

**WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
ROCK HILL, SOUTH CAROLINA**

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

WINTHROP 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 Winthrop 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 Winthrop 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 Winthrop 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. Management is responsible for Winthrop 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:

1. We obtained the statement of revenues, expenditures and transfers of Winthrop University Intercollegiate Athletics Program and related note disclosures for the year ended June 30, 2012, as prepared by management of the University and shown on page 6 (Attachment A) in this report. We recalculated the addition of the amounts on the statement, traced the individual line item amounts from the Statement of Revenues, Expenditures and Transfers to management's worksheets and compared the amounts on management's worksheets to the 12x and 13x series of accounts in the University's general ledger.

We found no exceptions as a result of this procedure.

2. We obtained from management a list of all outside organizations not under the University's accounting control that have as their principal 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 the respective 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, Expenditures and Transfers.

We found no exceptions as a result of this procedure.

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Intercollegiate Athletics Program

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 the contributions described in Note 1 of Attachment A to be the only individual contributions in excess of ten percent of all contributions.

4. We asked management to describe the basis for allocating student activity fees and 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, Expenditures and Transfers.

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 cashier's office deposit transmittal, and compared the amount recorded on the cashier's office deposit transmittal to the amount recorded in University's general ledger accounts for the Intercollegiate Athletics Program. We then obtained from 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 cashier office deposit transmittal reports prepared by the athletic department and submitted along with the cash to the treasurer's office. The sample of the individual receipts selected for comparison is as follows:

| Receipt | Date | Amount |
|---------|------------|-----------|
| 54 | 07/14/2011 | \$ 94.14 |
| 172 | 08/12/2011 | 195.00 |
| 277 | 08/29/2011 | 60.00 |
| 476 | 09/14/2011 | 40.00 |
| 601 | 09/28/2011 | 458.33 |
| 686 | 10/11/2011 | 150.00 |
| 805 | 10/25/2011 | 1,593.00 |
| 977 | 11/10/2011 | 287.00 |
| 1086 | 11/29/2011 | 375.00 |
| 1187 | 12/15/2011 | 1,162.05 |
| 1325 | 01/03/2012 | 208.75 |
| 1394 | 01/20/2012 | 603.75 |
| 1549 | 01/30/2012 | 952.46 |
| 1613 | 02/06/2012 | 29.48 |
| 1677 | 02/14/2012 | 12,821.00 |
| 1876 | 03/08/2012 | 285.05 |
| 1980 | 03/14/2012 | 700.00 |
| 2061 | 03/23/2012 | 4,800.00 |
| 2138 | 04/04/2012 | 180.00 |
| 2286 | 04/19/2012 | 80.00 |
| 2356 | 05/02/2012 | 280.00 |
| 2437 | 05/14/2012 | 1,800.00 |
| 2564 | 06/05/2012 | 195.00 |
| 2643 | 06/12/2012 | 3,050.13 |
| 2709 | 06/20/2012 | 312.00 |

We found no exceptions as a result of this procedure.

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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, Expenditures and Transfers. 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 management. We compared the amounts listed on the schedule to amounts recorded in the general ledger and on the Statement of Revenues, Expenditures and Transfers. We calculated the related fringe expenditures using Winthrop'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 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 management a listing of coliseum events for the year and from this list we selected a sample of events. For coliseum lease events we obtained and read the signed rental agreement. We compared the amount of lease revenue per the contract with the amount recorded in the general ledger. For the events that have ticket sales, we compared the number of tickets sold per the lease agreement with the amount of tickets sold per the future ticket report. We recalculated the mathematical accuracy of the amount of ticket sales revenue by multiplying the number of tickets sold, per the future 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:

| Event | Date | Amount |
|-----------------------------|----------------------|-----------|
| 1. Women's Basketball Camps | 6/10/2012-6/24/2012 | \$ 680.00 |
| 2. Men's Basketball | 11/5/2011-2/14/2012 | 73,930.00 |
| 3. Women's Basketball | 11/18/2011-3/5/2012 | 6,501.00 |
| 4. Men's Soccer | 8/26/2011-10/29/2011 | 1,465.00 |
| 5. Women's Soccer | 8/19/2011-10/22/2011 | 1,077.00 |
| 6. Volleyball | 8/26/2011-11/11/2011 | 3,846.00 |
| 7. Baseball | 2/17/2012-5/19/2012 | 17,827.50 |

We noted no ticket sales information was available from the ticket software prior to January 2012. There appeared to be a crash of the system and all backups that had the ticket sale information prior to January 2012. Thus, there was no way to fully test all ticket sales revenue. Where there was not ticket information from the system to test to we used the ticket sales information that was kept by hand by the ticket manager.

The basketball, volleyball, and baseball game sales recorded by the ticketing software and ticketing manager were \$5,130.75 less in aggregate than sales recorded on the University's general ledger.

University Response: TicketReturn is a company used by many universities across the country for their ticketing and donor needs. The Winthrop Athletic department is one of their contracted customers utilizing their ticketing service. Due to no fault of the Athletic Department or the University the TicketReturn system did crash. After diligently working with TicketReturn the system was recreated but unfortunately the Fall data was not able to be retrieved or recreated by TicketReturn.

