

**CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

FOR THE YEAR ENDED JUNE 30, 2012

**CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

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**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures described below, which were agreed to by the Board of Trustees and management of Clemson University (the University), solely to assist the University in complying with NCAA Bylaw 6.2.3.1. for the fiscal year ended June 30, 2012. The University is responsible for its revenues, expenditures, and transfers records. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the 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.

Procedures Related to the Statement of Revenues, Expenditures, and Transfers

1. We obtained from management the Statement of Revenues, Expenditures and Transfers (the Statement) of the University's Intercollegiate Athletics Program for the year ended June 30, 2012, as shown on Attachment A of this report. We recalculated the mathematical accuracy of 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 University's general ledger. We discussed the nature of the worksheet adjustments with management to determine if adjustments had a supported explanation.

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 compared actual revenues and expenditures in the Statement for the year ended June 30, 2012, to the prior year amounts (fiscal year 2011). We identified actual variances of greater than 10% and \$100,000 from the prior year amounts and obtained explanations for variances from management. Below are descriptions provided by management for the identified variances by program:

Football Revenue – Football revenue increased \$6,020,582, or 18.14%, compared to fiscal year 2011. The increase is attributable to an overall increase in NCAA/Conference distributions in the current year due to a new broadcast contact entered into by the Atlantic Coast Conference (ACC). In addition, ACC distributions increased as a result of the football team winning the ACC championship and making an appearance in a Bowl Championship Series (BCS) bowl game.

Football Expenditures – Football expenditures increased \$6,112,257, or 36.94%, compared to fiscal year 2011. The increase is attributable to an increase in bonuses and benefits to coaching and support staff salaries related to winning the ACC championship and the team's appearance in a BCS bowl game. Team travel also increased related to the travel costs for the BCS Bowl game which was in Miami, Florida.

Nonprogram Specific Revenue and Nonmandatory Transfers – Beginning in fiscal year 2012 Fund 21 activities related to IPTAY-Scholarships Grants/Aids were included as contribution revenue resulting in an overall increase in operating revenue of \$6,290,778, or 47.30%. The addition of Fund 21 reporting also resulted in an offsetting increase in nonmandatory transfers out of \$5,416,452, or 289.58%.

No additional procedures were performed with respect to management's representations as to the reasons for the variances described above.

3. We obtained a listing of operating revenue receipt transactions for the year ended June 30, 2012. We agreed the totals per the operating revenue receipts listing to the Statement and scanned the listing for all individual receipts greater than 10% of operating revenue. All individual transactions greater than 10% of revenue (\$7,315,122) were investigated for propriety to determine if the selected transactions were appropriately shown and classified as revenue in the Statement.

We found the amounts were in agreement. One individual transaction of \$11,918,127 exceeded 10% of total operating revenue and was related to recognition of deferred ticket revenue recorded at June 30, 2012. We found no exceptions as a result of these procedures.

4. We obtained the reconciliations of revenue from football and men's basketball ticket sales between the University's general ledger and the University's Paciolan System Ticket Status Report for the year ended June 30, 2012, and compared the revenue to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

5. We obtained the University's calculation for the allocation of student fees to athletics. Student fees are allocated based on fall undergraduate head count. We recalculated the mathematical accuracy of the amounts in the calculation, agreed amounts in the calculation to amounts posted in the general ledger, and compared the amount of student fees revenue per the calculation to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

6. We obtained the settlement statement from the ACC detailing distributions for the football and basketball conference seasons from a schedule provided by the University. We compared the total revenues for settlement to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

7. We selected one guarantee from the University of South Carolina game for an away football game from a schedule provided by the University. We compared the guarantee revenue on the schedule provided by the University to the amount specified in the settlement report and related contract with University of South Carolina. We compared the total revenues for away game sales and guarantees in the schedule provided by the University to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

8. We obtained from the University a report detailing all third-party support revenue recorded by the University for the year ended June 30, 2012. We haphazardly selected three coaches from the report; and for each coach selected, we compared the third-party support revenue on the schedule provided by the University to amounts specified in the related Learfield and Nike contracts. We recalculated the mathematical accuracy of the third-party support revenue per the report provided by the University.

We found no exceptions as a result of these procedures.

