

COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2010

**REPORT OF INDEPENDENT CERTIFIED PUBLIC
ACCOUNTANTS ON APPLYING AGREED-UPON
PROCEDURES FOR THE COLLEGE'S
INTERCOLLEGIATE ATHLETICS PROGRAM**



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

Members of the Board of Trustees
The College of Charleston
Charleston, South Carolina

We have performed the procedures enumerated below, which were agreed to by the College of Charleston (the College), solely to apply the agreed upon procedures which are listed below, to the internally prepared statement of revenues and expenditures of the College's Intercollegiate Athletics Program for the year ended June 30, 2010. This engagement is solely to assist management in determining if the College is in compliance with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1. The College is responsible for its Statement of Revenues and Expenditures of the College's Intercollegiate Athletics Program for the year ended June 30, 2010. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this 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.

The procedures we performed and the associated findings are as follows:

Procedures Related to the Statement of Revenues and Expenditures

1. We obtained from management the Statement of Revenues and Expenditures (the Statement) of the College'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 amounts on 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 College's general ledger.

We found such amounts to be in agreement.

2. We scanned the College's general ledger of NCAA related accounts for individual contributions that constituted more than ten percent of contributions received. There was one contribution that constituted more than ten percent of total contributions or \$47,500 from the College of Charleston Cougar Club in the amount of \$400,000. No additional procedures were performed.
3. We compared actual revenues and expenditures in the Statement for the year ended June 30, 2010, to the prior year amounts (FY 2009). We identified actual variances of greater than 10% and \$40,000 from the prior year amounts and obtained explanations for variances from management. Below are descriptions provided by management for the overall variances by program as follows:

(Continued)

Revenue:

Student Activity Fees (Non Program specific) - This revenue increased \$771,349, or 10%, compared to fiscal year 2009. The increase in student activity fee is attributable to the increase from \$408 in 2009 to \$432 in 2010 for the student activity fee for athletics.

Expenditures:

Contractual Services (Men's Basketball) - This expenditure increased \$63,802, or 30%, compared to fiscal year 2009. The increase is attributable to the increase in team travel for increased tournament play and away games.

Scholarships - Total scholarship expenditures increased \$448,086, or 15%, compared to fiscal year 2009. The increase is attributable to scholarships increasing in proportion to tuition increasing.

Men's Basketball: Increased \$33,097 (8%)

Men's Other Sports: Increased \$116,230 (15%)

Women's Basketball: Increased \$83,816 (26%) with additional of 2 new scholarships from 2009

Women's Other sports: Increased \$203,708 (13%)

Non Program Specific: Increased \$11,235 (222%)

Personal Services (Non Program Specific) - Personal Services increased by \$77,999, or 12%, compared to fiscal year 2009. Athletic Academic Advising hired a new permanent employee in August 2009. Also, the athletic department added an additional temporary employee for athletic training.

Contractual Services (Non Program Specific) - This expenditure increased by \$145,463, or 28%, compared to fiscal year 2009. This expenditure is attributable to increased general repairs of \$96,000 and an increase in the indirect cost allocation of \$36,000. General repairs include resurfacing the swimming pool, resurfacing the tennis court and repairs at the Patriot's Point complex.

Supplies (Non Program Specific) - This expenditure increased by \$210,658, or 107%, compared to fiscal year 2009. This expenditure is attributable to increased general supplies of \$63,761. Additional supplies expenditures include the installation of a security system, interior building work, computer/technology purchases, furniture, Daktronics scoreboard maintenance, and \$91,000 in weight room upgrades.

4. For student activity revenue, we compared the amount per the general ledger to the corresponding amount on the Statement. In addition, we compared the reported student activity fees to a recalculation provided by management of student enrollment figures and the related fee charged to students.

We found a recalculation variance of \$16,161.50 or (0.18%). No other exceptions were discovered as a result of our procedures.

5. For guarantees revenue, we obtained a detail schedule of the revenue reported and compared the amounts per the detail to the corresponding amount in the Statement. We compared the individual amounts in the detail to the amounts in the guarantee agreement documentation provided. We found the amount shown on the Statement and the general ledger was in agreement.

