Coastal Carolina University
Conway, South Carolina

Comprehensive Annual Financial Report

Included in the Higher Education Fund
of the State of South Carolina
for the Fiscal Year Ended June 30, 2009

Comprehensive Annual Financial Report

Included in the Higher Education Fund, an Enterprise Fund of the State of South Carolina

For the Fiscal Year Ended June 30, 2009

Prepared by the

Office of the Vice President for Finance and Administration

and the

Office of the Senior Vice President for Finance and Administration

COASTAL CAROLINA UNIVERSITY
FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

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COASTAL CAROLINA UNIVERSITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT

INTRODUCTORY SECTION

Bridge to E. Craig Wall Sr. College of Business Administration Building

President's Letter 2009

Dr. David A. DeCenzo

November 2, 2009

Dear Coastal Carolina Friends:

Building upon the tradition, integrity and excellence of Coastal Carolina University during the past year—my second as president—has provided both financial challenges and celebratory moments. Institutional support from local citizens, alumni, staff, faculty and students has imparted strength and renewal for success even during financially challenging times. The following highlights attest to academic accomplishments, inter-agency cooperation and a clear vision of University growth:

- In a landslide vote (67%) Horry County citizens voted for a penny sales tax to support public schools, Horry-Georgetown Technical College and Coastal Carolina University. The tax, dubbed "The Education Penny," is expected to provide between $800 million and a billion dollars over the next fifteen years for school and college facility improvements. To my knowledge, this is the only such three-way sharing of revenue in the state.

- Fall 2008 enrollment accelerated over 2007 by 6% in FTE, with 8,154 students enrolled. In Spring 2009, Coastal Carolina University witnessed its largest graduating class, granting 755 diplomas.

- The Coastal Educational Foundation received one of the largest gifts in history designated for health science education – and all health related programs have now been relocated to the College of Natural and Applied Sciences.

- In other science news, our faculty joined with the State Energy Office, Santee Cooper, Clemson and North Carolina State University to conduct research on wind power for commercial use.

- We welcomed a number of new associates, including a new Vice President for University Advancement, who also serves as Executive Director of the Coastal Educational Foundation.

- University Economist Don Schunk continually provided local and regional market information and analysis for local development groups and news media. Other faculty accomplishments included several engaged in Fulbright research, numerous national and

state awards, including the Outstanding Professor of the Year Award earned by Health Promotion Professor Dr. Sharon Thompson.

- The international Honor Society Beta Gamma Sigma named the E. Craig Wall Sr. College of Business Administration's Chapter silver medal winner (second place) in the Best Chapter Award in the world for 2009.

- Nine alumni chapters were formed in four states and the District of Columbia.

- The University Relations events office scheduled 15,192 events on its campus from July 1, 2008-June 30, 2009. Specifically, the special events office hosted 108 events targeting a variety of audiences, including: volunteers, students, donors, faculty/staff, community, alumni, municipalities and legislative delegation. University Relations and Special Events hosted and the Department of Public Safety sponsored the Linda B. Floyd Campus Safety Conference with the Commission on Higher Education in February 2009. Over 170 individuals attended from across South Carolina and the Southeast Region.

- On October 23, 2008, I convened a meeting of the Strategic Management Committee and charged the committee to begin the implementation process of the Strategic Plan as adopted. The committee met five times over the course of the year to establish criteria for the annual assessment of the plan.

- In department consolidation, the Office of University Communication formed to include Printing, Photography, Media Services, Athletic Media Relations, News and Public Affairs, Marketing and Licensing. This department completed extensive social science research as the foundation for launching the first statewide, integrated marketing campaign in University history. The theme of this campaign, "It's about You," resonated with students, leading last fall to the largest freshman class in our history.

Large enough for quality experiences but small enough for individual attention, Coastal Carolina University takes pride in the achievements of students, faculty, staff, alumni and friends. Through sound strategic planning and measurement, wise allocation of resources and public engagement, we will continue to uphold our commitment to our stated values of integrity and excellence and to improve the quality of life of all South Carolinians.

Respectfully submitted,

/s/ David A. DeCenzo

David A. DeCenzo, Ph. D.
President

COASTAL CAROLINA
UNIVERSITY

Senior Vice President for Finance and Administration

LETTER OF TRANSMITTAL

November 9, 2009

To the President and
Members of the Board of Trustees:

We are pleased to present to you the Comprehensive Annual Financial Report of Coastal Carolina University for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances of Coastal Carolina University. Consequently, management accepts full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the University has established a comprehensive internal control framework that is designed both to protect the University's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the University's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the University's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The University's financial statements have been audited by Cline Brandt Kochenower & Co., P.A., certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the University for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the University's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The University's MD&A can be found immediately following the report of the independent auditor.

Profile of the University

Coastal Carolina University was founded in 1954 by a group of Horry County citizens who lent their vision and support to bringing higher education to the local area. Initially a two-year college, the new school was supported by private funds, and was operated under the auspices of the College of Charleston. A referendum in 1958 resulted in a county property tax millage being made available for the support of the college, and Coastal Carolina University entered into an agreement in 1959 with the University of South Carolina to become a campus of the University System. In 1963, with the support of the Coastal Educational Foundation, Inc. and the Horry County Higher Education Commission, the college moved to its current location, with the completion of the Edward M. Singleton Administration Building.

Coastal Carolina College became a four-year institution in 1974, awarding baccalaureate degrees in several areas. During the decade of the 1980's, Coastal Carolina College experienced a dramatic growth, with the enrollment doubling in size from approximately 2,000 to 4,000 students.

In 1991, the Coastal Educational Foundation, Inc. and the Horry County Higher Education Commission voted to seek legislative approval to establish an independent Coastal Carolina University. The University of South Carolina President and Board of Trustees agreed to the proposed independence for Coastal Carolina University. In the 1993 session, the South Carolina legislature established Coastal Carolina University as an independent state-supported institution, effective July 1, 1993. The University, for the first time, had acquired its own Board of Trustees, which met July 1, 1993, and named Ronald R. Ingle as the University's first president. Dr. David A. DeCenzo became the second president of Coastal Carolina University on May 7, 2007.

Coastal Carolina University's academic areas are organized into four colleges – Business, Education, Science, and Humanities and Fine Arts, offering 41 major fields of study and 37 undergraduate minors. The University also offers master's degree programs in business administration, education and coastal marine and wetland studies. Programs with national accreditation include the College of Business (AACSB), Studio Art (NASAD), Computer Science (ABET), Teacher Education (NCATE), Professional Golf Management Program (PGA), and Health Promotion (SOPHE/AAHE). Our many international partnerships make it possible for students to study in places such as Australia, China, Costa Rica, England, Ecuador, France, Galapagos Islands, Germany, India, Ireland, Japan, Russia and Spain. Coastal Carolina University houses approximately 2,287 students on or near campus with a total FTE enrollment of 7,610

in fall of 2008. Coastal Carolina University has grown from the one building in 1963 to 71 buildings totaling approximately 837,897 square feet.

