

**WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
ROCK HILL, SOUTH CAROLINA**

**Independent Accountants' Report On
Applying Agreed-Upon Procedures
June 30, 2015**

WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
For the Year Ended June 30, 2015

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Independent Accountants' Report On
Applying Agreed-Upon Procedures

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President
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We have audited the financial statements of Winthrop University as of and for the year ended June 30, 2015, and have issued our unmodified report thereon under date of September 18, 2015. At your request, we have also performed the procedures described below which were agreed to by the Board of Trustees and management of Winthrop University, solely to assist these users in evaluating whether the accompanying statement of revenue and expense of Winthrop University is in compliance with the National Collegiate Athletic Association ("NCAA") Bylaw 3.2.4.15 for the fiscal year ended June 30, 2015. For purposes of this engagement, management has directed that the sample sizes will be the lesser of 25 or 5% of the activity level and with a materiality of \$25,000 or greater. The Statement of Revenue and Expenditure of Winthrop University Intercollegiate Athletics Program and related note disclosures presented in attachment A was not audited or reviewed by us. Management is responsible for Winthrop University's compliance with the requirements of NCAA Bylaw 3.2.4.15, the Intercollegiate Athletics Program's financial records, internal controls and compliance with applicable laws, rules and regulations. This engagement to apply agreed-upon procedures 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 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.

The procedures and associated findings are as follows:

1. We obtained the Statement of Revenues and Expenses of Winthrop University Intercollegiate Athletics Program and related note disclosures for the year ended June 30, 2015, as prepared by management of the University and shown on page 7 (Attachment A) in this report. We recalculated the mathematical accuracy of the amounts on the statement, traced the individual line item amounts from the Statement of Revenues and Expenses to management's worksheets and compared the amounts on management's worksheets to the 12x and 13x series of accounts in the University's general ledger.

Several line items changed several times during the process of applying the agreed upon procedures and the requesting of supporting documentation. To show the total changes from the initial completed report to the completion of the final report, please refer to the schedule on the following page.

Management's Response:

The December 18 statement was submitted as preliminary. Illness of key personnel created delays, which required certain adjustments to be made after the December 18 version was submitted.

REVENUES	Statement as of Dec. 18, 2015	Final Statement	Difference
Ticket Sales	\$ 97,816	97,816	-
Direct State or Other Government Support	-	-	-
Student Fees	5,448,266	5,497,052	48,786
Direct Institutional Support	3,642,046	3,613,672	(28,374)
Less-Transfers to Institution	-	-	-
Indirect Institutional	-	1,193,296	1,193,296
Guarantees	349,400	349,900	500
Contributions	326,059	549,345	223,286
In-Kind	165,500	183,650	18,150
Compensation and Benefits Provided by a Third Party	-	-	-
Media Rights	-	-	-
NCAA Distributions	520,383	520,383	-
Conference Distributions	56,889	56,889	-
Program, Novelty, Parking, and Concession Sales	19,972	19,972	-
Royalties, Licensing, Advertisements and Sponsorships	173,323	173,323	-
Camp Revenues	2,889	2,889	-
Athletics Restricted Endowment and Investment Income	147,305	9,250	(138,055)
Other Revenues	147,611	147,611	-
	<u>\$ 11,097,459</u>	<u>12,415,048</u>	<u>1,317,589</u>

EXPENDITURES			
Athletic Student Aid	\$ 4,300,407	4,310,405	9,998
Guarantees	13,565	29,330	15,765
Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities	2,336,475	2,371,310	34,835
Coaching Other Compensation and Benefits Paid by a Third Party	-	-	-
Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities	2,386,725	1,797,532	(589,193)
Support Staff/Administrative Other Compensation and Benefits Paid by a Third Party	-	-	-
Severance Payments	-	-	-
Recruiting	145,615	145,615	-
Team Travel	732,675	732,678	3
Equipment, Uniforms and Supplies	459,920	488,030	28,110
Game Expenses	197,573	197,573	-
Fund Raising, Marketing and Promotion	21,017	21,017	-
Sports Camp Expenses	1,318	1,318	-
Spirit Groups	36,106	36,106	-
Athletic Facilities Debt Services, Lease and Rental Fee	-	120,000	120,000
Direct Overhead and Administrative Expenses	-	-	-
Indirect Institutional Support	-	1,073,296	1,073,296
Medical Expenses	263,889	268,045	4,156
Membership Dues	23,517	24,152	635
Other Operating Expenses	448,340	604,156	155,816
	<u>\$ 11,367,142</u>	<u>12,220,563</u>	<u>853,421</u>

Excess (Deficiencies) of Revenue Over (Under) Expenses	<u>\$ (269,683)</u>	<u>194,485</u>	<u>464,168</u>
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2. We obtained from management a list of all outside organizations not under the University's accounting control that have as their principal or one of their principal purposes the generating of resources for or on behalf of the University's Intercollegiate Athletics Program or the promotion of the Program. We then confirmed the amounts received from these outside organizations directly with the responsible officials of the respective organizations. We compared the amount per the confirmation with the amount recorded in the Athletic Department's general ledger and on the Statement of Revenues and Expenses.

