

**CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

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

FOR THE YEAR ENDED JUNE 30, 2010

**CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

CLEMSON, SOUTH CAROLINA

CONTENTS

	<u>Page</u>
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES	1 - 7
FINANCIAL STATEMENT	
Statement of revenues, expenditures, and transfers	8
Notes to statement of revenues and expenditures	9 - 10



**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 University in complying with NCAA Bylaw 6.2.3.1. for the fiscal year ended June 30, 2010. 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, Expenditures, and Transfers

1. We obtained from management the Statement of Revenues, Expenditures and Transfers (the Statement) of the University's Intercollegiate Athletics Program for the year ended June 30, 2010, 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 to determine if adjustments have a supported explanation. No additional procedures were performed with respect to management's representations of the Statement and related worksheets in management's preparation of the Statement. We found no exceptions as a result of this procedure.
2. We compared actual revenues and expenditures in the Statement for the year ended June 30, 2010, to the prior year amounts (fiscal year 2009). 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 descriptions provided by management for the identified variances by program:

Football Revenue – Football revenue decreased \$4,210,665, or 11.96%, compared to fiscal year 2009. The decrease is attributable to decreased ticket sales and the guarantee payment received for the Alabama game in Atlanta in fiscal year 2009.

Football Expenditures – Football expenditures decreased \$2,042,321, or 11.23%, compared to fiscal year 2009. The decrease is attributable to decreased coaching salaries and benefits expenditures as a result of the fiscal year 2009 termination settlement for the University's former football coach.

Other Sport Revenue – Other sport revenue increased \$889,778, or 17.54%, compared to fiscal year 2009. The increase is attributable to increase baseball ticket sales and an overall increase in direct institutional support.

Nonprogram Specific Revenue – Nonprogram specific revenue increased \$848,441, or 10.76%, compared to fiscal year 2009. The increase is attributable to an increase in contributions.

Nonprogram Specific Mandatory Transfers – Nonprogram specific mandatory transfers decreased \$1,549,970 or 60.78%, compared to fiscal year 2009. The decrease is attributable to lower debt service reserve transfers in the current year based on bond funding requirements.

Nonprogram Specific Nonmandatory Transfers - Nonprogram specific nonmandatory transfers decreased \$2,580,073 or 103.89%, compared to fiscal year 2009. The decrease is attributable to the return of funds by IPTAY previously transferred to operational funds.

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 receipt transactions for the year ended June 30, 2010. 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 transactions greater than 10% of revenue (\$5,756,300) were investigated for propriety to determine if the selected transactions were appropriately shown and classified as revenue in the Statement.

We found the amounts were in agreement. One individual transaction of \$11,841,473 exceeded 10% of total operating revenue and was related to realization of deferred ticket revenue recorded at June 30, 2009 that was recognized in the current year. We found no exceptions as a result of these procedures.

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 Ticket Status Report for the year ended June 30, 2010, 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 to athletics. Student fees are allocated based on student seat usage. We recalculated the mathematical accuracy of the amounts in the calculation, agreed amounts in the calculation to amounts posted in 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 obtained the settlement statement from the Atlantic Coast Conference detailing distributions for the football and basketball conference seasons from a schedule provided by the University. 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 the Music City Bowl, Inc. for an away football game (versus Kentucky in Nashville, TN) 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 Music City Bowl, Inc. We compared the total revenues for away game sales and 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.

8. We obtained from the University a report detailing all third-party support revenue recorded by the University for the year ended June 30, 2010. We haphazardly selected three coaches 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 found no exceptions as a result of these procedures.

9. We obtained a report from the University detailing direct institutional support revenue recorded by the University for the year ended June 30, 2010. We recalculated the mathematical accuracy of the direct institutional support revenue amounts per the report provided by the University. We compared the total direct institutional support 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.

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, 2010. 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, 2010. 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, 2010. 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, 2010. We haphazardly selected five receipts from this detailed report 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 to determine if total amounts agreed.

