

**College of Charleston  
Intercollegiate Athletics Program**

*NCAA Report*

*Independent Accountant's Report on  
Applying Agreed-Upon Procedures*

*For the year ended June 30, 2014*



**Independent Accountant's Report on  
Applying Agreed-Upon Procedures**

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

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and management of the College of Charleston (the College), solely to assist management in determining if the College was in compliance with National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.16 for the year ended June 30, 2014. The College is responsible for its Statement of Revenues and Expenses of the College's Intercollegiate Athletics Program for the year ended June 30, 2014. 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:

1. We obtained from management the Statement of Revenues and Expenses of the College's Intercollegiate Athletics Program (the Statement) for the year ended June 30, 2014, 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.

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 evaluated the College's schedule of contributions for individual contributions that constituted more than 10% of contributions received. The College of Charleston Cougar Club contributed amounts totaling \$2,188,688 in the form of direct contributions or payment of expenses on behalf of the College.

We found no exceptions as a result of these procedures.

3. We compared actual revenues and expenses in the Statement for the year ended June 30, 2014 to the prior year amounts (fiscal year 2013). We identified all variances greater than 10% and \$40,000 from the prior year amounts and obtained explanations for variances from management. Below are explanations provided by management.

Revenue:

Ticket Sales (Men's Basketball) – Revenue decreased by \$180,613, or 24%, compared to fiscal year 2013. The decrease is primarily attributable to ticket sales decreases for game day sales and Charleston Classic sales. The College did not play in the tournament during the year ended June 30, 2014.

NCAA Distributions (Non-program Specific) – Revenue increased \$46,846, or 17%, compared to fiscal year 2013. These funds are sent from the NCAA as sport sponsorships and grants-in-aid. The NCAA determines these amounts.

Donations and Memberships (Men's Other Sports) – Revenue increased \$80,242, or 51%, compared to fiscal year 2013. The Cougar Club contributed more on behalf of men's sports in fiscal year 2014.

NIT/CAA Distribution (Non-program Specific) – Revenue increased \$105,021, or 101%, compared to fiscal year 2013. The College of Charleston joined the Colonial Athletic Association (CAA) in 2014. Distributions from the CAA were higher in 2014 than the Southern Conference distributions were in fiscal year 2013.

Other Revenue (Non-program Specific) – Revenue decreased \$49,823, or 73%, compared to fiscal year 2013. This is attributable to a change in how student health fees were coded. In fiscal year 2013, a portion of student health fees were coded to athletics.

Expense:

Contractual Services (Men's Other Sports) – This expense increased \$144,803, or 35%, compared to fiscal year 2013. Non-state employee travel for men's baseball increased due to the change in conferences. In fiscal year 2014, the team flew to four different games compared to only one in fiscal year 2013. Additionally, they took trips to two rounds of the NCAA tournament.

Contractual Services (Women's Basketball) – This expense increased \$70,913, or 33%, compared to fiscal year 2013. A payment was made in fiscal year 2014 to the Colonial Athletic Association (CAA) for officiating that was not made in 2013 due to the change in conferences. Further, officials in the CAA are paid nearly twice the amount that Southern Conference officials are paid.

Contractual Services (Women's Other Sports) – This expense increased \$80,071, or 11%, compared to fiscal year 2013 due to increases across nearly all of the women's sports. The largest increases were related to Volleyball due to a change in conferences as new conference opponents are further away and Cross Country due to an increase in members and an increase in hotel and meal charges. Finally, the Cross Country team flew two times in fiscal year 2014 where no such travel occurred in fiscal year 2013.

Supplies (Non-program Specific) – This expense decreased \$289,466, or 43%, compared to fiscal year 2013. This decrease was in line with historical experience. Fiscal year 2013 showed a higher expense because new Nike apparel and equipment was purchased in addition to new uniforms and new nets.

Scholarships (Women's Basketball) – This expense increased by \$156,577, or 29%, compared to fiscal year 2013 primarily due to an overall increase in tuition and related aid as well as an increase in the number of scholarship recipients.

Fixed Charges (Non-program Specific) – This expense decreased by \$457,170, or 60%, primarily due to a conference membership exit fee paid to the Southern Conference for \$600,000 in fiscal year 2013.

Other – This expense increased \$291,531, or 28%, compared to fiscal year 2013. This increase is attributable to an increase in expenses paid by the Cougar Club on behalf of the College and varies year to year.

No additional procedures were performed with respect to management’s representations.

4. For student activity revenue, we compared the amount per the College’s 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 recalculated management’s computation for the student activity fee revenue to within 0.43% of the recorded amount.

We found no exceptions as a result of these procedures.

5. For guarantees revenue, we obtained a detailed schedule of the revenue reported and compared the amounts per the schedule to the corresponding amount in the Statement. We compared the individual amounts in the schedule to the amounts in the supporting documentation provided.

We found no exceptions as a result of these procedures.