Economic Environment

Coastal Carolina University's financial profile fits more closely with that of a private institution than with a typical public institution. As the percent of resources from state funding has fallen dramatically over the past few years, it has been necessary to increase tuition to continue to provide quality educational programs. Although the state has chosen to fund students through scholarships, primarily from lottery funds, these funds did not add to the funds available to the University to provide programs and services. For many years, Coastal has ranked among the lowest in the state in in-state tuition charges. The University's in-state tuition continues to be below average. The average percent increase of in-state tuition for the comprehensive university sector over the previous year was 4.70 percent. The increase for Coastal over this same period was 3.47 percent. Coastal Carolina University had the lowest tuition increase year over year than all of the other South Carolina Universities. Out-of-state students, on the other hand, have been charged an amount that exceeds their educational costs, to ensure that out-of-state students do not constitute a drain on state resources.

The University is located nine miles from Myrtle Beach, one of the fastest growing metropolitan areas in the United States. The growth of the surrounding area continues to impact the University's potential for growth. In addition, the local technical college, Horry-Georgetown Technical College, has experienced similar growth in enrollment, preparing many more students for transfer to Coastal Carolina University for their junior and senior years.

The University operates five auxiliary enterprises which have helped to build and sustain cash reserves in tight economic times. They consist of the bookstore (outsourced to Follett's), housing (operated by the University), vending (outsourced to Coca-Cola and Total Vending), food service (outsourced to Aramark) and the golf course. Since Fall 2007, student health services have been provided for all undergraduate students as a part of the basic tuition cost. A cooperative program with Horry Georgetown Technical College is the operation of Quail Creek Golf Course, which is also open to the public. This enterprise was added in fiscal year 2006 as a required complement to the University's professional golf management course of study. The golf course is an asset as it helps attract approximately 255 students to the professional golf management program (Fall 2009). It is also one of only 20 programs nationwide accredited by the PGA of America.

The University is also fortunate to receive county appropriations from both Horry County and Georgetown County. This gives the University flexibility to take on specific projects in the interest of the citizens of each of those counties which also benefits the entire University community.

Long-Term Financial Planning

When Dr. David A. DeCenzo became president of Coastal Carolina University in May 2007, he pledged to begin a process through which the campus community would work together to define its future as an institution modeled on the ideals of excellence and integrity, while appreciating the University's traditions. The focus of his inauguration speech on tradition, integrity and excellence continues in Coastal Carolina University's 2008-2013 Strategic Plan, entitled (Tradition, Integrity, Excellence: Building a Comprehensive University." This strategic plan will enable Coastal Carolina University to realize its vision of becoming the public comprehensive university of choice in South Carolina. The plan's emphasis on meeting educational needs and ensuring success for students, faculty and staff, while ensuring financial viability and managed growth will help us to focus the University's efforts and resources on desired outcomes and deliver the quality bachelor's and master's programs that are the hallmarks of an outstanding comprehensive university.

The strategic planning process at Coastal Carolina University has been significantly revised to adopt an explicit commitment to openness that included the input of hundreds of students, faculty, staff, alumni, trustees and community members. Throughout the past year, several significant processes within the strategic planning area have demonstrated this openness including:

- A 17-member Strategic Planning Steering Committee was developed to bring broad stakeholder representation to the discussion and evolution of the new strategic plan;

- As an institution, Coastal Carolina University has realistically and publicly assessed the University in a number of critical ways, including bringing in outside consultants (the Fisher Group) to provide external critique on institutional processes;

- Coastal Carolina University has identified peer and aspirant institutions;

- Coastal Carolina University has initiated a process of more effectively utilizing meaningful benchmarks to judge the University's position relative to peer, aspirant and competing institutions;

- Based on the involvement of hundreds of students, faculty, staff, alumni, trustees and community members, Coastal Carolina University has adopted a new mission statement that was approved by Coastal Carolina University's Board of Trustees on December 14, 2007, and received final approval by the South Carolina Commission on Higher Education on January 8, 2008;

- Utilizing input from all stakeholder groups and information from peer, aspirant and competing institutions, Coastal Carolina University revisited and revised the University values statement in spring 2008;

- In spring 2008, a limited number of key strategies were identified and six key task forces with broad stakeholder representation worked on analyzing and identifying key priorities and recommendations for the major issues that surfaced as a result of the critical reflection and analysis noted above. The reports from these task forces included a total of 26 goals, 95 objectives and more than 120 bulleted specific questionable areas;

- The final draft strategic plan was shared with University stakeholders for their feedback and input. With the resulting changes, the strategic plan presented to the Board of Trustees in June 2008 included four main and three supporting strategies (shown below) that will drive Coastal Carolina University forward. These strategies are further broken down into 22 goals and 91 objectives. The implementation plan developed as a part of that plan will ensure that Coastal Carolina University not only makes progress on this strategic plan, but that the University is poised to embrace an open, inclusive approach that guarantees accountability in the face of a bright and dynamic future.

Key Strategies

1. Meeting the Educational Needs of Students and Community - Expand degree and non-degree program offerings and formats while maintaining quality in all programs.

2. Ensuring Student Success - Increase retention and graduation rates by supporting programs and services that enrich the student learning and living environment and broaden the diversity of students seeking Coastal Carolina University as their choice for educational advancement.

3. Highly Qualified Faculty and Staff Success - Develop programs and services that support a successful, satisfying, safe, healthy, and productive work life for Coastal Carolina University faculty and staff.

4. Ensuring Financial Viability and Managed Growth – Ensure responsible financial management practices which are based on a clear commitment to enrollment growth and consistent with the mission of the University.

Supporting Strategies

1. Improved Communication - Enhance communication within the University.

2. Stronger Assessment and Accountability - Implement and maintain an environment of institutional effectiveness that is based on a culture of assessment, results in continuous improvement, and supports the University in effectively accomplishing its mission.

3. Increased Technological Support - Manage technology tools, systems, skills, and applications to deliver effectively on the key strategies.

The University's Campus Master Plan, updated in 2004, provides a strong base and clear direction to institutional development. Details of the Campus Master Plan process are available on the University's web site www.coastal.edu/masterplan.