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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 Winthrop's procurement policy were included and that the expenditure had been authorized in accordance with Winthrop's procurement policy. The expenditures selected for testing are as follows:

Excluding Student Aid:

| <u>Description</u> | <u>Reference Number</u> | <u>Amount Disbursed</u> |
|---------------------------------|-----------------------------|-----------------------------|
| Dixon, Larry | I1200002 | 256.00 |
| Rey, Charles Allan. | I1200711 | 1,000.00 |
| PCS3093-0812-COKECATALOGCOM | PF000031 | 2,457.12 |
| Lahr, Jeffrey D. | I1201813 | 37.02 |
| Sonny's Real Pit Bar BQ | I1202156 | 653.18 |
| JP LD Phone Svcs Aug 2011 | J0006975 | 3.54 |
| Medco Supply Company | I1203395 | 44.64 |
| Chrysler, Robert Clinton. | I1203762 | 47.06 |
| Rose Chauffeured Transportation | I1204156 | 1,650.00 |
| JS Printing Svcs 1107 | J0007362 | 30.11 |
| Vistar Corporation | I1204257 | (295.32) |
| Ridenhour, Daniel P. | I1205905 | 561.59 |
| Studio Displays Inc | I1206357 | 5,135.57 |
| Sign Techniques | I1207097 | 549.40 |
| Adidas America Inc | I1207506 | 60.54 |
| Rock Hill Coca Cola Bottling | I1207896 | 27.39 |
| PCS3605-0217-DELTA AIR | PF000039 | 326.40 |
| Molinari, Joseph Paul. | I1209005 | 10.24 |
| Hyundai Motor Finance Co | I1209616 | 467.21 |
| Singerman, Alan J. | I1210344 | 115.00 |
| Wingate Inn | I1211022 | 44.40 |
| The Stitch and Frame Shop LLC | I1211707 | 145.61 |
| K-Mart Corporation | I1212340 | 27.69 |
| DN Bus for March April May | J0008902 | 1,206.50 |
| Chrysler, Robert Clinton. | I1213422 | 24.00 |

We found no exceptions as a result of this procedure.

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Student Aid:

| Sport | Student | G/L Awarded Amount Traced to Student Account Detail | G/L Awarded Amount Traced to Approved Award Letter |
|--------------------|---------------------|---|--|
| Baseball | Stephen Howell | Y | Y |
| Men's Basketball | Shola Diop | Y | Y |
| Men's Soccer | Joshua S. Choice | Y | Y |
| Men's Tennis | Yuta Hirokawa | Y | Y |
| Men's CC/Track | Gabriel A. Holgulin | Y | Y |
| Women's Basketball | Darnissa T. Gray | Y | Y |
| Women's Soccer | Yoella Lopez | Y | Y |
| Softball | Kristy Noble | Y | Y |
| Women's CC/Track | Hannah Hadaway | Y | Y |
| Women's Volleyball | Delaney Forsythe | Y | Y |
| Women's Lacrosse | Maddilyn Genovese | Y | Y |
| Non-Sport Specific | Partick Turney | Y | Y |
| Women's Basketball | Cody Henry | Y | Y |

We found no exceptions as a result of this procedure.

11. We obtained from management a listing of all expenditures made directly by the respective outside organizations as referred to in procedure 2 (not under the University's accounting control) 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, expenditures, and transfers. We compared the amounts on this list with the amounts recorded on management's worksheets.

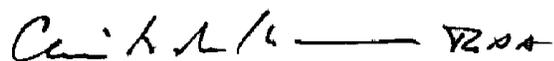
We found no exceptions as a result of this procedure.

12. We requested a listing of all expenditures made directly by other external parties (e.g. related parties, foundations, individuals, business, or other organizations) for or on behalf of the University's Intercollegiate Athletics program or the Program's employees to determine if they were included as revenues in the Program's statement of revenues, expenditures, and transfers.

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, Expenditures and Transfers of the Intercollegiate Athletics Program of Winthrop 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 Office of the South Carolina State Auditor and the Board of Trustees and management of Winthrop University and is not intended to be and should not be used by anyone other than these specified parties.



January 14, 2013

WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
Statement of Revenues, Expenditures and Transfers
For the Year Ended June 30, 2012
(Unaudited)