See procedure 1 for exceptions noted.

3. We scanned the Intercollegiate Athletics Program contributions revenue account detail to identify each individual contribution received directly that constitutes more than ten percent of all contributions received for intercollegiate athletics. We confirmed directly with responsible officials the amount of contributions that constituted more than ten percent of the contribution revenue.

We found the contributions described in Note 1 of Attachment A to be the only individual contributions in excess of ten percent of all contributions.

4. We requested the management to describe the basis for allocating student activity fees to athletics and obtained from management the reconciliation of total student fees revenue. We obtained the University's general ledger detail from management and compared the total with the amount of Student Activity Fee revenue recorded in the general ledger and on the Statement of Revenues and Expenses.

See procedure 1 for exceptions noted.

5. We obtained from accounting management the general ledger activity for all cash receipts related to intercollegiate athletics. We selected a sample of individual receipts and compared the recorded cash receipt amount to the amount on the cashier office deposit transmittal reports prepared by the athletic department and submitted along with the cash to the cashier's office. The sample of the individual receipts selected for comparison is as follows:

Receipt	Date	Amount
15	7/7/14	\$ 1,500.00
160	8/6/14	95.12
306	9/2/14	162.00
309	9/2/14	100.00
420	9/11/14	2,500.00
681	10/17/14	113.08
775	10/27/14	180.00
880	11/5/14	4,855.00
1229	1/5/15	126.00
1385	1/27/15	2,016.00
1451	1/26/15	350.00
1626	2/13/15	720.00
1666	2/24/15	350.00
1719	2/24/15	117.00
1786	2/27/15	3,145.83
1878	3/11/15	62.29
1897	3/13/15	60.00
2009	3/27/15	2,874.06
2268	4/24/15	10,295.00
2423	5/26/15	592.51
2564	6/10/15	2,543.01
2666	6/22/15	944.58
J0015783	7/25/14	1,004.24
J0017814	3/30/15	732.70
J0018854	6/30/15	1,000.00

We found no exceptions as a result of this procedure.

6. We obtained and read copies of the game guarantee contracts. We recalculated the total amount of the contracts, and compared this amount with the amount recorded as Guarantee revenue on the Statement of Revenues and Expenses. We also compared expenditures per the contracts to expenditures recorded in the program's accounts in the general ledger.

We found no exceptions as a result of this procedure.

7. We obtained a schedule of athletics department salaries from management. We compared the amounts listed on the schedule to amounts recorded in the general ledger and on the Statement of Revenues and Expenses. From this schedule, we haphazardly selected three employees and compared the compensation paid to amounts specified in each respective contract.

See procedure 1 for exceptions noted.

8. We requested the athletic management to describe specific elements of the University's internal control unique to the Intercollegiate Athletics Program's accounting system and financial reporting.

It appears that internal control does not contain a review process. Several line items changed several times during the process of applying agreed upon procedures and requesting supporting documentation.

Management's Response:

The University will evaluate procedures and make appropriate changes to improve the reporting and review processes.

9. We obtained from athletic management a listing of coliseum events for the year and from this list we selected a sample of events. For the events that have ticket sales, we compared the number of tickets sold per the general ledger with the amount of tickets sold per the ticket report. We recalculated the mathematical accuracy of the amount of ticket sales revenue by multiplying the number of tickets sold, per the ticket sales report, by the individual ticket price. We compared the amount on the accompanying correspondence with the amount recorded in the general ledger. We compared the revenue amount to the amount recorded in the Statement of Revenues and Expenses.

The events that were tested are as follows:

<u>Event</u>	<u>Date</u>	<u>Amount</u>
1. Men's Basketball	11/15/2014-2/28/2015	\$ 66,865.10
2. Women's Basketball	11/15/2014-2/21/2015	6,952.00
3. Men's Soccer	9/13/2014-10/25/2014	2,083.00
4. Women's Soccer	8/24/2014-10/25/2014	1,222.00
5. Volleyball	9/5/2014-11/1/2014	3,982.00
6. Baseball	2/13/2015-5/12/2015	14,974.50

We found no exceptions as a result of this procedure.

