

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

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**Independent Accountants' Report On  
Applying Agreed-Upon Procedures  
June 30, 2012**



**FRANCIS MARION UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
For the Year Ended June 30, 2012

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Independent Accountants' Report On  
Applying Agreed-Upon Procedures

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We have audited the financial statements of Francis Marion University as of and for the year ended June 30, 2012, and have issued our unqualified report thereon under date of January 14, 2013. At your request, we have also performed the procedures described below which were agreed to by the Board of Trustees and management of Francis Marion University, solely to assist these users in evaluating the performance of the University's Intercollegiate Athletics Program and to assist the University in complying with NCAA Bylaw 6.2.3.1 for the fiscal year ended June 30, 2012. The Statement of Revenue and Expenditure of Francis Marion University Intercollegiate Athletics Program and related note disclosures presented in attachment A was not audited or reviewed by us. We were not engaged to, and did not, perform an audit or a review, the objectives of which would be the expression of an opinion or limited assurance on the performance of the University's Intercollegiate Athletics Program or the compliance with the NCAA Bylaw 6.2.3.1 for the fiscal year ended June 30, 2012. Accordingly, we do not express such an opinion or limited assurance. Management is responsible for Francis Marion University's compliance with the requirements of NCAA Bylaw 6.2.3.1, the Intercollegiate Athletics Program's financial records, internal controls and compliance with applicable laws, rules and regulations. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we made no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

**Procedures Related to the Statement of Revenues and Expenditures**

1. We obtained the Statement of Revenues and Expenditures of Francis Marion University Intercollegiate Athletics Program and related note disclosures for the year ended June 30, 2012, as prepared by accounting management of the University and shown on page 8 in this report. We recalculated the addition of the amounts on the statement, traced the individual line item amounts from the Statement of Revenues and Expenditures to management's worksheets and compared the amounts on management's worksheets to the accounts in the University's general ledger.

We found no exceptions as a result of this procedure.

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

We found no exceptions as a result of this procedure.

3. We scanned the Intercollegiate Athletics Program contributions revenue account detail to identify each individual contribution received directly that constitutes more than ten percent of all contributions received for intercollegiate athletics. For these recorded receipts, we obtained and read correspondence from the donor to determine the receipts were classified in accordance with NCAA guidelines, to identify those received from independent outside sources and to determine that the source and value of each such contribution is disclosed in a footnote to the statement.

We found that the contributions described in Note 1 Attachment A to be the only individual contributions in excess of ten percent of all contributions and we found no exceptions as a result of this procedure.

4. We asked accounting management to describe the basis for allocating student athletic fees to athletics and obtained from management the reconciliation of total student fees revenue. We obtained the University's general ledger detail from management and compared the total with the amount of Student Activity Fee revenue recorded in the general ledger and on the Statement of Revenues and Expenditures.

We found no exceptions as a result of this procedure.

5. We obtained all daily cash receipts reports for the Intercollegiate Athletics Program prepared by various program representatives. We then selected a sample and recalculated the reports, compared the amount on the department deposit receipt with the amount on the cashiers' office deposit transmittal, and compared the amount recorded on the cashiers' office deposit transmittal to the amount recorded in the University's general ledger accounts for the Intercollegiate Athletics Program. We obtained from accounting management the general ledger activity for all cash receipts related to intercollegiate athletics. We selected a sample of individual receipts and compared the recorded cash receipt amount to the amount on the cashiers' office deposit transmittal reports prepared by the athletic department and submitted along with the cash to the cashiers' office. The sample of the individual receipts selected for comparison is as follows:

<u>Receipt</u>	<u>Date</u>	<u>Amount</u>
455823	10/27/2011	\$ 900.00
456265	11/9/2011	1,990.00
456262	11/9/2011	896.00
456706	11/21/2011	112.00
13741	11/28/2011	4,605.00
14866	12/20/2011	3,817.00
457869	1/3/2012	337.39
458764	1/25/2012	1,000.00
492148	2/13/2012	635.00
459564	2/27/2012	767.00
21390	4/23/2012	1,040.00
23964	5/31/2012	40.00

We found no exceptions as a result of this procedure.

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

We found no exceptions as a result of this procedure.