We found no exceptions as a result of this procedure.

6. For NCAA and Southern Conference (SOCON) distribution revenue, we obtained the detail of the revenue reported and compared the amount per the detail to the corresponding amount on the Statement. We agreed the individual conference distributions to the remittance advices accompanying the distributions. We found the Statement and the general ledger were in agreement.

We found no exceptions as a result of this procedure.

7. We compared the amounts of expenditures paid on behalf of the College's Department of Athletics reported by the College of Charleston Cougar Club's financial statements, for the year ended June 30, 2010, to the amount reported in Note 3 on page 8.

We found no exceptions as a result of this procedure.

8. We obtained a schedule of athletic department salaries, including departmental staff from management and agreed those amounts to the appropriate general ledger salary accounts.

We found no exceptions as a result of this procedure.

9. Twenty-five cash receipts for the year ended June 30, 2010 were judgmentally selected from the College's general ledger related to the Intercollegiate Athletic Program. Each of the cash receipts listed below was compared to supporting documentation (e.g. deposit records, invoices, etc.).

<u>Sample</u>	<u>Document #</u>	<u>Receipt #</u>	<u>Date</u>	<u>Cash/Check Amount</u>	<u>Credit Card Amount</u>
1	F0000006	323	10-Jul-09	\$ -	\$ 4,972
2	F0000023	692	28-Jul-09	-	1,841
3	F0000044	922	10-Aug-09	6,552	18,760
4	F0000058	1081	18-Aug-09	10,980	-
5	F0000063	1124	20-Aug-09	-	5,680
6	F0000079	1320	31-Aug-09	-	2,000
7	F0000130	1969	28-Sep-09	15,920	-
8	F0000143	2232	8-Oct-09	-	1,652
9	F0000147	2282	12-Oct-09	-	170
10	F0000149	2300	13-Oct-09	-	188
11	F0000160	2408	20-Oct-09	-	2,202
12	F0000160	2408	20-Oct-09	-	2,202
13	F0000177	2656	29-Oct-09	-	4,356
14	F0000186	2763	3-Nov-09	-	1,463
15	F0000188	2782	4-Nov-09	-	1,536
16	F0000216	3156	23-Nov-09	-	14,040
17	F0000230	3323	3-Dec-09	-	633
18	F0000239	3433	9-Dec-09	-	17,360
19	F0000239	3433	9-Dec-09	-	17,360
20	F0000297	3977	19-Jan-10	43,948	-
21	F0000300	4010	20-Jan-10	-	553
22	F0000300	4012	20-Jan-10	-	397
23	F0000305	4126	22-Jan-10	-	3,188
24	F0000363	4604	12-Feb-10	-	2,150
25	F0000577	6036	19-Apr-10	-	1,130

We found the amounts of the transactions were in agreement with supporting documentation.

10. We obtained from management a listing of athletic department staff employed during the year. We judgmentally selected six coaches as listed below and agreed the financial terms and conditions of each employee to the related salaries and benefits recorded by the College. We traced such salaries to the personal services expenditure for each applicable program and amount on the Statement.

Steven Bamel
Anthony Ciuffo
Temple Elmore

Lindsey Gray
Christopher Horschel
Kenneth Morris

We found no exceptions as a result of this procedure.

11. We obtained from management a listing of athletic department staff employed during the year. We judgmentally selected three support/administrative staff members as listed below and agreed the financial terms and conditions of each employee to the related salaries and benefits recorded by the College. We traced such salaries to the Personal Services expenditure for each applicable program and amount on the Statement.

Todd Shaffer
 Thomas Beck
 Brian Odom

We found no exceptions as a result of this procedure.

12. Twenty-five cash disbursements for the Intercollegiate Athletic Program for the year ended June 30, 2010 were judgmentally selected. For each of the twenty-five disbursements listed below, we compared the disbursed amount and payee information to supporting documentation (e.g. invoice, check).

