer with Comptroller General as agent of College	52,696,917
Operating and payroll checking accounts	13,605,596
Wachovia Perkins loan account	47,641
	<u>\$ 88,399,000</u>

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### Deposits Held by State Treasurer

#### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the deposits of the College of Charleston may not be returned to the College. For deposits held by the 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, 2010, all State Treasurer bank balances were fully insured or collateralized with securities held by the State or by its agents in the State's name.

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, credit risk, interest rate risk, and concentration risk of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

With respect to the College's other deposits at year-end, all of these deposits are either insured or collateralized with securities held by the entity or by its agent in the entity's name, or collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

### **Other Deposits**

The College owns approximately \$13,650,000 of other deposits which are held in checking accounts used for payroll and operating expenses and Perkins Loans collections. Federal Depository Insurance Corporation (FDIC) covers the deposits of the College's checking and Perkins Loans accounts up to the FDIC limit of \$250,000, and the balance is collateralized by government securities.

### **Restricted Cash Deposits**

Current restricted cash deposits of \$57,777,275 consist of \$16,558,145 for capital project accounts, \$4,828,837 for debt service accounts, and \$36,390,293 for other (auxiliary enterprise, grant and contract, etc.) accounts. Non-current restricted cash deposits of \$100,000 and \$1,278,769 are restricted for the endowment fund and Perkins Loan fund, respectively.

### NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2010, are summarized as follows:

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<b>Accounts Receivable</b>	
<b>As of June 30, 2010</b>	
Student accounts	\$ 1,360,497
Other	348,505
Auxiliary enterprise	513,962
Total accounts receivable	<u>\$ 2,222,964</u>
Allowance for doubtful accounts	<u>\$ (225,000)</u>
Federal grants and contracts	\$ 2,009,163
State grants and contracts	252,837
Nongovernmental grants and contracts	695,851
Total grants and contracts	<u>\$ 2,957,851</u>
Component units	\$ 2,345,137
Interest income	168,393
Student loans receivable	<u>2,209,509</u>
<b>Net Accounts Receivable</b>	<u><b>\$ 9,678,854</b></u>

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Allowances for losses on student accounts receivable are established based upon actual losses incurred in prior years and/or evaluations of the

current account portfolio. At June 30, 2010, the allowance for uncollectible student accounts is valued at \$225,000.

### NOTE 4 – LOANS RECEIVABLE

Student loans made through the federal Perkins Loan Program comprise substantially all of the loans receivable as of June 30, 2010. The Perkins Loan Program provides various repayment options. Students have the right to repay the loans over periods up to 10 years depending on the amount of the loan

and loan cancellation privileges the student may exercise. These loans are classified as non-current receivables. As the College determines that loans are uncollectible, the loans are written off and assigned to the U.S. Department of Education.

## NOTE 5 – CAPITAL ASSETS

	Beginning Balance 7/1/2009	Increases	Decreases	Ending Balance 6/30/2010
Capital assets not being depreciated:				
Land	\$ 41,835,759	\$ 14,841	\$ -	\$ 41,850,600
Construction in progress	83,324,614	24,482,564	(99,757,648)	8,049,530
Total capital assets not being depreciated	<u>\$ 125,160,373</u>	<u>\$ 24,497,405</u>	<u>\$ (99,757,648)</u>	<u>\$ 49,900,130</u>
Other capital assets:				
Land improvements	\$ 3,930,238	\$ 171,778	\$ -	\$ 4,102,016
Buildings	264,225,085	86,785,232	-	351,010,317
Building improvements	40,083,016	5,648,077	-	45,731,093
Machinery, equipment, and other	11,698,661	2,129,520	(356,683)	13,471,498
Information technology equipment and software	343,732	6,836,755	-	7,180,487
Motor vehicles	580,533	-	(47,565)	532,968
Total other capital assets at historical cost	<u>\$ 320,861,265</u>	<u>\$ 101,571,362</u>	<u>\$ (404,248)</u>	<u>\$ 422,028,379</u>
Less accumulated depreciation for:				
Land improvements	\$ 3,278,581	\$ 73,754	\$ -	\$ 3,352,335
Buildings	65,498,157	8,896,894	-	74,395,051
Buildings improvements	22,412,174	1,711,058	-	24,123,232
Machinery, equipment, and other	5,863,479	1,304,393	(321,170)	6,846,702
Information technology equipment and software	343,732	2,223,764	-	2,567,496
Motor vehicles	517,354	26,723	(47,565)	496,512
Total accumulated depreciation	<u>\$ 97,913,477</u>	<u>\$ 14,236,586</u>	<u>\$ (368,735)</u>	<u>\$ 111,781,328</u>
Other capital assets, net	<u>\$ 222,947,788</u>	<u>\$ 87,334,776</u>	<u>\$ (35,513)</u>	<u>\$ 310,247,051</u>
Capital assets, net	<u>\$ 348,108,161</u>	<u>\$ 111,832,181</u>	<u>\$ (99,793,161)</u>	<u>\$ 360,147,181</u>

During fiscal year 2010, capitalized interest was \$2,088,965. The depreciation expense computed to \$14,236,586. In addition, the College

disposed of assets with original purchase costs (net of depreciation) of \$35,513. The loss incurred from the disposal of assets totaled \$35,513.

## **NOTE 6 – RETIREMENT PLANS**

The Retirement Division of the State Budget and Control Board maintains four 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 Retirement Division, 202 Arbor Lake Drive, Columbia, South Carolina, 29223. Furthermore, the Division and the four pension plans are included in the CAFR of the State of South Carolina.

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, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and average final compensation.

### **South Carolina Retirement System**

The majority of employees of the College 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 Division, a public employee retirement system. Generally, all

permanent State employees 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. This plan provides retirement annuity benefits as well as disability, cost of living adjustments, death, and group life insurance benefits to eligible employees and retirees.

Since July 1, 2006, employees participating in the SCRS have been required to contribute 6.5 percent of all compensation. Effective July 1, 2008, the employer contribution rate became 12.74 percent, which includes a 3.50 percent surcharge to fund retiree health and dental insurance coverage. The College's actual contributions to the SCRS for the three most recent fiscal years ended June 30, 2010, 2009, and 2008, were \$3,756,466; \$3,880,491; and \$3,672,932 respectively, and equaled the required contributions of 9.24 percent (excluding the surcharge) for each year. Also, the College paid employer group life insurance contributions of \$60,982 in the current fiscal year at the rate of .15 percent of compensation.

### **Police Officers Retirement System**

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement plan administered by the Retirement Division. Generally, all permanent 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 the system as a condition of employment. This plan provides annuity benefits as well as disability and group life insurance benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death 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.

Since July 1, 1988, employees participating in the PORS have been required to contribute 6.5 percent of all compensation. Effective July 1, 2008, the employer contribution rate became 14.15 percent, which, as for the SCRS, includes the 3.50 percent surcharge. The College's actual contributions to the PORS for the years ended June 30, 2010, 2009, and 2008, were \$194,939; \$192,533; and \$191,073, respectively, and equaled the required contribution of 10.30 percent (excluding the surcharge) for each year. Also, the College paid employer group life insurance contributions of \$3,661 and accidental death insurance contributions of \$3,661 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

### **Optional Retirement Program**

Certain permanent State employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement

and death benefits through the purchase of individual fixed or variable annuity contracts, which are issued to, and become the property of, the participants. The State assumes no liability for this plan other than for payment of contributions to designated insurance companies.

ORP participation is limited to faculty and administrative staff of the State's higher education institutions who meet all eligibility requirements for membership in the SCRS. To elect participation in the ORP, eligible employees must elect membership within their first thirty days of employment. If an eligible employee fails to make the initial election within the required time, the employee is considered to have elected membership in the South Carolina Retirement System. Under State law, contributions to the ORP are required at the same rate as for the SCRS, 9.24 percent plus the retiree surcharge of 3.50 percent from the employer.

Certain College employees have elected to be covered under optional retirement plans. For the fiscal year 2010, total contribution requirements to the ORP were \$3,260,623 (excluding the surcharge) from the College as employer and \$2,293,728 from its employees as plan members. In addition, the College paid \$52,932 for group life insurance coverage for these employees. All amounts were remitted to the Retirement Division of the State Budget and Control Board for distribution to the respective annuity policy providers. The obligation for payment of benefits resides with the insurance companies.

## **Deferred Compensation Plans**

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the College have elected to participate. The multiple employer plans, created under Internal Revenue Code Sections 457, and 401 (k), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. The plan sponsor for these plans is the South Carolina Deferred Compensation Commission.

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.

## **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 cost-of-living adjustments granted during the TERI period.

Participants who have entered the TERI period on or after July 1, 2005 are required to contribute 6.5 percent of gross earnings to the South Carolina Retirement System. Effective July 1, 2008, the employer contribution rate became 12.74 percent, which includes a 3.50 percent surcharge to fund the retiree health and dental insurance coverage.

## **NOTE 7 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

### **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. The College contributes to the Retiree Medical Plan (RMP) and the Long-term Disability Plan (LTDP), cost-sharing multiple-employer defined benefit post-employment healthcare and long-term disability plans administered by the Employee Insurance Program (EIP), a part of the State Budget and Control Board (SBCB). 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 May 2, 2008 and after, retirees are eligible for benefits if they have established twenty-five years of service for 100% employer funding and fifteen through twenty-four 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.

### **Funding Policies**

Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these post-employment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the SBCB except the portion funded through

the pension surcharge and provided from other applicable sources of the EIP 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, 3.50% of annual covered payroll for 2010 and 2009, respectively. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The College of Charleston paid approximately \$2,720,139 and \$2,715,673 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2010 and 2009, respectively. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to EIP was \$3.23 for the fiscal years ended June 30, 2010 and 2009.

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 South Carolina Retiree Health Insurance Trust Fund is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated EIP reserves, and income generated from investments. The Long Term Disability Insurance Trust Fund is primarily funded through investment income and employer contributions.

## **NOTE 8 – CONTINGENCIES, LITIGATION, PROJECT COMMITMENTS, AND SUBSEQUENT EVENTS**

### **Litigation**

The College is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of College management, there are no material claims or lawsuits against the College that are not covered by insurance or whose settlement would materially affect the College's financial position.

### **Contingencies**

The College 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.

### **Project Commitments**

The College had outstanding commitments under construction contracts of approximately \$6,875,000 at June 30, 2010. Of this total, \$6,657,000 is attributable to capital projects and the balance of \$218,000 is for non-capital repairs and maintenance. The College anticipates funding these projects out of current resources, current and future bond issues, private gifts, student fees, and State Capital Improvement Bond proceeds.

The State has issued Capital Improvement Bonds to fund improvements and expansion of State facilities. The College is not obligated to repay these funds to the State. Authorized funds can be requested as needed once the State authorities have given approval to begin specific projects and project expenditures have been incurred. The College has \$4,219,452 of proceeds available to draw at June 30, 2010.

