

**COLLEGE OF CHARLESTON**

**CHARLESTON, SOUTH CAROLINA**

**FOR THE YEAR ENDED JUNE 30, 2011**

**REPORT OF INDEPENDENT CERTIFIED PUBLIC  
ACCOUNTANTS ON APPLYING AGREED-UPON  
PROCEDURES FOR THE COLLEGE'S  
INTERCOLLEGIATE ATHLETICS PROGRAM**

**INDEPENDENT ACCOUNTANTS' 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 6.2.3.1 for the year ended June 30, 2011. The College is responsible for its Statement of Revenues and Expenses of the College's Intercollegiate Athletics Program for the year ended June 30, 2011. 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:

**Procedures and Findings Related to the Statement of Revenues and Expenses**

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, 2011, 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.

We found such amounts to be in agreement.

2. We scanned the College's general ledger of NCAA related accounts for individual contributions that constituted more than 10% of contributions received. There was one contribution that constituted more than 10% of total contributions or \$50,500 from the College of Charleston Cougar Club in the amount of \$475,000. No additional procedures were performed.
3. We compared actual revenues and expenses in the Statement for the year ended June 30, 2011 to the prior year amounts (fiscal year 2010). We identified actual variances of greater than 10% and \$40,000 from the prior year amounts and obtained explanations for variances from management. Below are descriptions provided by management for the overall variances by program as follows:

**Revenue:**

Student Activity Fees (Nonprogram specific) - This revenue increased \$845,276, or 10%, compared to fiscal year 2010. The increase is attributable to the increase in the underlying student fee from \$432 in fiscal year 2010 to \$476 in fiscal year 2011 coupled with enrollment increases.

Other (Men's and Women's Other Sports) - This revenue increased \$160,842, or 90%, compared to fiscal year 2010. The increase is attributable to increased fees and participation in the Cougar Classic golf tournament. The women's golf team also added a new tournament for fiscal year 2011.

(Continued)

**Expense:**

Personal Services (Basketball) - This expense increased by \$81,791, or 18%, compared to fiscal year 2010. The increase is attributable to an increase in salary for the staff in the department as well as bonuses paid in fiscal year 2011.

Personal Services (Nonprogram Specific) - This expense increased by \$87,526 or 12% compared to fiscal year 2010. The increase is due to additional temporary staffing responsible for filming sporting events.

Contractual Services - Total contractual services expenses increased \$435,401, or 21%, compared to fiscal year 2010. Approximately \$145,000 of the increase in expenses is related to the new golf tournament added by the women's golf team. The increase is also attributable to increased costs related to the Cougar Classic Golf Tournament.

Scholarships (Men's Other Sports) - This expense increased \$94,575, or 11%, compared to fiscal year 2010. The increase is attributable to scholarships increasing in proportion to tuition increasing. Also, there were additional scholarships awarded in several men's sports for the fiscal year 2011 compared to fiscal year 2010.

Scholarships (Women's Basketball) - This expense increased \$63,658, or 16%, compared to fiscal year 2010. The increase is attributable to scholarships increasing in proportion to tuition increasing. Also, there were two additional scholarships awarded for the fiscal year 2011 compared to fiscal year 2010.

Supplies (Nonprogram Specific) - This expense decreased by \$54,634, or 13%, compared to fiscal year 2010, which included additional supplies expenses including the installation of a security system, interior building work, computer/technology purchases, furniture, Daktronics scoreboard maintenance, and \$91,000 in weight room upgrades. These expenses did not occur in fiscal year 2011.

Supplies (Other Sports) - This expense increased by \$107,309, or 43%, compared to fiscal year 2010. The increase is attributable to a general increase in supplies for various sports. The majority of the increase is attributable to the volleyball team, which had an increase of approximately \$14,000, the baseball team, which had an increase of approximately \$26,000 and the softball team with an increase of approximately \$21,000.

4. For student activity revenue, we compared the amount per the 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 the student activity fee revenue to within 0.48% of the recorded amount. No additional procedures were performed.

5. For guarantees revenue, we obtained a detail schedule of the revenue reported and compared the amounts per the detail to the corresponding amount in the Statement. We compared the individual amounts in the detail to the amounts in the guarantee agreement documentation provided. We found the amounts shown on the Statement and the general ledger were in agreement.

We found no exceptions as a result of this procedure.

6. For NCAA and Southern Conference (SOCON) distribution revenue, we obtained the detail of the revenue reported and compared the amount per the detail to the corresponding amount on the Statement. We agreed the individual conference distributions to the remittance advices accompanying the distributions. We found the Statement and the general ledger were in agreement.

We found no exceptions as a result of this procedure.

(Continued)

7. We compared the amounts of expenses paid on behalf of the College's Department of Athletics reported by the College of Charleston Cougar Club's financial statements, for the year ended June 30, 2011, to the amount reported in Note 5 on page 8.

We found no exceptions as a result of this procedure.

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 this procedure.