10. We obtained a report detailing the direct institutional support revenue recorded for the year ended June 30, 2015. We recalculated the mathematical accuracy of the direct institutional support revenue amounts per the report and agreed the amounts included in the calculation to the general ledger. We compared the total direct institutional support revenue in the report to the corresponding amounts in the Statement of Revenues and Expenses.

We found no exceptions as a result of this procedure.

11. We selected a sample of recorded expenditures for contractual services, travel, uniforms, financial aid and equipment and supplies from the general ledger. We compared the classification of the selected expenditures in the statement to the classifications permitted by NCAA Guidelines as stated by the NCAA Audit Legislation. For the selected expenditures we obtained the related disbursement package to determine the items required by Winthrop's procurement policy were included and that the expenditure had been authorized in accordance with Winthrop's procurement policy and to validate the existence of the transaction and accuracy of recording. The expenditures selected for testing are as follows:

Excluding Student Aid:

Description	Reference Number	Amount Disbursed
EXXON/GECC	I1507626	216.40
Santos, Roberta Paula	I1508499	303.10
Kloman, Edward Brian	I1509136	358.32
Starkey, Doug	I1509808	50.00
Shimp, Amanda Elizabeth	I1510889	275.69
JS Printing Svcs 080414	J0015882	93.64
AR Long Dist Phone Svcs Aug 2014	J0016350	3.94
JS Printing Svcs 120314	J0016976	125.45
Voided NCAA assistance fund	J0017555	2,324.71
RG Long Dist Phone Svcs Mar 2015	J0017965	0.76
RG Long Distance May 2015	J0018538	0.63
Smith, Spencer Leet	I1500187	525.00
Southpaw Screenprint & Embroidery	I1500734	283.50
Adidas America Inc	I1501139	81.31
Southeast Toyota Finance	I1501547	323.14
Ping	I1502037	925.55
Rawlings Sporting Goods Co Inc	I1502551	7,752.15
K-Mart Corporation	I1503060	8.66
Johnson, Chelsea Sharise	I1503852	20.43
Morton Amusement LLC	I1504552	545.00
Adidas America Inc	I1505083	1,579.04
Double B Sports	I1505468	160.50
Witten, James Richard	I1506163	1,000.00
Kloman, Edward Brian	I1506630	153.25
Kloman, Edward Brian	I1507058	178.93

We found no exceptions as a result of this procedure.

Student Aid:

Sport	Student	G/L Awarded Amount Traced to Student Account Detail	G/L Awarded Amount Traced to Approved Award Letter
Baseball	Roger Rodolfo Gonzalez	Y	Y
Men's Basketball	Derrick Stefan Henry	Y	Y
Men's Golf	Jeffery Weston Bell	Y	Y
Men's Soccer	Charles-Karim Hunte	Y	Y
Men's Tennis	Michael Yuan Chen	Y	Y
Men's Track	Dylan Mackenzie Brennand-McClemont	Y	Y
Women's Basketball	Brianna Nicole Boyd	Y	Y
Women's Golf	Anna Leigh Jenkins	Y	Y
Lacrosse	Sydney Jordan Cope	Y	Y
Women's Soccer	Caroline Alexis Duncan	Y	Y
Softball	Madelynn Rose Antone	Y	Y
Women's Tennis	Ekin Gunaysu	Y	Y
Women's Track	Sarah Michelle DeVaux	Y	Y
Volleyball	Jacqueline Jean Landers	Y	Y

We found no exceptions as a result of this procedure.

12. We verified each student selected in our sample to ensure their information was reported accurately in either the NCAA's CA software or entered directly into the NCAA Membership Financial Reporting System using the following criteria:

- We recalculated the equivalency value for each student-athlete in all sports, including head-count sports.
- We verified that a student athlete is only included in one sport.
- We recalculated the equivalency calculation to verify that calculation is rounded to two decimal places.
- We verified that the full grant amount used in the calculation is the full cost of tuition for an academic year, not semester.
- We verified that if a sport is discontinued and the grant(s) are still being honored by the institution, the grant(s) are included in student-athlete aid for revenue distribution purposes, if applicable.
- We verified that student-athletes receiving athletic aid who have exhausted their athletic eligibility or are inactive due to medical reasons should be included in the student-athlete aid total and correctly noted on the squad list.
- We verified that only athletic aid awarded in sports in which the NCAA conducts championship competitions, emerging sports for women and football is included in the calculations.
- We recalculated the totals for each sport and overall.