### **Subsequent Events**

On September 29, 2010, the South Carolina State Budget & Control Board place a moratorium on new constructions for 4-year public colleges and universities that raised tuition by more than 7 percent for in-state students for the current academic year. The College's increase for the current academic year was 14.75 percent. On November 12, 2010, the College's Board of Trustees voted to reduce in-state undergraduate tuition to \$4,808 for the Spring 2011 semester. The Board's action means that the College's 2010-2011 tuition now represents a 7 percent increase over 2009-2010 which reduces tuition to the threshold set in the moratorium.

## NOTE 9 – LEASE OBLIGATIONS

Future commitments for operating leases having remaining non-cancelable terms in excess of one year as of June 30, 2010 are as follows:

Operating Lease Commitments		Real Property			
Year Ending June 30,	Equipment	External Parties	Other State Agencies	Component Unit CofC Foundation	Total
2011	\$ 52,923	\$ 1,619,875	\$ 602,996	\$ 820,841	\$ 3,096,635
2012	-	1,359,501	604,481	820,841	2,784,823
2013	-	337,203	604,481	820,841	1,762,525
2014	-	150,000	222,751	820,841	1,193,592
2015	-	-	146,405	820,841	967,246
2016-20	-	-	732,025	500,000	1,232,025
2021-25	-	-	732,025	500,000	1,232,025
2026-30	-	-	732,025	500,000	1,232,025
2031-35	-	-	732,025	500,000	1,232,025
2036-40	-	-	732,025	300,000	1,032,025
2041-45	-	-	732,025	-	732,025
2046-50	-	-	732,025	-	732,025
2051-55	-	-	732,025	-	732,025
2056-60	-	-	732,025	-	732,025
2061-62	-	-	549,018	-	549,018
Total minimum lease payments	<u>\$ 52,923</u>	<u>\$ 3,466,579</u>	<u>\$9,318,357</u>	<u>\$ 6,404,205</u>	<u>\$ 19,242,064</u>

### Operating Leases

The College's non-cancelable operating leases having remaining terms of more than one year expire in various fiscal years from 2010 through 2062. The various operating leases provide for renewal options for periods of one to five years at their fair rental values at the time of renewal. In the normal course of business, operating leases are generally renewed or replaced by other leases. Operating leases are generally payable on a monthly basis for equipment and on a quarterly basis, in advance, for property. In addition, the College has copier leases payable on a per copy basis.

In 2005, the College renewed real property operating leases with the College of Charleston Foundation, a component unit, for seventeen different locations. The leases cover office space, student housing, and parking, with annual rentals. The agreements contain renewal options for five years with three renewal options of five years each. Under the agreements, the College paid the Foundation \$837,960 in the current fiscal year. These leases provide that the College assume responsibility for the maintenance, insurance, property taxes and special assessments of the property. There are

escalation clauses based on the Consumer Price Index (CPI). In the case of operating leases for real property from commercial vendors, there exist several leases with escalation clauses limited to the cost of living. The leased properties consist of classrooms, parking lots, and a warehouse. Moreover, the College pays the commercial vendor property taxes. The College performs routine maintenance on these properties. These costs are not included in the schedule of lease commitments.

In August 2004, the College entered into a nine-year lease for Warren Place, residential apartments and parking spaces, with Warren Place Joint Venture (formerly known as Brumley, Meyer and Kapp). The current year lease payments totaled \$1,424,622.

Additionally, the College leases a sports complex field from Patriots Point Development Authority, a state agency, with rents of \$10,000 per month, lease terms effective April 1, 2002 through March 31, 2062, and annual increases equal to the Consumer Price Index beginning April 1, 2003. A one-time payment of \$500,000 was paid in fiscal year 1998 with a corresponding charge to prepaid expenditures. It is being

amortized ratably over the 65-year lease term utilizing the straight-line method of calculation. The lease agreements make no provisions beyond the 65-year period. The unamortized balance at June 30, 2010 is \$398,081. Amortization of the prepaid rent balance for fiscal year 2010 was \$7,692 and is reported in operating expenses. The College provides maintenance to the tax-exempt property. The College paid the Patriots Point Development Authority \$145,604 in rent in fiscal year 2010.

The College leases the North Campus and Lowcountry Graduate Center building from the S. C. Research Authority with annual rents of \$458,076 (with annual increases equal to the Consumer Price Index), lease terms effective September 1, 2009 through August 31, 2014. For fiscal year 2010, the total payment was \$447,022. The College also has other miscellaneous small leases.

Finally, the total operating lease expenditures for fiscal year 2010 were \$5,000,850 of which \$432,521 is for the per copy charge on the copy machines. The College reports all of these operating lease costs in operating expenses.

## NOTE 10 – BONDS AND NOTES PAYABLE

Bonds payable consisted of the following at June 30, 2010:

	Fixed Interest Rates	Maturity Dates	Balance	Debt Retired FY 2010
<b>Revenue Bonds</b>				
Higher Education Facilities Revenue				
Bond, Series 2002A	4.25-5.25%	2032	\$ 9,000,000	\$ 230,000
Refunding Bond, Series 2002B	5.0%	2012	4,470,000	1,350,000
Bond, Series 2002C	4.0-5.0%	2032	18,385,000	495,000
Bond, Series 2003D	2.0-4.5%	2033	15,195,000	775,000
Bond, Series 2004A	3.50-4.60%	2019	3,490,000	320,000
Bond, Series 2007C	4.50%	2037	52,730,000	990,000
Academic/Administrative Facilities Revenue				
Bond, Series 2004B	4.0-5.375%	2034	25,415,000	350,000
Bond, Series 2007D	4.125-5.625%	2037	38,765,000	705,000
<b>Total Revenue Bonds</b>			<b>\$ 167,450,000</b>	<b>\$ 5,215,000</b>
<b>State Institution Bonds</b>				
Series 2003A	3.0-4.125	2023	\$ 5,425,000	\$ 295,000
Sub-total Bonds Payable			\$ 172,875,000	\$ 5,510,000
Less: Unamortized Bond Premium/Discount			(1,501,307)	
<b>Total Bonds Payable</b>			<b>\$ 171,373,693</b>	
<b>Notes Payable</b>				
Academic/Administrative Facilities Revenue				
Bond Anticipation Note, Series 2009A	1.340%	2011	\$ 33,500,000	\$ -
Banc of America Public Capital Corp	3.621%	2015	4,263,612	688,412
<b>Total Notes Payable</b>			<b>\$ 37,763,612</b>	<b>\$ 688,412</b>
<b>Total Bonds and Notes Payable</b>			<b>\$ 209,137,305</b>	<b>\$ 6,198,412</b>

Bonds issued by the College include certain restrictive covenants. Auxiliary Revenue Bonds are payable solely from and secured by a pledge of revenues of the College's residence halls, food service, and parking, and from additional funds from the plant improvement fee imposed by the Board of Trustees.

State Institution Bonds are general obligation bonds of the State backed by the full faith, credit, and taxing power of the State of South Carolina. Tuition revenue is pledged up to the annual debt requirements for the payment of principal and interest on State Institution Bonds. S.C. Code of Laws Section 59-107-90 states 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 for the

preceding fiscal year. Tuition fees for the year ended June 30, 2009 were \$1,653,362 which results in a legal debt margin at June 30, 2010, of \$1,488,026. Bond discounts/premiums and other bond issuance costs are capitalized and amortized throughout the life of the bonds. The amount amortized was \$134,115 and \$131,438 for fiscal years 2010 and 2009, respectively.

The College of Charleston capitalizes as a component of construction-in-progress interest costs in excess of earnings on debt associated with capital projects; therefore, asset values in capital assets include such interest costs. Total interest expense incurred for fiscal year 2010 was \$11,476,548 of which \$2,088,965 was capitalized and \$9,387,583 was expensed.

Amounts including interest required to complete payment of the Revenue Bonds as of June 30, 2010 are as follows:

Revenue Bonds			
Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 5,415,000	\$ 7,762,948	\$ 13,177,948
2012	5,645,000	7,534,910	13,179,910
2013	5,890,000	7,295,579	13,185,579
2014	4,495,000	7,084,726	11,579,726
2015	4,690,000	6,889,708	11,579,708
2016-2020	25,405,000	31,174,989	56,579,989
2021-2025	29,645,000	24,926,709	54,571,709
2026-2030	37,575,000	17,004,264	54,579,264
2031-2035	37,545,000	7,340,153	44,885,153
2036-2037	11,145,000	764,550	11,909,550
<b>Total Revenue Bonds</b>	<b><u>\$ 167,450,000</u></b>	<b><u>\$ 117,778,536</u></b>	<b><u>\$ 285,228,536</u></b>

Amounts including interest required to complete payment of the State Institution Bonds as of June 30, 2010 are as follows:

State Institution Bonds			
Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 295,000	\$ 197,650	\$ 492,650
2012	325,000	188,500	513,500
2013	345,000	178,900	523,900
2014	355,000	168,700	523,700
2015	370,000	156,275	526,275
2016-2020	2,160,000	570,400	2,730,400
2021-2023	1,575,000	130,063	1,705,063
<b>Total State Institutional Bonds</b>	<b><u>\$ 5,425,000</u></b>	<b><u>\$ 1,590,488</u></b>	<b><u>\$ 7,015,488</u></b>

Amounts including interest required to complete payment of the Bond Anticipation Note as of June 30, 2010 are as follows:

Bond Anticipation Note			
	Principal	Interest	Total
Year Ending June 30,			
2011	\$ 33,500,000	\$ 950,428	\$ 34,450,428
Total Bond Anticipation Note	<u>\$ 33,500,000</u>	<u>\$ 950,428</u>	<u>\$ 34,450,428</u>

Amounts including interest required to complete payment of the Note Payable as of June 30, 2010 are as follows:

Note Payable			
	Principal	Interest	Total
Year Ending June 30,			
2011	\$ 713,680	\$ 144,767	\$ 858,447
2012	739,876	118,572	858,448
2013	767,032	91,415	858,447
2014	795,186	63,261	858,447
2015	824,376	34,074	858,450
2015-2016	423,462	5,759	429,221
Total Notes Payable	<u>\$ 4,263,612</u>	<u>\$ 457,848</u>	<u>\$ 4,721,460</u>

In prior years the College defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not included in the College's financial statements. At June 30, 2010, \$3,622,000 of bonds outstanding is considered defeased. Management

believes the College was in compliance with all applicable bond covenants as of June 30, 2010.

On October 30, 2008, the College signed an Equipment Lease/Purchase Agreement with the Banc of America Public Capital Corp and the Office of the State Treasurer of the State of South Carolina. This agreement allows for acquisition and lease of an enterprise

resource planning (ERP) software system and equipment. The lease requires that the equipment cost (not to exceed \$5,287,036) be deposited into an escrow under terms satisfactory to the lessor, for the purpose of fully funding the lease and providing a mechanism for purchase and payment of the equipment.

