

**CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

FOR THE YEAR ENDED JUNE 30, 2008

**CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

CLEMSON, SOUTH CAROLINA

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**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Members of the Board of Trustees
Clemson University
Clemson, South Carolina

We have performed the procedures described below, which were agreed to by the Board of Trustees and management of Clemson University (the University), solely to assist the College in complying with NCAA Bylaw 6.2.3.1. for the fiscal year ended June 30, 2008. This engagement to apply agreed-upon procedures was performed in accordance with 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 make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures Related to the Statement of Revenues and Expenditures

1. We obtained from management the Statement of Revenues, Expenditures and Transfers (the Statement) of Clemson University Intercollegiate Athletics Program for the year ended June 30, 2008, as shown on Attachment A of this report. We recalculated the mathematical accuracy of the Statement, traced those amounts to management's worksheets and agreed the amounts on management's worksheets to the related series of accounts in the University's general ledger. We discussed the nature of the worksheet adjustments with management. No additional procedures were performed with respect to management's representations. We found no exceptions as a result of this procedure.
2. We compared actual revenues and expenditures in the University's statement for the year ended June 30, 2008, to the prior year amounts (FY 2007). We identified actual variances of greater than 10% and \$100,000 from the prior year amounts and obtained explanations for variances from management. Below are general descriptions for the overall variances by program as follows:

Football Revenue – Football revenue increased \$307,325, or 0.93%, compared to fiscal year 2007. The increase is attributable to increased volume and pricing increases of program sales, concessions, novelty sales and parking during the current fiscal year and the guarantee payment received for South Carolina away game.

Football Expenditures – Football expenditures increased \$1,449,238, or 10.79%, compared to fiscal year 2007. The increase is attributable to increase in coaching salaries and benefits expenditures and professional fees.

Basketball Revenue – Basketball revenue increased \$247,463, or 3.48%, compared to fiscal year 2007. The increase is attributable to increase in scholarship contributions allocated.

Basketball Expenditures – Basketball expenditures increased \$2,266,943, or 40.04%, compared to fiscal year 2007. The increase is attributable to the annual compensation rate increase, advanced funding of deferred compensation, and two offshore tournaments.

Nonprogram Specific Revenue – Nonprogram specific revenue increased \$2,660,189, or 37.33%, compared to fiscal year 2007. The increase is attributable to increase in capital project contributions, surplus sale of baseball lights, and an increase in corporate sponsorships.

Nonprogram Specific Operating Expenditures – Nonprogram specific operating expenditures increased \$994,610, or 6.56%, compared to fiscal year 2007. The increase is attributable to purchase of airplane, change in formula for internal charges with the University, and an increase in athletic aid due, an increase in number of out of state students and related cost increases.

Nonprogram Specific Mandatory Transfers – Nonprogram specific mandatory transfers increased \$2,855,362 or 202.13%, compared to fiscal year 2007. The increase is attributable to bond insurance downgrades which triggered a higher debt service reserve transfer.

Nonprogram Specific Nonmandatory Transfers - Nonprogram specific nonmandatory transfers decreased \$2,119,160 or 39.20%, compared to fiscal year 2007. The decrease is attributable to lower departmental support offset by increase in construction projects.

No additional procedures were performed with respect to management's representations as to the reasons for the variances described above.

3. We obtained a listing of operating revenue receipts for the year ended June 30, 2008. We agreed the totals per the operating revenue receipts listing to the Statement and scanned the listing for all individual receipts greater than 10% of operating revenue. All individual receipts greater than 10% of revenue (\$5,934,799) were investigated for propriety.

We found the amounts were in agreement. One individual receipt of \$13,767,977 exceeded 10% of total operating revenue and was related to realization of deferred ticket revenue as of June 30, 2007 that was recognized in the current year. We compared the amount to prior year deferred revenue amount included in the University's financial statements for the year ended June 30, 2007 of \$13,763,183. There was no individual receipt from IPTAY which met scope.

4. We obtained the reconciliations of revenue from football and men's basketball ticket sales between the University's general ledger and the University's Paciolan System's Ticket Status Report for the year ended June 30, 2008, and compared the revenue to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

5. We obtained the University's calculation for the allocation of student fees related to student seat usage to athletics. We recalculated the mathematical accuracy of the amounts in the calculation, agreed amounts in the calculation to the general ledger, and compared the amount of student fees revenue per the calculation to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

6. We selected two settlement statements from the Atlantic Coast Conference for football and basketball conference season from a schedule provided by the University. For each of these settlement statements, we compared the settlement revenue on the schedule provided by the University to amounts reported as 1/12th share for the conference season for football and basketball. We compared the total revenues for these two settlements to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

7. We selected one guarantee from University of South Carolina for an away football game from a schedule provided by the University. We compared the guarantee revenue on the schedule provided by the University to the amount specified in the settlement report and related contract with the University of South Carolina. We compared the total revenues for away game guarantees in the schedule provided by the University to the corresponding amount of away game sales and guarantee revenues in the Statement.

