

**CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

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

FOR THE YEAR ENDED JUNE 30, 2011

**CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

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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 University in complying with NCAA Bylaw 6.2.3.1. for the fiscal year ended June 30, 2011. 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, 2011, 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, 2011, to the prior year amounts (fiscal year 2010). 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:

Basketball Revenue - Basketball revenue increased \$879,545, or 11.75%, compared to fiscal year 2010. The increase is attributable to an overall increase in NCAA/Conference distributions in the current year, as well as an increase in the percentage allocated to basketball, the reclassification of broadcast and other sponsorship income from crediting Other Expenditures in the prior year to being classified as revenue in the current year, and an increase in concession sales.

Other Sport Expenditures - Other sport expenditures increased by \$1,187,684, or 10.91%, compared to fiscal year 2010. The increase is attributable to compensation increases (primarily baseball and track & field) as well as increased regular season and post season (championship) team travel for track & field.

Nonprogram Specific Nonmandatory Transfers - Nonprogram specific nonmandatory transfers increased \$1,966,974 or 2,038.44%, compared to fiscal year 2010. The increase is attributable to the return of funds to IPTAY previously transferred to operational funds in the prior year that did not occur in the current year. The current year included \$600,000 in IPTAY support.

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, 2011. 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 (\$6,117,497) 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 \$11,925,524 exceeded 10% of total operating revenue and was related to recognition of deferred ticket revenue recorded at June 30, 2010. 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, 2011, 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 Auburn University game for an away football 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 Auburn University. 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, 2011. 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, 2011. 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, 2011. 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, 2011. 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, 2011. 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, 2011. 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, 2011. 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, 2011. 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 (Ameerah I. Aly, Tajh K. Boyd, and Demontez J. Stitt) 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 (Delaware State – Men's Basketball and University of North Texas– 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, 2011. From this listing, we haphazardly selected three men's sport and three women's sport coaches. For each of the selected coaches (Ito Coleman, Eddie Radwanski, Jack Leggett, Mike Noonan, Lawrence Johnson, and Jolene Jordan-Hoover), 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, 2011. 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, 2011. From this listing, we selected three support/administrative staff (Sharon Littlejohn, Courtney Vinson, and Wayne Gibson) 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, 2011 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, 2011 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, 2011 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, 2011 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, 2011. We obtained a report from the University which details indirect facilities and administrative support recorded by the University for the year ended June 30, 2011, 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, 2011. 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, 2011. 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.

Management informed us that there were no principal and interest mandatory transfers during the year ended June 30, 2011.

28. We obtained a report detailing nonmandatory transfers from the University for the year ended June 30, 2011. 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.

29. A sample of fifteen days' deposits for the year ended June 30, 2011 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>DayTested</u>	<u>Amount</u>
1.	7/15/2010	\$ 28,597.00
2.	8/20/2010	80,644.00
3.	9/10/2010	27,044.00
4.	9/29/2010	162,244.00
5.	9/29/2010	84,351.00
6.	10/5/2010	317,292.00
7.	10/7/2010	1,370.00
8.	11/17/2010	168,542.00
9.	12/28/2010	4,148.00
10.	1/5/2011	52,996.00
11.	1/21/2011	15,881.00
12.	2/11/2011	608,841.00
13.	2/24/2011	7,269.00
14.	3/18/2011	5,422.00
15.	4/26/2011	16,597.00