On December 17, 2008, the College issued Academic and Administrative Facilities Bond Anticipation Note (BAN), Series 2008A valued at \$33,500,000. The proceeds of the 2008A Note were used to defray a portion of the costs of financing the acquisition, construction, and equipping of a new science center and pay the cost of issuance. During the year ended June 30, 2010, the College issued the BAN Series 2009A Note to renew the 2008A Note. The College is currently in the renewal process for the 2009A Note which is scheduled to close in December 2010. The College

obtained approval for the upcoming renewal of the existing BAN on January 19, 2007. At that time, the College also obtained approval for the long term bond financing of the BAN (or series of BAN renewals) as required by law. In accordance with applicable law, this series of transactions was approved by the SC State Budget and Control Board on January 30, 2007. At that time, the College received approval for Academic and Administrative Facilities Revenue Bonds secured under and pursuant to a General Resolution effective April 6, 2002. The primary security for the bonds, including all existing and future Academic and Administrative Facilities Revenue Bonds of the College, is the revenue derived from certain auxiliary facilities of the College (dorms, food service, etc) and a portion of the Capital Improvement Fee. The long term refinancing must be and is intended to be completed by December 2011.

## NOTE 11 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2010 was as follows:

Long-Term Liabilities	July 1, 2009	Additions	Reductions	June 30, 2010	Due Within One Year
Bonds Payable					
State Institution Bonds	\$ 5,720,000	\$ -	\$ 295,000	\$ 5,425,000	\$ 295,000
Unamortized Premiums/ Discounts	260,664	-	11,330	249,334	11,330
Total State Institution Bonds	<u>\$ 5,980,664</u>	<u>\$ -</u>	<u>\$ 306,330</u>	<u>\$ 5,674,334</u>	<u>\$ 306,330</u>
Revenue Bonds	\$ 172,665,000	\$ -	\$ 5,215,000	\$ 167,450,000	\$ 5,415,000
Unamortized Premiums/ Discounts	(1,820,192)	-	(69,551)	(1,750,641)	(69,551)
Total Revenue Bonds	<u>\$ 170,844,808</u>	<u>\$ -</u>	<u>\$ 5,145,449</u>	<u>\$ 165,699,359</u>	<u>\$ 5,345,449</u>
Total Bonds Payable	<u>\$ 176,825,472</u>	<u>\$ -</u>	<u>\$ 5,451,779</u>	<u>\$ 171,373,693</u>	<u>\$ 5,651,779</u>
Notes Payable					
Lease Purchase Agreement	\$ 4,952,024	\$ -	\$ 688,412	\$ 4,263,612	\$ 713,680
Total Notes Payable	<u>\$ 4,952,024</u>	<u>\$ -</u>	<u>\$ 688,412</u>	<u>\$ 4,263,612</u>	<u>\$ 713,680</u>
Total Bonds and Notes Payable	<u>\$ 215,277,496</u>	<u>\$ -</u>	<u>\$ 6,140,191</u>	<u>\$ 175,637,305</u>	<u>\$ 6,365,459</u>
Other Liabilities					
Federal Capital Contribution	\$ 2,464,950	\$ -	\$ -	\$ 2,464,950	\$ -
Accrued Compensated Absences	4,212,142	1,918,218	1,880,416	4,249,944	1,880,416
Total Other Liabilities	<u>\$ 6,677,092</u>	<u>\$ 1,918,218</u>	<u>\$ 1,880,416</u>	<u>\$ 6,714,894</u>	<u>\$ 1,880,416</u>
Total Long-Term Liabilities	<u><u>\$ 221,954,588</u></u>	<u><u>\$ 1,918,218</u></u>	<u><u>\$ 8,020,607</u></u>	<u><u>\$ 182,352,199</u></u>	<u><u>\$ 8,245,875</u></u>

## **NOTE 12 – DONOR RESTRICTED ENDOWMENTS**

The College is the recipient of two restricted endowments from the Commission of Higher Education. One is an endowed professorship in the amount of \$100,000 with a stipulation that only earnings can be used to fund endowed chairs at the College. For the year ended June 30, 2010, net appreciation of \$5,623 was available to be spent, which is restricted to specific purposes.

The other endowment funded through the South Carolina Research Centers of Economic Excellence Act of 2002 in the amount of \$1,000,000 was received during fiscal year 2005 through a Memorandum of Understanding between the College and the Medical University of South Carolina (MUSC). The College has joined with MUSC to raise non-state matching funds of \$2,000,000 for collaborative research, the Research Center in Applied Marine Genomics. Through an agreement between the College and the College of Charleston Foundation and permissible under South Carolina Code of Laws Section 59-101-410, the College loaned the funds to the Foundation for the specific purpose of maximizing the College's investment yield. The collaborative research project is intended to be a permanent program; however, in the event the program is discontinued, the Foundation must return the grant funds plus any earnings less any authorized program spending and customary administrative fees.

## **NOTE 13 – COMPONENT UNITS**

Certain separately chartered legal entities whose activities are related to those of the College exist primarily to provide financial assistance and other support to the College and its educational programs. They include the College of Charleston Foundation and the Cougar Club. Independent auditors retained by the organizations audit the financial statements of these entities.

The financial report of the College of Charleston Foundation may be obtained by writing to the Financial Services Office of the College of Charleston Foundation, Wilson-Sottile House, Charleston, South Carolina, 29424. The financial report of the College of Charleston Cougar Club can be obtained by writing to the Finance Director, Cougar Club, 66 George Street, Charleston, South Carolina, 29424.

Effective fiscal year June 30, 2004 and as a result of the GASB Statement No. 39 implementation guidelines, the College began recognizing the College of Charleston Foundation and the Cougar Club as component units and displaying a discrete presentation format of their financial statements. Both entities report under guidelines established by the FASB. The College of Charleston Foundation is a separately chartered entity, which exists exclusively to benefit the College.

## **College of Charleston Foundation**

The College of Charleston Foundation has investments consisting of cash and certificates of deposits; money funds; debt and equity securities; mutual funds; and U.S. government securities which are carried at fair market value based on quoted market prices determined at the date of the Statement of Financial Position. Investments donated to the Foundation are initially recorded at market value on the date of the gift. Unrealized gains and losses are included in the change in net assets in the Statement of Activities.

The Foundation's endowment consists of approximately 400 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation maintains master investment accounts for its donor-restricted and board-designated endowments. Investment income and expenses, including unrealized gains and losses from securities in the master investment accounts, are allocated monthly to the individual endowments based on the relationship of the market value of each endowment to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

The Foundation maintains its cash accounts in three different commercial banks and two investment firms located in South Carolina. In October and November 2008, the Federal Deposit Insurance Corporation (FDIC) temporarily increased coverage to \$250,000 for substantially all depository accounts and temporarily provides unlimited coverage for certain qualifying and participating non-interest bearing transaction accounts. The increased coverage is scheduled to expire on December 31, 2013 at which time it is anticipated that amounts insured by the FDIC will return to \$100,000. During the year, the Foundation from time to time had amounts on deposit in excess of the insured limits. The majority of investments other than bank accounts are held by one local investment firm. This investment firm provides up to \$500,000 protection per customer, including \$100,000 for cash, through Securities Investor Protection Corporation (SIPC). In addition, the firm purchases additional insurance to apply to losses above the SIPC protection level for cash and bearer securities. Subject to the policy limits, cash at the investment firm is protected up to \$1,800,000 in the aggregate.

The Foundation is also subject to concentration of credit risk related to its unconditional promises to give—receivables. Contributions and unconditional promises to give consist of gift amounts from individuals and businesses predominantly located in the State of South Carolina. At December 31, 2009, promises from two donors represented 27% or \$1,815,000 of the total promises to give balance.

## **Investments – Non-Governmental Discretely Presented Component Units**

The College of Charleston Foundation investments as of December 31, 2009, were as follows:

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### **Investments Carried at Fair Value**

	<b>Cost</b> <b>(in thousands)</b>	<b>Fair Value</b> <b>(in thousands)</b>
Cash	\$ 1,184	\$ 1,183
Equity securities	54	70
Mutual funds	43,436	43,534
Alternative investments	8,154	8,064
	<b>\$ 52,828</b>	<b>\$ 52,851</b>

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The following schedule details transactions between the College and the Foundation during the year ended June 30, 2010.

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### **Transactions between the College and the Foundation for Fiscal Year 2010**

The College paid the Foundation for the rental of certain real property. The amount is reported as part of the operating expense. In addition, see Note 9 regarding lease transactions with the Foundation.	\$ 837,960
This figure represents scholarships awarded by the College and reimbursed by the Foundation. The amount is reported as part of gifts under non-operating revenue.	\$ 2,178,623
The Foundation reimbursed the College for certain expenditures that were paid by the College for the benefit of the Foundation.	\$ 1,994,190

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## **Cougar Club**

The Cougar Club is a separately chartered corporation organized exclusively to solicit and provide funds to the athletic department in the form of scholarships and general revenues from season ticket sales and fund raising activities. Season basketball tickets are

available only through Cougar Club membership. The College received \$683,991 for basketball ticket sales which is reported as sales and services of Auxiliary Enterprises in operating funds.

The College has receivables totaling \$2,345,137 with the component units.

The details of the component unit receivables follow.

<b>Component Units Receivable</b>	
As of June 30, 2010	
Foundation	
Capital Projects Receivable - Physical Education Center	\$ 845,000
Capital Projects Receivable - Land	6,500
Capital Project Receivable - School of Arts Building (Simons Center)	100,000
Marine Genomics endowment receivable	1,155,195
Operating expense receivable	237,300
Total Foundation receivable	<u>\$ 2,343,995</u>
Cougar Club	
Operating expense receivable	\$ 1,142
Total Cougar Club receivable	<u>\$ 1,142</u>
Total Component Units Receivable	<u><u>\$ 2,345,137</u></u>

**NOTE 14 – RISK MANAGEMENT**

The College is exposed to various risks of loss and maintains state or commercial insurance coverage for each of these risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The costs of settled claims and claim losses have not exceeded this coverage in any of the past three years. The College pays insurance premiums to certain other state agencies and commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay

to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with the insurance policy and benefit program limits.

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 assumes substantially all risks for the following:

**Managed Risks Assumed by the State**

1. Claims of State employees for unemployment compensation benefits (Employment Security Commission);
2. Claims of covered employees for workers' compensation benefits for job related illnesses or injuries (State Accident Fund);
3. Claims of covered public employees for health and dental insurance benefits. (Office of Insurance Services); and
4. Claims of covered public employees for long-term disability and group life insurance benefits. (Office of Insurance Services).

Employees elect health coverage through either a health maintenance organization or through the State's self-insured plan. All of the other types of coverage listed above are through the applicable State's self-insured plan except dependent and optional life premiums, which are remitted to commercial carriers.