	Document/ Voucher #	Description	Date	Amount
1	I0019892	SLEEP INN MT PLEASANT	30-Jun-10	\$ 153.88
2	I0239393	Zimmerman, Bruce A.	29-Jun-10	425.51
3	I0016596	VIRGINIAS ON KING LLC	5-May-10	4,760.41
4	I0014204	Benigni, Vincent L.	31-Mar-10	397.59
5	I0013285	Taxing Authority	15-Mar-10	91.80
6	I0013159	Robinson, Joseph K.	15-Mar-10	1,826.34
7	I0012531	Waldrep, Kaye E.	5-Mar-10	34.50
8	I0011237	SC DEPT OF REVENUE	12-Feb-10	49.33
9	I009041	Elmore, Temple D.	11-Jan-10	43.31
10	I008533	MEDCO SUPPLY COMPANY	23-Dec-09	6.18
11	I0008533	MEDCO SUPPLY COMPANY	22-Dec-09	67.98
12	I0008505	Zimmerman, Bruce A.	22-Dec-09	1,019.57
13	I00007785	WENTWORTH PRINTING CORP	16-Dec-09	2,815.43
14	I0006388	DAVIS, DAVE	11-Dec-09	293.60
15	I6572	Elmore, Temple D.	1-Dec-09	295.00
16	I0005922	Corio, John	13-Nov-09	550.00
17	I0005653	Williams, Chad T.	11-Nov-09	1,889.60
18	I0005522	Mitchell III, Charles G.	10-Nov-09	142.74
19	I0004451	SPORTSMAN SHOP (THE)	28-Oct-09	886.88
20	I0004733	Evans, Jonathan D.	28-Oct-09	48.00
21	I0005209	XEROX CORPORATION	28-Sep-09	8.23
22	I0003210	Taxing Authority	26-Sep-09	0.62
23	I0003050	FOLLETT EDUCATION GROUP	23-Sep-09	1,308.99
24	I0000602	Byington, Mark David.	28-Jul-09	1,198.97
25	I0009055	Barroqueiro, Michael F.	11-Jan-10	121.00

We found the disbursed amounts and disbursement description to be in agreement with the supporting documentation.

13. We obtained from management the squad list which detailed scholarships provided for each sports team. We judgmentally selected three students as listed below from the squad list and traced the awarded scholarship(s) for each student to each student's account.

Grace Loba – Women's Cross Country
Carly Corthell – Softball
Paige Johnson – Women's Volleyball

We found no exceptions as a result of this procedure.

14. We obtained from management the name of each outside organization not under the College's accounting control that has as its principal purpose of generating resources on behalf of the College's Intercollegiate Athletics Program.

We were informed the College had one such organization, the College of Charleston Cougar Club. We obtained an understanding of the College's methods for gathering information of the College of Charleston's Cougar Club's financial contribution to the College's Intercollegiate Athletics Program. No additional procedures were performed as a result of this procedure.

15. We inspected the trial balance and financial statements of the Cougar Club to agree the amount recorded in Note 5 to the Statement.

We found no exceptions as a result of this procedure.

16. We obtained from management the method for allocating indirect costs to the athletic department as discussed in Note 1 on page 7.

We found no exceptions as a result of this procedure.

17. We obtained the royalties revenue detail and compared the total amount per the detail to the corresponding amount in the Statement. We compared royalty payments received to details supporting each receipt.

We found no exceptions as a result of this procedure.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the Statement of Revenues and Expenditures of the College of Charleston Intercollegiate Athletics Program for the year ended June 30, 2010. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

In addition, we were not engaged to and did not conduct an audit of the financial statements, notes and schedules reflected in Attachment A to this report.

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

Greenwood, South Carolina
January 21, 2011

Elliott Davis, LLC

COLLEGE OF CHARLESTON
INTERCOLLEGIATE ATHLETICS PROGRAM
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010
(UNAUDITED AND PREPARED BY MANAGEMENT)

