

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

**Independent Accountants' Report On
Applying Agreed-Upon Procedures
June 30, 2016**

WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
For the Year Ended June 30, 2016

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Independent Accountants' Report On
Applying Agreed-Upon Procedures

Dr. Daniel F. Mahony, President
Winthrop University
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We have audited the financial statements of Winthrop University as of and for the year ended June 30, 2016, and have issued our unmodified opinion thereon under date of October 6, 2016. 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 Revenues, Expenditures and Transfers 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, 2016. The Statement of Revenues, Expenditures and Transfers of Winthrop University Intercollegiate Athletics Program and related note disclosures 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 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 and associated findings are as follows:

Procedures Related to the Statement of Revenues, Expenditures and Transfers

1. We obtained the Statement of Revenues, Expenditures and Transfers of Winthrop University Intercollegiate Athletics Program and related note disclosures for the year ended June 30, 2016, as prepared by accounting management of the University and shown on page 11 in this report. We recalculated the mathematical accuracy of the amounts on the statement, traced the individual line item amounts from the statement to management's worksheets and compared the amounts on management's worksheets to the accounts in the University's general ledger.

We found no exceptions as a result of this procedure.

2. We compared each major revenue and expense accounts in the Statement of Revenues, Expenditures and Transfers to prior period amounts. We obtained and documented our understanding of any significant variations. If a specific reporting category total (specific line items of revenues and Expenditures) is less than 0.5% of the total revenues or total Expenditures, no procedures were performed for that specific category.
 - We compared each major revenue and expense account over 10% of the total revenues and total Expenditures to prior period amounts. Obtain and document an understanding of any variations over the lesser of \$1M or 10%. We obtained the following explanations from the University's athletic management regarding the reasons for the variances.

Student Fees increased 10.4% and Indirect Institutional Support increased 16%

The Big South Conference mandated that conference schools increase operating budgets of men's and women's basketball to competitive equity as these two sports were identified as the primary sports for the conference. Winthrop made budgetary decisions to support the Athletic Department to reach the required minimums in spending in year one of the Big South Strategic Plan.

3. We inquired of management the specific elements of the University's internal control unique to the Intercollegiate Athletics Program's accounting system and financial reporting.

Receipts

- 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 cashiers' office deposit transmittal reports prepared by the athletic department and submitted along with the cash to the cashiers' office to determine whether the amounts are the same. The sample of the individual receipts selected for comparison is as follows:

<u>Receipt Number</u>	<u>Date</u>	<u>Amount</u>
DP000663	11/9/2015	690.00
DP000686	2/2/2016	665.00
DP000663	11/9/2015	114.00
DP000685	1/29/2016	1,406.00
DP000691	2/16/2016	15.00
DP000709	4/12/2016	30.00
DP000712	4/20/2016	8.00
DP000663	11/9/2015	6,000.00
DP000701	3/15/2016	400.00
DP000651	9/30/2015	8,000.00
DP000676	1/6/2016	183.33
DP000691	2/16/2016	1,200.00
DP000707	4/6/2016	675.00
DP000727	6/16/2016	562.50
DP000639	8/27/2015	10.29
DP000662	8/18/2015	20.00
DP000698	3/4/2016	1,250.00
DP000729	6/23/2016	295.00
F0010309	2/16/2016	120.00
J0022447	6/30/2016	4,320.00
DP000708	4/13/2016	6,396.74
DP000701	3/15/2016	5,700.00
J0022310	6/30/2016	14,066.10
DP000662	11/5/2015	17,217.00
J0021791	6/29/2016	70.00

We found no exceptions as a result of this procedure.

REVENUES

Ticket Sales

1. We compared the tickets sold during the reporting period, complimentary tickets provided, and any unsold tickets during the reporting period to the related revenue reported by the University in the statement and the related attendance figures and recalculated the totals.

We found no exceptions as a result of this procedure.

Student Fees

1. We compared and agreed the student fees reported by the University in the statement for the reporting period to student enrollments during the same reporting period and recalculate the totals.

We found no exceptions as a result of this procedure.

2. We obtained and documented our understanding of the University's methodology for allocating student fees to intercollegiate athletics programs.

We found no exceptions as a result of this procedure.

Direct Institutional Support

1. We compared the direct institutional support recorded by the University during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculated the totals.

We found no exceptions as a result of this procedure.

Transfers Back to Institutions

1. We compared the transfers to the corroborative supporting documentation and to the statement and recalculated the totals.

We found no exceptions as a result of this procedure.

Indirect Institutional Support

1. We compared the indirect institutional support recorded by the University during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation and we recalculated the totals.

We found no exceptions as a result of this procedure.

Guarantees

1. We selected a sample of settlement reports for away games during the reporting period and compared each selection to the University's general ledger and the statement and recalculated the totals.

We found no exceptions as a result of this procedure.