The College and other entities pay premiums to the State's Insurance Reserve Fund (IRF) which issues policies, accumulates assets to cover the risks of loss, and pays claims incurred for covered losses related to the following College assets, activities, and/or events:

**Risks of Loss Covered by Insurance**

1. Theft of, damage to, or destruction of assets;
2. Real property, its contents, and other equipment;
3. Motor vehicles and watercraft (inland marine);
4. Torts;
5. Business interruptions;
6. Natural disasters; and
7. Medical malpractice claims against covered employees.

The IRF is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in certain areas. The IRF rates

are determined actuarially. The College obtains commercial crime coverage through a commercial insurer for losses arising from employee theft.

## Emergency Preparedness and Management Plan

To ensure that the College is prepared to respond to emergency and crisis situations, the President has formed a standing Emergency Management Team (EMT), and this team has developed an Emergency Preparedness and Management Plan for the College. The Plan outlines an emergency

response and recovery policy which provides a consistent, coordinated approach for assessing and responding to crises and emergency situations. The Plan also defines and describes actions to be taken by the College community to mitigate, prepare for, respond to and recover from various human-induced and/or natural emergencies that may affect lives, property and the institution.

## NOTE 15 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2010 are summarized as follows:

	Compensation and Benefits	Supplies and Services	Utilities	Scholarships and Fellowships	Depreciation and Amortization	Total
Instruction	\$ 58,096,803	\$ 4,103,026	\$ 311	\$ -	\$ -	\$ 62,200,140
Research	3,101,071	4,829,743	508	-	-	7,931,322
Public Service	2,712,725	1,307,059	374	-	-	4,020,158
Academic Support	9,035,596	1,244,750	39	-	-	10,280,385
Student Services	7,921,934	2,123,574	-	-	-	10,045,508
Operation and Maintenance of Plant	6,073,506	7,419,385	4,549,817	-	-	18,042,708
Institutional Support	16,735,363	4,757,853	-	-	-	21,493,216
Scholarships and Fellowships (net of discounts and allowances)	13,200	-	-	8,501,620	-	8,514,820
Auxiliary Enterprises	8,626,271	17,755,880	2,906,648	3,674,178	-	32,962,977
Depreciation and Amortization	-	-	-	-	14,373,202	14,373,202
<b>Total Operating Expense</b>	<b>\$ 112,316,469</b>	<b>\$ 43,541,270</b>	<b>\$ 7,457,697</b>	<b>\$ 12,175,798</b>	<b>\$ 14,373,202</b>	<b>\$ 189,864,436</b>

## NOTE 16 – STATE APPROPRIATIONS AND TRANSACTIONS WITH STATE ENTITIES

The College is granted an annual appropriation for operating purposes as authorized by the General Assembly of the State of South Carolina. State appropriations are recognized as revenue when received and available. The original appropriation is the College's base budget amount presented in the General Funds column

of Sections 9 and 35 of Part IA of the 2008-2009 Appropriation Act. The following schedule is a reconciliation of the original appropriation as enacted by the General Assembly to State appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2010.

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### STATE APPROPRIATIONS

#### Non-capital Appropriations

Current year's appropriations:

Original appropriations per annual Appropriations Act	\$ 26,054,537
Less: S. C. Budget and Control Board Mandated Appropriation Reduction	(2,302,030)
From Commission on Higher Education:	
Academic endowment, net of \$4,508 appropriation reduction	18,424
Access and Equity, net of \$5,299 appropriation reduction	14,762
Other - Low Country Graduate Center, net of \$114,690 appropriation reduction	980,632
<b>Total State non-capital appropriations recorded as current year revenue</b>	<b><u>\$ 24,766,325</u></b>

#### Capital Appropriations

Current year's appropriations:

From SC Education Lottery Fund, net of \$14,087 appropriation reduction	<u>\$ 1,108,157</u>
<b>Total State capital appropriations recorded as current year revenue</b>	<b><u>\$ 1,108,157</u></b>

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The College received substantial funding from the Commission on Higher Education (CHE) for scholarships on behalf of students that are accounted for as operating state grants and contracts. Additional amounts received from CHE are accounted for as both operating and non-operating revenues, depending upon the requirement of deliverables

with a current or potential future economic value. The College also receives state funds from various other public service projects. Following is a summary of amounts received from state agencies for scholarships, sponsored research and public-service projects for the fiscal year ended June 30, 2010.

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**Other Amounts Received from State Agencies**

	<u>Operating Revenue</u>	<u>Non-Operating Revenue</u>	<u>Total</u>
Received from CHE:			
Hope Scholarships	\$ 268,800	\$ -	\$ 268,800
LIFE Scholarships	12,022,990	-	12,022,990
Palmetto Scholarships	3,936,363	-	3,936,363
Need-Based Grants	1,135,500	-	1,135,500
SC National Guard Program	49,500	-	49,500
Various other CHE amounts	105,679	-	105,679
Received from Department of Education	317,910	-	317,910
Received from Winthrop University	441,045	-	441,045
Received from Various State Agencies	170,201	-	170,201
Total	<u><b>\$ 18,447,988</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 18,447,988</b></u>

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Services received at no cost from State agencies include maintenance of certain accounting records by the Comptroller General; banking, bond trustee and investment services from the State Treasurer; legal services from the Attorney General; and grant services from the Office of the Governor.

Other services received at no cost from the various offices of the State Budget

and Control Board include pension plan administration, insurance plans administration, audit services, personnel management, assistance in the preparation of the State budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

## NOTE 17 – INFORMATION FOR INCLUSION IN THE STATE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The College of Charleston's transactions are reported in the Higher Education Fund, an enterprise fund, of the State of South Carolina. Following

is information needed to present the College's business-type activities in the State's government-wide Statement of Activities.

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	<b>2010</b>	<b>2009 *</b>	<b>Increase/(Decrease)</b>
Charges for services	\$ 173,976,950	\$173,379,809	\$ 597,141
Operating grants and contribution	19,219,674	5,425,511	13,794,163
Less: Expenses	199,287,532	190,413,518	8,874,014
Net program expense	\$ (6,090,908)	\$ (11,608,198)	\$ 5,517,290
Transfers:			
State appropriations	\$ 24,766,325	\$ 27,172,853	\$ (2,406,528)
State capital appropriations	1,108,157	1,122,244	(14,087)
Total transfers	\$ 25,874,482	\$ 28,295,097	\$ (2,420,615)
Change in net assets	\$ 19,783,574	\$ 16,686,899	\$ 3,096,675
Net assets – beginning	\$ 207,015,678	\$190,328,779	\$ 16,686,899
<b>Net assets – ending</b>	<b>\$ 226,799,252</b>	<b>\$207,015,678</b>	<b>\$ 19,783,574</b>

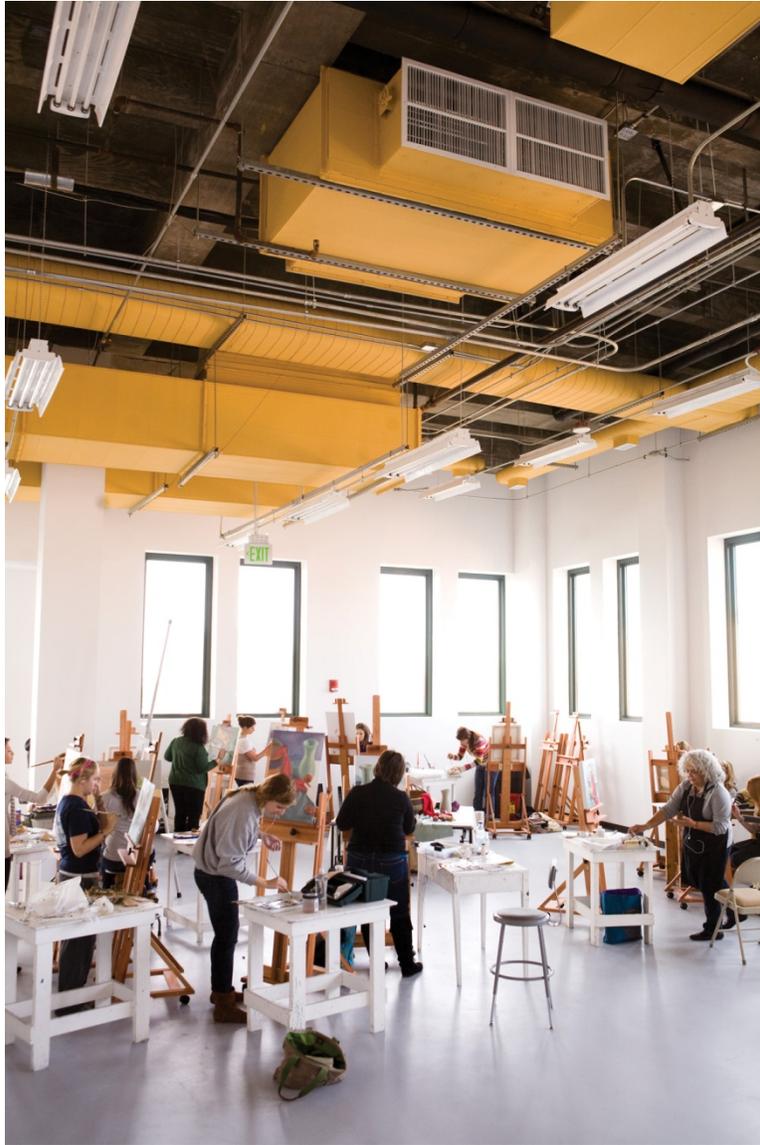
\* \$4,582,622 of Pell grant revenue reclassified from charges for services to operating grants and contributions.

