

**Clemson University
Intercollegiate Athletics Program**

*Independent Accountant's
Report on Application of Agreed-Upon Procedures*

For the year ended June 30, 2016

Clemson University Intercollegiate Athletics Program

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Independent Accountant's Report on Application of Agreed-Upon Procedures

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

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and management of Clemson University (the "University"), solely to assist management in its evaluation of compliance with the National Collegiate Athletic Association ("NCAA") Constitution 3.2.4.15 for the fiscal year ended June 30, 2016. The University's management is responsible for the accompanying Intercollegiate Athletics Program Statement of Revenues, Expenditures, and Transfers (the "Statement") and the University's compliance with the NCAA's requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the 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:

1. We compared and agreed each operating revenue category reported in the Statement for the year ended June 30, 2016 to supporting schedules provided by the University. If a specific reporting category was less than 0.5% of the total revenues, no procedures were required for that specific category.

We found no exceptions as a result of these procedures.

2. We selected a sample of five operating revenue receipts obtained from the above operating revenue supporting schedules. We compared and agreed each selection to supporting documentation such as invoices.

We found no exceptions as a result of these procedures.

3. We compared each major revenue account over 10% of the total revenues to prior period amounts and budget estimates. We inquired of management and obtained explanations from management for any variations over the lesser of \$1,000,000 or 10%.

Management has informed us of the following revenue accounts with variations that exceeded the threshold:

- Ticket Sales
- Contributions

We found no exceptions as a result of these procedures.

4. We compared tickets sold during the reporting period, complimentary tickets provided for the year ended June 30, 2016 and unsold tickets to the related revenue reported by the University in the Statement and the related attendance figures and recalculated totals.

We found no exceptions as a result of these procedures.

5. We compared and agreed student fees reported by the University in the Statement for the year ended June 30, 2016 to student enrollments during the same reporting period and recalculated totals.

We found no exceptions as a result of these procedures.

6. We inquired of management the University's methodology for allocating student fees to intercollegiate athletics programs.

Per management, the Intercollegiate Athletics Program does not receive a direct student fee. However, the University provides 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. This amount is included as reduction to the Direct Facilities, Maintenance and Rental expense.

We found no exceptions as a result of these procedures.

7. We compared the direct institutional support recorded by the University for the year ended June 30, 2016 with the institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculated totals.

We found no exceptions as a result of these procedures.

8. We compared the transfers back to University with permanent transfers back to University from the athletics department and recalculated totals.

We found no exceptions as a result of these procedures.

9. We requested from the University the settlement reports for three away games for the year ended June 30, 2016. We compared the ticket sales proceeds from the settlement reports to the fund remitted to the opposing school.

Management informed us that there were no net revenues derived from away games during the year ended June 30, 2016. Away game ticket sales receipts are recorded in funds held for others. Funds remitted to the opposing school are netted against the receipts.

10. We requested from the University a report detailing revenues derived from guaranteed contests by the University for the year ended June 30, 2016.

Management informed us that there were no revenues derived from guaranteed contests during the year ended June 30, 2016.

11. 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 obtained a schedule of contributions from

management and recalculated totals for any contributions of moneys, goods or services received directly by an intercollegiate athletics program from IPTAY that constitutes 10 percent or more in aggregate for the reporting year of all contributions received for intercollegiate athletics for the year ended June 30, 2016.

We found no exceptions as a result of these procedures.

12. We compared the in-kind contributions recorded by the University during the reporting period with a schedule of in-kind donations provided by management and recalculated totals.

We found no exceptions as a result of these procedures.

13. We obtained the summary of revenues from affiliated and outside organizations (the "Summary") for the year ended June 30, 2016 from the University and selected a sample of three funds from the Summary and compared and agreed each selection to supporting documentation, the University's general ledger and/or the Summary and recalculated totals.

We found no exceptions as a result of these procedures.

14. We obtained the independent auditors' report for affiliated and outside organizations related to procedure #13.

We found no exceptions as a result of these procedures.

15. We obtained agreements for the University's total media (broadcast, television, radio) rights received by the University or through their conference offices as reported in the Statement.

Management informed us that the only agreement is from Clemson Tigers Sports Properties, LLC.