Relevant Financial Policies

In addition to being guided by its own Strategic Plan, the University is a part of state government in South Carolina, and as such, follows state law and policies regarding procurement, construction, human resource practices, contract and grant funding and other operating practices. A budget is submitted annually to the Governor's Office, which is built on a robust internal budget process. University budget policies are built on the strategic plan, the campus master plan, and current enrollment data. When borrowing funds for capital projects is necessary, the University accomplishes this by working through staff in the State Treasurer's Office.

Major Initiatives

Coastal Carolina University requested and received approval of an $11.3 million bond issue at the South Carolina Budget and Control Board on August 8, 2006. This bond issue continues to fund a large number of projects. More recently, Coastal Carolina University has received approval from the South Carolina State Budget and Control Board to issue an additional $54 million in Institutional Bonds to address the following projects:

2009 Bond Issue Projects	Amount
1. Science Building Lab / Office Annex	$ 15,000,000
2. Student Recreation / Convocation Center	$ 35,000,000
3. Kimbel Library / Information Commons Addition	$ 4,000,000
Total	$ 54,000,000

The acquisition and modification of space to accommodate programs and services is one of Coastal Carolina University's highest budget priorities. In spite of all of the stop gap measures for providing space, the addition to academic and support space does not begin to address the 79 percent growth in students over the past ten years.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Coastal Carolina University for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. This was the sixth year that the University received this prestigious award. In order to be awarded a Certificate of Achievement, the University published an easily readable

and efficiently organized CAFR that satisfied both generally accepted accounting principles and legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report is the result of dedicated teamwork by the staff in the departments of Finance and Administration, Institutional Research and Assessment, Information Technology Services and Printing Services. A good report depends as much on data integrity at the level of each transaction as it does on statistical analysis and spreadsheet preparation. We appreciate the hard work and good humor of staff members and their adherence to quality professional standards. Significant credit is also due to the President and Board of Trustees for their leadership, dedication, vision, and encouragement to each member of the University community to strive for excellence. The staff especially appreciates the breadth of experience and thorough review completed by the University's external auditors, Cline Brandt Kochenower & Co., P.A.

Respectfully submitted,

/s/ Wilbur L. Garland

Wilbur L. Garland
Senior Vice President for
Finance and Administration

/s/ Stacie A. Bowie

Stacie A. Bowie
Vice President for
Finance and Administration

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Coastal Carolina University
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

COASTAL CAROLINA UNIVERSITY
BOARD OF TRUSTEES
2009-2010

Marshall C. Sanford, Jr.	Ex Officio Chairman
Natasha M. Hanna	First Congressional District – Seat One
Larry Biddle	First Congressional District – Seat Two
Oran P. Smith	Second Congressional District – Seat Three
Robert G. Templeton	Second Congressional District – Seat Four
William S. Biggs	Third Congressional District – Seat Five
William L. Lyles, Jr.	Third Congressional District – Seat Six
Charles J. Hodge	Fourth Congressional District – Seat Seven
D. Wyatt Henderson	Fourth Congressional District – Seat Eight
Samuel J. Swad	Fifth Congressional District – Seat Nine
Robert D. Brown	Fifth Congressional District – Seat Ten
Gary W. Brown	Sixth Congressional District – Seat Eleven
J. Wayne George	Sixth Congressional District – Seat Twelve
Eugene C. Spivey	At-Large – Seat Thirteen
William H. Alford, Chair	At-Large – Seat Fourteen
Daniel W. R. Moore, Sr.	At-Large – Seat Fifteen
Samuel H. Frink	Gubernatorial Designee
Joseph L. Carter	Gubernatorial Designee
Gene Anderson	Trustee Emeritus
Payne H. Barnette, Jr.	Trustee Emeritus
Fred F. DuBard, Jr.	Trustee Emeritus
Cathy B. Harvin	Trustee Emerita
Dean P. Hudson	Trustee Emeritus
James J. Johnson	Trustee Emeritus
Juli S. Powers	Trustee Emerita
Keith S. Smith	Trustee Emeritus