We found no exceptions as a result of these procedures.

8. We obtained from the University a report detailing all third-party support revenue recorded by the University for the year ended June 30, 2008. We haphazardly selected the men's football and basketball head coach from the report and for each coach selected, we compared the third-party support revenue on the schedule provided by the University to amounts specified in the related Learfield and Nike contracts. We recalculated the mathematical accuracy of the third-party support revenue per the report provided by the University. We compared the total third-party support revenue per the report provided by the University to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

9. We obtained a report from the University detailing direct institutional support revenue (out of state abatement) recorded by the University for the year ended June 30, 2008. We compared the revenue amounts for a sample of sports included in the report to amounts specified in settlement statements provided by the University.

We found no exceptions as a result of these procedures.

10. We obtained a report from the University which details revenue received from the University's participation in NCAA/conference distributions including all tournament revenue for the year ended June 30, 2008. We compared the revenue amounts for football and men's basketball included in the report to amounts specified in Atlantic Coast Conference and settlement statements provided by the University. We compared the total revenue for the University's participation in the NCAA/Conference distributions including all tournament revenue in the report provided by the University to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

11. We obtained a report from the University which details revenue received from broadcast, television, radio and internet rights for the year ended June 30, 2008. We compared the revenue on the report to the amounts specified in contracts with Clemson Tiger Sports Properties, LLC provided by the University. We compared the total revenue from the broadcast, television, radio and internet rights in the report provided by the University to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

12. We obtained a report from the University which details revenue received from program sales, concessions, novelty sales, and parking for the year ended June 30, 2008. We compared the total revenue from program sales, concessions, novelty sales and parking in the report provided by the University to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

13. We obtained a report from the University which details revenues received from royalties, advertisements, and sponsorships for the year ended June 30, 2008. We haphazardly selected four receipts and compared the revenue on the report to the amounts specified in agreements and contracts provided by the University. We compared the total revenue from royalties, advertisements and sponsorships in the report provided by the University to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

14. We obtained a schedule of endowment and investment income from the University's management for the year ended June 30, 2008. We compared the amount of endowment and investment income per the schedule to the amount of endowment and investment income per the Statement.

We found no exceptions as a result of these procedures.

15. We obtained a report detailing other operating revenue for the year ended June 30, 2008. We compared the total other operating revenue in the report to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

16. We haphazardly selected six student athletes (Jeannette Abbott, Wilson Boyd, Hilary Cumbest, Elsmore Gabriel, David Newton and Kristine Scott) who have received athletic student financial aid from a schedule provided by the University. For each student athlete selected, we obtained a detail of each student's account and compare the total aid awarded per the detail to an award letter. We compared the total athletic student financial aid in the schedule provided by the University to the corresponding amount of athletic student aid expenditures in the Statement.

We found no exceptions as a result of these procedures.

17. We haphazardly selected two guarantees for visiting teams (Augusta State University – Men's Basketball and University of Louisiana-Monroe – Football) from a schedule provided by the University. For each of these guarantees, we compared the guarantee expenditures on the schedule provided by the University to the amounts specified in contracts and settlement reports. We compared the total expenditures for guarantees in the schedule provided by the University to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

18. We obtained a listing of University coaches employed by the University for the year ended June 30, 2008. From this listing, we haphazardly selected three men and two women coaches. For each of the selected coaches (Leslie Hasselbach, Marcia Noad, Larry Penley, Andre Powell, and Todd Steelman), we compared, for reasonableness, the recorded salary expenditures, including salary, benefits, and bonuses paid by the University and related entities, if any, per the University's general ledger to their contracts and Internal Revenue Service (IRS) form W-2's. We compared the total expenditures for coaching salaries, benefits and bonuses paid by the University and related entities in the University's general ledger to the corresponding amount included in the Statement.

We found no exceptions as a result of these procedures.