9. We obtained a report from the University detailing direct institutional support revenue recorded by the University for the year ended June 30, 2012. We recalculated the mathematical accuracy of the direct institutional support revenue amounts per the report provided by the University. We compared the total direct institutional support revenue in the report provided by the University to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

10. We obtained a report from the University which details revenue received from the University's participation in NCAA/conference distributions including all tournament revenue for the year ended June 30, 2012. We compared the revenue amounts for football and men's basketball included in the report to amounts specified in ACC and settlement statements provided by the University. We compared the total revenue for the University's participation in the NCAA/Conference distributions including all tournament revenue in the report provided by the University to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

11. We obtained a report from the University which details revenue received from broadcast, television, radio and internet rights for the year ended June 30, 2012. We compared the revenue on the report to the amounts specified in contracts with Clemson Tiger Sports Properties, LLC provided by the University. We compared the total revenue from the broadcast, television, radio and internet rights in the report provided by the University to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

12. We obtained a report from the University which details revenue received from program sales, concessions, novelty sales, and parking for the year ended June 30, 2012. We compared the total revenue from program sales, concessions, novelty sales and parking in the report provided by the University to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

13. We obtained a report from the University which details revenues received from royalties, advertisements, and sponsorships for the year ended June 30, 2012. We haphazardly selected five receipts from this detailed report and compared the revenue on the report to the amounts specified in agreements and contracts provided by the University. We compared the total revenue from royalties, advertisements and sponsorships in the report provided by the University to the corresponding amount in the Statement to determine if total amounts agreed.

We found no exceptions as a result of these procedures.

14. We obtained a schedule of endowment and investment income from the University's management for the year ended June 30, 2012. We compared the amount of endowment and investment income per the schedule to the amount of endowment and investment income per the Statement.

We found no exceptions as a result of these procedures.

15. We obtained a report detailing other operating revenue for the year ended June 30, 2012. We compared the total other operating revenue in the report to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

16. We haphazardly selected three student athletes (DeAndre Hopkins, Rachel Hurd and Torian Ware) who have received athletic student financial aid from a schedule provided by the University. For each student athlete selected, we obtained a detail of each student's account and compared the total aid awarded per the detail to an award letter. We compared the total athletic student financial aid in the schedule provided by the University to the corresponding amount of athletic student aid expenditures in the Statement.

We found no exceptions as a result of these procedures.

17. We haphazardly selected two guarantees for visiting teams (Alabama State – Men's Basketball and Auburn University – Football) from a schedule provided by the University. For each of these guarantees, we compared the guarantee expenditures on the schedule provided by the University to the amounts specified in contracts and settlement reports. We compared the total expenditures for guarantees in the schedule provided by the University to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

18. We obtained a listing of University coaches employed by the University for the year ended June 30, 2012. From this listing, we haphazardly selected three men's sport and three women's sport coaches. For each of the selected coaches (Brad Brownell, Yolett McPhee-McCuin, Chad Morris, Nancy Harris, Timothy Hall, and Kristin Kropf), we compared, for reasonableness, the recorded salary expenditures, including salary, benefits, and bonuses paid by the University and related entities, if any, per the University's general ledger to their contracts and Internal Revenue Service (IRS) Forms W-2. We compared the total expenditures for coaching salaries, benefits and bonuses paid by the University and related entities in the University's general ledger to the corresponding amount included in the Statement.

We found no exceptions as a result of these procedures.

19. We obtained a listing of University coaches who received other compensation and benefits paid by a third party during the year ended June 30, 2012. From this listing, we compared the compensation and benefits paid by the third party to amounts specified in each respective contract.

We found no exceptions as a result of these procedures.

20. We obtained a listing of support staff/administrative salaries, benefits and bonuses paid by the University and related entities for the year ended June 30, 2012. From this listing, we selected three support/administrative staff (William Munson III, Michael Batson, and Michael Dooley) and compared, for reasonableness, the recorded salary, benefits and bonuses, if any to their contracts and IRS Forms W-2. We compared the total expenditures for support staff/administrative salaries, benefits and bonuses paid by the University and related entities per the listing to the corresponding amount included in the Statement.

We found no exceptions as a result of these procedures.