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# COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



*The Marion and Wayland H. Cato Jr. Center for the Arts includes two paint studios, which provide breathtaking views of downtown Charleston. Opening in January 2010, this 80,000SF addition to the existing Simons Center for the Arts provides teaching studios, practice classrooms, dance studios, performance classrooms, and a state-of-the-art photography lab.*

## STATISTICAL SECTION

## STATISTICAL SECTION

This section of the College of Charleston'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 conveys about the College's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the College's financial performance has changed over time.	<b>78 - 82</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the College's ability to generate tuition income.	<b>83</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the College's current levels of outstanding debt and its ability to issue additional debt in the future.	<b>84</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the College's financial activities take place and to help make comparisons over time and with other colleges.	<b>85 - 90</b>
<b>Operating Information</b> These schedules contain information about the College's operations and resources to help the reader understand how the College's financial information relates to the services it provides.	<b>91 - 94</b>

*Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant years.*

## SCHEDULE OF REVENUES BY SOURCE

	For the Year Ended June 30,																			
	(amounts expressed in thousands)										(percent of total revenue)									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Revenues</b>																				
<b>Operating Revenues:</b>																				
Student Tuition and Fees (net of scholarship allowance)	\$ 108,009	\$ 98,406	\$ 90,435	\$ 82,491	\$ 76,836	\$ 70,209	\$ 64,584	\$ 53,187	\$ 47,825	\$43,771	49.59%	47.77%	44.75%	44.25%	46.73%	45.37%	45.29%	40.25%	38.61%	37.38%
Federal Grants and Contracts	7,584	12,084	15,125	9,903	9,568	9,351	9,787	9,597	8,530	7,183	3.48%	5.87%	7.48%	5.31%	5.82%	6.04%	6.86%	7.26%	6.89%	6.13%
Slate Grants and Contracts	18,448	17,868	17,996	16,347	16,136	15,398	14,715	13,311	7,210	8,623	8.47%	8.67%	8.91%	8.77%	9.81%	9.95%	10.32%	10.07%	5.82%	7.36%
Local Grants and Contracts	81	8	8	8	7	23	-	-	15	4	0.04%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.01%	0.00%
Nongovernmental Grants and Contracts	105	18	102	226	300	341	283	208	217	418	0.05%	0.01%	0.05%	0.12%	0.18%	0.22%	0.20%	0.16%	0.18%	0.36%
Sales and Services of Educational and Other Activities	2,604	1,499	1,124	1,212	1,057	991	1,050	1,025	1,544	1,167	1.20%	0.73%	0.56%	0.65%	0.64%	0.64%	0.74%	0.78%	1.25%	1.00%
Sales and Services of Auxiliary Enterprises (net of scholarship allowance)	36,453	36,531	33,550	28,476	25,029	24,412	20,206	19,157	20,216	19,424	16.74%	17.74%	16.60%	15.27%	15.22%	15.78%	14.17%	14.50%	16.32%	16.59%
Other Operating Revenue	693	2,383	2,069	1,817	1,561	1,255	1,561	1,342	1,111	1,325	0.32%	1.16%	1.02%	0.97%	0.95%	0.81%	1.09%	1.02%	0.90%	1.13%
<b>Total Operating Revenues</b>	<b>\$ 173,977</b>	<b>\$ 168,797</b>	<b>\$ 160,409</b>	<b>\$ 140,480</b>	<b>\$ 130,494</b>	<b>\$ 121,980</b>	<b>\$ 112,186</b>	<b>\$ 97,827</b>	<b>\$ 86,668</b>	<b>\$ 81,915</b>	<b>79.88%</b>	<b>81.95%</b>	<b>79.38%</b>	<b>75.35%</b>	<b>79.36%</b>	<b>78.83%</b>	<b>78.68%</b>	<b>74.03%</b>	<b>69.98%</b>	<b>69.96%</b>
<b>Non Operating Revenues:</b>																				
Slate Appropriations	\$ 24,767	\$ 27,173	\$ 36,094	\$ 37,806	\$ 30,328	\$ 28,896	\$ 27,354	\$ 29,682	\$ 32,764	\$ 33,339	11.37%	13.19%	17.86%	20.28%	18.44%	18.67%	19.18%	22.46%	26.45%	28.47%
Federal grants and contracts	12,576	4,583	-	-	-	-	-	-	-	-	5.77%	2.22%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gifts	2,181	2,239	2,044	5,836	1,814	1,768	1,517	1,738	1,671	1,483	1.00%	1.09%	1.01%	3.13%	1.10%	1.14%	1.06%	1.32%	1.35%	1.27%
Interest Income	3,758	2,712	3,204	1,739	1,141	1,503	59	1,579	1,327	353	1.73%	1.32%	1.59%	0.93%	0.69%	0.97%	0.04%	1.19%	1.07%	0.30%
Other Non Operating Revenues	539	475	324	576	657	587	1,473	1,316	1,425	-	0.25%	0.23%	0.16%	0.31%	0.40%	0.38%	1.03%	1.00%	1.15%	0.00%
<b>Total Non Operating Revenues</b>	<b>\$ 43,821</b>	<b>\$ 37,182</b>	<b>\$ 41,666</b>	<b>\$ 45,957</b>	<b>\$ 33,940</b>	<b>\$ 32,754</b>	<b>\$ 30,403</b>	<b>\$ 34,315</b>	<b>\$ 37,187</b>	<b>\$ 35,175</b>	<b>20.12%</b>	<b>18.05%</b>	<b>20.62%</b>	<b>24.65%</b>	<b>20.64%</b>	<b>21.17%</b>	<b>21.32%</b>	<b>25.97%</b>	<b>30.02%</b>	<b>30.04%</b>
<b>Total Revenues</b>	<b>\$ 217,798</b>	<b>\$ 205,979</b>	<b>\$ 202,075</b>	<b>\$ 186,437</b>	<b>\$ 164,434</b>	<b>\$ 154,734</b>	<b>\$ 142,589</b>	<b>\$ 132,142</b>	<b>\$ 123,855</b>	<b>\$ 117,090</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Note: Beginning in 2010, Pell grant revenue is reported as non operating. Pell Grant amounts for 2009 were reclassified for comparative purposes.

Source: College of Charleston Comprehensive Annual Financial Reports

## SCHEDULE OF EXPENSES BY FUNCTION

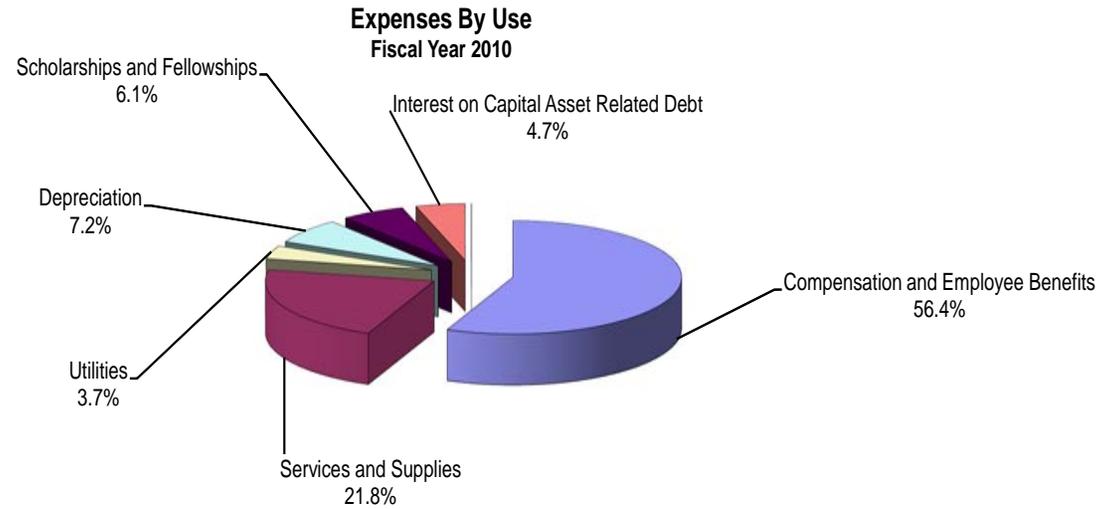
	For the Year Ended June 30,																			
	(amounts expressed in thousands)										(percent of total expenses)									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Expenses:																				
Instruction	\$ 62,200	\$ 62,752	\$ 61,877	\$ 58,447	\$ 55,232	\$ 51,228	\$ 48,051	\$ 45,435	\$ 43,997	42,413	31.21%	32.96%	32.88%	34.86%	34.60%	33.83%	34.45%	33.23%	36.33%	36.42%
Research	7,931	5,592	5,647	5,974	5,662	4,650	4,750	4,356	3,867	3,569	3.98%	2.94%	3.00%	3.56%	3.55%	3.07%	3.41%	3.19%	3.19%	3.06%
Public Services	4,020	1,200	1,172	865	889	955	1,120	1,299	1,180	1,192	2.02%	0.63%	0.62%	0.52%	0.56%	0.63%	0.80%	0.95%	0.97%	1.02%
Academic Support	10,280	13,344	13,742	13,322	13,061	12,022	10,123	9,682	9,535	9,226	5.16%	7.01%	7.30%	7.94%	8.18%	7.94%	7.26%	7.08%	7.87%	7.92%
Student Services	10,046	9,970	9,170	8,152	7,687	7,122	6,254	6,058	5,752	5,239	5.04%	5.24%	4.87%	4.86%	4.82%	4.70%	4.48%	4.43%	4.75%	4.50%
Institutional Support	21,493	18,034	16,713	14,913	13,081	11,435	11,529	11,194	9,506	8,615	10.78%	9.47%	8.88%	8.89%	8.19%	7.55%	8.27%	8.19%	7.85%	7.40%
Operation and Maintenance of Plant	18,043	21,730	24,393	22,526	22,845	24,348	22,526	21,001	12,517	12,309	9.05%	11.41%	12.96%	13.43%	14.31%	16.08%	16.15%	15.36%	10.34%	10.57%
Scholarships and Fellowships	8,515	7,711	7,276	7,212	6,794	5,585	8,072	9,452	8,456	7,916	4.27%	4.05%	3.87%	4.30%	4.26%	3.69%	5.79%	6.91%	6.98%	6.80%
Auxiliary Enterprises	32,963	32,409	32,189	26,068	24,776	24,087	19,321	20,979	21,395	21,723	16.54%	17.02%	17.10%	15.55%	15.52%	15.92%	13.85%	15.35%	17.67%	18.65%
Interest on Capital Debt	9,388	6,948	7,671	3,591	3,721	3,929	2,993	2,501	1,144	1,076	4.71%	3.65%	4.08%	2.14%	2.33%	2.60%	2.15%	1.83%	0.94%	0.92%
Loss on sale of assets	36	103	79	280	83	-	-	-	-	-	0.02%	0.05%	0.04%	0.17%	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation and amortization	14,373	10,621	8,269	6,332	5,793	6,020	4,727	4,752	3,758	3,188	7.21%	5.58%	4.39%	3.78%	3.63%	3.98%	3.39%	3.48%	3.10%	2.74%
<b>Total Expenses</b>	<b>\$ 199,288</b>	<b>\$ 190,414</b>	<b>\$ 188,198</b>	<b>\$ 167,682</b>	<b>\$ 159,624</b>	<b>\$ 151,381</b>	<b>\$ 139,466</b>	<b>\$ 136,709</b>	<b>\$ 121,107</b>	<b>\$ 116,466</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: College of Charleston Comprehensive Annual Financial Reports