19. We obtained a listing of support staff/administrative salaries, benefits and bonuses paid by the University and related entities for the year ended June 30, 2008. From this listing, we selected five support/administrative staff (Donna Bullock, Mary Jackson-Ip, Elizabeth Kehn, Joshua Runion, and Lynn Sparks) and compared, for reasonableness, the recorded salary, benefits and bonuses, if any to their contracts and IRS Form W-2s. We compared the total expenditures for support staff/administrative salaries, benefits and bonuses paid by the University and related entities per the listing to the corresponding amount included in the Statement.

We found no exceptions as a result of these procedures.

20. We discussed with management its recruiting policies for the year ended June 30, 2008 and management informed us there is no single recruiting policy document. Management uses NCAA Article 13 to form the basis of all recruiting activities and are imbedded in operations and various documents.

We performed no other procedure related to recruitment except this inquiry of management.

21. We obtained a report detailing equipment, uniforms and supplies expenditures from the University for the year ended June 30, 2008 and compared the total equipment, uniforms and supplies expenditures in the report provided by the University to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

22. We obtained a report detailing game expenditures from the University for the year ended June 30, 2008 and compared the total game expenditures in the report provided by the University to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

23. We obtained a report detailing fundraising, marketing and promotion expenditures from the University for the year ended June 30, 2008 and compared the total fundraising, marketing and promotion expenditures in the report provided by the University to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

24. We obtained a report detailing direct facilities, maintenance and rental expenditures from the University for the year ended June 30, 2008 and compared the total direct facilities, maintenance and rental expenditures in the report provided by the University to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

25. We obtained documentation of the University's methodology for allocating indirect facilities and administrative support for the year ended June 30, 2008. We obtained a report from the University which details indirect facilities and administrative support recorded by the University for the year ended June 30, 2008, and we recalculated the mathematical accuracy of the Administrative Service Fee transferred annually from the explicit payments of charges for any general University services used by the athletic department in addition to its own facility services. We also agreed such amount on the Statement to the University's general ledger.

We found no exceptions as a result of these procedures.

26. We obtained a report detailing other operating expenditures from the University for the year ended June 30, 2008. We compared the total other operating expenditures in the report provided by the University to the corresponding amount recorded in the Statement.

We found no exceptions as a result of these procedures.

27. We obtained a report detailing the principal and interest mandatory transfers made by athletics to the University for the year ended June 30, 2008. We compared the total principal and interest mandatory transfers made by athletics to the University in the report provided by the University to the corresponding amount recorded in the Statement.

We found no exceptions as a result of these procedures.

28. We obtained a report detailing nonmandatory transfers from the University for the year ended June 30, 2008. We compared the total nonmandatory transfers in the report provided by the University to the corresponding amount in the statement.

We found no exceptions as a result of these procedures.

Procedures Related to Internal Control Over the Financial Reporting

The management of Clemson University is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate. Our procedures and findings are as follows:

1. A sample of fifteen days' deposits for the year ended June 30, 2008 were haphazardly selected from the daily receipts report from the University's point of sale units located in the ticket office. Each day's cash receipts were compared to the validated deposit slips. In addition, we traced the deposit slip to where it was recorded on the general ledger. We selected three individual receipts for each day and compared from ticket application to Paciolan system. In some instances, ticket applications were not available due to order by phone.

	<u>Day Tested</u>	<u>Amount</u>
1.	April 24, 2008	\$ 698,476.00
2.	March 30, 2008	617,901.00
3.	May 6, 2008	666,541.00
4.	May 9, 2008	22,250.00
5.	May 14, 2008	79,314.00
6.	May 20, 2008	50,901.00
7.	May 29, 2008	17,373.00
8.	May 30, 2008	10,889.00
9.	May 12, 2008	355,940.00
10.	May 23, 2008	33,244.00
11.	September 28, 2007	68,021.50
12.	October 4, 2007	91,570.00
13.	October 9, 2007	353,830.00
14.	October 19, 2007	35,378.00
15.	October 29, 2007	19,934.50

We found the receipted amounts to be in agreement with related deposit slip(s). The related amount recorded on the general ledger appeared appropriately recorded.

2. A sample of thirty cash disbursements for the Intercollegiate Athletic Program for the year ended June 30, 2008 was selected from the University's general ledger. For each of the cash disbursements selected, we compared the disbursed amount and payee information to supporting documentation and verified that each is authorized by the signature of the athletic director of business.