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, 2010. 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, 2010. 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 three student athletes (Estefania Balda, Xavier Dye, and Tanner Smith) 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 compared 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 (Winthrop University – Men’s Basketball and Texas Christian University– 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, 2010. From this listing, we haphazardly selected three men and three women coaches. For each of the selected coaches (Dan Brooks, Leslie Hasselbach, Lawrence Johnson, Larry Penley, Jeff Scott, and Jodi Welp), 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) Forms W-2. 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 University coaches who received other compensation and benefits paid by a third party during the year ended June 30, 2010. From this listing, we compared the compensation and benefits paid by the third party to amounts specified in each respective contract.

We found no exceptions as a result of these procedures.

20. 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, 2010. From this listing, we selected three support/administrative staff (Phil Grayson, Janet Merrifield, and Linda White) and compared, for reasonableness, the recorded salary, benefits and bonuses, if any to their contracts and IRS Forms W-2. 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.

21. We obtained a report detailing equipment, uniforms and supplies expenditures from the University for the year ended June 30, 2010 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, 2010 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, 2010 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, 2010 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, 2010. We obtained a report from the University which details indirect facilities and administrative support recorded by the University for the year ended June 30, 2010, 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, 2010. 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, 2010. 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, 2010. 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 the 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:

29. A sample of fifteen days' deposits for the year ended June 30, 2010 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 and Paciolan ticket system.

	<u>Day Tested</u>	<u>Amount</u>
1.	July 10, 2009	\$ 116,022.00
2.	August 6, 2009	23,362.00
3.	September 9, 2009	57,780.00
4.	September 21, 2009	93,914.00
5.	September 22, 2009	118,746.00
6.	September 24, 2009	263,446.00
7.	September 30, 2009	50,770.00
8.	October 2, 2009	27,258.00
9.	October 29, 2009	39,716.00
10.	November 25, 2009	42,194.00
11.	December 10, 2009	26,048.00
12.	January 4, 2010	1,062.00
13.	January 13, 2010	60,800.00
14.	February 9, 2010	142,352.00
15.	May 26, 2010	6,784.00

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

30. A sample of thirty cash disbursements for the Intercollegiate Athletic Program for the year ended June 30, 2010 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	C0574856	Al Campbell Insurance Agency- Insurance	9/29/2009	\$ 20,275.20
2	C0562431	Widmer Time Recorder Co.- Non-cap Equipment	7/28/2009	2,468.70
3	C0574672	Tennant Company- Maintenance Supplies	9/29/2009	1,739.82
4	CHG0506006	Tri-County Ace Builders- Maintenance Supplies	5/6/2010	62.96
5	C0569830	Nicholson's Painting & Wallcovering- Repairs External	9/7/2009	3,009.44
6	C0580935	Lesco Restorations- Repairs External	11/5/2009	6,421.41
7	2155514	AnMed Health- Medical Services- Produces 1099	6/18/2010	24,408.65
8	CU00009186	Medco Supply Company- Supplies: Scientific/Technical	8/19/2009	52,699.12
9	CU00023039	Hutch-N-Son Construction- Other Services	6/30/2010	27,302.63
10	CU00009110	Chris Love Company- Janitorial Supplies	8/12/2009	15,208.29
11	CU00014985	Columbia Convention Center- Official Functions & Events	2/19/2010	24,681.39
12	CU00018559	Ralph's Trophy Shop- Other Services	6/29/2010	11,863.55
13	CHG0623068	Milt Lowder- Professional Fees	6/1/2010	9,600.00
14	C0623068	Delta Air- Team Travel	6/23/2010	567.90
15	CU00010701	Airborne Athletics- Equipment	10/1/2009	15,685.13
16	1903466	Aramark Catering- Official Functions & Events	4/29/2010	5,774.79
17	2245549	Keystone Relocation- Non-Taxable Moving Expenses	6/24/2010	6,727.00
18	C0609400	Atlantic Coast Conference- Athletic Official- Produce	6/14/2010	8,334.00
19	CU00010812	XOS Technologies- Non-cap Equipment	11/13/2009	13,285.12
20	CU00009341	Nike- Uniforms	7/28/2009	39,840.49
21	CU00010062	Destination Hospitality- Team Travel- Meals	9/22/2009	15,612.53
22	C0577070	Comfort Inn- Athletic Guarantees	10/14/2009	2,297.70
23	CU00016923	Sportstec- Software	3/30/2010	14,445.00
24	CHG0630708	Clemson Apple Store- Non-cap Equipment	6/30/2010	2,073.66
25	CU00009558	Different Strokes Swim Shop- Uniforms	8/19/2009	2,329.66
26	C0584477	Florida Atlantic University- Facility Rental	12/2/2009	1,476.00
27	CHG0623125	WRL.COM- Non-Taxable Prizes & Awards	6/23/2010	1,493.55
28	CHG0722250	Best Buy- Non-Taxable Prizes & Awards	7/22/2009	1,800.00
29	C0607117	Professional Party Rentals- Rent	5/21/2010	1,205.40
30	C0593560	Precision Racing- Athletic Equipment	2/9/2010	10,475.00

