

COLLEGE OF CHARLESTON

NCAA REPORT

FOR THE YEAR ENDED JUNE 30, 2012

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



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

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

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and management of the College of Charleston (the College), solely to assist management in determining if the College was in compliance with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1 for the year ended June 30, 2012. The College is responsible for its Statement of Revenues and Expenses of the College's Intercollegiate Athletics Program for the year ended June 30, 2012. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the associated findings are as follows:

1. We obtained from management the Statement of Revenues and Expenses of the College's Intercollegiate Athletics Program (the Statement) for the year ended June 30, 2012, 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.
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 \$51,000 from the College of Charleston Cougar Club in the amount of \$450,000.
3. We compared actual revenues and expenses 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 \$40,000 from the prior year amounts and obtained explanations for variances from management. Below are explanations provided by management for the overall variances by program as follows:

Revenue:

Student Activity Fees (Non-program specific) - This revenue increased \$956,248, or 10%, compared to fiscal year 2011. The increase is attributable to the increase in the underlying student fee from \$476 in fiscal year 2011 to \$500 in fiscal year 2012 coupled with enrollment increases.

NCAA Distribution (Non-program specific) – This revenue increased \$49,246, or 23%, compared to fiscal year 2011. The increase is due to increased revenue distribution from the NCAA to schools for sport sponsorship and grant in aid distribution.

(Continued)

Facilities Naming Rights (Non-program specific) – This revenue increased \$600,000 or 100%. Naming rights to the basketball arena were sold to TD Bank, NA and were received in fiscal year 2012.

Guarantees (Men’s Basketball) - This revenue increased \$225,253, or 322%, compared to fiscal year 2011. The increase is attributable to participation in a tournament in the Bahamas, as well as additional payments received from games played against Clemson University and University of Louisville.

Expense:

Personal Services (Basketball) - This expense increased by \$53,491, or 10%, compared to fiscal year 2011. The increase is attributable to an increase in salary for the new basketball staff and leave payout of the old staff.

Personal Services (Non-program Specific) - This expense increased by \$232,236 or 28% compared to fiscal year 2011. Approximately \$70,000 of the increase is due to a new account, Multimedia for Athletics. The remaining increase is due to additional student and temporary staffing and bonuses paid in fiscal year 2012 and not 2011.

Contractual Services - Total contractual services expenses increased \$891,847, or 113%, compared to fiscal year 2011. Approximately \$102,000 of the increase in expenses is men’s basketball team travel to the Bahamas. Sand volleyball was added as a new sport for women in FY12 resulting in \$45,000 in travel expenses. The majority of the increase is attributed to utility, maintenance, and janitorial services costs of \$511,000 which were charged to athletics for the first time in FY12. Additionally, \$69,000 was spent for the construction of the new Hall of Fame display.

Supplies (Non-program Specific) - This expense decreased by \$137,695, or 39%, compared to fiscal year 2011, which included additional audiovisual expenses. Also, during 2012, procurement card purchases made by the operations director of the arena came out of the athletics department as opposed to the administration budget as in prior years.

Scholarships (Women’s Basketball) - This expense decreased by \$101,285 or 21%, compared to fiscal year 2011 due to fewer scholarships being awarded due to a change in coaching personnel. Total scholarships for all women’s sports rose slightly from the prior year.

4. For student activity revenue, we compared the amount per the College’s general ledger to the corresponding amount on the Statement. In addition, we compared the reported student activity fees to a recalculation provided by management of student enrollment figures and the related fee charged to students. We recalculated management’s computation for the student activity fee revenue to within 0.67% of the recorded amount.
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.
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.
7. We compared the amounts of expenses paid on behalf of the College’s Intercollegiate Athletics Program reported in the College of Charleston Cougar Club’s financial statements, for the year ended June 30, 2012, to the amount reported in Note 5 on page 8.
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.

9. Twenty-five cash receipts for the year ended June 30, 2012 were judgmentally selected from the College's general ledger related to the Intercollegiate Athletics Program. Each of the cash receipts listed below was compared to supporting documentation (e.g. deposit records, invoices, etc.).