<u>Voucher #</u>	<u>Description</u>	<u>Date</u>	<u>Amount</u>
1 C0078539	Coaches Association Membership	12/18/2007	\$ 120.00
2 C0077074	Golf Tournament awards	11/29/2007	180.00
3 C0069769	Promissory Note	8/14/2007	1,000.00
4 S0076672	Clemson ONE Campaign	11/20/2007	1,304.50
5 C0072048	Green Saver & Club Washer Buckets	9/20/2007	578.62
6 C0074754	NCAA Coaching Course	10/30/2007	950.00
7 C0076658	Digital Camcorder & battery charger	11/20/2007	488.63
8 C0087073	Gift Cards	4/29/2008	909.90
9 C0076204	Alumni meeting at Blue Heron	11/15/2007	350.71
10 C0078331	Meals	12/18/2007	434.57
11 C0077713	Hotel rooms for NCAA officials	12/11/2007	889.11
12 C0077688	NCAA tournament t-shirts	12/6/2007	630.00
13 C0079205	University Athlete Annual Memberships	1/8/2008	450.00
14 C0082308	Hotel rooms for NCAA officials	2/26/2008	1,468.50
15 C0073097	Coaches Association Membership	10/9/2007	1,285.94
16 C0074300	Playstation for locker room	10/23/2007	588.48
17 C0085802	WBCA Convention	4/15/2008	2,350.00
18 C0070923	Plane ticket to Japan	9/4/2007	1,447.90
19 C0072047	Direct TV bills for Walker Course	9/20/2007	590.85
20 C0076333	Laptop bags	11/20/2007	445.14
21 C0085458	Meals	4/10/2008	673.24
22 C0086284	X-Box, Playstation & controllers	4/22/2008	1,079.01
23 C0078353	Shots before Nigeria trip	12/18/2007	500.00
24 C0077361	Meals for players	12/4/2007	462.80
25 C0075862	T-shirts, shorts, equipment bags	11/13/2007	552.93
26 C0080713	Camcorder & tripod	2/5/2008	264.98
27 C0076203	Meals & refreshments	11/15/2007	1,140.95
28 C0080287	Team dinner	1/29/2008	690.05
29 C0081796	Recruiting flight & equipment	2/19/2008	2,400.50
30 C0086165	Desktop - 1 year	4/17/2008	400.00

We found the disbursement amounts to be in agreement with supporting documentation and approval of expenditure on documentation provided.

- A sample of twenty gift receipts for the year ended June 30, 2008 were selected from the University's general ledger. For each of the gift receipts selected, we compared the amount of the gift and donor information to supporting check copies, receipts and acknowledgement letters.

	<u>Donor#</u>	<u>Date</u>	<u>Amount</u>
1	101920	7/30/2007	\$ 100.00
2	76794	8/27/2007	117.00
3	127992	9/16/2007	1,400.00
4	192378	10/11/2007	100.00
5	19340	11/9/2007	2,800.00
6	51546	12/7/2007	350.00
7	264379	12/31/2007	10,000.00
8	355481	1/24/2008	229.00
9	429891	2/1/2008	3,500.00
10	99594	2/19/2008	5,000.00
11	60871	2/25/2008	7,200.00
12	663983	4/4/2008	46.00
13	34849	4/16/2008	7,200.00
14	39378	5/12/2008	1,050.00
15	609001	6/2/2008	2,800.00
16	114432	6/16/2008	2,100.00
17	53159	6/26/2008	2,800.00
18	470699	9/7/2007	100.00
19	89072	12/4/2007	2,000.00
20	61768	6/18/2008	100.00

We found the gift receipts to be in agreement with the supporting documentation.

- We obtained from management the name of each outside organization that has as its principal purpose generating resources on behalf of the University's Intercollegiate Athletics Program. We were informed the University has one such organization, IPTAY. We also obtained descriptions of the University's methods for gathering information on the nature and extent of this organization's activities for the Intercollegiate Athletics Program. We found no exceptions as a result of this procedure.
- 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 the described elements operating as defined by management through general inquiry and observation.

We were not engaged to, and we did not, perform an audit, the objective of which would be the expression of an opinion on the specified areas, accounts, or items and on the effectiveness of internal control over financial reporting described in paragraph one and procedures from page 1 through 10 of this report. Accordingly, we do not express such an opinion. Had we performed additional procedures or had we conducted an audit or review of the financial statements of the University's Intercollegiate Athletics Program or any part thereof, 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, management of Clemson University and is not intended to be and should not be used by anyone other than these specified parties.