16. We compared and agreed the media right revenues to a summary statement provided by management of all media rights identified and the University's general ledger and recalculated totals.

We found no exceptions as a result of these procedures.

17. We compared the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and other corroborative supporting documents and recalculated totals.

We found no exceptions as a result of these procedures.

18. We obtained agreements related to the University's conference distributions and participation in revenues from tournaments for the year ended June 30, 2016.

We found no exceptions as a result of these procedures.

19. We compared and agreed the related conference distribution revenues to the University's general ledger, and/or the Statement and recalculated totals.

We found no exceptions as a result of these procedures.

20. We compared the amount recorded in the program sales, concessions, novelty sales and parking revenue reporting category to a general ledger detail of program sales, concessions, novelty sales and parking as well as any other corroborative supporting documents and recalculated totals.
We found no exceptions as a result of these procedures.

21. We obtained agreements related to the University's participation in revenues from royalties, licensing, advertisements and sponsorships for the year ended June 30, 2016.

We found no exceptions as a result of these procedures.

22. We compared and agreed the related royalties, licensing, advertisements and sponsorships revenues to the University's general ledger, and/or the Statement and recalculated totals.

We found no exceptions as a result of these procedures.

23. We obtained sports camp contract(s) between the University and person(s) conducting University sports-camps or clinics during the reporting period and we inquired of management the University's methodology for recording revenues from sports camps.

Per management, the nature of the arrangements with sports camps or clinics is such that each head coach, per the coach's contract, is allowed to conduct summer youth camps on the University campus. Head coaches can use University facilities and are charged a standard rate of \$4.00 per head count which is the rate charged to others for similar services furnished by the University. Revenues received by the University related to these sports camps are included within Other Revenues.

Management informed us that football camps are operated in the following way: the University pays a portion of football camp expenses while also paying a service fee to a third party to operate the football camp. Expenses are recognized as Other Operating Expenses and Direct Facilities, Maintenance, and Rentals. All fees from football camps are collected by the University and recognized as Other Revenues. In addition, the University received \$200,000 from IPTAY to offset the expenses of the camp. For the year ended June 30, 2016, the net revenue of operating football camps was approximately \$44,000. In July 2016, the University received the final payment for the June 30, 2016 football camps which would have resulted in net revenues of operating football camps of approximately \$1,300. However, the July 2016 payment was not accrued for as of June 30, 2016.

24. We requested from the University a report detailing all endowment agreements in order to select three endowment agreements.

The revenue reported for the endowment and investment income reporting category was less than 0.5% of total revenues; therefore, no procedures were required for this specific category.

25. For agreements selected in procedure #24, we planned to compare and agree the classification and use of endowment and investment income reported in the Statement for the year ended June 30, 2016 to the uses of income deferred within the endowment agreement and recalculate totals.

The revenue reported for the endowment and investment income reporting category was less than 0.5% of total revenues; therefore, no procedures were required for this specific category.

26. We compared and agreed each expense category reported in the Statement for the year ended June 30, 2016 to supporting schedules provided by the University. If a specific reporting category was less than 0.5% of the total expenses, no procedures were required for that specific category.

We found no exceptions as a result of these procedures.

27. We selected a sample of five operating expenses obtained from the above operating expense supporting schedules. We compared and agreed each selection to adequate supporting documentation.

We found no exceptions as a result of these procedures.

28. We compared each major expense over 10% of the total expenses to prior period amounts and budget estimates. We inquired of management and obtained explanations from management any variations over the lesser of \$1,000,000 or 10%.

Management has informed us of the following expense accounts with variations that exceeded the threshold:

- Athletic Student Aid
- Coaching Salaries, Benefits and Bonuses Paid by the Institution and Related Entities

We found no exceptions as a result of these procedures.

29. We selected 10% of the total student-athletes for institutions who used NCAA's Compliance Assistant (CA) software to prepare athletic aid detail from the listing of University student aid recipients for the year ended June 30, 2016.

We found no exceptions as a result of these procedures.

30. We obtained individual student account details for each student selected in procedure #29 and compared total aid allocated from the related aid award letter to the student's account.

We found no exceptions as a result of these procedures.