Sample	Document #	Receipt #	Date	Cash/Check	Credit Card
				Amount	Amount
1	F0006626	132327	07/11/11	\$ 25,000.00	\$ -
2	F0006886	137248	08/04/11	160,670.00	-
3	F0008852	201822	02/08/12	-	3,430.00
4	F0008282	176771	12/06/11	75,000.00	-
5	F0008729	197486	01/25/12	11,065.13	-
6	F0008525	188384	01/07/12	60.00	-
7	F0008373	183076	12/17/11	-	3,080.00
8	F0007205	149520	08/23/11	80,002.00	-
9	F0007989	168758	11/02/11	600,000.00	-
10	F0008525	188058	01/07/12	400.00	-
11	F0008465	185216	01/04/12	-	3,905.00
12	F0008401	183794	12/20/11	30.00	-
13	F0008465	185216	01/04/12		1,060.00
14	F0007054	143553	08/16/11	14,211.68	-
15	F0009052	209553	02/29/12	186.00	-
16	F0007530	157385	09/14/11	45,000.00	-
17	F0008802	200096	02/02/12	1,600.00	-
18	F0007907	166947	10/24/11	2,233.70	-
19	F0008209	174341	11/22/11	-	2,505.00
20	F0007530	157385	09/14/11	2,002.41	-
21	F0009371	223413	04/14/12	1,861.45	-
22	F0007878	166573	10/21/11	-	127.00
23	F0008852	201822	02/08/12	-	191.20
24	F0007606	159929	09/22/11	73,200.00	-
25	F0008705	196383	01/20/12	-	25.00

10. We obtained from management a listing of athletic department staff employed during the year. We judgmentally selected six employees 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.

Colin C. Bentley
Howard E. Cromwell
James E. Futrell

Troy V. Lesesne
Marlene V. Navor
Laura Lageman

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.

Patricia B. Moss
Charlotte N. Napier
Brandon S. Stevens

12. Twenty-five cash disbursements for the Intercollegiate Athletics Program for the year ended June 30, 2012 were judgmentally selected from the College's general ledger related to the Intercollegiate Athletics Program. For each of the twenty-five disbursements listed below, we compared the disbursed amount and payee information to supporting documentation (e.g. invoice, check).

<u>Sample</u>	<u>Document/ Voucher #</u>	<u>Invoice #</u>	<u>Payee/Description</u>	<u>Date</u>	<u>Amount</u>
1	36372	I0040873	STORY BOOK FARM	7/5/2011	\$ 7,715.00
2	36529	I0041142	STICKY FINGERS	7/8/2011	7,673.03
3	36812	I0041741	KIAWAH ISLAND GOLF RESORT	7/18/2011	2,000.00
4	40128	I0044179	STICKY FINGERS	9/2/2011	319.09
5	41582	I0045614	APPLE COMPUTER INC	9/26/2011	3,558.00
6	41787	I0045828	SLEEP INN MT PLEASANT	9/28/2011	5,123.58
7	41652	I0045735	A DOUGH RE MI PIZZERIA	9/28/2011	4,804.32
8	42016	I0046032	DISSINGER INSURANCE SVCS,LLC	10/5/2011	101,500.00
9	I0015019	I0046106	GLOBAL AIRLINE SERVICES, INC.	10/5/2011	52,500.00
10	42399	I0046658	BARNES AND NOBLE BOOKSELLERS I	10/12/2011	6,558.48
11	42570	I0046587	WFF FACILITY SERVICES	10/12/2011	10,925.42
12	42816	I0047045	EMPIRE EQUIPMENT COMPANY	10/19/2011	3,271.28
13	43138	I0047441	AMITRACE	10/28/2011	39,495.00
14	43168	I0047645	CHRISTOPHER TRUCKS INC	10/28/2011	38,100.00
15	44111	I0048819	NISSAN MOTOR ACCEPTANCE CORP	11/18/2011	157.42
16	44664	I0049740	EVENT PARTNERS LLC	12/7/2011	14,452.91
17	48401	I0052474	THE PIT STOP DELI LLC	2/6/2012	248.63
18	48930	I0052839	XOS TECHNOLOGIES INC	2/15/2012	28,502.00
19	48815	I0051210	HD SUPPLY COMPANY LTD	2/15/2012	2,837.48
20	48931	I0053226	110% AUDIO	2/17/2012	9,000.00
21	49735	I0054320	JOHN FOSTERS DISCOUNT RACQUET	3/5/2012	175.00
22	49827	I0054435	KIAWAH ISLAND GOLF RESORT	3/7/2012	54,826.16
23	51336	I0056822	KIAWAH ISLAND GOLF RESORT	4/11/2012	79,793.44
24	52321	I0058139	AAA CAROLINAS	5/4/2012	266.60
25	53464	I0059557	TELEMETRICS INC	5/25/2012	14,000.00

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.