7. We obtained a schedule of athletics department salaries from athletic management. We compared the amounts listed on the schedule to amounts recorded in the general ledger and on the Statement of Revenues and Expenditures. We calculated the related fringe expenditures using University's fringe benefit rate and compared the amounts calculated with the reported expenditures in the appropriate general ledger accounts.

We found no exceptions as a result of this procedure.

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

We found no exceptions as a result of this procedure.

9. We obtained from athletic management a listing of Athletics events for the year and from this list we selected a sample of events. For the events that have ticket sales, we compared the number of tickets sold per the general ledger with the amount of tickets sold per the ticket report. We recalculated the mathematical accuracy of the amount of ticket sales revenue by multiplying the number of tickets sold, per the ticket sales report, by the individual ticket price. We obtained and read the correspondence accompanying any concession revenue commission checks received. We compared the amount on the accompanying correspondence with the amount recorded in the general ledger. The events that were tested are as follows:

<u>Event</u>	<u>Date</u>
All Home Men's Basketball Games	11/23/2011-02/20/2012
All Home Women's Basketball Games	02/18/2011-02/20/2012
All Home Baseball Games	02/04/2012-05/05/2012

We found no exceptions as a result of this procedure for the ticket sales; however for camp revenue and expense the University recorded net revenue based upon the transfer out of cash from the athletic camp accounts instead of the actual revenue and expense accounts. The camp revenue appeared to be understated on the report by \$23,576 and the expense appeared to be understated on the report by \$21,820.

**University Response:** Beginning with the FYE June 30, 2013, Francis Marion University will accrue the athletic account revenue and expenses for external reporting purposes.

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

**Excluding Student Aid:**

<b>Description</b>	<b>Reference</b>	<b>Date</b>	<b>Amount</b>
Specialty Insurance Solution	84886	7/2/2011	\$ 66,811.75
Peach Belt Conference	84761	7/14/2011	21,000.00
Paul MacDonald	84857	7/21/2011	417.08
Interurban Patriot	85058	8/11/2011	1,935.00
Publicitns/Prntng Rembrsmts	IIT	8/29/2011	2,319.28
Team Connections Inc.	ADJ	9/21/2011	2,010.82
Stacey Johnson Vallee	88479	9/22/2011	176.75
Lee Ward	88980	10/20/2011	1,045.00
Mike F Green	88932	10/20/2011	1,000.00
Joel Person	88169	11/14/2011	1,107.05
Mirage Promotions	ADJ	11/17/2011	1,325.16
CTK Pizza Inc.	89738	11/21/2011	1,000.00
JB Resturants Inc.	89862	12/1/2011	170.39
Taylor-made (Oracle)	ADJ	12/15/2011	2,013.29
Global Alexander Promotions	90195	12/20/2011	1,402.56
College of William & Mary	92608	1/9/2012	2,100.00
Green's Travel Coach LLC	93735	3/5/2012	3,825.00
Blue For You Inc.	93808	3/8/2012	1,520.00
Univeristy Athlete	93931	3/12/2012	200.00
Tim Wilson	94300	3/29/2012	148.18
Gary Edwards	94483	4/9/2012	962.24
Sodexo	94655	4/16/2012	38.94
Murray Hartzler	96573	5/24/2012	4,540.00
Stacey Johnson Vallee	88479	6/7/2012	101.57
Procurement Card	ADJ	6/19/2012	1,000.00

We found no exceptions as a result of this procedure.

**Student Aid:**

Student	G/L Awarded Amount Traced to Student Account Detail	G/L Awarded Traced to Approved Award Letter
Kelsie N. Deaton	Y	N
Peter M. Gordon	Y	Y
Dilshod L. Sharifi	Y	Y
Samantha L. Slovik	Y	Y
Jacob S. Golliday	Y	Y
Merritt A. Sosnoskie	Y	Y
Julian R. Dickerson	Y	Y
Justin A. Tuberville	Y	Y
Marcel L. Williams	Y	Y
Zamarious K. McLendon	Y	Y
Adriana D. Imani	Y	N
Simone R. Trice	Y	Y
Shameka M. Smith	Y	Y
Justin A. Carter	Y	Y
Travis D. Gantt	Y	Y
Jesus A. Cruz	Y	Y
Alex Blandin	Y	Y
Jesus A. Cruz	Y	Y
Olivia R. Zielinski	Y	Y
Jack D. Bishop	Y	Y
Mona Blauen	Y	Y
Megan R. Mooney	Y	Y
Samantha R. Smit	Y	Y
Brittney L. Smith	Y	Y
Lauren E. Soper	Y	Y

We found the athletes receiving aid for their summer tuition did not have any supporting documentation available signifying that there was approval.