6. For NCAA and NIT/CAA distribution revenue, we obtained the details of the revenue reported and compared the amount to the corresponding amount on the Statement. We agreed the individual conference distributions to the remittance advices accompanying the distributions.

We found no exceptions as a result of these procedures.

7. We compared the amount of expenses paid on behalf of the College’s Intercollegiate Athletics Program reported in the College of Charleston Cougar Club's financial statements, for the year ended June 30, 2014, to the amount reported in Note 5 to the Statement.

We found no exceptions as a result of these procedures.

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 these procedures.

9. Twenty-five cash receipts for the year ended June 30, 2014 were judgmentally selected from the College's general ledger related to the Intercollegiate Athletics Program. Each of the cash receipts listed below was compared to supporting documentation (e.g. deposit records, invoices, etc.).

Sample	Document #	Receipt #	Date	Cash/Check Amount	Credit Card Amount
1	F0013787	386242	09/07/2013	\$ -	\$ 15.00
2	F0013899	389773	09/19/2013	1,164.39	-
3	F0013899	389885	09/19/2013	-	3,375.00
4	F0013912	390364	09/21/2013	3,000.00	-
5	F0013927	390592	09/24/2013	-	160.00
6	F0014150	396722	10/23/2013	-	140.00
7	F0014168	397002	10/24/2013	-	16.00
8	F0014388	403272	11/19/2013	-	78.03
9	F0014462	404696	11/26/2013	-	19,141.00
10	F0014462	404871	11/26/2013	-	231.00
11	F0014499	405824	12/03/2013	195.00	-
12	F0014644	413544	12/20/2013	-	90.00
13	F0014771	414965	01/03/2014	-	715.00
14	F0014817	420179	01/08/2014	-	158.44
15	F0014877	421745	01/11/2014	-	80.00
16	F0014901	423560	01/14/2014	-	213.00
17	F0014949	425674	01/16/2014	-	160.00
18	F0015065	430222	02/01/2014	-	20.00
19	F0015223	436423	02/20/2014	-	16.00
20	F0015235	437149	02/22/2014	-	6.00
21	F0015262	438695	02/27/2014	315.00	-
22	F0015430	445274	03/21/2014	-	12.00
23	F0015561	449747	04/05/2014	12.26	-
24	F0015845	462566	05/09/2014	24.00	-
25	F0015887	463350	05/13/2014	184.99	-

We found no exceptions as a result of these procedures.

10. We obtained from management a listing of athletic department staff employed during the year. We judgmentally selected three men and three women coaches and agreed the financial terms and conditions of each employee to the related salaries and benefits recorded by the College and to the related W-2 or 1099. We traced such salaries to the personnel services expense for each applicable program and amount on the Statement.

We found no exceptions as a result of these procedures.

11. We obtained from management a listing of athletic department staff employed during the year. We judgmentally selected three support/administrative staff members and agreed the financial terms and conditions of each employee to the related salaries and benefits recorded by the College and to the related W-2 or 1099. We traced such salaries to the personnel services expense for each applicable program and amount on the Statement.

We found no exceptions as a result of these procedures.

12. Twenty-five cash disbursements for the Intercollegiate Athletics Program for the year ended June 30, 2014 were judgmentally selected. For each of the twenty-five disbursements listed below, we compared the disbursed amount and payee information to supporting documentation provided (e.g. invoice, check).

<u>Sample</u>	<u>Document/ Voucher #</u>	<u>Date</u>	<u>Amount</u>
1	74631	07/15/2013	\$ 500.00
2	74801	07/22/2013	2,459.02
3	75253	08/07/2013	2,016.48
4	75269	08/07/2013	1,620.84
5	79123	09/25/2013	18.34
6	80303	10/21/2013	51.25
7	80651	10/30/2013	3,036.78
8	80677	10/30/2013	1,035.09
9	81652	12/02/2013	60,000.00
10	81658	12/02/2013	1,155.00
11	82157	12/13/2013	428.55
12	82263	12/18/2013	1,222.86
13	82375	12/20/2013	823.52
14	82375	12/20/2013	930.93
15	84416	01/14/2014	412.50
16	84625	01/17/2014	6.18
17	84653	01/17/2014	1,473.93
18	86300	02/25/2014	960.00
19	87054	03/12/2014	43.18
20	87254	03/17/2014	8,157.00
21	87687	04/02/2014	4.51
22	88498	04/16/2014	72.64
23	88534	04/18/2014	355.28
24	89194	05/02/2014	852.16
25	89722	05/09/2014	1,765.84

We found no exceptions as a result of these procedures.

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

We found no exceptions as a result of these procedures.

14. We obtained from management the name of each outside organization not under the College's accounting control that has as its principal purpose 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 found no exceptions as a result of these procedures.

15. We obtained a listing of ticket sales revenue and agreed to the College's general ledger without exception.

We found no exceptions as a result of these procedures.

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

We found no exceptions as a result of these procedures.