Ainhoa Nogales – Women's Golf
Trevonte Dixon – Men's Basketball
Christa Hourocks – Women's Track

14. We obtained from management the name of each outside organization not under the College's accounting control that has as its principal purpose generating resources on behalf of the College's Intercollegiate Athletics Program. We were informed the College had one such organization, the College of Charleston Cougar Club.
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, 2012, 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 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, 2012. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Trustees and management of the College of Charleston and South Carolina State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Greenville, South Carolina
January 7, 2013

Elliott Davis, LLC

**COLLEGE OF CHARLESTON
INTERCOLLEGIATE ATHLETICS PROGRAM
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012
(UNAUDITED AND PREPARED BY MANAGEMENT)**

Categories	Men's		Women's		Coed	Non-program Specific	Total
	Basketball	Other Sports	Basketball	Other Sports			
Revenues:							
Student Activity Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,660,924	\$ 10,660,924
Commissions	-	-	-	-	-	26,173	26,173
Ticket Sales	650,199	37,231	24,219	4,283	-	-	715,932
Donations and Memberships	-	-	-	-	-	510,000	510,000
NCAA Distribution	-	21,510	-	-	-	264,585	286,095
NIT/SOCOC Distribution	-	2,002	-	-	-	51,357	53,359
Rental Income	-	-	-	-	-	24,058	24,058
Royalties	-	-	-	-	-	58,410	58,410
Guarantees	295,253	1,500	26,000	2,500	-	-	325,253
Facilities Naming Rights	-	-	-	-	-	600,000	600,000
Other	5,984	58,060	1,111	267,849	-	29,203	362,207
Total Revenues	\$ 951,436	\$ 120,303	\$ 51,330	\$ 274,632	\$ -	\$ 12,224,710	\$ 13,622,411
Expenses:							
Personal Services	\$ 585,921	\$ 594,618	\$ 305,640	\$ 660,027	\$ 34,463	\$ 1,047,592	\$ 3,228,261
Fringe Benefits	138,862	181,706	77,933	188,490	15,019	214,284	816,294
Contractual Services	509,913	492,438	127,684	721,581	140,796	1,381,249	3,373,661
Supplies	41,617	170,093	38,738	193,450	537	489,865	934,300
Scholarships	471,523	1,038,022	371,979	1,888,303	-	-	3,769,827
Fixed Charges	7,503	95,147	7,062	92,317	1,390	129,528	332,947
Travel	108,342	39,681	14,512	38,828	-	25,428	226,791
Total Expenses	\$ 1,863,681	\$ 2,611,705	\$ 943,548	\$ 3,782,996	\$ 192,205	\$ 3,287,946	\$ 12,682,081
Excess (Deficiency) of Revenues over Expenses	\$ (912,245)	\$ (2,491,402)	\$ (892,218)	\$ (3,508,364)	\$ (192,205)	\$ 8,936,764	\$ 940,330

COLLEGE OF CHARLESTON
INTERCOLLEGIATE ATHLETICS PROGRAM

Notes to the Statement of Revenues and Expenses
For the year ended June 30, 2012
(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 Athletics Program. The Statement of Revenues and Expenses has been prepared using the accrual basis of accounting. However, no provision has been made for depreciation of capital assets. Revenue is recognized when earned and expenses when supplies or services are received. Indirect costs, including general administrative costs, maintenance and other related costs, are allocated to the Department of Athletics as a percentage of Athletics' salaries to total College salaries. These costs of \$441,302 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, 2012, the Board of Trustees of the College of Charleston approved a student fee of \$500 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.

(Continued)

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. 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 \$246,000 for capital items, related to facilities or equipment used by the Intercollegiate Athletics 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, 2012, contributions from individual donors to the Intercollegiate Athletics Program in excess of 10% of all contributions to the department were as follows:

<u>Donor</u>	<u>Amount</u>
College of Charleston Cougar Club	\$510,000

In addition to the amount above, which was given directly to the College of Charleston for scholarships, the College of Charleston Cougar Club paid \$1,092,031 in expenses on behalf of the College of Charleston’s Intercollegiate Athletics Program. This amount has not been included in Attachment A.