31. For each student selected in procedure #29, we compared the student's information to their information reported in the NCAA's CA software using the following criteria:

- The equivalency value for each student-athlete in all sports, including head-count sports, were converted to a full-time equivalency value. The full-time equivalency value was calculated using the athletic grant amount reported on the squad list as the numerator and the full grant amount which was the total cost for tuition, fees, books, room and board for an academic year as the denominator. If using the NCAA CA software, that equivalency value was calculated for you on the squad list labeled "Rev. Dist. Equivalent Award".
- A student-athlete could only be included in one sport. Note: NCAA CA software placed an asterisk by the student athlete within the sport that was not countable towards grants-in-aid revenue distribution per sport hierarchy listed in the Division I manual.
- All equivalency calculations were rounded to two decimal places. Note: The NCAA CA software and the on-line summary form was automatically rounded to two decimal places.

- The full grant amount should always be the full cost of tuition for an academic year, not semester. The “Period of Award” column on the NCAA CA squad list identified those student-athletes receiving aid for a particular semester.
- If a sport was discontinued and the grant(s) were still being honored by the University, the grant(s) were included in student-athlete aid for revenue distribution purposes.
- Student-athletes receiving athletic aid who had exhausted their athletic eligibility or are inactive due to medical reasons were included in the student-athlete aid total and correctly noted on the squad list.
- Only athletic aid awarded in sports in which the NCAA conducts championship competitions, emerging sports for women and football was included in the calculations.

We found no exceptions as a result of these procedures.

32. We recalculated total for each sport and overall.

We found no exceptions as a result of this procedure.

33. We obtained visiting University’s away-game settlement reports received by the University for the year ended June 30, 2016. We selected three away games and agreed related expenses to the University’s general ledger and/or the Statement and recalculated totals.

We found no exceptions as a result of these procedures.

34. We obtained two contractual agreements that pertained to expenses recorded by the University from guaranteed contests for the year ended June 30, 2016. We compared and agreed related amounts expensed by the University during to the University’s general ledger and/or the Statement and recalculated totals.

We found no exceptions as a result of these procedures.

35. We obtained a listing of coaches employed by the University and related entities for the year ended June 30, 2016. We selected a sample of three coaches' contracts that had to include football, and men's and women's basketball from the listing.

We found no exceptions as a result of these procedures.

36. We compared and agreed the financial terms and conditions of each coach selected in procedure #35 to the related coaching salaries, benefits, and bonuses recorded by the University and related entities in the Statement for the year ended June 30, 2016.

We found no exceptions as a result of these procedures.

37. We obtained payroll summary registers for the year ended June 30, 2016 for each coach selected in procedure #35. We compared and agreed payroll summary registers from the reporting period to the related coaching salaries, benefits and bonuses paid by the University and related entities expense recorded by the University in the Statement for the year ended June 30, 2016

We found no exceptions as a result of these procedures.

38. We compared and agreed the totals recorded to any employment contracts executed for the sample of three coaches selected in procedure #35 and recalculated totals.

We found no exceptions as a result of these procedures.

39. We requested from the University a listing of coaches employed by third parties for the year ended June 30, 2016. We planned to select coaches' contracts that had to include football, and men's and women's basketball from the listing.

Management informed us that there were no coaches employed by third parties during the year ended June 30, 2016.

40. For the coaches selected in procedure #39, we planned to compare and agree the financial terms and conditions of the contract selected to the related coaching other compensation and benefits paid by a third party and recorded by the University in the Statement for the year ended June 30, 2016.

Management informed us that there were no coaches employed by third parties during the year ended June 30, 2016.

41. For the coaches selected in procedure #39, we planned to obtain reporting period payroll summary registers. We planned to compare and agree related payroll summary register to the coaching other compensation and benefits paid by a third party expenses recorded by the University in the Statement for the year ended June 30, 2016 and recalculated totals.

Management informed us that there were no coaches employed by third parties during the year ended June 30, 2016.

42. We selected a sample of three support staff/administrative personnel employed by the University and related entities for the year ended June 30, 2016.

We found no exceptions as a result of these procedures.

43. We obtained the summary payroll register for the year ended June 30, 2016 for each support staff/administrative personnel selected in procedure #42. We compared and agreed the related summary payroll register to the related support staff administrative salaries, benefits and bonuses paid by the University and related entities expense recorded by the University in the Statement for the year ended June 30, 2016 and recalculated totals.