COASTAL CAROLINA UNIVERSITY
ADMINISTRATIVE OFFICERS
2009-2010

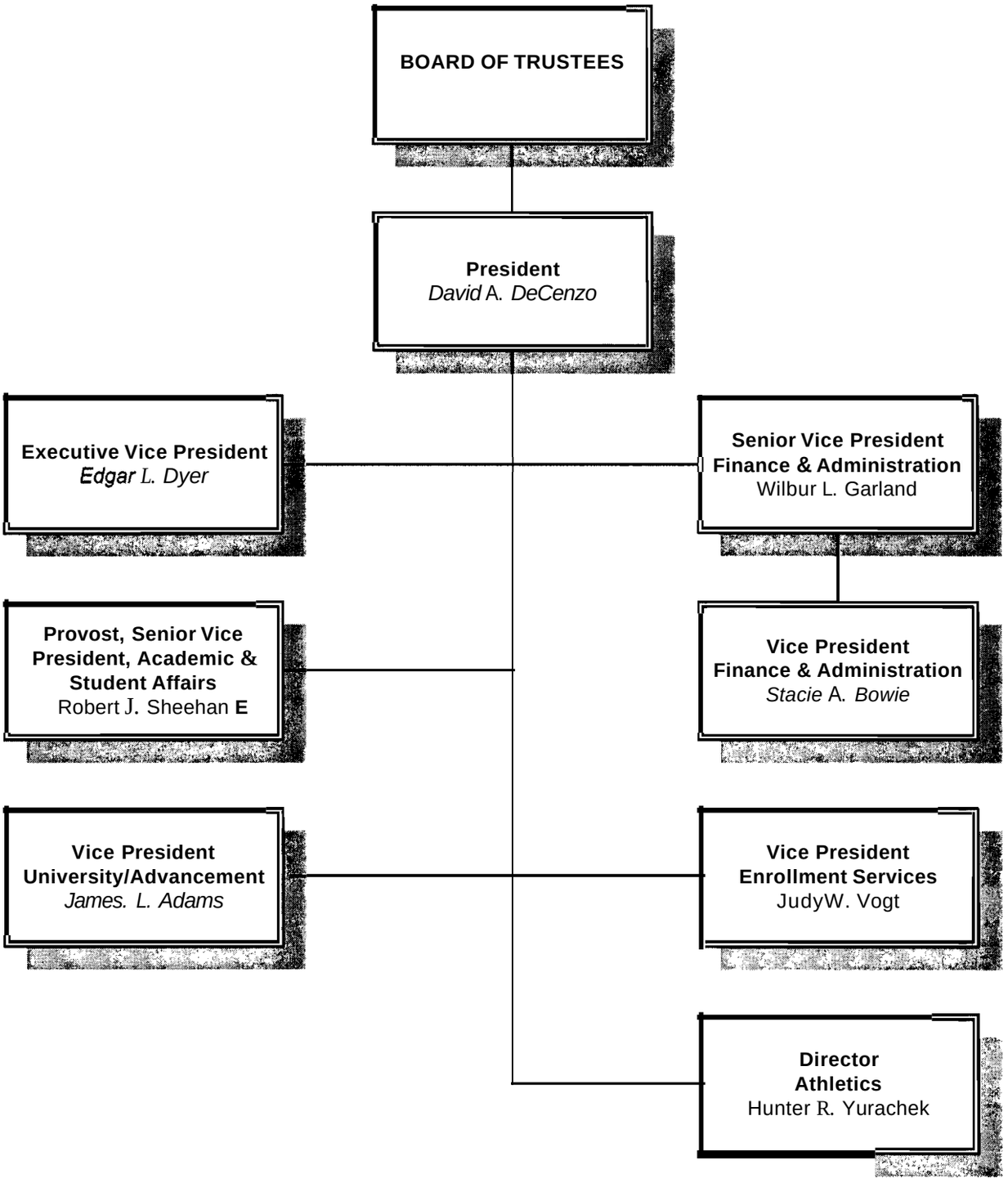
David A. DeCenzo, Ph.D.	*President*
Edgar L. Dyer, J.D.	*Executive Vice President*
Robert J. Sheehan, Ph.D.	*Provost, Senior Vice President, Academic & Student Affairs*
Wilbur L. Garland, M.B.A.	*Senior Vice President, Finance and Administration*
Judy W. Vogt, Ed. D.	*Vice President, Enrollment Services*
James L. Adams, Ed. D.	*Vice President, University Advancement*
Hunter R. Yurachek, M.S.A.	*Director, Athletics*
Mary E. Eaddy, M.A.	*Interim Vice President, University Communication and Special Assistant to the President*
Stacie A. Bowie, M.B.A.	*Vice President, Finance and Administration*
Haven L. Hart, M. Ed.	*Associate Vice President, Student Affairs, Dean of Students*
Deborah K. Conner, Ph.D.	*Associate Vice President, University Relations*
Timothy E. Meacham, J.D.	*University Counsel*
Lori G. Church, C.P.A., C.I.A.	*University Controller*
Barbara C. Buckner, Ed. D.	*Associate Provost, Assessment & Accreditation*
Sallie D. Clarkson, M.L.S.	*Associate Provost, Administrative & Academic Student Services*
Valgene L. Dunham, Ph.D.	*Interim Associate Provost, Grants & Sponsored Research*
Richard L. Johnson, Ph.D.	*Director, Graduate Studies*
David W. Evans, Ph.D.	*Assistant Provost, Technical College Engagement and Director, Bridge Programs*
Dianne L. Mark, Ph.D.	*Dean, Spadoni College of Education*
Henry Lowenstein, Ph.D.	*Dean, Wall College of Business Administration*
William H. Richardson, Ph.D.	*Dean, Edwards College of Humanities and Fine Arts*
Michael H. Roberts, Ph.D.	*Dean, College of Natural and Applied Sciences*
Barbara A. Burd, Ph.D.	*Dean, Library Services*

COASTAL CAROLINA UNIVERSITY
FINANCE AND ADMINISTRATION
2009-2010

Wilbur L. Garland	Senior *Vice President, Finance & Administration*
Sharon Sluys	*Administrative Coordinator & Budget Analyst*
Stacie A. Bowie	*Vice President, Finance & Administration*
Mirinda Chestnut	*Administrative Specialist*
Lori Church	*University Controller*
Heather Brady	*Senior Account*
Jaclyn Brown	*Staff Accountant*
Regina Lee	*Director, University Receivables*
Lill Heit	*Accountant, University Receivables*
Shelia Singleton	*Administrative Support, Receivables*
Danny Martin	*Manager, Student Accounts*
Elaine Bridges	*Head Cashier, Student Accounts*
Lisa Dent	*Special Project Coordinator, Student Accounts*
Patty Dudley	*Collections, Student Accounts*
Scott Gallimore	*CINO Card Specialist*
Annette Johnson	*Student Account Specialist, Student Accounts*
Sherrell Richardson	*Cashier, Student Accounts*
Carolyn Singleton	*Installment Payment Plan Coordinator, Student Accounts*
Tukonya Vereen	*Staff, Student Accounts*
Larry Peak	*Director, Grants/Tax Accounting*
Tammy Holt	*Grants Accountant*
Lila Taylor	*Supervisor, Accounts Payable*
Virginia Altman	*Fiscal Tech, Accounts Payable/Travel*
Brenda Rabon	*Fiscal Tech, Accounts Payable/Athletics*
Lynn Silver	*Fiscal Tech, Accounts Payable*
Richard Zook	*Staff Accountant*
Dean Hudson	*Director, Procurement and Business Services*
June Barfield	*Procurement Specialist*
Suzanne Beverly	*Supply Manager, Campus Supply/Inventory*
John McKee	*Supply Specialist Temporary, Campus Supply/Delivery*
John Stokes	*Supply Specialist Campus Supply/Delivery*
Caren Riedinger	*Procurement Specialist*
Annette M. Roberts	*Procurement Specialist*
Robin Strickland	*Procurement Specialist*
Vicki Williams	*Procurement Specialist*
Outsourced	*Aramark Food Services, Follett Bookstore, Coca-Cola Bottling Co., Total Vending.*
Keith Smith	*Director of Finance, Foundations*
Julianne Cooke	*Director of Finance, Foundations*
Robyn Diven	*Donor Relations & Gift Specialist*
Pat West	*Exec Director, Human Resource & Organizational Dev*
David Moyer	*Director, Payroll*
Jill Conway	*Senior Payroll Accountant*
Vicky Rabon	*Senior Payroll Accountant*
Gertrude Southworth	*Accounting Clerk, Payroll*
Linda Lyerly	*Associate Athletic Director, Finance*

COASTAL CAROLINA UNIVERSITY

ORGANIZATIONAL CHART



COASTAL CAROLINA UNIVERSITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FINANCIAL SECTION

Wheelwright Auditorium

COASTAL CAROLINA UNIVERSITY

Independent Auditors' Report

Financial Statements and Schedules

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COASTAL CAROLINA UNIVERSITY

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FINANCIAL INFORMATION

MEMBERS
AMERICAN INSTITUTE OF CPAS
PRIVATE COMPANIES PRACTICE SECTION
SOUTH CAROLINA ASSOCIATION OF CPAS
NORTH CAROLINA ASSOCIATION OF CPAS