Elliott Davis, LLC

Greenwood, South Carolina
November 20, 2008

CLEMSON UNIVERSITY
 INTERCOLLEGIATE ATHLETICS PROGRAM
 STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS
 UNAUDITED AND PREPARED BY MANAGEMENT
 FOR THE YEAR ENDED JUNE 30, 2008

	Football	Basketball	Other Sports	NonProgram Specific	IPTAY	IPTAY LEARNING CENTER	Total
REVENUES:							
Ticket Sales	\$ 19,346,167	\$ 1,335,122	\$ 416,221	\$ -	\$ -	\$ -	\$ 21,097,510
Student Fees	1,387,067	114,149	-	-	-	-	1,501,216
Away Game Sales & Guarantees	1,095,944	315,707	2,500	-	-	-	1,414,151
Contributions	2,107,746	785,260	2,768,572	4,019,998	2,721,817	1,485,805	13,889,198
Third-Party Support	623,000	273,000	37,500	-	-	-	933,500
Direct Institutional Support	660,503	280,255	1,485,965	8,545	-	-	2,435,268
NCAA/Conference Distributions including all Tournament Revenues	5,972,696	4,094,068	-	279,428	-	-	10,346,192
Broadcast, Television, Radio and Internet Rights	-	-	-	777,500	-	-	777,500
Program Sales, Concessions, Novelty Sales and Parking	1,568,482	94,012	49,092	1,380,616	-	-	3,092,202
Royalties, Advertisements and Sponsorships	130,000	-	-	2,012,626	-	-	2,142,626
Endowment and Investment Income	-	-	-	799,477	-	-	799,477
Other	330,405	58,216	22,500	508,027	-	-	919,148
Subtotal Operating Revenue	33,222,010	7,349,789	4,782,350	9,786,217	2,721,817	1,485,805	59,347,988
OPERATING EXPENDITURES							
Athletic Student Aid	2,680,340	904,639	3,992,589	1,160,121	-	12,157	8,749,846
Guarantees	1,977,500	443,533	23,658	-	-	-	2,444,691
Coaching Salaries, Benefits and Bonuses Paid by the Institution and Related Entities	3,142,367	3,826,700	2,850,537	-	-	-	9,819,604
Coaching Other Compensation and Benefits Paid by a Third Party	623,000	273,000	37,500	-	-	-	933,500
Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the Institution and Related Entities	616,304	255,417	83,966	5,923,594	1,028,875	1,256,190	9,164,346
Recruiting	387,602	219,535	274,128	-	-	-	881,265
Team Travel	1,254,081	932,677	1,007,038	203,670	44,140	19,029	3,460,635
Equipment, Uniforms and Supplies	555,075	131,842	373,884	179,326	12,933	1,863	1,254,923
Game Expenses	1,918,340	367,387	265,054	-	-	-	2,550,781
Fund Raising, Marketing and Promotion	-	-	-	319,370	1,635,869	-	1,955,239
Direct Facilities, Maintenance and Rental	107,323	15,873	7,916	1,670,654	-	6,545	1,808,311
Indirect Facilities and Administrative Support	-	-	-	991,104	-	-	991,104
Other Operating Expenses	1,620,414	557,856	567,354	5,713,465	-	190,021	8,649,110
Total Operating Expenditures	14,882,346	7,928,459	9,483,624	16,161,304	2,721,817	1,485,805	52,663,355
EXPENDITURES AND MANDATORY TRANSFERS							
Mandatory Transfers: Principal and interest	-	-	-	4,268,012	-	-	4,268,012
	14,882,346	7,928,459	9,483,624	20,429,316	2,721,817	1,485,805	56,931,367
NONMANDATORY TRANSFERS (IN)/OUT:							
Student Services	-	-	-	15,000	-	-	15,000
Construction projects	-	-	-	2,424,325	-	-	2,424,325
Student Band Support	-	-	-	157,356	-	-	157,356
Departmental Support	-	-	-	690,000	-	-	690,000
TOTAL EXPENDITURES	14,882,346	7,928,459	9,483,624	23,715,997	2,721,817	1,485,805	60,218,048
Excess (deficiency) of revenues over expenses and transfers	\$ 18,339,664	\$ (578,670)	\$ (4,701,274)	\$ (13,929,780)	\$ -	\$ -	\$ (870,060)

**CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

Notes to Statement of Revenues, Expenditures and Transfers
June 30, 2008
(Unaudited)

Note 1 - Summary of Significant Accounting Policies

The Intercollegiate Athletics Program is an auxiliary enterprise of Clemson University (the University) and as such is responsible for the intercollegiate athletic programs of Clemson University. The Intercollegiate Athletics Programs' transactions are reported in the University's unrestricted current funds in the auxiliary enterprises subgroup. The University's NCAA Division I membership became effective May 8, 1953.