We found no exceptions as a result of these procedures.

44. We requested from the University a report detailing all employees that received severance during the year ended June 30, 2016. Only one employee received severance payments during the year ended June 30, 2016. We agreed the severance payments to the related termination letter or employment contract and recalculated totals.

We found no exceptions as a result of these procedures.

45. We obtained the University's recruiting expense policies from management.

We found no exceptions as a result of these procedures.

46. We compared and agreed to existing institutional- and NCAA-related recruiting policies.

We found no exceptions as a result of these procedures.

47. We obtained the general ledger detail for recruiting expenditures and compared to the total expenses reported and recalculated totals.

We found no exceptions as a result of these procedures.

48. We obtained and documented an understanding of the University's team travel policies.

We found no exceptions as a result of these procedures.

49. We compared and agreed to existing institutional- and NCAA-related team travel policies.

We found no exceptions as a result of these procedures.

50. We obtained a general ledger detail for team travel expenditures and compared to the total expenses reported and recalculated totals.

We found no exceptions as a result of these procedures.

51. We obtained general ledger detailing total equipment, uniforms and supplies expenditures and compared to the total expenses reported. We selected a sample of three transactions and obtained support of existence of transactions and accuracy of recording and recalculated totals.

We found no exceptions as a result of these procedures.

52. We obtained a general ledger detailing total game expenditures and compared to the total expenses reported. We selected a sample of three transactions and obtained support of existence of transactions and accuracy of recording and recalculated totals.

We found no exceptions as a result of these procedures.

53. We obtained a general ledger detailing total fund raising, marketing and promotion expenditures and compared to the total expenses reported. We selected a sample of three transactions and obtained support of existence of transactions and accuracy of recording and recalculated totals.

We found no exceptions as a result of these procedures.

54. We obtained a general ledger detailing total sports camp expenditures and compared to the total expenses reported. We selected a sample of three transactions and obtained support of existence of transactions and accuracy of recording and recalculated totals.

We found no exceptions as a result of these procedures.

55. We obtained a general ledger detailing spirit groups expenditures and compared to the total expenses reported. We selected a sample of three transactions and obtained support of existence of transactions and accuracy of recording and recalculated totals.

We found no exceptions as a result of these procedures.

56. We obtained a general ledger detailing total direct overhead and administrative expenditures and compared to the total expenditures reported. We selected a sample of three transactions and obtained support of existence of transactions and accuracy of recording and recalculated totals.

We found no exceptions as a result of these procedures.

57. We requested from the University a report detailing the indirect institutional support recorded by the University for the year ended June 30, 2016. We planned to compare the indirect institutional support recorded with expense payments, cost allocation detail and other corroborative supporting documentation and recalculate totals.

Management informed us that there were no expenses related to indirect institutional support during the year ended June 30, 2016.

58. We obtained a general ledger detailing total medical expenditures and medical insurance and compared to the total expenditures reported. We selected a sample of three transactions and obtained support of existence of transactions and accuracy of recording and recalculated totals.

We found no exceptions as a result of these procedures.

59. We obtained a general ledger detailing total memberships and dues expenditures and compared to the total expenses reported. We selected a sample of three transactions and obtained support of existence of transactions and accuracy of recording and recalculated totals.

We found no exceptions as a result of these procedures.

60. We obtained other operating expenditures and transfers to University general ledger detail and compared to the total expenditures reported. We selected a sample of three transactions and obtained support of existence of transactions and accuracy of recording and recalculated totals.

We found no exceptions as a result of these procedures.

61. We compared and agreed the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the University. The NCAA Membership Financial Reporting System populates the sports from the NCAA Membership Database as they are reported by the University. If there was a discrepancy in the sports sponsored between the NCAA Membership Financial Reporting System and the squad lists, we inquired about the discrepancy and reported the justification in the Agreed-Upon Procedures report.

We found no exceptions as a result of these procedures.

62. We obtained the University's Sports Sponsorship and Demographics Forms Report for the reporting year. We obtained the countable sports reported by the University and compared the amounts reported to the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and the number of participants in each contest that was counted toward meeting the minimum contest requirement. We inquired of management that sports countable for revenue distribution purposes were reported within the NCAA Membership Financial Reporting System.