2. We selected a sample of contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compared and agreed each selection to the University's general ledger and the statement and recalculated the totals.

We found no exceptions as a result of this procedure.

Contributions

1. We obtained and reviewed the supporting documentation and recalculated the totals of any contributions of moneys, goods or services received directly by an intercollegiate athletics program from any affiliated or outside organization, agency or group of individuals not included above (e.g., contributions by corporate sponsors) that constitutes 10% or more in aggregate for the reporting year of all contributions received for intercollegiate athletics during the reporting period.

We found no exceptions as a result of this procedure.

In-Kind

1. We compared the in-kind recorded by the institution during the reporting period with the schedule of in-kind donations and recalculated totals.

We found no exceptions as a result of this procedure.

NCAA Distribution

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

We found no exceptions as a result of this procedure.

Royalties, Licensing, Advertisements and Sponsorships

1. We compared and agreed the related revenues to the University's general ledger and the statement, and we recalculated the totals.

We found no exceptions as a result of this procedure.

2. We obtained and inspected a sample of agreements related to the University's participation in revenues from royalties, licensing, advertisements and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions.

Exception:

The agreement amount with Coca-Cola did not agree the general ledger amount.

Management Response:

We agree with the finding. It is our determination that the Athletic External Operations Office failed to send an invoice to Coca-Cola for the amounts stated in the agreement. We will improve this process by centralizing all athletic invoicing from the Athletic Business Office.

EXPENSES

Athletic Student Aid

1. We obtained a listing from the University detailing institutional student aid recipients for the year. We selected a sample of students (no less than 10% of the total student-athletes) from the listing.
2. We obtained the individual student account detail for each selection and compared the total aid allocated from the related aid award letter to the student's account detail.
3. We performed a check of each student selected to ensure their information was reported accurately in the NCAA's Compliance Assistant (CA) software using the following criteria:
 - a. The equivalency value for each student-athlete in all sports, including head-count sports, needs to be converted to a full-time equivalency value. The full-time equivalency value is calculated using the athletic grant amount reported on the squad list as the numerator and the full grant amount which is the total cost for tuition, fees, books, room and board for an academic year as the denominator.
 - b. A student-athlete can only be included in one sport.
 - c. All equivalency calculations should be rounded to two decimal places.
 - d. The full grant amount should always be the full cost of tuition for an academic year, not semester.
 - e. If a sport is discontinued and the athletic grant(s) are still being honored by the University, the grant(s) are included in student-athlete aid for revenue distribution purposes.

- f. 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.
- g. Only athletic aid awarded in sports in which the NCAA conducts championship competitions, emerging sports for women and FBS football should be included in the calculations.

Exceptions:

- 1. We found twenty seven student-athletes out of our sample of 30 that did not have updated athletic grant information on the Squad List.

Management's Response:

We agree with the finding. It is our determination that the Athletic Compliance Office did not utilize the NCAA tool Compliance Assistant to update financial information related to the Squad List. We will improve this process by requiring the staffs from Athletic Compliance, Athletic Academic Support, Athletic Business Office, Faculty Athletic Representative, University Financial Aid Office, and the Registrar's Office be trained to use Compliance Assistant and provide regular updates in the system.

- 2. We found that the Full Grant amounts include amounts for transportation and miscellaneous. Per September 15, 2016 NCAA memo, these amounts should be excluded.

Management's Response:

We agree with the finding. It is our determination that since the Athletic Compliance Office did not utilize the NCAA tool Compliance Assistant updates to financial information related to Full Grant amounts was not recorded per the NCAA memo on September 15, 2016. We will improve this process by requiring the staffs from Athletic Compliance, Athletic Academic Support, Athletic Business Office, Faculty Athletic Representative, University Financial Aid Office, and the Registrar's Office be trained to use Compliance Assistant and record information related to Full Grant amounts according to NCAA stipulation for Revenue Distribution.

- 4. We recalculated the totals for each sport and overall.

We found no exceptions as a result of this procedure.

Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities

1. We obtained and inspected a listing of coaches employed by the University and related entities during the reporting period. We selected a sample of coaches' contracts from the listing. We ensured that our sample includes coaches' from men's and women's basketball.
2. We compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the University and related entities in the statement during the reporting period.
3. We obtained and inspected payroll summary registers for the reporting year for each selection. 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 during the reporting period.
4. We compared and agreed the totals recorded to any employment contracts executed for the sample selected and we recalculated the totals.

Exception:

1. Management could not provide a contract for one of the coaches selected in our sample of five.

Management Response:

We agree with the finding. There is no contract on file for Head Women's Tennis Coach, Alcides Carvalho. It is our determination that an actual contract was not provided to him. Contracts are not provided for all coaches. The Human Resources Office provides guidance on which coaches and staff should have contracts.

Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities

1. We obtained a listing of support staff/administrative salaries, benefits and bonuses paid by the University and related entities for the year ended. From the listing, we selected a sample of support staff/administrative personnel.
2. We obtained and inspected reporting period payroll summary registers for each selection. We compared and agreed the related payroll summary registers to the related support staff administrative other compensation and benefits expense recorded by the University in the statement during the reporting period and we recalculated the totals.

We found no exceptions as a result of these procedures.

Disbursements

1. We obtained the general ledger accounts for recruiting expense, team travel expense, equipment, uniform and supplies, game expense, medical expense, and other operating expense. We compared the total expense reported to the statement.
2. We selected a sample of transactions (see below) to validate the existence of the transactions and the accuracy of recording and recalculated the totals.
3. We obtained and documented our understanding of the University's recruiting and team travel policies. We compared the existing University and NCAA related policies to determine if they were in agreement
4. For the selected expenses, we obtained the related disbursement package to determine the items required by University's procurement policy were included and that the expense had been authorized in accordance with the University's policy.

Vendor	Document Number	Date	Amount
Reynolds & Reynolds Printing	I1601132	8/21/15	961.93
XOS Digital Inc	I1601767	9/11/15	7,175.66
Laboratory Corporation of America H	I1602454	10/5/15	415.00
Lee's Famous Recipe Chicken	I1602542	10/6/15	457.80
TicketReturn LLC	I1602998	10/14/15	163.00
BrandPro Inc	I1603027	10/14/15	636.81
Hamilton Moore	I1604100	11/16/15	68.37
TicketReturn LLC	I1605018	12/10/15	1,144.27
Event Partners LLC	I1606219	1/28/16	1,031.56
Reynolds & Reynolds Printing	I1606466	2/4/16	354.17
Barnes & Noble College Booksellers	I1607403	3/3/16	3,925.85
Lyles, Karl Andrew.	I1607910	3/22/16	250.00
Rock Hill Coca Cola Bottling	I1608397	4/4/16	330.63
Deming, Tom	I1608534	4/7/16	100.00
Mitchell, Chad Eric.	I1608904	4/19/16	4,000.00
Shimp, Amanda Elizabeth.	I1609546	5/9/16	8,000.00
State Fiscal Accountability Authori	I1610093	5/25/16	21.40
Carolina Diagnostic Imaging	I1610878	6/21/16	82.86
Barnes & Noble College Booksellers	I1610913	6/22/16	200.80
Barnes & Noble College Booksellers	I1610915	6/22/16	122.00
JS Printing Svcs 080615	J0019255	8/16/15	2,099.72
RG Long dist Phone Svcs July 2015	J0019256	8/16/15	41.51
JTB1001204072 STx Adms Feb pd Mar16	J0020765	3/10/16	854.01
PCS9737-0707-ULINE SHIP SUPPLIES	PF000115	8/10/15	29,842.82
PCS9737-1203-US HOLE IN ONE	PF000120	1/20/16	11,615.09

We found no exceptions as a result of these procedures.

Athletic Facility Debt Service

1. We obtained the debt service schedule for athletic facilities for the reporting period. We compared the debt service schedule to the statement and to the University's audited financial statements.

We found no exceptions as a result of this procedure.

Outside Organizations

1. We obtained from management a list of all outside organizations not under the University's accounting control that have as its principal or one of its principal purposes is generating resources for or on behalf of the University's Intercollegiate Athletics Program or the promotion of the program. We obtained a copy of the outside organization's audited financial statements.
2. We compared the amount received from this outside organization to the amount recorded in the general ledger and on the statement.

We found no exceptions as a result of these procedures.

ADDITIONAL MINIMUM AGREED-UPON PROCEDURES

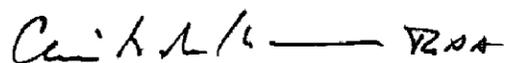
In order for NCAA to place reliance on the financial reporting for NCAA distribution purposes, we performed the following procedures:

1. We compared and agreed the sports sponsored as reported in the NCAA Membership Financial Reporting System to the Squad Lists of the University.
2. We obtained the University's Sports Sponsorship and Demographics Forms Report for the reporting year. We compared the number of contests and the number of participants reported by the University to the minimum contests and participants requirements for sports sponsorship set forth in Bylaw 20.9.6.3.

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 compliance with NCAA Bylaw 3.2.4.15 or the expression of an opinion on The Statement of Revenues, Expenditures and Transfers of the Intercollegiate Athletics Program of Winthrop University for the year ended June 30, 2016, 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. 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 Board of Trustees and management of Winthrop University and is not intended to be and should not be used by anyone other than these specified parties.