CLINE BRANDT KOCHENOWER
& CO., P.A.
Certified Public Accountants
Established 1950

ALBERT B. CLINE, CPA
RAYMOND H. BRANDT, CPA
BEN D. KOCHENOWER, CPA, CFE, CVA
STEVEN L. BLAKE, CPA, CFE
TIMOTHY S. BLAKE, CPA
JENNIFER J. AUSTIN, CPA

Independent Auditors' Report

To the Honorable Mark Sanford.
Governor of the State of South Carolina
And the Board of Trustees of
Coastal Carolina University
Conway, South Carolina

We have audited the accompanying financial statements of the business-type activities and discretely presented component units of Coastal Carolina University (the University), a department of the State of South Carolina, as of and for the year ended June 30, 2009, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of The Coastal Educational Foundation and CCU Student Housing Foundation. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for The Coastal Educational Foundation and Coastal Carolina University Student Housing Foundation, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Govemment Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perfonn the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Coastal Educational Foundation and CCU Student Housing Foundation were not audited in accordance with Govemment Auditing Standards. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the University are intended to present the financial position, changes in net assets and cash flows, where applicable, of only that part of the business type activities that are attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of South Carolina, as of June 30, 2009, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Coastal Carolina University, as of June 30, 2009, and the results of its operations and the changes in net assets and cash flows for the year then ended, in confonnity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis as listed in the accompanying Table of Contents is not a required part of the basic financial statements but is supplementary infonnation required by the accounting principles generally accepted by the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Coastal Carolina University's basic financial statements. The introductory section, the supplemental financial statements and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the US Office of Management and Budget Circular A-133, *Audits* of States, *Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements of the University. The supplementary information and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards,* we have also issued a report dated September 24, 2009 on our consideration of Coastal Carolina University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the score of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Govemment Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

September 24, 2009

Coastal Carolina University
Management's Discussion and Analysis

Coastal Carolina University is pleased to present its financial report for the year ended June 30, 2009. This section, Management's Discussion and Analysis, will describe each of the statements, present a condensed, comparative version of each one, and offer financial highlights for the year.

Using the Annual Financial Report

The University's financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35; Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities. During fiscal year 2004, the University implemented GASB Statement No. 39; Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14, and incorporated one non-governmental component unit, the Coastal Educational Foundation. In fiscal year 2005, the CCU Student Housing Foundation was determined to be a second component unit, primarily due to its close relationship to the growth plans of the institution.

The basic financial statements prescribed by GASB No. 35 (the Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows) are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Statement of Net Assets includes all assets and liabilities of the University. Over time, increases or decreases in net assets (the difference between assets and liabilities) is one indicator of the improvement or erosion of the University's financial health when considered with non-financial facts such as enrollment levels and the condition of facilities.

The Statement of Revenues, Expenses and Changes in Net Assets presents the revenues earned and the expenses incurred during the year. Activities are reported as either operating or non-operating. A public university's dependency on state aid and gifts usually produces an operating deficit because the financial reporting model classifies state appropriations and gifts as non-operating revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The Statement of Cash Flows presents information related to cash inflows and outflows which are classified into operating, non-capital financing, capital financing and related investing activities, and helps measure the ability to meet financial obligations as they mature.

Financial Highlights

In FY2009, financial focus and activity revolved around the state appropriation and operating budget. In the midst of multiple mid-year appropriations cuts totaling 23% or $3.6 million on a base of $16.3 million in recurring state appropriations, University President Dr. David A. DeCenzo announced two primary goals to the university community. The first goal was not to harm the academic activity through budget

cuts and the second was to keep everyone employed. Faculty and staff made suggestions for expense savings directly to the President's office, some of which were implemented right away. Budget cuts were also handed down reducing travel and supplies expense while at the same time increasing student employment opportunities and student aid where possible. These combined efforts helped to facilitate student retention for the second semester which, in turn, kept revenue above budget and enabled the realization of the two goals.

In the previous fiscal year, the University worked with legislators to amend a law allowing higher education to participate in the revenue from sales tax. As a result of this amendment, Coastal Carolina University and Horry Georgetown Technical College were eligible to participate in a 1% sales tax referendum in conjunction with Horry County Public Schools. The 1% sales tax referendum was on the ballot in the November election and passed. The University will receive 13.3% of the tax collected for a period of fifteen years which should result in an estimate of $115 to $120 million restricted to fund additional campus facilities. In the three months in force in FY2009, sales tax collections resulted in $1.4 million for this purpose. FY2010 will be the first full year the tax is collected.

Managing undergraduate enrollment growth continued to be one of the principal planning issues at the University in fiscal year 2009. The undergraduate full-time equivalency (FTE) enrollment for the fall of 2008 was 7,372, representing a 7.0% increase over the previous fall, and an 83% increase since the fall of 2000. Total full-time equivalency (FTE) enrollment for fall of 2008 was 7,610, representing a 6.0% growth over the previous fall and an 85.5% growth since fall of 2000. This growth is coupled with an increase in quality with the average SAT score for fall 2008 for new freshman at 1030, which is above both the national and the South Carolina average. The average high school GPA for fall of 2008 for new freshman is 3.35 which is above the national average and slightly below the South Carolina average of 3.37. In the fall of 2008, the University implemented an in-state tuition increase of 13.8% and an out-of-state increase of 9.0%. This increase included a $350 per semester increase for capital improvement bonding for both in and out-of-state students. This put Coastal's in-state rate slightly above the average rate of higher education offered by South Carolina public institutions with a similar mission. As a result of the tuition increase and enrollment growth, overall gross revenue generated by tuition increased by 17%.

Overall, Coastal Carolina University had the good fortune to have increased student enrollment and the ability to retain these students through both semesters in the midst of national economic uncertainty, while seeing a trend throughout higher education of many students returning to their parent's home and their home state for financial reasons. Because of this good fortune the University was able to handle the large budget cuts imposed by the state and was able to continue moving forward with the overall goals and strategy.

Statement of Net Assets

Total Assets – increase of $15.9 million

Total assets increased by $15.9 million. The increase of $12.3 million in current assets is mainly an increase in cash. The net increase in cash compared to the prior fiscal year is due to cash flows from operating activities of $2.6 million, non-capital financing activities including state and local appropriations, state grants and gifts of $15.1 million, and a net decrease of $7.3 million from capital financing activities. Overall, cash provided by non-capital financing activities decreased by $5.4 million including $4.1 million of state funding and $1.1 million in gift revenue. In addition, there was an increase of $393 thousand in interest income. Net capital assets increased by approximately $3.7 million due to routine capital asset purchases, disposals and depreciation as well as the increase of construction in progress by $6.1 million attributed mostly to the athletic field house construction of $3.4 million, the student center renovation of $1.5 million, and the environmental quality lab renovation of $671 thousand.