We found no exceptions as a result of these procedures.

63. We obtained agreements related to the University's revenues from post-season bowl participation for the year ended June 30, 2016.

We found no exceptions as a result of these procedures.

64. We compared and agreed the revenues from post-season bowl participation to the University's general ledger, and/or the Statement and recalculated totals.

We found no exceptions as a result of these procedures.

65. We obtained a general ledger detailing student-athletic meals (non-travel) and compared to the total expenses reported. We selected a sample of three transactions and obtained support of existence of transactions and accuracy of recording and recalculated totals.

We found no exceptions as a result of these procedures.

66. We obtained a general ledger detailing expenses from post-season participation and compared to the total expenses reported. We selected a sample of three transactions and obtained support of existence of transactions and accuracy of recording and recalculated totals.

We found no exceptions as a result of these procedures.

We were not engaged to and did not conduct 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, 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.



Greenville, South Carolina
October 3, 2016

Intercollegiate Athletics Program
Statement of Revenues, Expenditures, and Transfers
For the year ended June 30, 2016
(Unaudited)

	Football	Basketball	Other Sports	NonProgram Specific	University Total	IPTAY	Enterprise Total
Revenues							
Ticket Sales	\$ 20,886,619	\$ 1,725,537	\$ 924,993	\$ -	\$ 23,537,149	\$ -	\$ 23,537,149
Bowl Revenues	4,707,260	-	-	-	4,707,260	-	4,707,260
Contributions	46,000	51,670	88,381	16,583,075	16,769,126	55,099,769	71,868,895
Direct Institutional Support	1,290,687	543,648	2,800,153	-	4,634,488	-	4,634,488
NCAA Distributions including all Tournament Revenues	2,000,554	666,851	-	-	2,667,405	-	2,667,405
Conference Distributions including all Tournament Revenues	1,653,040	1,915,901	121,371	412,851	4,103,163	-	4,103,163
Broadcast, Television, Radio and Internet Rights	11,973,602	3,991,201	-	2,475,000	18,439,803	-	18,439,803
Program Sales, Concessions, Novelty Sales and Parking	1,069,817	2,412	140,642	260,719	1,473,590	-	1,473,590
Royalties, Advertisements and Sponsorships	774,674	200,000	90,000	5,989,725	7,054,399	-	7,054,399
Endowment and Investment Income	12,085	-	-	190,159	202,244	(134,082)	68,162
Other Revenue	1,184,345	1,000	15,375	225,234	1,425,954	-	1,425,954
Total revenues	<u>45,598,683</u>	<u>9,098,220</u>	<u>4,180,915</u>	<u>26,136,763</u>	<u>85,014,581</u>	<u>54,965,687</u>	<u>139,980,268</u>
Expenditures							
Athletic Student Aid	4,680,153	1,575,474	7,575,092	1,533,820	15,364,539	-	15,364,539
Guarantees	1,175,000	576,143	48,568	-	1,799,711	-	1,799,711
Coaching Salaries, Benefits and Bonuses Paid by the Institution and Related Entities	9,477,766	3,392,544	4,306,981	-	17,177,291	-	17,177,291
Support Staff/Administrative Salaries, Benefits, and Bonuses	2,984,381	547,613	253,279	13,033,372	16,818,645	-	16,818,645
Recruiting	1,049,024	366,343	451,671	-	1,867,038	-	1,867,038
Team Travel	1,452,108	1,479,729	2,631,188	327,589	5,890,614	-	5,890,614
Equipment, Uniforms and Supplies	1,149,382	305,156	959,503	451,878	2,865,919	-	2,865,919
Game Expenses	2,308,729	850,528	423,601	213,549	3,796,407	-	3,796,407
Fund Raising, Marketing and Promotion	256,433	289,534	129,416	3,681,913	4,357,296	-	4,357,296
Direct Facilities, Maintenance and Rental	240,749	12,938	46,069	5,189,887	5,489,643	-	5,489,643
Student Athlete Meals (Non-Travel)	849,711	113,483	149,154	-	1,112,348	-	1,112,348
Bowl Expenses	7,507,935	-	-	-	7,507,935	-	7,507,935
Other Operating Expenditures	2,624,506	212,721	715,310	4,673,787	8,226,324	488,034	8,714,358
Total expenditures	<u>35,755,877</u>	<u>9,722,206</u>	<u>17,689,832</u>	<u>29,105,795</u>	<u>92,273,710</u>	<u>488,034</u>	<u>92,761,744</u>
Nonmandatory transfers (in)/out							
Debt Service from Athletic Operations and University IPTAY	1,927,123	-	-	6,256,214	8,183,337	-	8,183,337
University IPTAY Support for Athletic Scholarships	(3,522,516)	(1,071,040)	(4,828,286)	9,421,842	-	-	-
University IPTAY Support for Academic Scholarships	-	-	-	(1,000)	(1,000)	-	(1,000)
Athletic Operations Support for Student Services	-	-	-	559,236	559,236	-	559,236
Construction Projects from Athletic Operations and University IPTAY	-	-	86,595	9,533,193	9,619,788	-	9,619,788
External IPTAY Support - Construction and Capital Projects	-	-	-	-	-	8,119,508	8,119,508
External IPTAY Support - University Scholarships and Operations	-	-	-	-	-	6,688,788	6,688,788
External IPTAY Support - University Airplane	-	-	-	-	-	4,485,500	4,485,500
Student Band Support from Athletic Operations	-	-	-	258,355	258,355	-	258,355
Total nonmandatory transfers, net	<u>(1,595,393)</u>	<u>(1,071,040)</u>	<u>(4,741,691)</u>	<u>26,027,840</u>	<u>18,619,716</u>	<u>19,293,796</u>	<u>37,913,512</u>
Total expenditures and transfers	<u>34,160,484</u>	<u>8,651,166</u>	<u>12,948,141</u>	<u>55,133,635</u>	<u>110,893,426</u>	<u>19,781,830</u>	<u>130,675,256</u>
Excess (deficiency) of revenues over expenditures and transfers	<u>\$ 11,438,199</u>	<u>\$ 447,054</u>	<u>\$ (8,767,226)</u>	<u>\$ (28,996,872)</u>	<u>\$ (25,878,845)</u>	<u>\$ 35,183,857</u>	<u>\$ 9,305,012</u>