**SCHEDULE OF EXPENSES BY USE**

For the Year Ended June 30,

	(amounts expressed in thousands)										(percent of total expenses)									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Expenses:</b>																				
<b>Operating Expenses:</b>																				
Compensation and Employee Benefits	\$ 112,316	\$ 109,387	\$ 105,071	\$ 98,115	\$ 93,528	\$ 85,847	\$ 80,533	\$ 76,082	\$ 71,754	\$ 68,716	56.4%	57.4%	55.8%	58.5%	58.6%	56.7%	57.7%	55.7%	59.2%	61.8%
Services and Supplies	43,541	45,973	51,152	44,332	42,582	42,170	37,192	38,871	32,995	27,404	21.8%	24.1%	27.2%	26.4%	26.7%	27.9%	26.7%	28.4%	27.2%	24.6%
Utilities	7,458	6,759	5,878	5,384	4,778	4,648	4,105	3,471	2,999	3,428	3.7%	3.5%	3.1%	3.2%	3.0%	3.1%	2.9%	2.5%	2.5%	3.1%
Depreciation	14,373	10,621	8,269	6,332	5,793	6,020	4,727	4,752	3,758	3,188	7.2%	5.6%	4.4%	3.8%	3.6%	4.0%	3.4%	3.5%	3.1%	2.9%
Scholarships and Fellowships	12,176	10,623	10,078	9,648	9,139	8,767	9,916	11,032	8,457	7,292	6.1%	5.6%	5.4%	5.8%	5.7%	5.8%	7.1%	8.1%	7.0%	6.6%
<b>Total Operation Expenses</b>	<b>\$ 189,864</b>	<b>\$ 183,363</b>	<b>\$ 180,448</b>	<b>\$ 163,811</b>	<b>\$ 155,820</b>	<b>\$ 147,452</b>	<b>\$ 136,473</b>	<b>\$ 134,208</b>	<b>\$ 119,963</b>	<b>\$ 110,028</b>	<b>95.3%</b>	<b>96.3%</b>	<b>95.9%</b>	<b>97.7%</b>	<b>97.6%</b>	<b>97.4%</b>	<b>97.9%</b>	<b>98.2%</b>	<b>99.1%</b>	<b>99.0%</b>
<b>Non Operating Expenses:</b>																				
Interest on Capital Asset Related Debt	\$ 9,388	\$ 6,948	\$ 7,671	\$ 3,591	\$ 3,721	\$ 3,929	\$ 2,993	\$ 2,501	\$ 1,144	\$ 1,076	4.7%	3.6%	4.1%	2.1%	2.3%	2.6%	2.1%	1.8%	0.9%	1.0%
Loss on sale of assets	36	103	79	280	83	-	-	-	-	-	0.0%	0.1%	0.0%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total Non Operating Expenses</b>	<b>\$ 9,424</b>	<b>\$ 7,051</b>	<b>\$ 7,750</b>	<b>\$ 3,871</b>	<b>\$ 3,804</b>	<b>\$ 3,929</b>	<b>\$ 2,993</b>	<b>\$ 2,501</b>	<b>\$ 1,144</b>	<b>\$ 1,076</b>	<b>4.7%</b>	<b>3.7%</b>	<b>4.1%</b>	<b>2.3%</b>	<b>2.4%</b>	<b>2.6%</b>	<b>2.1%</b>	<b>1.8%</b>	<b>0.9%</b>	<b>1.0%</b>
<b>Total Expenses</b>	<b>\$ 199,288</b>	<b>\$ 190,414</b>	<b>\$ 188,198</b>	<b>\$ 167,682</b>	<b>\$ 159,624</b>	<b>\$ 151,381</b>	<b>\$ 139,466</b>	<b>\$ 136,709</b>	<b>\$ 121,107</b>	<b>\$ 111,104</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>



Source: College of Charleston Comprehensive Annual Financial Reports

## SCHEDULE OF NET ASSETS AND CHANGES IN NET ASSETS

	For the Year Ended June 30, (amounts expressed in thousands)									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Total revenues (from schedule of revenues by source)	\$ 217,798	\$ 205,979	\$ 202,075	\$ 186,437	\$ 164,434	\$ 154,734	\$ 142,589	\$ 132,142	\$ 123,855	\$ 117,090
Total expenses (from schedule of expenses by use and function)	(199,288)	(190,414)	(188,198)	(167,682)	(159,624)	(151,381)	(139,466)	(136,709)	(121,107)	(116,465)
Income before other revenues, expenses, gains or losses	\$ 18,510	\$ 15,565	\$ 13,877	\$ 18,755	\$ 4,810	\$ 3,353	\$ 3,123	\$ (4,567)	\$ 2,748	\$ 625
Capital improvement bond proceeds	-	-	7,889	8,992	3,295	1,670	8,098	4,831	-	-
Capital gifts	165	-	-	-	-	-	-	1,092	538	-
Capital appropriations	1,108	1,122	1,122	1,131	1,167	-	-	-	262	-
Additions to permanent endowments	-	-	-	-	-	1,000	-	-	-	-
Uncollectible capital gifts	-	-	-	-	-	-	(2,465)	-	-	-
Transfers to other state funds	-	-	-	-	-	-	-	-	-	(22)
University infrastructure bond proceeds	-	-	-	1,829	-	-	-	-	-	-
Net assets, beginning	207,016	190,329	163,824	133,117	123,845	117,822	109,066	107,710	104,162	103,559
Net assets, ending	<b>\$ 226,799</b>	<b>\$ 207,016</b>	<b>\$ 186,712</b>	<b>\$ 163,824</b>	<b>\$ 133,117</b>	<b>\$ 123,845</b>	<b>\$ 117,822</b>	<b>\$ 109,066</b>	<b>\$ 107,710</b>	<b>\$ 104,162</b>
Invested in capital assets, net of related debt	\$ 160,358	\$ 156,437	\$ 143,670	\$ 117,272	\$ 93,162	\$ 101,222	\$ 80,912	\$ 82,002	\$ 68,457	\$ 61,766
Restricted - expendable	49,131	35,448	31,608	36,133	33,396	11,304	26,391	17,163	25,231	32,810
Restricted - nonexpendable	1,047	1,140	1,390	1,098	1,103	1,103	100	104	101	102
Unrestricted	16,263	13,991	10,044	9,321	5,456	10,216	10,419	9,797	13,921	9,484
Total	<b>\$ 226,799</b>	<b>\$ 207,016</b>	<b>\$ 186,712</b>	<b>\$ 163,824</b>	<b>\$ 133,117</b>	<b>\$ 123,845</b>	<b>\$ 117,822</b>	<b>\$ 109,066</b>	<b>\$ 107,710</b>	<b>\$ 104,162</b>

Source: College of Charleston Comprehensive Annual Financial Reports

## SCHEDULE OF RATIOS OF OUTSTANDING DEBT

	For the Year Ended June 30, (dollars expressed in thousands except for outstanding debt per student)										
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenue bonds	\$ 165,699	\$ 170,845	\$ 175,790	\$ 86,132	\$ 89,316	\$ 92,381	\$ 62,896	\$ 64,810	\$ 27,265	\$ 18,055	\$ 19,385
State institution bonds	5,674	5,981	6,267	6,260	6,514	6,753	6,983	7,200	-	-	-
Bond anticipation note	33,500	33,500	-	-	-	-	-	-	-	-	-
Capital lease obligations	4,264	4,952	-	-	-	-	-	-	-	-	56
<b>Total Outstanding Debt</b>	<b>\$ 209,137</b>	<b>\$ 215,278</b>	<b>\$ 182,057</b>	<b>\$ 92,392</b>	<b>\$ 95,830</b>	<b>\$ 99,134</b>	<b>\$ 69,879</b>	<b>\$ 72,010</b>	<b>\$ 27,265</b>	<b>\$ 18,055</b>	<b>\$ 19,441</b>
<b>Full-time equivalent students (fiscal year)</b>	10,191	9,806	9,904	9,802	9,883	9,942	9,860	9,947	9,732	9,450	9,480
<b>Outstanding debt per student</b>	\$ 20,522	\$ 21,954	\$ 18,382	\$ 9,426	\$ 9,696	\$ 9,971	\$ 7,087	\$ 7,239	\$ 2,802	\$ 1,911	\$ 2,051

Note: Outstanding debt per student calculated using full-time equivalent enrollment data for each of the last ten years.

**TUITION AND FEES**  
**Last Ten Academic Years**

<b>Academic Year Beginning in Fall</b>	<b>Undergraduate (a)</b>		<b>Graduate (b)</b>	
	<b>Resident</b>	<b>Nonresident</b>	<b>Resident</b>	<b>Nonresident</b>
2009	\$ 8,988	\$ 21,846	\$ 412	\$ 1,001
2008	8,400	20,418	350	850
2007	7,778	18,732	324	781
2006	7,234	16,800	301	700
2005	6,668	15,342	276	637
2004	6,202	14,140	256	587
2003	5,770	13,032	238	541
2002	4,556	10,290	200	455
2001	3,780	8,540	155	354
2000	3,630	7,910	149	328

Notes:

(a) These amounts are for undergraduate full-time students with an academic year of 24 semester hours.

(b) Per credit-hour

Source: College of Charleston Office of Institutional Research, Graduate School Office

## SCHEDULE OF BOND COVERAGE

Last Ten Fiscal Years  
(amounts in thousands)

Fiscal Year Ended June 30,	Defined Net Revenue Available for Debt Service	Total Revenue Available for Debt Service	Debt Service Payment Requirements			Coverage Ratio
			Principal	Interest	Total	
<b>Revenue Bonds</b>						
2010	\$ 16,139	\$ 22,798	\$ 5,215	\$ 7,974	\$ 13,189	1.73
2009	14,811	19,594	5,015	8,134	13,149	1.49
2008	12,664	15,839	4,400	7,448	11,848	1.34
2007	10,487	17,683	3,180	4,008	7,188	2.46
2006	9,993	14,492	3,070	4,085	7,155	2.03
2005	9,550	13,522	2,815	4,193	7,008	1.93
2004	8,459	8,913	2,050	2,748	4,798	1.86
2003	3,802	4,177	1,160	2,147	3,307	1.26
2002	1,817	2,959	1,410	1,005	2,415	1.23
2001	2,411	2,916	1,330	1,074	2,404	1.21
<b>State Institutional Bonds</b>						
2010	\$ 675	\$ 675	\$ 295	\$ 207	\$ 502	1.34
2009	649	649	275	225	500	1.30
2008	537	537	265	223	488	1.10
2007	534	534	255	230	485	1.10
2006	529	656	240	240	480	1.37
2005	563	653	225	287	512	1.28
2004	522	3,582	220	254	474	7.56

Source: College of Charleston Controller's Office

Notes: The State of South Carolina first issued State Institutional Bonds on behalf of the College in 2003 with debt service payment requirements beginning in 2004.

In addition, each year's figures for revenue available for debt service were recalculated during fiscal year 2006 and consequently, resulted in a revised schedule for that period. The 2010 schedule reflects those revisions.