We found no exceptions as a result of this procedure.

13. We obtained from accounting management a listing of all expenditures made directly by the respective outside organizations as referred to in procedure 2 (not under the University's accounting control) on behalf of the University's Intercollegiate Athletics Program or employees to determine if they were included as revenues and expenditures on the University's Intercollegiate Athletics Program's accounting records and the Program's Statement of Revenues and Expenses. We compared the amounts on this list with the amounts recorded on management's worksheets.

We found no exceptions as a result of this procedure.

14. We requested a listing of all expenditures made directly by other external parties (e.g. related parties, foundations, individuals, business, or other organizations) for or on behalf of the University's Intercollegiate Athletics program or the Program's employees to determine if they were included as revenues in the Program's Statement of Revenues and Expenses.

We found no exceptions as a result of this procedure.

15. We requested a listing of all marketing contracts made by Athletics for commercials, scoreboard ads, etc. We judgmentally selected a sample to trace contracted amounts to the general ledger.

We found no exceptions as a result of this procedure.

16. We compared and agreed the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the institution.

We found no exceptions as a result of this procedure.

17. We obtained a report from the University which details the indirect facilities and administrative support recorded by the University for the year ended June 30, 2015, we recalculated the mathematical accuracy of the report and compared the amounts to the related supporting documentation. We also agreed the amount to the Statement of Revenues and Expenses.

We found no exceptions as a result of this procedure.

18. We compared the revenues and expenses in the statement for the year ended June 30, 2015 to the amount for the year ended June 30, 2014. We identified variances of greater than ten percent from year ended June 30, 2014. We obtained the following explanations from the University's management regarding the reason for the variances.

Ticket Sales revenue decreased 25% compared with the fiscal year ended June 30, 2014. The decrease is primarily due to a decrease in walk up sales for men's basketball and a decrease in season ticket sales for baseball.

Guarantee revenue increased 65% compared with the fiscal year ended June 30, 2014. The increase is primarily due scheduling additional games in FY15 with teams that yield guarantees for Winthrop. In men's basketball alone, in FY14, there was only one such team; however, in FY15, there were three.

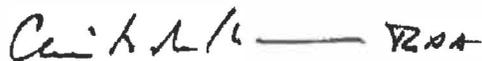
Royalties, Licensing, Advertisements and Sponsorships revenue decreased 18% compared with the fiscal year ended June 30, 2014. The decrease is primarily due to losing a primary sponsorship and a decrease from another sponsorship.

Contributions increased 59% compared with the fiscal year ended June 30, 2014. The increase in this account was due to a reclassification of athletic revenues from the Athletics Restricted Endowment and Investments line to the contributions line per NCAA reporting instructions.

Other Revenues increased 31% compared with the fiscal year ended June 30, 2014. A portion of this increase is due to student fan club charges.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on compliance with NCAA Bylaw 3.2.4.15 or the expression of an opinion on The Statement of Revenues and Expenses of the Intercollegiate Athletics Program of Winthrop University for the year ended June 30, 2015 and, furthermore, we were not engaged to express an opinion on the effectiveness of the internal controls over compliance with the laws, rules and regulations described in paragraph one and procedures one through eighteen of this report. Therefore we express no 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 President and management of Winthrop University and is not intended to be and should not be used by anyone other than these specified parties.

 — 12/14

January 15, 2016

WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
Statement of Revenues, Expenditures and Transfers
For the Year Ended June 30, 2015
(Unaudited)