**University Response:** For summer aid the Athletic Director will direct the Financial Aid department as to the amount and term. Copies of the correspondence will be maintained by being placed in the student athlete's folder for six years as with other NCAA forms.

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

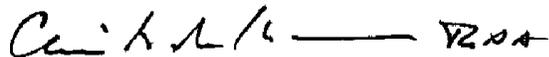
We found no exceptions as a result of this procedure.

12. We requested a listing of all marketing contracts made by Athletics for commercials, scoreboard ads, etc. We judgmentally selected a sample to trace contracted amounts to the general ledger.

We found no exceptions as a result of this procedure.

We were not engaged to, and did not conduct an audit the objective of which would be the expression of an opinion on compliance with NCAA Bylaw 6.2.3.1 or the expression of an opinion on The Statement of Revenues and Expenditures of the Intercollegiate Athletics Program of Francis Marion University for the year ended June 30, 2012 and, furthermore, we were not engaged to express an opinion on the effectiveness of the internal controls over compliance with the laws, rules and regulations described in paragraph one and procedures one through twelve of this report. Therefore we express no opinion. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Trustees and management of Francis Marion University and is not intended to be and should not be used by anyone other than these specified parties.



January 14, 2013

**Francis Marion University**  
**Intercollegiate Athletics Program**  
Statement of Revenue, Expenses, and Transfers  
Year Ended June 30, 2012  
(Unaudited)

	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Totals
<b>Revenues:</b>					
Ticket Sales	\$ 1,477	1,477	15,161	-	\$ 18,115
Guarantees	-	-	-	-	-
Contributions	7,037	7,435	85,120	94,909	194,501
Direct Institutional Support	407,804	418,323	2,004,048	712,325	3,542,500
NCAA/Tournaments	-	-	57,264	13,736	71,000
Concessions	-	1,454	4,374	11,058	16,886
Camps	-	1,647	17,881	5,582	25,110
Indirect Facilities and Adm Support	-	-	-	924,751	924,751
Other	-	-	10,706	26,774	37,480
	<u>\$ 416,318</u>	<u>430,336</u>	<u>2,194,554</u>	<u>1,789,135</u>	<u>\$ 4,830,343</u>
<b>Expenses:</b>					
Student Aid					
Guarantees	\$ 220,309	233,481	1,103,554	186,716	\$ 1,744,060
Coaching Salaries	3,000	-	-	-	3,000
Support Staff Salaries	147,587	146,541	703,457	-	997,585
Recruiting	-	-	2615	438266	440,881
Team Travel	9,447	11,318	18,336	670	39,771
Equipment, Uniforms, Supplies	15,403	15,389	182,655	-	213,447
Game Expenses	9,016	13,850	101,741	-	124,607
Medical Expenses	12,780	9,280	42,509	-	64,569
Memberships and Dues	1,275	1,125	11,775	78,940	93,115
Fund Raising	150	130	3,026	22,640	25,946
Indirect Facilities and Adm Support	-	-	-	2,959	2,959
Other	-	-	-	924,751	924,751
	<u>4,646</u>	<u>4,447</u>	<u>34,518</u>	<u>121,237</u>	<u>164,848</u>
<b>Total Expenses</b>	<u>\$ 423,613</u>	<u>435,561</u>	<u>2,204,186</u>	<u>1,776,179</u>	<u>\$ 4,839,539</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenses</b>					
	<u>\$ (7,295)</u>	<u>(5,225)</u>	<u>(9,632)</u>	<u>12,956</u>	<u>\$ (9,196)</u>

**FRANCIS MARION UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
Notes to the Statement of Revenues and Expenditures  
June 30, 2012  
(Unaudited)

**NOTE 1-CONTRIBUTIONS**

Contributions and gifts to Francis Marion University's Intercollegiate Athletics Program totaled \$194,501. This amount is reported in Attachment A at the following captions:

Francis Marion University Foundation	\$ 128,808
Physicals	14,175
Zaxby's	4,750
Chick-Fil-a	1,500
Western Sizzlin	1,140
KFC	2,000
Sodexo	14,450
Wingate Inn	3,920
Comfort Inn	2,142
Other Individual Contributions	<u>21,616</u>
	<u>\$ 194,501</u>