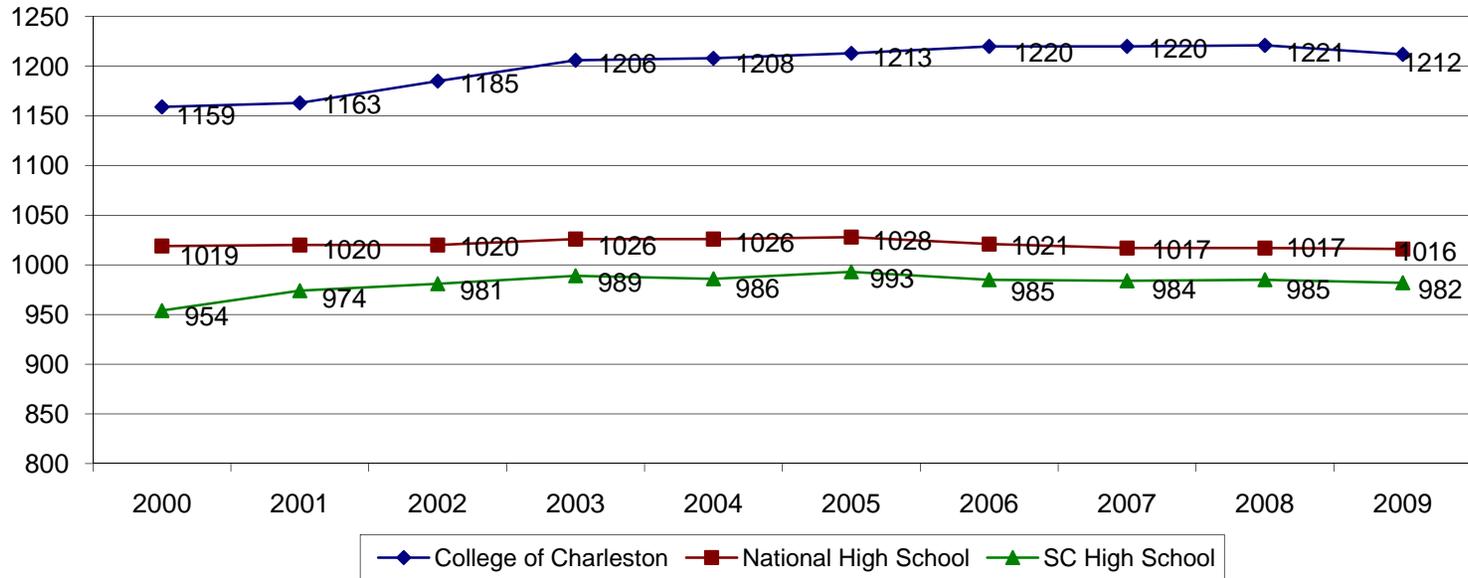
## ADMISSIONS, ENROLLMENT AND DEGREE STATISTICS

Last Ten Academic Years

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Admissions - Freshman</b>										
Applications	11,083	9,964	8,941	8,673	8,217	8,076	7,606	8,635	8,356	7,957
Applications accepted	7,703	6,401	5,775	5,311	5,436	5,238	4,560	5,144	5,471	5,323
Accepted as a percentage of applications	69.5%	64.2%	64.6%	61.2%	66.2%	64.9%	60.0%	59.6%	65.5%	66.9%
Students enrolled	2,143	1,955	2,064	1,968	1,993	1,944	1,874	2,003	1,974	2,001
Enrolled as a percentage of accepted	27.8%	30.5%	35.7%	37.1%	36.7%	37.1%	41.1%	38.9%	36.1%	37.6%
SAT scores - total	1,212	1,221	1,220	1,220	1,213	1,208	1,206	1,185	1,163	1,159
Verbal	606	612	611	610	609	607	605	595	584	585
Math	606	609	609	610	604	601	601	590	579	574
South Carolina average SAT score - total	982	985	984	985	993	986	989	981	974	954
U.S. average SAT score - total	1,016	1,017	1,017	1,021	1,028	1,026	1,026	1,020	1,020	1,019
<b>Enrollment</b>										
Undergraduate and graduate FTE	10,191	9,806	9,904	9,802	9,883	9,942	9,860	9,947	9,732	9,450
Undergraduate and graduate headcount	11,772	11,367	11,316	11,218	11,332	11,607	11,536	11,716	11,617	11,129
Percentage of Men	33.0%	34.2%	34.3%	34.0%	33.9%	33.3%	34.1%	33.8%	33.5%	34.9%
Percentage of Women	63.1%	65.4%	65.7%	66.0%	66.1%	66.7%	65.9%	66.2%	66.5%	65.1%
Percentage of African-American	6.3%	6.5%	6.9%	7.2%	7.7%	8.5%	9.0%	8.7%	8.8%	7.9%
Percentage of White	79.8%	82.7%	82.8%	82.5%	82.0%	83.0%	83.5%	84.9%	84.9%	85.7%
Percentage of Other	10.4%	10.8%	10.3%	10.3%	10.3%	8.4%	7.4%	6.4%	6.3%	6.4%
<b>Degrees Earned</b>										
Undergraduate	2,212	2,287	2,145	2,209	2,098	2,162	2,162	1,870	1,798	1,830
Graduate	172	189	218	204	207	192	174	154	165	141

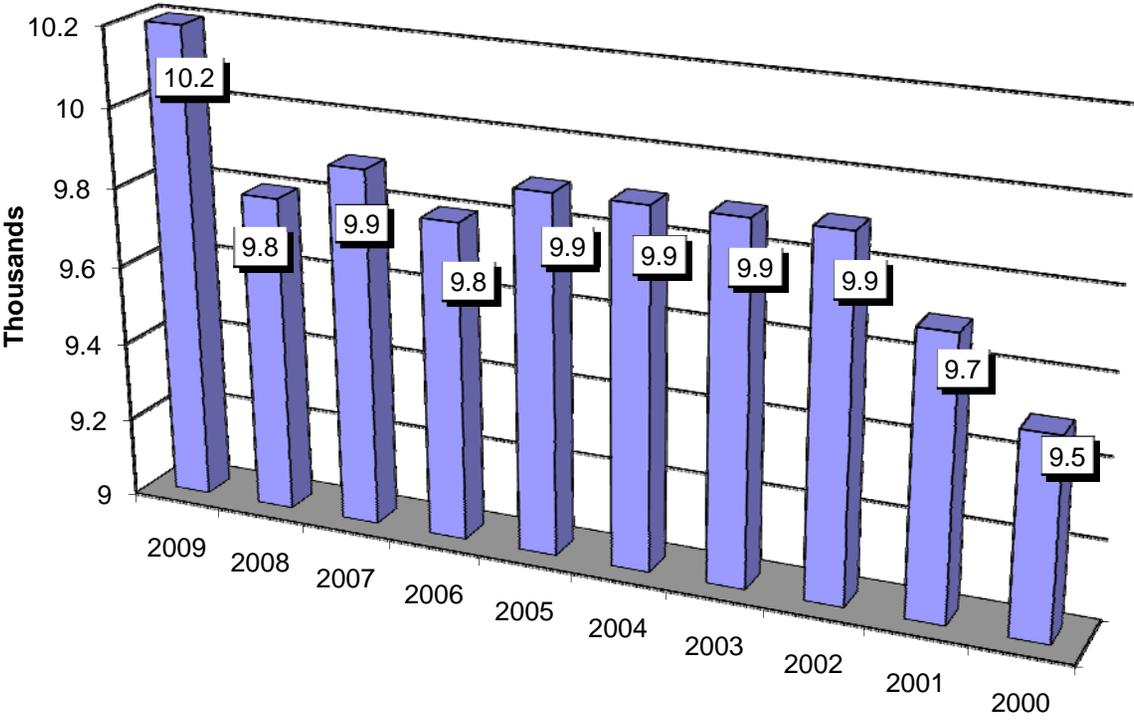
Source: College of Charleston Office of Institutional Research

# College of Charleston Average Combined SAT Scores For The Last 10 Years



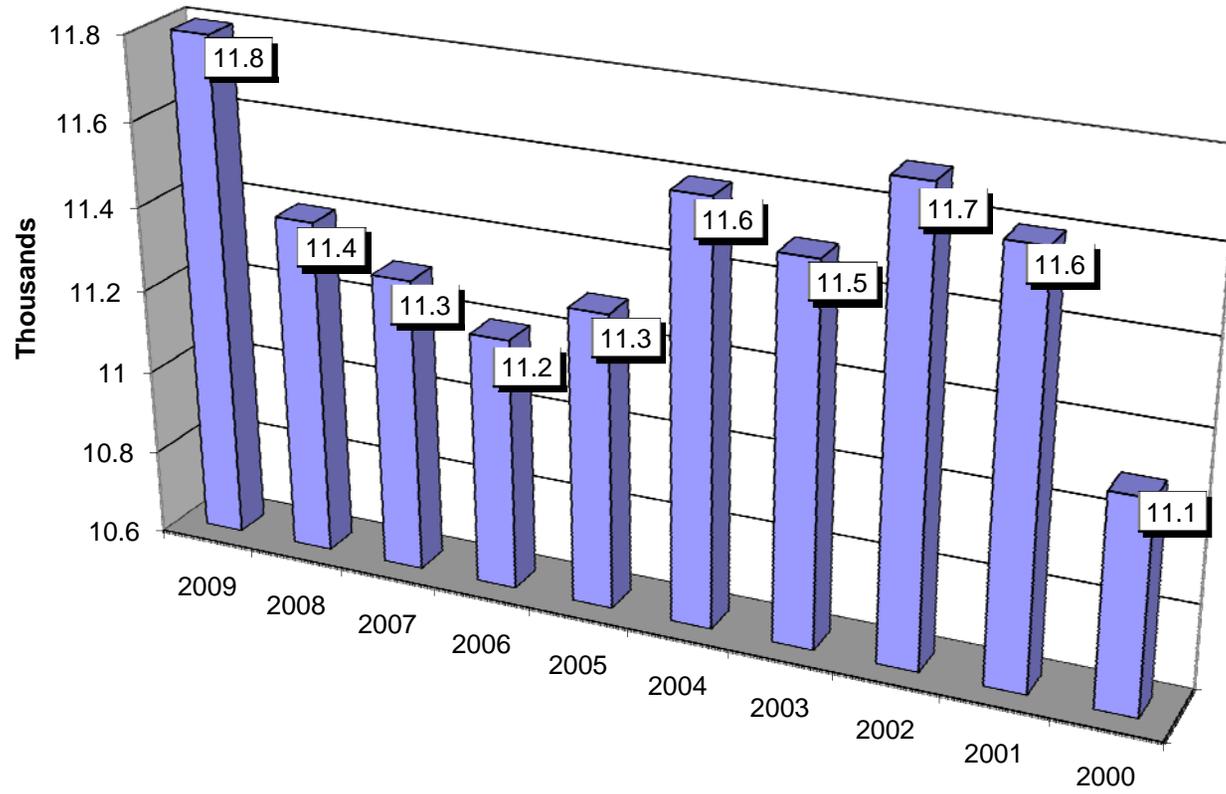
Source: College of Charleston Office of Admissions