REVENUES	Men's Basketball	Women's Basketball	Other Sports	Nonprogram Specific	Total
Ticket Sales	\$ 66,865	6,952	23,999	-	\$ 97,816
Direct State or Other Government Support	-	-	-	-	-
Student Fees	201,869	189,507	862,179	4,243,497	5,497,052
Direct Institutional Support	249,898	211,947	1,790,926	1,360,901	3,613,672
Less-Transfers to Institution	-	-	-	-	-
Indirect Institutional	-	-	-	1,193,296	1,193,296
Guarantees	275,000	65,000	9,900	-	349,900
Contributions	7,261	7,079	125,247	409,758	549,345
In-Kind	-	-	-	183,650	183,650
Compensation and Benefits Provided by a Third Party	-	-	-	-	-
Media Rights	-	-	-	-	-
NCAA Distributions	-	-	12,350	508,033	520,383
Conference Distributions	-	-	-	56,889	56,889
Program, Novelty, Parking, and Concession Sales	-	-	1,048	18,924	19,972
Royalties, Licensing, Advertisements and Sponsorships	61,731	-	3,732	107,860	173,323
Camp Revenues	850	320	1,719	-	2,889
Athletics Restricted Endowment and Investment Income	1,000	-	1,850	6,400	9,250
Other Revenues	-	865	38,045	108,701	147,611
Total Revenues	\$ 864,474	481,670	2,870,995	8,197,909	\$ 12,415,048
EXPENDITURES	Men's Basketball	Women's Basketball	Other Sports	Nonprogram Specific	Total
Athletic Student Aid	\$ 487,352	501,606	3,187,863	133,584	\$ 4,310,405
Guarantees	15,765	2,032	11,533	-	29,330
Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities	585,788	372,535	1,412,987	-	2,371,310
Coaching Other Compensation and Benefits Paid by a Third Party	-	-	-	-	-
Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities	85,819	63,032	76,378	1,572,303	1,797,532
Support Staff/Administrative Other Compensation and Benefits Paid by a Third Party	-	-	-	-	-
Severance Payments	-	-	-	-	-
Recruiting	52,395	29,180	64,040	-	145,615
Team Travel	103,509	87,378	541,791	-	732,678
Equipment, Uniforms and Supplies	46,940	34,873	243,317	162,900	488,030
Game Expenses	61,792	26,725	97,950	11,106	197,573
Fund Raising, Marketing and Promotion	6,958	5,178	8,881	-	21,017
Sports Camp Expenses	-	-	-	1,318	1,318
Spirit Groups	-	-	-	36,106	36,106
Athletic Facilities Debt Services, Lease and Rental Fee	-	-	-	120,000	120,000
Direct Overhead and Administrative Expenses	-	-	-	-	-
Indirect Institutional Support	-	-	-	1,073,296	1,073,296
Medical Expenses	9,657	1,823	35,887	220,678	268,045
Membership Dues	-	885	6,362	16,905	24,152
Other Operating Expenses	(150,707)	(56,190)	47,407	763,646	604,156
Total Operating Expenses	\$ 1,305,268	1,069,057	5,734,396	4,111,842	\$ 12,220,563
Excess (Deficiencies) of Revenue Over (Under) Expenses	\$ (440,794)	(587,387)	(2,863,401)	4,086,067	\$ 194,485

SEE ACCOMPANYING NOTES TO STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS

WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
Notes to the Statement of Revenues, Expenditures and Transfers
June 30, 2015
(Unaudited)

NOTE 1-CONTRIBUTIONS

Winthrop Foundation	\$ <u>74,724</u>
	<u>\$ 74,724</u>

NOTE 2- INTERCOLLEGIATE ATHLETICS - RELATED ASSETS

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. Winthrop University follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses or extend the useful life of an existing building are capitalized. The University capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred. The total estimated book value of plant and equipment, net of depreciation, for Athletics is \$12,458,321 compared to the institution total of \$114,903,621.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The University has selected a useful life of 25 to 50 years for buildings, renovations and land improvements. The useful life for machinery, equipment and vehicles varies between 2 and 25 years depending on the asset. A full year of depreciation is taken the year the asset is placed in service and no depreciation is taken in the year of disposition.

Interest cost incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed net of interest earned on the invested proceeds over the same period. During the year ended June 30, 2015, there were no material capitalized interest costs incurred.

Athletic Facilities	Basketball	Other	Total
Additions	\$ 14,377	7,369	21,746
Deletions	-	-	-

WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
Notes to the Statement of Revenues, Expenditures and Transfers
June 30, 2015
(Unaudited)

NOTE 3- INTERCOLLEGIATE ATHLETICS - RELATED DEBT

Intercollegiate Athletics Debt				
Annual Maturities				
	2003	2004	2001	1981
	Institution	Institution	Ath Fac	Ath Fac
	Bonds (a)	Bonds (b)	Rev Bonds	Note Payable
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2016	\$ -	-	153,048	-
2017	-	-	147,540	-
2018	-	-	142,032	-
2019	-	-	136,524	-
2020	-	-	131,016	-
2021-2025	-	-	125,508	-
2026-2030	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ -</u>	<u>-</u>	<u>835,668</u>	<u>-</u>

- (a) Sixty-nine percent of the bond series was used for Athletics
(b) Forty-four percent of the bond series was used for Athletics.