9. Twenty-five cash receipts for the year ended June 30, 2011 were judgmentally selected from the College's general ledger related to the Intercollegiate Athletic 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	F0000943	12246	8-Jul-10	\$ 2,694.00	\$ -
2	F0001042	13840	22-Jul-10	12.00	-
3	F0001178	20103	13-Aug-10	8,016.00	10,572.00
4	F0001312	24473	19-Aug-10	7,336.00	8,216.00
5	F0001648	37129	22-Sep-10	-	690.00
6	F0001679	37788	27-Sep-10	346.00	1,900.00
7	F0001754	38938	4-Oct-10	-	1,680.00
8	F0002005	44401	27-Oct-10	370.00	2,095.00
9	F0002071	45201	1-Nov-10	-	2,135.00
10	F0002484	54659	30-Nov-10	80.00	-
11	F0002577	56304	6-Dec-10	1,177.00	-
12	F0002727	60823	14-Dec-10	-	306.00
13	F0002919	63407	21-Dec-10	-	628.50
14	F0003222	70589	11-Jan-11	1,150.00	-
15	F0003513	77149	21-Jan-11	-	5,058.50
16	F0003760	82243	9-Feb-11	528.04	-
17	F0003781	83134	11-Feb-11	4,658.13	-
18	F0004265	96337	15-Mar-11	747.49	-
19	F0004376	98567	22-Mar-11	-	90.00
20	F0004471	101171	29-Mar-11	-	210.00
21	F0004684	104074	7-Apr-11	2,038.26	-
22	F0004826	107373	15-Apr-11	40,325.00	-
23	F0005263	116333	5-May-11	-	172.00
24	F0005644	119996	19-May-11	1,450.00	-
25	F0005750	120903	25-May-11	1,053.27	-

We found the amounts of the transactions were in agreement with supporting documentation.

10. We obtained from management a listing of athletic department staff employed during the year. We judgmentally selected six coaches as listed below and agreed the financial terms and conditions of each employee to the related salaries and benefits recorded by the College. We traced such salaries to the personal services expense for each applicable program and amount on the Statement.

Frederick Dupree  
Nancy Wilson  
Monte Lee, II

Kaye Waldrep  
Bruce Zimmerman  
Kimberly Freeburg

We found no exceptions as a result of this procedure.

(Continued)

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

Melinda Reger  
 Patricia Clark  
 Joshua Bryson

We found no exceptions as a result of this procedure.

12. Twenty-five cash disbursements for the Intercollegiate Athletic Program for the year ended June 30, 2011 were judgmentally selected. For each of the twenty-five disbursements listed below, we compared the disbursed amount and payee information to supporting documentation (e.g. invoice, check).

Sample	Document/ Voucher #	Description	Date	Amount
1	19988	Sticky Fingers	9-Jul-10	\$ 2,110.33
2	20033	Arnolds Pool Inc	9-Jul-10	33,787.00
3	20293	Hoerner, Shelly A	9-Jul-10	1,828.20
4	20856	Hull, Josiah C	16-Jul-10	478.80
5	22198	Xerox Corporation	19-Aug-10	191.81
6	22210	Story Book Farms	13-Aug-10	8,830.00
7	23796	Links at Stono Ferry	17-Sep-10	18,750.00
8	24759	Event Partners LLC	29-Sep-10	5,424.88
9	25152	Barnes and Nobles Booksellers I	5-Oct-10	11,040.13
10	27780	Daktronics	23-Nov-10	63,500.00
11	29193	Cremins, Jonathan R.	15-Dec-10	1,103.96
12	29732	Virginias on King LLC	22-Dec-10	160.62
13	30127	Lancaster Tours	12-Jan-11	5,129.07
14	30445	Waldrep, Kaye E	19-Jan-11	707.03
15	31706	Kiawah Island Golf Resort	9-Feb-11	31,496.99
16	31841	Walker, Heath	25-Apr-11	300.00
17	32175	WH Platts Co	2-Mar-11	1,802.78
18	32335	McEntire, Mark S	28-Feb-11	3,599.52
19	32845	Suntrust Merchant Services	3-Mar-11	684.66
20	32963	Lowcountry Collegiate Umpires	2-Mar-11	20,550.00
21	37473	ESPN Regional TV Inc	9-May-11	73,350.29
22	38098	AT&T Pro Club	18-May-11	1,165.24
23	38438	Mid-South Baseball Inc	25-May-11	5,595.00
24	38811	Zimmerman, Bruce A	1-Jun-11	142.23
25	39671	Stenstrom and Associates, Inc	17-Jun-11	31,505.16

We found the disbursed amounts and disbursement description were in agreement with the supporting documentation.

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

Madelyn McGinnis - Volleyball  
 Thomas Delme - Men's Tennis  
 Peter Gibbons - Men's Swimming

We found no exceptions as a result of this procedure.

(Continued)

14. We obtained from management the name of each outside organization not under the College's accounting control that has as its principal purpose of 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 obtained an understanding of the College's methods for gathering information of the College of Charleston Cougar Club's financial contribution to the College's Intercollegiate Athletics Program. No additional procedures were performed as a result of this procedure.