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

31. A sample of twenty gift receipts for the year ended June 30, 2010 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	272394	7/1/2009	\$ 1,000.00
2	281179	7/16/2009	1,415.00
3	257078	7/27/2009	2,000.00
4	382879	8/17/2009	175.00
5	38149	9/15/2009	233.34
6	797898	10/15/2009	1,000.00
7	209889	11/16/2009	2,100.00
8	46067	12/10/2009	2,800.00
9	294989	12/15/2009	2,800.00
10	31248	12/31/2009	4,200.00
11	46367	1/28/2010	3,000.00
12	97572	2/12/2010	1,050.00
13	30750	2/12/2010	1,400.00
14	70943	2/14/2010	1,000.00
15	42077	2/15/2010	4,000.00
16	236078	2/17/2010	3,000.00
17	85269	3/15/2010	2,400.00
18	566400	4/15/2010	233.34
19	113187	5/17/2010	2,800.00
20	100878	6/14/2010	1,500.00

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

32. 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 understanding of the University's methods for gathering information on the nature and extent of this organization's activities for the Intercollegiate Athletics Program to determine reasonableness of IPTAY's contribution and operating expenditures as included in the Statement.

We found no exceptions as a result of this procedure.

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 7 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 and 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
October 5, 2010

**CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND TRANSFERS
FOR THE YEAR ENDED JUNE 30, 2010
(Unaudited)**

Attachment A

	Football	Basketball	Other Sports	NonProgram Specific	IPTAY	IPTAY LEARNING CENTER	Total
REVENUES:							
Ticket Sales	\$ 17,739,119	\$ 1,598,315	\$ 539,979	\$ -	\$ -	\$ -	\$ 19,877,413
Student Fees	1,428,648	156,908	-	-	-	-	1,585,556
Away Game Sales & Guarantees	550,000	20,000	754	-	-	-	570,754
Contributions	2,487,478	817,242	3,017,556	4,279,137	2,676,162	1,710,779	14,988,354
Direct Institutional Support	810,983	413,889	2,008,648	-	-	-	3,233,520
NCAA/Conference Distributions including all Tournament Revenues	6,433,762	4,369,706	159,960	-	-	-	10,963,428
Broadcast, Television, Radio and Internet Rights	-	-	-	920,000	-	-	920,000
Program Sales, Concessions, Novelty Sales and Parking	1,342,009	110,316	122,956	221,053	-	-	1,796,334
Royalties, Advertisements and Sponsorships	145,000	-	75,000	2,993,036	-	-	3,213,036
Endowment and Investment Income	-	-	-	201,166	-	-	201,166
Other	57,504	-	38,710	116,174	-	1,050	213,438
Total Operating Revenue	30,994,503	7,486,376	5,963,563	8,730,566	2,676,162	1,711,829	57,562,999
OPERATING EXPENDITURES							
Athletic Student Aid	2,912,294	1,167,777	4,965,558	948,942	-	8,730	10,003,301
Guarantees	1,860,000	398,136	25,536	-	-	-	2,283,672
Coaching Salaries, Benefits and Bonuses Paid by the Institution and Related Entities	4,956,891	2,760,861	3,224,858	-	-	-	10,942,610
Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the Institution and Related Entities	1,428,834	334,766	83,379	6,477,959	1,081,445	1,530,198	10,936,581
Recruiting	292,595	230,705	289,632	-	-	-	812,932
Team Travel	1,672,818	910,080	1,010,851	124,470	44,700	8,496	3,771,415
Equipment, Uniforms and Supplies	596,707	98,692	494,780	200,339	5,667	3,121	1,399,306
Game Expenses	1,782,619	271,451	282,830	-	-	-	2,336,900
Fund Raising, Marketing and Promotion	-	-	-	511,766	1,544,350	-	2,056,116