21. We obtained a report detailing equipment, uniforms, and supplies expenditures from the University for the year ended June 30, 2012 and compared the total equipment, uniforms and supplies expenditures in the report provided by the University to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

22. We obtained a report detailing game expenditures from the University for the year ended June 30, 2012 and compared the total game expenditures in the report provided by the University to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

23. We obtained a report detailing fundraising, marketing, and promotion expenditures from the University for the year ended June 30, 2012 and compared the total fundraising, marketing and promotion expenditures in the report provided by the University to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

24. We obtained a report detailing direct facilities, maintenance, and rental expenditures from the University for the year ended June 30, 2012 and compared the total direct facilities, maintenance and rental expenditures in the report provided by the University to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

25. We requested documentation of the University's methodology for allocating indirect facilities and administrative support for the year ended June 30, 2012. The University does not allocate indirect facilities and administrative support costs. Instead, the Intercollegiate Athletic Program pays explicitly for University services. We obtained a report from the University which details indirect facilities and administrative support recorded by the University for the year ended June 30, 2012, and we recalculated the mathematical accuracy of the administrative service fee transferred annually from the explicit payments of charges for any general University services used by the athletic department in addition to its own facility services. We also agreed such amount on the Statement to the University's general ledger.

We found no exceptions as a result of these procedures.

26. We obtained a report detailing other operating expenditures from the University for the year ended June 30, 2012. We compared the total other operating expenditures in the report provided by the University to the corresponding amount recorded in the Statement.

We found no exceptions as a result of these procedures.

27. We obtained a report detailing the principal and interest mandatory transfers made by the Intercollegiate Athletics Program to the University for the year ended June 30, 2012. We compared the total principal and interest mandatory transfers made by the Intercollegiate Athletics Program to the University in the report provided by the University to the corresponding amount recorded in the Statement.

Management informed us that there were no principal and interest mandatory transfers during the year ended June 30, 2012.

28. We obtained a report detailing nonmandatory transfers from the University for the year ended June 30, 2012. We compared the total nonmandatory transfers in the report provided by the University to the corresponding amount in the statement.

We found no exceptions as a result of these procedures.

29. A sample of fifteen days' deposits for the year ended June 30, 2012 were haphazardly selected from the daily receipts report from the University's point of sale units located in the ticket office. Each day's cash receipts were compared to the validated deposit slips. In addition, we traced the deposit slip to where it was recorded on the general ledger and Paciolan ticket system.

	<u>Day Tested</u>	<u>Amount</u>
1.	7/11/2011	\$ 164,502.00
2.	8/16/2011	51,262.00
3.	9/15/2011	28,858.00
4.	10/5/2011	315,161.91
5.	10/11/2011	391,764.00
6.	10/18/2011	40,781.00
7.	11/21/2011	200,976.00
8.	12/9/2011	78,532.00
9.	12/22/2011	19,150.00
10.	2/9/2012	17,791.94
11.	2/17/2012	2,369.94
12.	3/6/2012	5,500.00
13.	3/14/2012	11,342.00
14.	3/21/2012	5,040.00
15.	4/5/2012	87,500.00

We found the receipted amounts to be in agreement with related deposit slip(s). The related amounts were also recorded in the general ledger.

30. A sample of thirty cash disbursements for the Intercollegiate Athletic Program for the year ended June 30, 2012 was selected from the University's general ledger. For each of the cash disbursements selected, we compared the disbursed amount and payee information to supporting documentation and verified that each is authorized by the signature of the athletic director of business.