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

Francis Marion University Foundation	\$ <u>128,808</u>
	\$ <u>128,808</u>

**NOTE 2-INTERCOLLEGIATE ATHLETICS - RELATED ASSETS**

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. Francis Marion University follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses or extend the useful life of an existing building costing in excess of \$100,000 are capitalized. Permanent Improvement projects and routine maintenance that do not fall within the defined parameters for capitalization will be expensed in the year they occur according to Generally Accepted Accounting Principles. (GAAP) Generally, if the work is of a replacement nature and does not materially lengthen the useful life of a structure, it will not be capitalized. The University capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred. Total estimated book value of plant and equipment, net of depreciation, for Athletics is \$9,989,387 compared to the institution total of \$74,657,862.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The University has selected a useful life of 15 to 50 years for buildings and improvements and land improvements, 3 years for computer software, and 2 to 25 years life for machinery, equipment and vehicles. The University adopted, effective for the fiscal year ended June 30, 2012, a monthly depreciation convention for the straight-line method consistent with the policy of the State of South Carolina.

**FRANCIS MARION UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
Notes to the Statement of Revenues and Expenditures  
June 30, 2012  
(Unaudited)

**NOTE 2-INTERCOLLEGIATE ATHLETICS - RELATED ASSETS**, Continued

Major outlays for capital assets and improvements are capitalized as they are constructed. Interest cost incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed net of interest earned on the invested proceeds over the same period. During the year ended June 30, 2012, the University capitalized interest expense in the amount of \$252,118 associated with the Institutional Bonds issue in 2010. The Athletic percentage of this amount is \$252,118.

Changes to Athletic Facilities by Sport

	<u>Basketball</u>	<u>Baseball</u>	<u>Other</u>	<u>Total</u>
Additions	-	8,626,682	-	\$ 8,626,682
Deletions	-	-	(5,490)	(5,490)
	<u>-</u>	<u>8,626,682</u>	<u>(5,490)</u>	<u>\$ 8,621,192</u>

Athletic Construction in Progress Detail

	<u>Beg. Bal</u>	<u>Additions</u>	<u>Transfers</u>	<u>End. Balance</u>
University's Total Construction in Progress	36,680,538	9,003,247	(43,299,580)	\$ 2,384,205
Athletic Construction in Progress				
Athletic Complex	3,278,983	7,999,118	(9,431,195)	1,846,906
Field Lighting - Baseball/Softball	-	249,480	(249,480)	-
Field Lighting - Soccer	-	111,470	(111,470)	-
CIP Dedicated to Athletics	<u>3,278,983</u>	<u>8,360,068</u>	<u>(9,792,145)</u>	<u>\$ 1,846,906</u>

Athletic Additions to Buildings:

	<u>Additions</u>	<u>Transfers</u>	<u>End. Balance</u>
Athletic Complex	9,431,195	-	\$ 9,431,195

**FRANCIS MARION UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
Notes to the Statement of Revenues and Expenditures  
June 30, 2012  
(Unaudited)

**NOTE 3- INTERCOLLEGIATE ATHLETICS - RELATED DEBT**

	Interest Rates	Maturity Dates	Balance 6/30/2012
State Institution Obligation Bonds Related to Athletics Facilities			
2010	4.98%	2013 - 2029	
			\$ 7,980,000

Maturities of debt related to intercollegiate athletics at June 30, 2012 were as follows:

Due in Fiscal Year	Principal	Interest	Payments
2013	\$ 280,000	390,432	\$ 670,432
2014	295,000	376,115	671,115
2015	310,000	361,050	671,050
2016	325,000	345,239	670,239
2017	345,000	328,556	673,556
2018-2022	2,000,000	1,360,785	3,360,785
2023-2027	2,555,000	796,676	3,351,676
2028-2030	1,870,000	142,924	2,012,924
	\$ 7,980,000	4,101,777	\$ 12,081,777

Athletically related debt service and total debt year ended June 30, 2012.

	Athletically Related	University Total
Total Annual Debt Service	\$ 669,003	\$ 669,003
Total Debt Outstanding:		
Institution Bonds	-	-
Revenue Bonds	7,980,000	7,980,000
	\$ 7,980,000	\$ 7,980,000