Total Liabilities – increase of $1.0 million

Liabilities increased by $1.0 million, primarily due to an increase in year-end accounts payable of $1.2 million of which $656 thousand was one invoice for field house construction costs, accrued payroll of $625 thousand and unearned revenue of $551 thousand. All three are due to timing issues created by the year-end cutoff procedures. Overall, total current liabilities increased by $2.5 million over FY2008.

Non-current liabilities, however, decreased by $1.5 million due mostly to the reduction of bonds and notes payable of $1.83 million.

Net Assets – increase of $14.9 million

Net assets increased by $14.9 million. This was comprised of an increase in capital assets, net of debt of $2.6 million, primarily due to the decrease in bonds payable of $1.6M, and the increase in capital assets of $682 thousand. Net assets restricted but expendable increased by $2.3 million due mostly to the increase of $6.1 million of institutional capital project funds, a decrease of $2.8 million in bond proceeds outstanding and a decrease of funds set aside for debt service of $1.0 million. Unrestricted net assets grew by $9.9 million due mostly to an increase in the set-aside of funding for plant expansion.

Condensed Summary of Net Assets

Assets	2009	2008	Increase/ (Decrease)	Per Cent Change
Current assets	$ 66,701,725	$ 54,406,092	$ 12,295,632	23%
Capital assets, net	94,304,150	90,646,422	3,657,728	4%
Other assets	2,887,351	2,963,631	(76,280)	-3%
Total Assets	163,893,226	148,016,145	15,877,081	11%
Liabilities				
Current liabilities	13,092,745	10,595,182	2,497,563	24%
Non-current liabilities	42,577,797	44,091,647	(1,513,850)	-3%
Total Liabilities	55,670,542	54,686,829	983,713	2%
Net Assets				
Invested in capital assets, net of debt	59,953,874	57,318,311	2,635,563	5%
Restricted - non-expendable	100,000	100,000	-	0%
Restricted - expendable	21,751,075	19,439,071	2,312,004	12%
Unrestricted	26,417,735	16,471,934	9,945,801	60%
Total Net Assets	$ 108,222,684	$ 93,329,316	$ 14,893,368	16%

Statement of Revenues, Expenses and Changes in Net Assets

Total Revenues – increase of $11.0 million

An $11.0 million increase in total revenue was comprised of growth in operating revenues of $13.2 million and a decrease in non-operating revenue of $2.2 million.

The largest dollar volume of increase due to operations was an $11.2 million increase in student tuition and fees, representing a 17% growth over the previous year. In-state student population grew approximately 6% and out-of-state population grew approximately 8%. Tuition increased 13.8% and 9.0% respectively due to an increase of $350 per semester for each student to fund a bond issue for capital improvements on top of regular operating expense increases. Grants, contracts and scholarships increased by $1.5 million, representing an 8% growth.

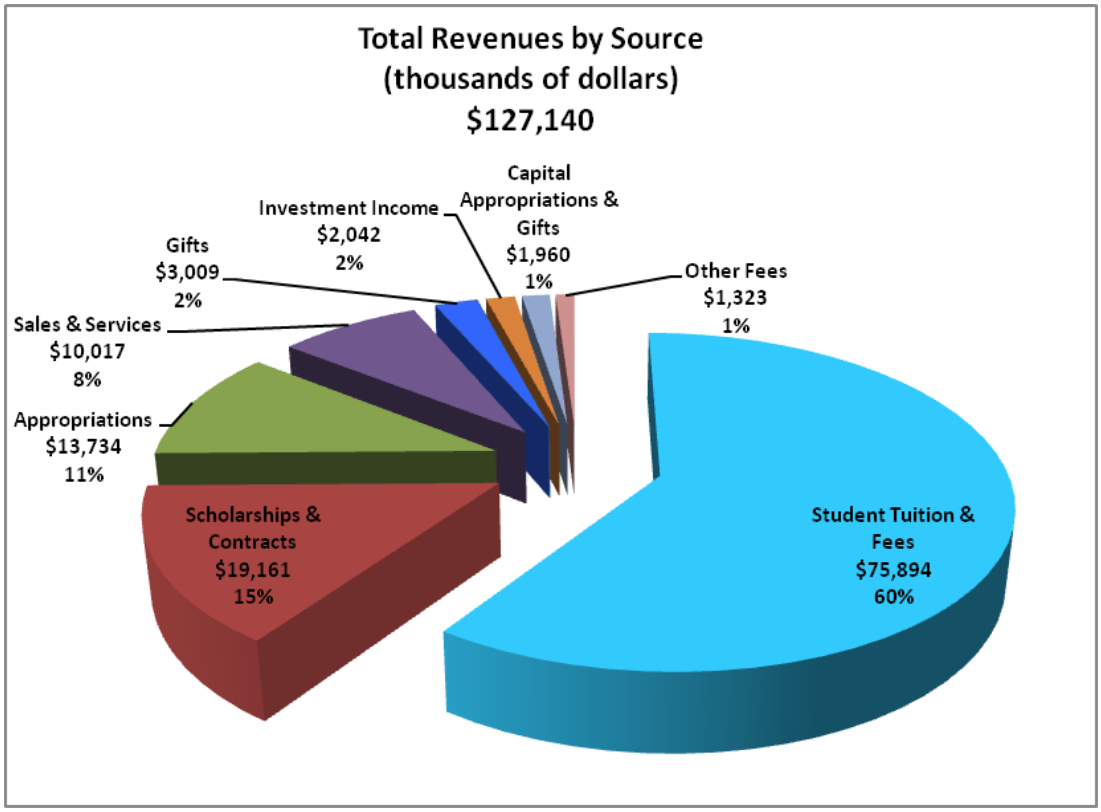
The net decrease in non-operating revenue was comprised of decreased state funding of $4.1 million which comprised an overall reduction in funding of 23%. Capital appropriations increased by $1.0 million due primarily to the passage of the one penny sales tax referendum. Horry County now levies an additional one cent sales tax which is split between the local school district, Horry Georgetown Technical College and Coastal Carolina University at a rate of 80%, 6.7% and 13.3%. This sales tax is restricted to funding capital improvements.