15. We compared the amount of ticket sale revenue per the Cougar Club to the amount recorded on the College's general ledger.

During the year ended June 30, 2011, the Cougar Club did not collect and remit ticket sales revenue to the College. Instead, ticket sales were deposited directly into the College's accounts. We obtained a listing of ticket sales revenue and agreed to the College's general ledger without exception.

16. We obtained from management the method for allocating indirect costs to the athletic department as discussed in Note 1 on page 7.

No additional procedures were performed.

17. 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 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 Statement of Revenues and Expenses of the College of Charleston Intercollegiate Athletics Program for the year ended June 30, 2011. 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.

In addition, we were not engaged to and did not conduct an audit of the financial statements, notes and schedules reflected in Attachment A to this report.

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.

Greenwood, South Carolina  
January 5, 2012

*Elliott Davis, LLC*

**COLLEGE OF CHARLESTON**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
**STATEMENT OF REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(UNAUDITED AND PREPARED BY MANAGEMENT)**

*Attachment A*

<b>Categories</b>	<b>Men's</b>		<b>Women's</b>		<b>Coed</b>	<b>Nonprogram Specific</b>	<b>Total</b>
	<b>Basketball</b>	<b>Other Sports</b>	<b>Basketball</b>	<b>Other Sports</b>			
<b>Revenues:</b>							
Student Activity Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,704,676	\$ 9,704,676
Commissions	-	-	-	-	-	36,996	36,996
Ticket Sales	656,441	40,603	2,276	5,181	-	-	704,501
Donations and Memberships	-	-	-	-	-	505,000	505,000
NCAA Distribution	13,500	9,720	-	2,694	-	215,339	241,253
NIT/SOCON Distribution	-	2,933	-	-	-	47,616	50,549
Rental Income	-	-	-	-	-	8,936	8,936
Royalties	-	-	-	-	-	63,873	63,873
Guarantees	70,000	3,000	24,000	4,500	-	-	101,500
Other	8,732	52,483	5	286,165	-	63,791	411,176
<b>Total Revenues</b>	<b>\$ 748,673</b>	<b>\$ 108,739</b>	<b>\$ 26,281</b>	<b>\$ 298,540</b>	<b>\$ -</b>	<b>\$ 10,646,227</b>	<b>\$ 11,828,460</b>
<b>Expenses:</b>							
Personal Services	\$ 532,430	\$ 561,492	\$ 267,560	\$ 624,606	\$ 32,463	\$ 815,356	\$ 2,833,907
Fringe Benefits	128,386	164,297	73,674	180,502	14,225	177,606	738,690
Contractual Services	408,232	430,645	102,708	685,889	141,610	712,730	2,481,814
Supplies	38,862	164,778	35,612	193,320	4,415	352,170	789,157
Scholarship	475,926	991,500	473,264	1,767,573	-	22,006	3,730,269
Fixed Charges	3,983	81,317	11,635	100,834	1,390	119,517	318,676
Travel	82,386	39,744	24,664	35,747	-	26,795	209,336
<b>Total Expenses</b>	<b>\$ 1,670,205</b>	<b>\$ 2,433,773</b>	<b>\$ 989,117</b>	<b>\$ 3,588,471</b>	<b>\$ 194,103</b>	<b>\$ 2,226,180</b>	<b>\$ 11,101,849</b>
<b>Excess(Deficiency) of Revenues over Expenses</b>	<b>\$ (921,532)</b>	<b>\$ (2,325,034)</b>	<b>\$ (962,836)</b>	<b>\$ (3,289,931)</b>	<b>\$ (194,103)</b>	<b>\$ 8,420,047</b>	<b>\$ 726,611</b>

**COLLEGE OF CHARLESTON  
INTERCOLLEGIATE ATHLETICS PROGRAM**

Notes to Statement of Revenues and Expenses  
For the year ended June 30, 2011  
(Unaudited and prepared by management)

**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 Athletic 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 \$392,713 were recorded as and are part of contractual services nonprogram 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, 2011, the Board of Trustees of the College of Charleston approved a student fee of \$476 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.

**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, to be included in the Statement of Revenues and Expenses.

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.

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**Note 2 – NCAA Legislation, Continued**

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 completed by January 17, 2012. NCAA bylaws require all expenses for, or on behalf of the College’s intercollegiate athletics program, including those by outside organizations, to be included on the Department’s Statement of Revenues and Expenses.

**Note 3 – Capital Expenses**

The College of Charleston expended approximately \$118,000 for capital items, related to facilities or equipment used by the Intercollegiate Athletic Program, which were funded and paid 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, 2011 contributions from individual donors to the Intercollegiate Athletic Program in excess of 10% of all contributions to the department were as follows:

<b><u>Donor</u></b>	<b><u>Amount</u></b>
College of Charleston Cougar Club	\$475,000

In addition to the amount above, which was given directly to the College of Charleston for scholarships, the College of Charleston Cougar Club paid \$974,170 in expenses on behalf of the College of Charleston’s Intercollegiate Athletic Program. This amount has not been included in Attachment A.