Direct Facilities, Maintenance and Rental	144,213	21,288	35,562	2,862,082	-	22,841	3,085,986
Indirect Facilities and Administrative Support	-	-	-	2,438,988	-	-	2,438,988
Other Operating Expenses	504,508	363,824	475,313	4,312,167	-	153,393	5,809,205
Total Operating Expenditures	16,151,479	6,557,580	10,888,299	17,876,713	2,676,162	1,726,779	55,877,012
MANDATORY TRANSFERS							
Principal and interest	-	-	-	1,000,000	-	-	1,000,000
Total Mandatory Transfers	-	-	-	1,000,000	-	-	1,000,000
NONMANDATORY TRANSFERS							
Student Services	-	-	-	41,000	-	-	41,000
Construction projects	-	-	-	1,675,576	-	-	1,675,576
Student Band Support	-	-	-	187,930	-	-	187,930
IPTAY Support	-	-	-	(2,016,000)	-	-	(2,016,000)
Institutional Research	-	-	-	15,000	-	-	15,000
Total Nonmandatory Transfers	-	-	-	(96,494)	-	-	(96,494)
TOTAL OPERATING EXPENDITURES AND TRANSFERS	16,151,479	6,557,580	10,888,299	18,780,219	2,676,162	1,726,779	56,780,518
Excess (deficiency) of revenues over (under) expenditures and transfers	\$ 14,843,024	\$ 928,796	\$ (4,924,736)	\$ (10,049,653)	\$ -	\$ (14,950)	\$ 782,481

**CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

Notes to Statement of Revenues, Expenditures and Transfers
June 30, 2010
(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 Program 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 Athletic Department. 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 \$2,438,988 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, 2010, 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 \$1,585,556 in student fees for the year ended June 30, 2010.

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.

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 Statement 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 Statement.

Note 3 - Capital Expenditures

The University expended approximately \$3,259,000 for capital items, which were funded by revenues related to athletics. Of these additions, \$1,583,000 related to equipment expenditures are included in the Statement under other operating expenses. The remaining \$1,676,000 of capital expenditures are not included as part of expenditures as these amounts were capitalized by the University.

Note 4 - Outside Organizations

IPTAY is a 501(C)(3) organization with its own charter and Board which has as its primary mission 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 2010 ticket revenue on or before June 30, 2010 of approximately \$11,926,000. Recognition of these revenues has been deferred until the year ended June 30, 2011. The Statement for the year ended June 30, 2010 reflects approximately \$11,841,000 in revenues which were collected on or before June 30, 2009 and which were reflected as deferred revenue at June 30, 2009. This amount is included in ticket sales in the Statement.

Note 6 - Revenue Concentration

The Intercollegiate Athletics Program received significant revenue from the Atlantic Coast Conference and IPTAY. These two revenue sources and amounts are included in the Statement. The Atlantic Coast Conference provided revenue in distributions totaling approximately \$10,960,000. IPTAY provided approximately \$14,444,000 for scholarships, fundraising and support staff. The Statement does not include all revenues and expenditures of IPTAY.