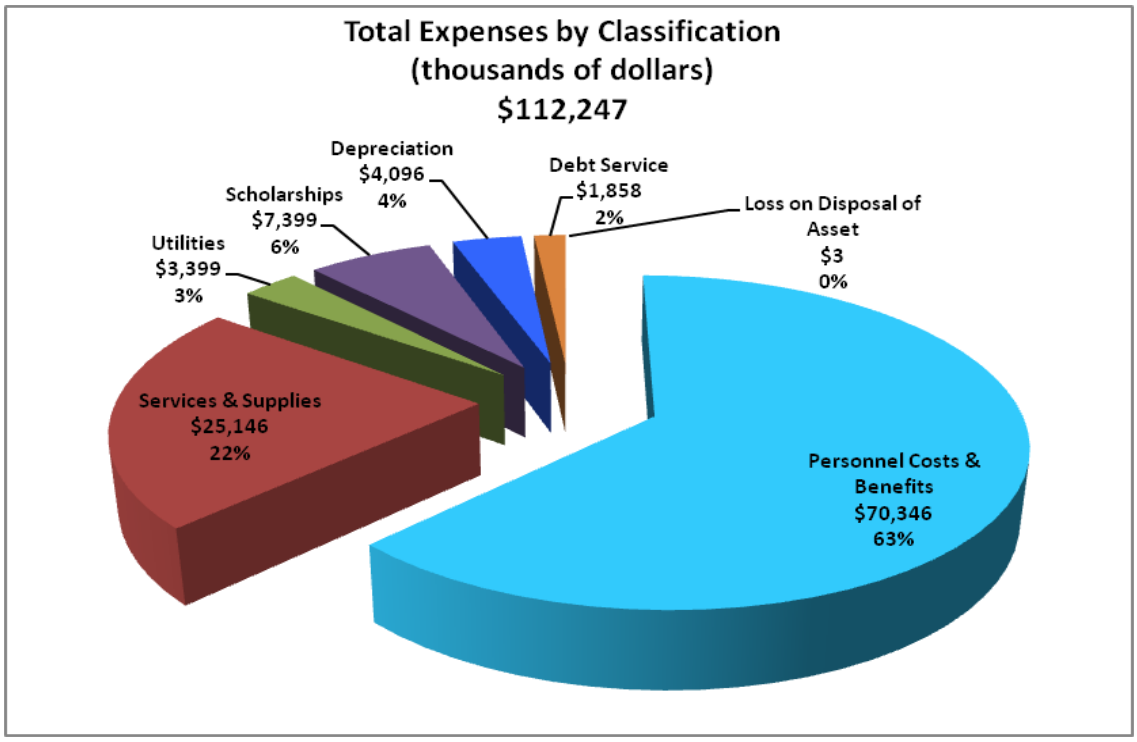
Total Expenses – increase of $8.6 million

The total expense increase of $8.6 million was almost entirely due to operations. Salaries and fringe benefits comprised the largest portion of the increase at $5.3 million mostly in the form of permanent faculty and other unclassified positions. The University will continue to play "catch up" in converting temporary faculty to permanent faculty positions as the enrollment continues to increase and the University works toward providing the best possible instruction in the form of permanent full-time faculty. Services and supplies increased 9% or a $2.0 million increase over last fiscal year mostly consisting of an increase to non-capitalized renovations of $1.2 million and an increase to repairs and maintenance of $500 thousand. Utilities decreased 3% or $119 thousand due to the increased efforts of faculty and staff to conserve energy as well as overall campus energy initiatives. Scholarship support continued to rise with tuition and enrollment, showing an increase of approximately 13% and depreciation increased 11%.

Condensed Summary of Revenues, Expenses and Changes in Net Assets

	2009	2008	Increase/ (Decrease)	Percent Change
Revenues:				
Student tuition and fees	$ 75,894,084	$ 64,647,787	$ 11,246,297	17%
Grants and contracts	19,160,854	17,677,740	1,483,114	8%
Sales and services	10,016,636	9,573,879	442,757	5%
Other operating revenues	1,322,613	1,243,228	79,385	6%
Total operating revenues	106,394,187	93,142,634	13,251,553	14%
State appropriations	13,524,645	17,671,977	(4,147,332)	-23%
Local appropriations	209,658	233,670	(24,012)	-10%
Gifts and grants	3,009,197	2,542,588	466,609	18%
Capital appropriations	1,959,902	978,356	981,546	100%
Investment income	2,042,596	1,551,714	490,882	32%
Total nonoperating revenues	20,745,998	22,978,305	(2,232,307)	-10%
Total Revenues	127,140,185	116,120,939	11,019,246	9%
Expenses:				
Personnel costs and benefits	70,346,054	65,043,866	5,302,188	8%
Services and supplies	25,146,483	23,150,973	1,995,510	9%
Utilities	3,399,167	3,517,704	(118,537)	-3%
Scholarships	7,398,775	6,556,671	842,104	13%
Depreciation	4,096,014	3,703,908	392,106	11%
Total operating expenses	110,386,493	101,973,122	8,413,371	8%
Interest expense	1,857,739	1,647,266	210,473	13%
Loss on disposal of asset	2,585	45,539	(42,954)	
Total Expenses	112,246,817	103,665,927	8,580,890	8%
Change in Net Assets	14,893,368	12,455,012	2,438,356	20%
Net Assets, beginning of year	93,329,316	80,874,304	12,455,012	15%
Net Assets, end of year	$ 108,222,684	$ 93,329,316	$ 14,893,368	16%


Total Revenues by Source
(thousands of dollars)
$127,140
Capital Appropriations & Gifts $1,960 1%
Investment Income $2,042 2%
Gifts $3,009 2%
Other Fees $1,323 1%
Sales & Services $10,017 8%
Appropriations $13,734 11%
Scholarships & Contracts $19,161 15%
Student Tuition & Fees $75,894 60%


Total Expenses by Classification
(thousands of dollars)
$112,247
Depreciation $4,096 4%
Debt Service $1,858 2%
Scholarships $7,399 6%
Loss on Disposal of Asset $3 0%
Utilities $3,399 3%
Services & Supplies $25,146 22%
Personnel Costs & Benefits $70,346 63%

Capital Assets and Debt

Capital assets at June 30, 2009, consisted of land, $7.8 million construction in progress, and $88.7 million in land improvements, buildings, equipment, vehicles, and intangible assets, net of accumulated depreciation. The portion of campus land owned by the University is booked at a historical value of $1.7 million. A current year addition of campus land from the donation of land for expansion of the student center grill, building of the athletic field house, and the construction of an athletic storage facility added $733 thousand to the value of the land held by the University.

The construction in progress is comprised mainly of the athletic field house facility planned for the north end zone in the football stadium, the construction of the Environmental Quality Lab, and renovation of the student center. Please see Note 6 to the financial statements for further details of capital asset activity.