| REVENUES | Men's Basketball | Women's Basketball | Other Sports | Nonprogram Specific | Total |
|---|---------------------|-----------------------|--------------------|------------------------|----------------------|
| Ticket Sales | \$ 73,930 | 6,501 | 24,216 | - | \$ 104,647 |
| Student Fees | 185,459 | 173,924 | 861,139 | 4,334,909 | 5,555,431 |
| Guarantees | 295,000 | 22,000 | 24,000 | - | 341,000 |
| Contributions | 13,661 | 13,284 | 88,759 | 264,799 | 380,503 |
| Direct Institutional Support | 170,768 | 152,384 | 1,237,818 | 1,374,823 | 2,935,793 |
| Indirect Facilities and Administrative Support | - | - | - | 863,401 | 863,401 |
| NCAA / Conference Distributions | - | - | - | 456,265 | 456,265 |
| Program Sales, Concessions, Novelty Sales, and Parking | 337 | 133 | 1,085 | 20,582 | 22,137 |
| Royalties, Licensing, Advertisements and Sponsorships | 102,686 | - | - | 58,163 | 160,849 |
| Sports Camp Revenues | - | - | - | 3,784 | 3,784 |
| Endowment and Investment Income | 48,037 | 2,496 | 66,780 | 96,947 | 214,260 |
| Other | 287 | - | 28,505 | 75,329 | 104,121 |
| Total Revenues | \$ 890,165 | 370,722 | 2,332,302 | 7,549,002 | \$ 11,142,191 |
| | | | | | |
| EXPENDITURES | Men's Basketball | Women's Basketball | Other Sports | Nonprogram Specific | Total |
| Athletic Student Aid | \$ 464,897 | 416,890 | 2,590,496 | 326,801 | \$ 3,799,084 |
| Guarantees | 8,500 | 2,655 | 17,107 | - | 28,262 |
| Coaching Salaries Benefits and Bonuses | 461,007 | 302,395 | 1,308,208 | - | 2,071,610 |
| Support Staff / Administrative Salaries, Benefits, and Bonuses | 59,322 | 27,323 | 63,923 | 1,471,179 | 1,621,747 |
| Severance Payments | 138,767 | 100 | 113,779 | - | 252,646 |
| Recruiting | 46,544 | 39,878 | 84,514 | - | 170,936 |
| Team Travel | 196,523 | 102,902 | 504,801 | - | 804,226 |
| Equipment, Uniforms and Supplies | 35,957 | 34,461 | 188,619 | 155,368 | 414,405 |
| Game Expenses | 33,010 | 31,655 | 71,013 | 5,620 | 141,298 |
| Fund Raising, Marketing and Promotion | 7,406 | 6,787 | 11,296 | 19,144 | 44,633 |
| Spirit Groups | - | - | - | 24,257 | 24,257 |
| Indirect Facilities and Administrative Support | - | - | - | 863,401 | 863,401 |
| Medical Expenses and Medical Insurance | 8,697 | 2,130 | 28,662 | 203,406 | 242,895 |
| Memberships and Dues | 320 | 640 | 6,472 | 18,510 | 25,942 |
| Other Operating Expenses | 56,858 | 32,574 | 91,109 | 333,945 | 514,486 |
| Total Expenditures | \$ 1,517,808 | 1,000,390 | 5,079,999 | 3,421,631 | \$ 11,019,828 |
| | | | | | |
| Excess (Deficiencies) of Revenue Over (Under) Expenses | \$ (627,643) | (629,668) | (2,747,697) | 4,127,371 | \$ 122,363 |

SEE ACCOMPANYING NOTES TO STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS

WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
Notes to the Statement of Revenues, Expenditures and Transfers
June 30, 2012
(Unaudited)

NOTE 1-CONTRIBUTIONS

| | | |
|---------------------|----|---------|
| Winthrop Foundation | \$ | 93,238 |
| Comporium | | 50,266 |
| | \$ | 143,504 |

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. Winthrop 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 are capitalized. The University capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements and intangible assets costing in excess of \$100,000. Routine repairs 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. The total estimated book value of plant and equipment, net of depreciation, for Athletics is \$19,525,120 compared to the institution total of \$131,017,092.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The University has selected a useful life of 25 to 50 years for buildings, renovations and land improvements. The useful life for machinery, equipment and vehicles varies between 2 and 25 years depending on the asset. A full year of depreciation is taken the year the asset is placed in service and no depreciation is taken in the year of disposition.

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, there were no material capitalized interest costs incurred.

| Athletic Facilities | Basketball | Other | Total |
|---------------------|------------|--------|--------|
| Additions | \$ - | 42,204 | 42,204 |
| Deletions | 19,478 | - | 19,478 |

WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
Notes to the Statement of Revenues, Expenditures and Transfers
June 30, 2012
(Unaudited)

NOTE 3- INTERCOLLEGIATE ATHLETICS - RELATED DEBT

| Intercollegiate Athletics Debt | | | | |
|---------------------------------------|----------------------------------|----------------------------------|------------------------------|---------------------------------|
| Annual Maturities | | | | |
| | 2003 Institution Bonds (a) | 2004 Institution Bonds (b) | 2001 Ath Fac Rev Bonds | 1981 Ath Fac Note Payable |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| 2013 | \$ - | 282,450 | 169,572 | - |
| 2014 | - | 284,200 | 164,064 | - |
| 2015 | - | - | 158,556 | - |
| 2016 | - | - | 153,048 | - |
| 2017-2021 | - | - | 682,620 | - |
| 2022-2026 | - | - | - | - |
| 2027-2031 | - | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total | <u>\$ -</u> | <u>566,650</u> | <u>1,327,860</u> | <u>-</u> |

- (a) Sixty-nine percent of the bond series was used for Athletics
(b) Forty-four percent of the bond series was used for Athletics.