Clemson University
Intercollegiate Athletics Program
Notes to Statement of Revenues, Expenditures and Transfers

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 expenditures of Clemson University's Intercollegiate Athletics Program. It is not intended to be a complete presentation of the revenues and expenditures 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 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 \$3,161,004 were recorded within Direct Facilities, Maintenance and Rental expense under non-program specific.

For the year ended June 30, 2016, 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. This amount is included as reduction to the Direct Facilities, Maintenance and Rental expense. The Intercollegiate Athletics Program recognized \$1,733,855 in Direct Facilities, Maintenance and Rental for the year ended June 30, 2016.

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:

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.

Note 1. Summary of Significant Accounting Policies, Continued

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 expenditures.

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 \$9,802,000 for capital items, which were funded by revenues related to athletics. Of these additions, approximately \$182,000 related to equipment expenditures are included in the Statement under other operating expenditures and fundraising. The remaining \$9,620,000 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. Activities of IPTAY have been included in the Statement.

Note 5. Deferred Revenue

The University's Intercollegiate Athletics Program collected Fall 2016 ticket revenue on or before June 30, 2016 of approximately \$18,900,000. Recognition of these revenues has been deferred until the year ended June 30, 2017. The Statement for the year ended June 30, 2016 reflects approximately \$17,812,000 in revenues which were collected on or before June 30, 2015 and which were reflected as deferred revenue at June 30, 2015. 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, including NCAA distributions. This revenue source and amount are included in the Statement. The Atlantic Coast Conference provided revenue in distributions totaling approximately \$27,196,000. Of this amount approximately \$15,965,000 is included within the Broadcast, Television, Radio, and Internet Rights revenues line item, approximately \$2,667,000 is included within the NCAA Distributions including Tournament revenues line item, approximately \$4,103,000 is included within the Conference Distributions including Tournament revenues line item and the remaining amount is included within the Bowl Revenues line item on the Statement.