Basis of Presentation – The accompanying statement presents the recorded amounts of revenues and expenses of Clemson University's Intercollegiate Athletics Program. It is not intended to be a complete presentation of the revenues and expenses of Clemson University or Clemson University's Intercollegiate Athletics Program. The Statement of Revenues, Expenditures and Transfers (the Statement) has been prepared using the accrual basis of accounting. However, no provision has been made for depreciation of physical plant assets. Revenue is recognized when earned and expenses when supplies or services are received.

Indirect costs, including general administrative costs, maintenance, and other related costs, are not allocated because the Intercollegiate Athletics Program pays explicitly for University services. An administrative service fee is calculated and transferred annually as a cost to the Intercollegiate Athletics Program. These costs of \$991,104 were recorded and are shown as Indirect Facilities and Administrative Support under non-program specific.

Contributions – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts that are restricted by the donor are reported as deferred revenue until such time as the restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished).

Student Fees – For the year ended June 30, 2008, the University provided revenue (funding) to the Intercollegiate Athletics Program for estimated athletic event tickets provided to students. This revenue is calculated by the estimated undergraduate student head count and a guaranteed associated relief payment. The Intercollegiate Athletics Program recognized \$1,501,216 in student fees for the year ended June 30, 2008.

Athletic Student Aid – The Statement includes athletic financial assistance awards for students participating in athletic programs. Financial assistance awarded to athletic participants on the basis of other criteria, such as need or academic excellence, is not reflected in the statement.

Fund Accounting – In order to ensure observance of limitations and restrictions placed on the use of resources available to the University's Department of Athletics, the accounts are maintained in accordance with fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. Separate accounts are maintained for each auxiliary enterprise.

Note 2 - NCAA Legislation

In June 1985, the National Collegiate Athletics Association (NCAA) adopted legislation that required all expenditures for, or on behalf of, an institution's intercollegiate athletics program, including those by outside organizations, to be included in the statement of revenues and expenses.

In January 1987, the NCAA constitution was amended to exempt from the audit requirement those with operating budgets for intercollegiate athletics of less than \$300,000.

Note 2 - NCAA Legislation, Continued

In January 1988, effective January 14, 1988, the constitution was again amended. This amendment removed the audit requirement from the NCAA constitution and incorporated its provision into three separate bylaws, which contain revisions specific to each membership division. In August 2004, the NCAA replaced the financial audit guidelines with a set of agreed-upon procedures.

As a Division I member of the NCAA, the University is required to have agreed-upon procedures performed on the Department's annual statement of revenues and expenses completed by the end of the subsequent fiscal year. NCAA bylaws require all expenses for, or on behalf of, the University's Intercollegiate Athletics Program, including those by outside organizations, to be included on the Department's statement of revenues and expenses.

Note 3 - Capital Expenditures

The University expended approximately \$3,837,000 for capital items, which were funded by revenues related to athletics. Of these additions, \$1,413,000 related to equipment expenditures which are included in the Statement of Revenues, Expenditures and Transfers under other operating expenses. The remaining \$2,424,000 of capital expenditures are not included as part of expenditures.

Note 4 - Outside Organizations

The University's IPTAY is a 501(C)(3) organization with its own charter and Board. The primary mission of IPTAY is to promote intercollegiate athletics at Clemson University through scholarship fundraising, general fundraising and awareness of the University's athletic program.

Certain activities of IPTAY have been included in the Statement.

Note 5 - Deferred Revenue

The University's Intercollegiate Athletics Program collected fall 2008 ticket revenue before June 30, 2008 of approximately \$13,344,000. These revenues have been deferred and will be recognized during the subsequent year ended June 30, 2009. Statement of Revenues, Expenditures and Transfers for the year ended June 30, 2008 has recognized deferred revenue received in the prior year of approximately \$13,767,000. This amount is recognized and included in Ticket Sales.

Note 6 - Revenue Concentration

The Intercollegiate Athletics Program received significant revenue from two sources: Atlantic Coast Conference and IPTAY. The Atlantic Coast Conference provided revenue in distributions of approximately \$10,346,000. IPTAY provided approximately \$12,930,000 for scholarships, fundraising and support staff. These two revenue sources and amounts are included in the Statement. This financial statement does not include all revenues and expenditures of IPTAY.