Attachment A

Categories	Men's		Women's		Coed	Non-program Specific	Total
	Basketball	Other Sports	Basketball	Other Sports			
Revenues:							
Student Activity Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,859,400	\$ 8,859,400
Commissions	-	-	-	-	-	33,972	33,972
Ticket Sales	649,095	25,653	4,773	4,469	-	-	683,990
Donations and Memberships	-	-	-	-	-	475,000	475,000
NCAA Distribution	-	24,240	-	10,375	-	206,405	241,020
NIT/SOCON Distribution	-	-	-	-	-	35,026	35,026
Rental Income	-	-	-	-	-	13,468	13,468
Royalties	-	-	-	-	-	55,544	55,544
Guarantees	70,000	2,250	17,000	2,500	-	-	91,750
Other	1,917	157	-	177,649	-	64,188	243,911
Total Revenues	721,012	52,300	21,773	194,993	-	9,743,003	10,733,081
Expenditures:							
Personal Services	450,639	537,399	268,074	575,354	34,463	727,830	2,593,759
Fringe Benefits	111,096	151,308	71,320	163,953	13,765	147,786	659,228
Contractual Services	279,525	332,409	127,414	488,002	146,729	672,334	2,046,413
Supplies	29,537	110,010	32,090	140,779	1,783	406,804	721,003
Scholarship	433,008	896,925	409,606	1,727,350	-	16,306	3,483,195
Fixed Charges	4,505	119,948	17,560	89,210	1,180	144,376	376,779
Travel	56,472	36,347	30,344	45,478	-	18,971	187,612
Total Expenditures	1,364,782	2,184,346	956,408	3,230,126	197,920	2,134,407	10,067,989
Excess(Deficiency) of Revenues over Expenditures	\$ (643,770)	\$ (2,132,046)	\$ (934,635)	\$ (3,035,133)	\$ (197,920)	\$ 7,608,596	\$ 665,092

**THE COLLEGE OF CHARLESTON
INTERCOLLEGIATE ATHLETICS PROGRAM**

Notes to Statement of Revenues and Expenditures
June 30, 2010
(Unaudited and prepared by management)

Note 1 – Summary of Significant Accounting Policies

The Department of Athletics is an auxiliary enterprise of the College of Charleston (the “College”) and as such is responsible for the Intercollegiate Athletics Program of the College of Charleston. The Department of Athletics’ transactions are reported in the College’s unrestricted current funds in the auxiliary enterprises subgroup. The College’s NCAA Division I membership became effective September 1, 1991.

Basis of Presentation – The accompanying statement presents the recorded amounts of revenues and expenses of the College of Charleston’s Intercollegiate Athletics Program. It is not intended to be a complete presentation of the revenues and expenses of the College of Charleston or the College of Charleston’s Intercollegiate Athletic Program. The statement of revenues and expenses has been prepared using the accrual basis of accounting. However, no provision has been made for depreciation of capital 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 allocated to the Department of Athletics as a percentage of Athletics’ salaries to total College salaries. These costs of \$291,826 were recorded as and are part of contractual services non-program specific in Attachment A.

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).

Athletic Student Aid – Attachment A 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.

Student Activity Fees – For the year ended June 30, 2010, the Board of Trustees of the College of Charleston approved a student fee of \$432 per full time student per semester to support intercollegiate athletics. The fee is prorated for part-time students.

Fund Accounting – In order to ensure observance of limitations and restrictions placed on the use of resources available to the College’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 Athletic 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.

(Continued)

Note 2 – NCAA Legislation, Continued

In January 1988 and 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 1 member of the NCAA, the College of Charleston 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 College’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 College of Charleston expended approximately \$6,100 for capital items, related to facilities or equipment used by the Intercollegiate Athletic Program, which were funded and paid by the College of Charleston. These capital expenditures are not included as part of the statement of revenues and expenditures.

Note 4 – Outside Organizations

The Cougar Club is a 501 (C) (3) organization with its own charter and Board. The primary mission of the Cougar Club is to promote intercollegiate athletics at the College of Charleston.

Note 5 – Contributions

For the year ended June 30, 2010 contributions from individual donors to the Intercollegiate Athletic Program in excess of ten percent of all contributions to the department were as follows:

<u>Donor</u>	<u>Amount</u>
College of Charleston Cougar Club	\$400,000

In addition to the amount above, which was given directly to the College of Charleston for scholarships, the College of Charleston Cougar Club paid \$945,394 in expenses on behalf of the College of Charleston’s Intercollegiate Athletic Program. This amount has not been included in Attachment A.