<u>Voucher #</u>	<u>Vendor</u>	<u>Description</u>	<u>Date</u>	<u>Amount</u>
1 C0163232	Jeff Scott	TOS:Lodging	2/23/2012	1,749.24
2 7666244	SC Aeronautics Commission	TOS: Charter Flights	5/17/2012	6,625.00
3 5948921	SC Aeronautics Commission	TOS: Charter Flights	12/19/2011	4,180.00
4 6477433	Young Transportation	TOS-A: Charter Bus Travel	2/10/2012	3,417.50
5 4956162	CUAD Travel Account	TOS-A:Team Travel Lodging	9/2/2011	2,293.05
6 C0153767	Brad Brownell	TOS:Commercial Air Fare	8/10/2011	1,252.60
7 C0156649	Brad Brownell	TOS:Commercial Air Fare	10/12/2011	1,044.70
8 4810015	Daktronics	Maintenance Contracts	8/17/2011	23,248.96
9 5081891	ServiceMaster	Maintenance Contracts	9/19/2011	5,114.80
10 5534337	W.H. Platts Company	Supplies:Scientific/Technical	11/7/2011	1,401.02
11 4966225	W.H. Platts Company	Supplies:Scientific/Technical	9/6/2011	2,656.51
12 5041090	UPS	Freight, Express, & Deliveries	9/14/2011	795.47
13 5889962	Triple J Repair	Repairs External	12/13/2011	4,000.00
14 4951970	Paciolan	Maintenance Contracts	9/2/2011	97,000.00
15 6800647	ARCpoint	Other Services	3/8/2012	4,804.00
16 6516347	ARCpoint	Other Services	2/14/2012	1,064.00
17 5433583	IASports, LLC	Travel - Speakers/Consultants	10/27/2011	1,168.98
18 5493902	TJ Dixon and James Nelson	Travel - Speakers/Consultants	11/2/2011	11,660.00
19 7876562	Office Max	Supplies: Office	6/4/2012	1,014.36
20 6357657	Crenshaws TV & Appliances	Supplies:Scientific/Technical	2/1/2012	13,350.58
21 5575902	Crenshaws TV & Appliances	Supplies:Scientific/Technical	11/10/2011	1,846.17
22 6363625	Daktronics	Supplies:Scientific/Technical	2/1/2012	5,904.92
23 7305744	Atlantic Coast Conference	Non-Taxable Prizes & Awards	4/19/2012	2,400.00
24 6582432	Tiger Town Graphics	Non-Taxable Prizes & Awards	2/20/2012	6,248.80
25 4446393	Cincinnati Insurance Company	Insurance	7/1/2011	8,001.00
26 5191032	LaFeria Group	Rent: Other	9/30/2011	1,590.00
27 8355897	Cincinnati Insurance Company	Insurance	6/26/2012	2,388.00
28 8035789	W.H. Platts Company	Equipment Other	6/14/2012	54,471.09
29 4928821	W.H. Platts Company	Equipment Other	8/31/2011	94,481.00
30 4699496	Rimage Corp.	Equipment Other	8/4/2011	25,157.33

We found the disbursement amounts to be in agreement with supporting documentation and approval of expenditure on documentation provided.

31. A sample of twenty gift receipts for the year ended June 30, 2012 were selected from the University's general ledger. For each of the gift receipts selected, we compared the amount of the gift and donor information to supporting check copies, receipts and acknowledgement letters.

	<u>Donor#</u>	<u>Date</u>	<u>Amount</u>
1	144384	7/15/2011	\$ 350.00
2	84673	8/17/2011	2,500.00
3	294882	9/5/2011	10,000.00
4	59551	9/14/2011	525.00
5	122478	9/23/2011	140.00
6	282982	10/3/2011	240.00
7	39365	10/17/2011	700.00
8	531800	12/22/2011	1,560.00
9	55968	1/4/2012	2,800.00
10	90497	1/24/2012	1,400.00
11	232983	2/6/2012	1,400.00
12	295456	2/15/2012	5,000.00
13	92772	2/14/2012	1,400.00
14	30878	5/30/2012	700.00
15	120074	4/5/2012	1,050.00
16	185788	5/3/2012	2,800.00
17	144030	5/15/2012	150.00
18	413994	6/1/2012	5,000.00
19	695283	6/15/2012	3,500.00
20	305987	6/21/2012	700.00

We found the gift receipts to be in agreement with the supporting documentation.

32. 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 also obtained an understanding of the University's methods for gathering information on the nature and extent of this organization's activities for the Intercollegiate Athletics Program to determine reasonableness of IPTAY's contribution and operating expenditures as included in the Statement.

We found no exceptions as a result of this procedure.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the 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 8 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.

Elliott Davis, LLC

Greenville, South Carolina
October 4, 2012

CLEMSON UNIVERSITY

Attachment A

**INTERCOLLEGIATE ATHLETICS PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND TRANSFERS
FOR THE YEAR ENDED JUNE 30, 2012
(Unaudited)**