**College of Charleston  
Student Full Time Equivalents  
For The Last 10 Academic Years**



Source: College of Charleston Office of Institutional Research

**College of Charleston  
Student Head Count  
For The Last 10 Academic Years**



Source: College of Charleston Office of Institutional Research

## DEMOGRAPHIC STATISTICS

State of South Carolina  
Last Ten Calendar Years

Year	Population as of June 30	Total Personal Income (expressed in thousands)	Per Capita Income	Average Annual Unemployment Rate
2009	4,561,242	\$ 145,042,934	\$ 31,799	11.7%
2008	4,479,800	146,337,147	32,666	6.9%
2007	4,407,709	141,333,189	32,065	5.6%
2006	4,330,108	134,367,581	31,031	6.3%
2005	4,254,989	124,543,528	29,270	6.7%
2004	4,201,437	117,358,740	27,933	6.8%
2003	4,146,770	110,735,346	26,704	6.7%
2002	4,104,683	107,050,133	26,080	6.0%
2001	4,062,933	104,226,420	25,653	5.2%
2000	4,023,628	100,920,637	25,082	3.6%

Source: South Carolina Comptroller General's Office

## Ten Largest Employers

Latest Completed Calendar Year and Eight Years Prior<sup>a</sup>  
(Listed alphabetically)

<u>2001</u>	<u>2009</u>
Bi-Lo, Inc.	Bi-Lo, Inc.
Blue Cross/Blue Shield of South Carolina	Blue Cross/Blue Shield of South Carolina
Greenville County School District	Greenville County School District
Michelin North America, Inc.	Greenville Hospital System
Springs Industries, Inc.	Michelin North America, Inc.
University of South Carolina	Palmetto Health Alliance, Inc.
U.S. Department of Defense	U.S. Department of Defense
U.S. Postal Service	U.S. Postal Service
Wal-Mart Associates, Inc.	University of South Carolina
Westinghouse Savannah River	Wal-Mart Associates, Inc.

<sup>a</sup> The ten largest employers prior to calendar year 2001 are unavailable.

Note: Due to confidentiality issues, the number of employees for each company is not available and the employers are listed alphabetically rather than in order of size.

Source: South Carolina Employment Security Commission

## FACULTY AND STAFF STATISTICS

Last Ten Fiscal Years

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Instructional Faculty</b>										
Part-time	342	375	378	373	343	337	366	388	340	241
Full-time	525	525	521	522	515	499	487	463	454	512
Percentage tenured	61%	59%	60%	59%	61%	60%	59%	58%	60%	61%
<b>Staff and administrators with faculty rank</b>										
Full-time	828	824	773	743	710	685	667	861	794	717
<b>Total employees</b>										
Part-time	342	375	378	373	343	337	366	388	340	241
Full-time	1,353	1,349	1,294	1,265	1,225	1,184	1,154	1,324	1,248	1,229
<b>FTE Students per full-time</b>										
Instructional Faculty	19.4	18.7	19.0	18.8	19.0	19.8	20.4	21.3	21.9	19.0
Staff member	12.3	11.9	12.8	13.2	13.8	14.4	14.9	11.5	12.5	13.6
<b>Average annual faculty salary</b>	\$ 64,707	\$ 64,735	\$ 62,275	\$ 59,600	\$ 57,965	\$ 55,057	\$ 52,582	\$ 51,630	\$ 50,535	\$ 49,481

Source: College of Charleston Office of Institutional Research

## SCHEDULE OF CAPITAL ASSET INFORMATION

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Academic buildings										
Net assignable square feet (in thousands)	720	708	712	705	703	605	604	611	597	641
Administrative and support buildings										
Net assignable square feet (in thousands)	167	155	155	168	160	174	174	164	157	157
Laboratories										
Net assignable square feet (in thousands)	171	121	123	122	121	126	126	125	123	123
Auxiliary and independent operations buildings										
Net assignable square feet (in thousands)	1,038	1,190	1,191	918	922	920	933	535	532	532
Libraries	1	1	1	1	1	1	1	1	1	1
Number of volumes (in thousands)	780	762	741	720	702	680	662	643	620	602
Volumes per student	66	67	65	64	62	59	57	55	53	54
Student Housing:										
Residence Halls	8	8	8	7	7	7	7	7	6	6
Apartments	3	3	3	2	2	2	1	1	-	-
Other housing options	30	29	29	30	30	31	21	23	23	23
Units available	3,375	3,402	3,402	2,840	2,842	2,770	2,550	2,644	1,958	1,989
Units in use	3,227	3,169	3,281	2,860	2,834	2,778	2,567	2,488	2,008	2,056
Percent occupancy	95.6%	93.2%	96.0%	100.7%	99.7%	100.3%	100.7%	94.1%	102.6%	103.4%
Dining facilities:										
Locations	6	6	6	6	6	4	4	4	3	3
Average daily customers	5,263	5,782	5,854	5,574	4,991	3,688	3,725	2,528	1,807	Note (a)
Parking facilities:										
Parking spaces available	2,249	2,300	2,287	2,232	2,372	2,534	2,550	2,675	2,592	Note (a)
Parking permits issued to students	1,069	1,136	1,240	1,181	1,101	1,324	1,408	1,373	1,441	Note (a)
Parking permits issued to faculty/ staff	924	921	934	1,053	1,030	1,004	995	1,071	939	Note (a)

Note (a): Prior fiscal year data is not readily available

### Sources:

Building Square Footage

College of Charleston Office of Institutional Research

Libraries

College of Charleston Office of Institutional Research

Student Housing

College of Charleston Residence Life and Housing

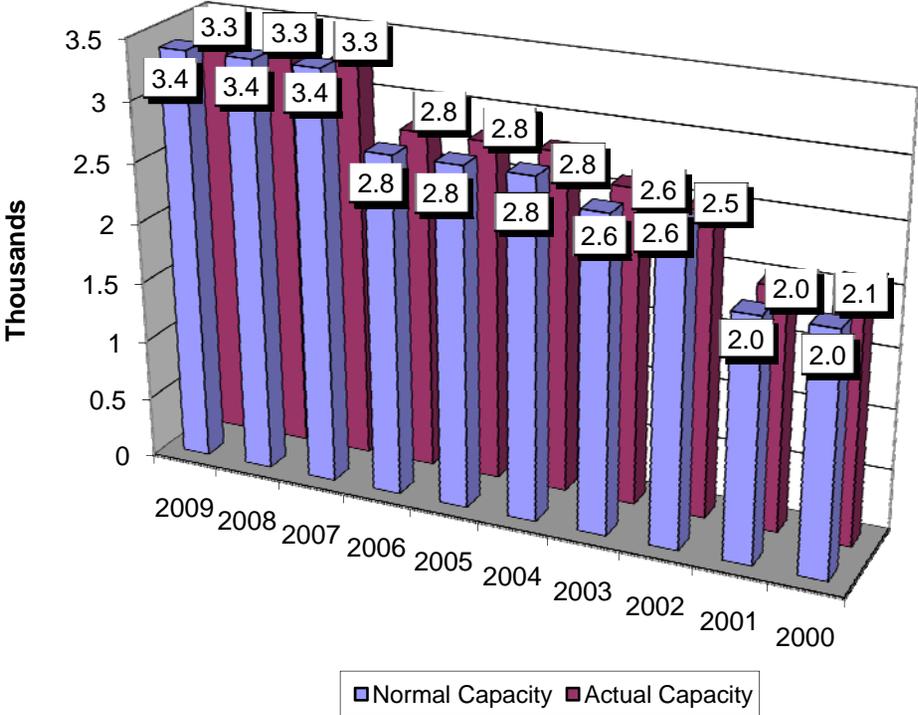
Dining Facilities

College of Charleston Dining Services

Parking Facilities

College of Charleston Business and Auxiliary Services

**College of Charleston  
Fall Residence Hall Occupancy  
For The Last 10 Academic Years**



Source: College of Charleston Office of Institutional Research /Dean of Residence Life

## ACADEMIC SUBJECT AREAS AND DEGREES OFFERED

Academic Year 2009-2010

UNDERGRADUATE				GRADUATE			
Accounting	A.B., B.S.	History	A.B., B.A.	Accounting	M.S.	Historic Preservation	M.S.
Anthropology	A.B., B.S.	Hospitality and Tourism Management	A.B., B.S.	Arts Management	CER	History	M.A.
Art History	A.B., B.A.	International Business	A.B., B.S.	Bilingual Interpreting	M.A.	Languages	M.Ed.
Arts Management	A.B., B.A.	Latin American and Caribbean Studies	A.B., B.A.	Bilingual Legal Interpreting	CER	Marine Biology	M.S.
Astronomy	B.A.	Marine Biology	A.B., B.S.	Bilingual Medical and Health Care Interpreting	CER	Mathematics	M.S.
Astrophysics	B.S.	Mathematics	A.B., B.S.	Communication	M.A.	Middle Grades Education	M. Ed.
Athletic Training	A.B., B.S.	Middle Grades Education	A.B., B.S.	Organizational and Corporate Communication	CER	Performing Arts	M.A.T.
Biochemistry	A.B., B.S.	Music	A.B., B.A.	Computer and Information Sciences	M.S.	Public Administration	M.P.A.
Biology	A.B., B.A., B.S.	Philosophy	A.B., B.A.	Early Childhood Education	M.A.T.	Science and Math for Teachers	M. Ed.
Business Administration	A.B., B.S.	Physical Education and Health	A.B., B.S.	Elementary Education	M.A.T.	Service-Oriented Computing	CER
Chemistry	A.B., B.A., B.S.	Physics	A.B., B.A., B.S.	English	M.A.	Special Education	M.A.T., CER
Classical Studies	A.B., B.A.	Political Science	A.B., B.A.	English to Speakers of Other Languages	CER	Statistics	CER
Communication	A.B., B.A.	Psychology	A.B., B.S.	Environmental Studies	M.S.	Teaching, Learning, and Advocacy	M.Ed.
Computer Science	A.B., B.A., B.S.	Religious Studies	A.B., B.A.			Urban and Regional Planning	CER
Computer Information Systems	A.B., B.S.	Secondary Education	A.B., B.S.				
Discovery Informatics	A.B., B.S.	Sociology	A.B., B.S.				
Early Childhood Education	A.B., B.S.	Spanish	A.B., B.A.				
Economics	A.B., B.S.	Special Education	A.B., B.S.				
Elementary Education	A.B., B.S.	Studio Arts	A.B., B.A.				
English	A.B., B.A.	Theatre	A.B., B.A.				
French	A.B., B.A.	Urban Studies	A.B., B.A.				
Geology	A.B., B.A., B.S.						
German	A.B., B.A.						
Historic Preservation and Community Planning	A.B., B.A.						

A.B. - Artium Baccalaureatus (Classical Studies)

B.A. - Bachelor of Arts

B.S. - Bachelor of Science

CER - Post-baccalaureate Certificate

M.A. - Master of Arts

M.A.T. - Master of Arts in Teaching

M.Ed. - Master of Education

M.P.A. - Master of Public Administration

M.S. - Master of Science