January 17, 2017
Gaffney, SC

WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
Statement of Revenues, Expenditures and Transfers
For the Year Ended June 30, 2016
(Unaudited)

REVENUES	Men's Basketball	Women's Basketball	Other Sports	Nonprogram Specific	Total
Ticket Sales	\$ 82,266	6,115	16,190	8,643	\$ 113,214
Direct State or Other Government Support	-	-	-	-	-
Student Fees	229,243	187,896	1,041,644	4,608,514	6,067,297
Direct Institutional Support	199,540	194,578	999,782	2,331,053	3,724,953
Less-Transfers to Institution	(121,780)	(119,363)	(645,402)	(100,256)	(986,801)
Indirect Institutional	167,901	111,279	491,739	470,405	1,241,324
Indirect Institutional-Athletic Facilities Debt Service Guarantees	265,000	72,000	15,400	-	352,400
Contributions	33,462	4,080	73,068	76,176	186,786
In-Kind	-	-	-	60,065	60,065
Compensation and Benefits Provided by a Third Party	-	-	-	-	-
Media Rights	-	-	-	-	-
NCAA Distributions	-	-	15,860	563,635	579,495
Conference Distributions	-	-	-	44,638	44,638
Program, Novelty, Parking, and Concession Sales	-	-	843	17,500	18,343
Royalties, Licensing, Advertisements and Sponsorships	-	-	-	195,137	195,137
Camp Revenues	540	30	1,275	-	1,845
Athletics Restricted Endowment and Investment Income	1,000	-	1,150	20,302	22,452
Other Revenues	-	1,000	69,950	135,598	206,548
Total Revenues	\$ 857,172	457,615	2,081,499	8,584,458	\$ 11,980,744
EXPENDITURES	Men's Basketball	Women's Basketball	Other Sports	Nonprogram Specific	Total
Athletic Student Aid	\$ 484,129	525,031	3,239,080	108,206	\$ 4,356,446
Guarantees	9,500	-	12,220	-	21,720
Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities	594,011	373,135	1,468,289	-	2,435,435
Coaching Other Compensation and Benefits Paid by a Third Party	-	-	-	-	-
Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities	72,242	44,671	13,753	1,825,993	1,956,659
Support Staff/Administrative Other Compensation and Benefits Paid by a Third Party	-	-	-	-	-
Severance Payments	-	-	-	-	-
Recruiting	60,294	40,799	71,831	239	173,163
Team Travel	107,793	82,372	540,361	-	730,526
Equipment, Uniforms and Supplies	26,829	31,094	276,672	-	334,595
Game Expenses	56,522	24,109	104,883	56,391	241,905
Fund Raising, Marketing and Promotion	1,241	-	573	2,902	4,716
Sports Camp Expenses	-	-	-	-	-
Spirit Groups	-	-	-	41,628	41,628
Athletic Facilities Debt Services, Lease and Rental Fee	-	-	-	153,048	153,048
Direct Overhead and Administrative Expenses	-	-	-	-	-
Indirect Institutional Support	167,901	111,279	491,739	470,405	1,241,324
Medical Expenses	-	-	1,305	220,799	222,104
Membership Dues	813	613	6,312	23,659	31,397
Student-Athlete Meals (non-travel)	6,833	1,919	1,983	10,635	21,370
Other Operating Expenses	9,994	19,877	24,897	248,797	303,565
Total Operating Expenses	\$ 1,598,102	1,254,899	6,253,898	3,162,702	\$ 12,269,601
Excess (Deficiencies) of Revenue	\$ (740,930)	(797,284)	(4,172,399)	5,421,756	\$ (288,857)
Over (Under) Expenses	-	-	-	-	-

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, 2016
(Unaudited)

NOTE 1-CONTRIBUTIONS

Contributions and gifts to Winthrop University's Intercollegiate Athletics Program totaled \$246,851. This amount is reported in Attachment A at the following captions:

Contributions	\$	186,786
In-Kind Gifts		60,065
		246,851
	\$	246,851

Individual contributions which exceeded 10 percent of the total contributions and the related donors included in the above amounts are as follows:

Winthrop Foundation	\$	186,786
		186,786
	\$	186,786

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 expense in the year in which the expense was incurred. The total estimated book value of plant and equipment, net of depreciation, for Athletics is \$11,648,134 compared to the institution total of \$109,598,155.

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, 2016, there were no material capitalized interest costs incurred.

Fiscal Year 2016 Additions by Sport:

Athletic Facilities	Basketball	Other	Total
Additions	\$ -	-	-
Deletions	14,715	29,990	44,705

WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
Notes to the Statement of Revenues, Expenditures and Transfers
June 30, 2016
(Unaudited)

NOTE 3- INTERCOLLEGIATE ATHLETICS - RELATED DEBT

Intercollegiate Athletics Debt

Annual Maturities

		2001 Ath Fac Rev Bonds
2017	\$	147,540
2018		142,032
2019		136,524
2020		131,016
2021		125,508
Total	\$	<u>682,620</u>