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, 2011 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>Vendor</u>	<u>Description</u>	<u>Date</u>	<u>Amount</u>
1 3794591	Athletic Department- Travel Account	TOS-A:Team Travel Comm Airfare	2/28/2011	1,373.85
2 3072940	Haywood Mall	Advertising - B	9/1/2010	3,500.00
3 C0142548	Bert Henderson	Business Meals & Entertainment	1/4/2011	1,222.98
4 3870586	Servicemaster Building Maintenance	Contract Services	4/11/2011	1,055.00
5 2648136	Servicemaster Building Maintenance	Maintenance Contracts	9/13/2010	1,368.08
6 4359914	Servicemaster Building Maintenance	Maintenance Contracts	6/13/2011	588.00
7 3888792	Blue Ridge Surgery Center	Medical Services-Produces 1099	3/28/2011	18,230.62
8 2682242	ANMED Health	Medical Services-Produces 1099	9/24/2010	17,596.57
9 2378868	Boscobell Golf Club	Membership Dues	7/1/2010	4,200.00
10 2920534	Aramark Services Inc	Official Functions & Events	10/26/2010	41,391.99
11 2869502	Aramark Services Inc	Official Functions & Events	10/19/2010	40,361.26
12 2869253	Aramark Services Inc	Official Functions & Events	10/19/2010	12,666.88
13 2668837	Pixelmeld, LLC	Printing & Binding External	9/20/2010	5,095.00
14 2811614	Larry Vanderheyden	Professional Fees US-1099	10/15/2010	1,150.00
15 4211882	Village Alterations	Professional Fees US-1099	5/31/2011	3,815.00
16 UJESL024	Corporate Sponsorships	Refreshments	8/26/2010	13,788.00
17 IDOFBCAMP	Parking Services	Rent:Other	6/30/2011	11,628.00
18 2623012	AM Mechanical, Inc	Repairs External	9/9/2010	1,921.00
19 3098073	XOS Digital	Subscriptions	7/13/2010	20,000.00
20 3030546	Schutt / Circle System Group	Supplies:Athletic Equipment	11/9/2010	13,591.14
21 4243891	Douglas Pads & Sports	Supplies:Athletic Equipment	5/12/2011	12,689.40
22 2455095	Aramark Services Inc	Supplies:Maintenance	7/20/2010	1,567.58
23 3369110	Pixelmeld, LLC	Supplies:Office	1/27/2011	2,862.25
24 2980024	Medco Supply Company	Supplies:Scientific/Technical	6/21/2010	64,301.28
25 2521381	Henry Schein	Supplies:Scientific/Technical	8/5/2010	9,943.00
26 2401453	Nike	Supplies:Uniforms	7/1/2010	21,298.33
27 2418311	Nike	Supplies:Uniforms	6/24/2010	16,941.74
28 TEL9307113	Telecommunication Services	Telephone	9/30/2010	2,214.17
29 TEL5277113	Telecommunication Services	Telephone	5/31/2011	2,196.72
30 3273722	Rotary Lombardi Award	Advertising	11/26/2010	2,000.00

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, 2011 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	59219	7/12/2010	\$ 4,448.00
2	43966	7/16/2010	2,800.00
3	22957	8/17/2010	3,000.00
4	797898	9/15/2010	1,000.00
5	113177	10/4/2010	10,000.00
6	286796	10/15/2010	600.00
7	244580	11/15/2010	5,600.00
8	33560	11/22/2010	5,000.00
9	229988	12/10/2010	1,260.00
10	472791	12/15/2010	280.00
11	108384	12/30/2010	10,000.00
12	611282	1/18/2011	600.00
13	29048	2/7/2011	8,600.00
14	129096	2/14/2011	3,100.00
15	15763	3/31/2011	350.00
16	146179	4/28/2011	1,400.00
17	300179	5/2/2011	2,100.00
18	424195	6/6/2011	1,050.00
19	44298	6/15/2011	700.00
20	100052	6/29/2011	1,200.00

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 an 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 9 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, 2011

INTERCOLLEGIATE ATHLETICS PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND TRANSFERS
FOR THE YEAR ENDED JUNE 30, 2011
(Unaudited)