	Football	Basketball	Other Sports	NonProgram Specific	Total
REVENUES					
Ticket Sales	\$ 18,966,514	\$ 1,451,200	\$ 628,888	\$ -	\$ 21,046,602
Student Fees	1,415,674	129,750	-	-	1,545,424
Away Game Sales & Guarantees	250,000	-	13,450	-	263,450
Contributions	2,500,753	783,219	3,357,429	13,348,717	19,990,118
Direct Institutional Support	959,740	375,975	2,398,775	36,798	3,771,288
NCAA/Conference Distributions including all Tournament Revenues	12,413,500	4,460,580	-	254,744	17,128,824
Broadcast, Television, Radio and Internet Rights	555,000	175,000	-	1,445,000	2,175,000
Program Sales, Concessions, Novelty Sales and Parking	1,726,008	107,963	79,070	93,054	2,006,095
Royalties, Advertisements and Sponsorships	354,000	159,000	177,900	3,716,340	4,407,240
Endowment and Investment Income	-	-	-	531,864	531,864
Other	66,591	-	55,595	163,129	285,315
Subtotal Operating Revenue	39,207,780	7,642,687	6,711,107	19,589,646	73,151,220
OPERATING EXPENDITURES					
MANDATORY TRANSFERS:					
Athletic Student Aid	3,363,558	1,018,577	5,676,427	881,302	10,939,864
Guarantees	2,050,000	557,582	35,706	-	2,643,288
Coaching Salaries, Benefits and Bonuses Paid by the Institution and Related Entities	7,836,614	2,877,677	3,900,084	355,985	14,970,360
Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the Institution and Related Entities	1,997,748	417,584	96,306	10,095,269	12,606,907
Recruiting	498,610	324,257	353,842	-	1,176,709
Team Travel	2,922,289	988,732	1,543,480	-	5,454,501
Equipment, Uniforms and Supplies	680,629	189,308	657,253	231,581	1,758,771
Game Expenditures	2,140,992	494,884	338,588	-	2,974,464
Fundraising, Marketing and Promotion	-	-	-	2,627,912	2,627,912
Direct Facilities, Maintenance and Rental	169,914	13,718	48,553	1,465,443	1,697,628
Indirect Facilities and Administrative Support	-	-	-	2,218,483	2,218,483
Other Operating Expenditures	1,000,297	402,270	460,031	6,056,939	7,919,537
Total Operating Expenditures	22,660,651	7,284,589	13,110,270	23,932,914	66,988,424
NONMANDATORY TRANSFERS					
TRANSFERS (IN)/OUT:					
Annual Contributions	(2,403,818)	(642,602)	(3,277,653)	6,324,073	-
Student Services	-	-	-	94,000	94,000
Construction projects	-	-	-	5,957,730	5,957,730
Student Band Support	-	-	-	235,202	235,202
Operations Support	-	-	-	1,000,000	1,000,000
Total Nonmandatory Transfers	(2,403,818)	(642,602)	(3,277,653)	13,611,005	7,286,932
TOTAL OPERATING EXPENDITURES AND TRANSFERS	20,256,833	6,641,987	9,832,617	37,543,919	74,275,356
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES AND TRANSFERS	\$ 18,950,947	\$ 1,000,700	\$ (3,121,510)	\$ (17,954,273)	\$ (1,124,136)

CLEMSON UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
NOTES TO STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS
(Unaudited)

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 plant 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 \$2,218,483 were recorded and are shown as Indirect Facilities and Administrative Support under non-program specific.

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).

Student Fees – For the year ended June 30, 2012, 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. The Intercollegiate Athletics Program recognized \$1,545,424 in student fees for the year ended June 30, 2012.

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.

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 \$6,930,000 for capital items, which were funded by revenues related to athletics. Of these additions, \$972,000 related to equipment expenditures are included in the Statement under other operating expenditures and fundraising. The remaining \$5,958,000 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.

Certain activities of IPTAY have been included in the Statement.

NOTE 5 - DEFERRED REVENUE

The University's Intercollegiate Athletics Program collected Fall 2012 ticket revenue on or before June 30, 2012 of approximately \$13,011,000. Recognition of these revenues has been deferred until the year ended June 30, 2013. The Statement for the year ended June 30, 2012 reflects approximately \$11,918,000 in revenues which were collected on or before June 30, 2011 and which were reflected as deferred revenue at June 30, 2011. 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, and IPTAY. These two revenue sources and amounts are included in the Statement. The Atlantic Coast Conference provided revenue in distributions totaling approximately \$17,129,000. IPTAY provided approximately \$19,175,000 for scholarships, fundraising and support staff. The Statement does not include all revenues and expenditures of IPTAY.