17. We inquired about indirect facilities and administrative support revenues recorded by the College during the reporting period. Management has informed us that there are no such support revenues to report for the year ended June 30, 2014.

We found no exceptions as a result of these procedures.

18. We obtained from management the method for allocating indirect costs to the athletic department as discussed in Note 1 to the Statement.

We found no exceptions as a result of these procedures. No additional procedures were performed.

19. We obtained a copy of the Intercollegiate Athletic Program's recruiting and travel expense policies and compared them to related policies documented in the NCAA Division 1 Manual.

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 Statement of Revenues and Expenses of the College of Charleston's Intercollegiate Athletics Program for the year ended June 30, 2014. 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 the College of Charleston and is not intended to be and should not be used by anyone other than these specified parties.



Greenville, South Carolina  
November 7, 2014

**College of Charleston**  
**Intercollegiate Athletics Program**

*Statement of Revenues and Expenses*

*For the year ended June 30, 2014 (unaudited and prepared by management)*

Categories	Men's		Women's		Coed	Non-program Specific	Total
	Basketball	Other Sports	Basketball	Other Sports			
Revenues:							
Student Activity Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,192,296	\$ 12,192,296
Commissions	-	-	-	-	-	37,683	37,683
Ticket Sales	576,807	33,134	2,386	6,061	-	3,635	622,023
Donations and Memberships	108,172	238,460	7,632	172,865	106,957	1,554,602	2,188,688
NCAA Distribution	-	40,950	-	8,580	-	315,749	365,279
NIT/CAA Distribution	-	-	-	-	-	209,488	209,488
Rental Income	-	-	-	-	-	39,980	39,980
Royalties	-	-	-	-	-	84,304	84,304
Guarantees	80,000	5,927	29,000	10,000	-	-	124,927
Other	1,493	8,442	20	305,962	-	18,142	334,059
Total Revenues	<u>\$ 766,472</u>	<u>\$ 326,913</u>	<u>\$ 39,038</u>	<u>\$ 503,468</u>	<u>\$ 106,957</u>	<u>\$ 14,455,879</u>	<u>\$ 16,198,727</u>
Expenses:							
Personnel Services	\$ 719,920	\$ 663,311	\$ 348,428	\$ 717,760	\$ 36,537	\$ 1,168,104	\$ 3,654,060
Fringe Benefits	162,159	201,061	106,158	210,139	16,198	236,255	931,970
Contractual Services	655,977	556,365	288,183	820,051	157,747	1,838,009	4,316,332
Supplies	125,266	192,719	105,890	273,020	2,078	379,022	1,077,995
Scholarships	590,126	1,140,064	705,435	2,132,574	-	-	4,568,199
Fixed Charges	120,625	124,052	-	89,840	2,050	306,519	643,086
Travel	61,021	35,259	48,203	66,198	-	24,027	234,708
Other	108,172	238,460	7,632	172,865	106,957	685,483	1,319,569
Total Expenses	<u>\$ 2,543,266</u>	<u>\$ 3,151,291</u>	<u>\$ 1,609,929</u>	<u>\$ 4,482,447</u>	<u>\$ 321,567</u>	<u>\$ 4,637,419</u>	<u>\$ 16,745,919</u>
<b>Excess (Deficiency) of</b>							
Revenues over Expenses	<u>\$ (1,776,794)</u>	<u>\$ (2,824,378)</u>	<u>\$ (1,570,891)</u>	<u>\$ (3,978,979)</u>	<u>\$ (214,610)</u>	<u>\$ 9,818,460</u>	<u>\$ (547,192)</u>

## College of Charleston

### Intercollegiate Athletics Program

#### *Notes to the Statement of Revenues and Expenses*

*For the year ended June 30, 2014 (unaudited and prepared by management)*

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#### **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 Athletics 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 \$571,926 were recorded as, and are a 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, 2014, the Board of Trustees of the College of Charleston approved a student fee of \$576 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.

## College of Charleston

### Intercollegiate Athletics Program

*Notes to the Statement of Revenues and Expenses*

*For the year ended June 30, 2014 (unaudited and prepared by management)*

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#### **Note 2. NCAA Legislation**

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

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 I 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. NCAA bylaws require all expenses for, or on behalf of the College's Intercollegiate Athletics Program, including those by outside organizations, be included on the Department's Statement of Revenues and Expenses.

#### **Note 3. Capital Expenses**

The College of Charleston expended approximately \$72,758 for capital items, related to facilities or equipment used by the Intercollegiate Athletics Program, which were funded and paid for by the College of Charleston. These capital expenses are not included as part of the Statement of Revenues and Expenses.

#### **Note 4. Outside Organizations**

The Cougar Club is a 501(c)(3) organization with its own charter and Board of Directors. 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, 2014, contributions from individual donors to the Intercollegiate Athletics Program in excess of 10% of all contributions to the department were as follows:

<u>Donor</u>	<u>Amount</u>
College of Charleston Cougar Club	\$2,188,688