	Football	Basketball	Other Sports	NonProgram Specific	IPTAY	IPTAY LEARNING CENTER	Total
REVENUES							
Ticket Sales	\$ 18,784,904	\$ 1,476,872	\$ 475,066	\$ -	\$ -	\$ -	\$ 20,736,842
Student Fees	1,457,154	137,259	-	-	-	-	1,594,413
Away Game Sales & Guarantees	1,000,000	-	7,500	-	-	-	1,007,500
Contributions	2,326,623	676,143	3,216,657	3,328,316	2,872,674	1,751,321	14,171,734
Direct Institutional Support	948,705	363,668	2,163,063	36,174	-	-	3,511,610
NCAA/Conference Distributions including all Tournament Revenues	6,266,848	5,100,278	109,683	86,921	-	-	11,563,730
Broadcast, Television, Radio and Internet Rights	555,000	175,000	-	1,370,000	-	-	2,100,000
Program Sales, Concessions, Novelty Sales and Parking	1,421,747	227,701	99,844	37,532	-	-	1,786,824
Royalties, Advertisements and Sponsorships	388,000	209,000	172,500	3,509,655	-	-	4,279,155
Endowment and Investment Income	-	-	-	198,094	-	-	198,094
Other	38,217	-	78,670	108,181	-	-	225,068
Subtotal Operating Revenue	33,187,198	8,365,921	6,322,983	8,674,873	2,872,674	1,751,321	61,174,970
OPERATING EXPENDITURES							
Athletic Student Aid	3,168,065	1,010,124	5,320,041	917,595	-	9,770	10,425,595
Guarantees	1,000,000	450,379	34,036	65,278	-	-	1,549,693
Coaching Salaries, Benefits and Bonuses Paid by the Institution and Related Entities	5,386,894	2,720,218	3,579,804	164,267	-	-	11,851,183
Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the Institution and Related Entities	1,532,393	387,994	103,096	6,738,109	1,139,587	1,522,158	11,423,337
Recruiting	490,305	271,970	307,291	-	-	-	1,069,566
Team Travel	1,443,737	818,810	1,290,067	220,341	96,239	15,609	3,884,803
Equipment, Uniforms and Supplies	572,574	165,811	583,162	193,948	4,684	2,879	1,523,058
Game Expenses	1,983,300	474,358	315,390	-	-	-	2,773,048
Fund Raising, Marketing and Promotion	-	-	-	389,848	1,638,198	-	2,028,046
Direct Facilities, Maintenance and Rental	156,629	42,208	49,405	1,834,491	-	21,933	2,104,666
Indirect Facilities and Administrative Support	-	-	-	2,590,776	-	-	2,590,776
Other Operating Expenses	814,497	356,341	493,691	6,003,565	-	171,307	7,839,401
Total Operating Expenditures	16,548,394	6,698,213	12,075,983	19,118,218	2,878,708	1,743,656	59,063,172
MANDATORY TRANSFERS							
Principal and interest	-	-	-	-	-	-	-
Total Mandatory Transfers	-	-	-	-	-	-	-
NONMANDATORY TRANSFERS							
Student Services	25,000	-	-	6,000	-	-	31,000
Construction Projects	-	-	-	989,183	-	-	989,183
Student Band Support	-	-	-	260,297	-	-	260,297
IPTAY Support	-	-	-	600,000	-	-	600,000
Institutional Research	-	-	-	15,000	-	-	15,000
Total Nonmandatory Transfers	25,000	-	-	1,870,480	-	-	1,895,480
TOTAL OPERATING EXPENDITURES AND TRANSFERS	16,573,394	6,698,213	12,075,983	20,988,698	2,878,708	1,743,656	60,958,652
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES AND TRANSFERS	\$ 16,613,804	\$ 1,667,708	\$ (5,753,000)	\$ (12,313,825)	\$ (6,034)	\$ 7,665	\$ 216,318

CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
NOTES TO STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS
(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 Program 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 \$2,590,776 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, 2011, 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 \$1,594,413 in student fees for the year ended June 30, 2011.

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 \$1,747,000 for capital items, which were funded by revenues related to athletics. Of these additions, \$758,000 related to equipment expenditures are included in the Statement under other operating expenses and fund raising. The remaining \$989,000 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 2011 ticket revenue on or before June 30, 2011 of approximately \$11,918,000. Recognition of these revenues has been deferred until the year ended June 30, 2012. The Statement for the year ended June 30, 2011 reflects approximately \$11,926,000 in revenues which were collected on or before June 30, 2010 and which were reflected as deferred revenue at June 30, 2010. 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 \$11,564,000. IPTAY provided approximately \$13,693,000 for scholarships, fundraising and support staff. The Statement does not include all revenues and expenditures of IPTAY.