Debt on capital assets is approximately $40.0 million, comprised of $1.8 million in current liabilities and $38.2 million in long-term liabilities. Details on the capital lease obligation of the University as of June 30, 2009, may be found in Note 9 to the financial statements. Detail of bonds payable and long-term liabilities of the University are found in Notes 10 and 11.

Economic Outlook

Fall 2009 undergraduate in-state enrollment increased 3.3% and out-of-state increased 3.5%. In an effort to move forward with building construction and renovation projects, in FY2008, tuition was increased to facilitate the bonding capacity while balancing the growth needed for operations. Currently, $525 per student is set aside for future debt service. In the current fiscal year, the University will be issuing $54 million in bonds to construct academic and student services facilities including a 24/7 information commons in the library, an annex to the science building and a student recreation/convocation facility. The tuition increase for FY 2009 was 3.47% and 3.76% for in-state and out-of-state students respectively. An additional 65 FTE positions were added to the budget for both faculty and staff support positions. The university struggles to keep up with growth from both a faculty and a student services perspective.

In late summer, the administration received notice of a budget cut from the State in the amount of 4% of funding or $511 thousand. A three month delay in hiring and above budget enrollment growth has enabled the university to handle the current appropriation reduction. Due to the current state of the economy, the University anticipates the possibility of a further reduction to the State appropriation.

COASTAL CAROLINA UNIVERSITY

Statement of Net Assets
June 30, 2009

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	40,413,110
Accounts and pledges receivable, net		2,367,695
Due from component units		1,166,790
Inventories		407,156
Prepaids		299,276
RESTRICTED CURRENT ASSETS		
Restricted cash and cash equivalents		22,047,698
Total current assets		66,701,725
NONCURRENT ASSETS		
Capital assets, net of accumulated depreciation		
Land		1,669,442
Construction in progress		7,764,204
Buildings and improvements		81,420,479
Equipment, vehicles and intangible assets		3,450,025
Other assets, net		1,348,932
RESTRICTED NONCURRENT ASSETS		
Restricted cash and cash equivalents		115,340
Loans to students, net		1,423,079
Total non-current assets		97,191,501
TOTAL ASSETS		163,893,226
LIABILITIES		
CURRENT LIABILITIES		
Accounts and Retainage payable		3,145,168
Due to Component Unit		15,913
Accrued Payroll and Related Liabilities		3,974,108
Unearned revenue		3,071,621
Funds held for others		236,453
Accrued compensated absences, current		415,097
Bonds payable, current		1,735,000
Capital lease payable, current		107,762
CURRENT LIABILITIES PAYABLE FROM RESTRICTED CURRENT ASSETS		
Interest payable		296,623
Total current liabilities		12,997,745
NONCURRENT LIABILITIES		
Accrued compensated absences		2,821,769
Bonds payable		38,285,000
Capital lease payable		55,133
Other liabilities		74,311
NONCURRENT LIABILITIES PAYABLE FROM RESTRICTED NONCURRENT ASSETS:		
Federal loan program liability		1,436,584
Total non-current liabilities		42,672,797
TOTAL LIABILITIES		55,670,542
NET ASSETS		
Invested in capital assets, net of debt		59,953,874
Restricted for:		
Non-expendable/permanently restricted		100,000
Expendable for capital projects		19,223,175
Satisfaction of Debt Covenants (Net of Interest Payable)		2,527,900
Unrestricted		26,417,735
TOTAL NET ASSETS	$	108,222,684

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY

Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2009

Operating Revenues		
Student tuition and fees, net of scholarship allowance of $16,021,031		
$5,753,325 is pledged for debt service on general obligation bonds	**$**	75,894,084
Government scholarships and contracts		19,160,854
Sales and services of educational departments		2,789,296
Sales and commissions of auxiliary enterprises,		
net of scholarship allowance of $1,780,115		7,227,340
Other fees		1,322,613
Total Operating Revenues		106,394,187
Operating Expenses		
Personnel costs and benefits		70,346,054
Services and supplies		25,146,483
Utilities		3,399,167
Scholarships		7,398,775
Depreciation		4,096,014
Total Operating Expenses		110,386,493
Operating Income (Loss)		(3,992,306)
Non-Operating Revenue (Expenses)		
State appropriations		13,524,645
Local appropriations		209,658
Grants and contracts		7,246
Gifts, including $727,170 from Coastal Educational Foundation		1,450,211
and $200,000 from CCU Student Housing Foundation		
Other miscellaneous revenue		27,499
Investment and endowment income		2,042,596
Interest on capital asset related debt		(1,857,739)
Net Non-Operating Revenues (Expenses)		15,404,116
Income (loss) before other revenues, expenses, gains and losses		11,411,810
Capital appropriations (Local)		1,477,422
Research Infrastructure Bond Proceeds		482,480
Capital grants and gifts, including $1,233,010 from Coastal		
Educational Foundation		1,524,241
Gain (Loss) on disposal of assets		(2,585)
Increase (Decrease) in Net Assets		14,893,368
Net Assets		
Net Assets, beginning of year		93,329,316
Net Assets, end of year		108,222,684

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY

Statement of Cash Flows
For the Year Ended June 30, 2009

Cash Flows from Operating Activities		
Cash received from students for tuition and fees	$	77,164,978
Cash received from governmental scholarships and contracts		20,430,632
Cash paid to suppliers		(27,246,768)
Cash paid to employees and fringe benefit providers		(69,231,100)
Cash paid for scholarship payments to students		(7,398,775)
Cash paid for Perkins loans advanced to students		(240,183)
Cash received from Perkins loan repayments		176,241
Cash received from Stafford and parent loans on behalf of students		36,682,496
Cash from Stafford and parent loans paid to students or applied to student accounts		(36,726,008)
Cash received on behalf of CCU Student Housing Foundation		4,288,182
Cash paid on behalf of CCU Student Housing Foundation		(5,034,625)
Cash received on behalf of other organizations		8,442
Cash paid or scholarships applied on behalf of other organizations		(41,568)
Cash received from sales and commissions of auxiliary enterprises:		
Residence halls and food service		7,767,634
Bookstore		562,392
Vending		176,893
Scholarship Allowance for Auxiliary enterprises		(1,780,115)
Golf Course		968,049
Cash received from other receipts		2,770,383
Net Cash Flows Provided by Operating Activities		3,297,180
Cash Flows from Noncapital Financing Activities		
State appropriations		13,524,645
Local Appropriations		209,658
State Grants		34,745
Gifts		1,389,044
Net Cash Flows Provided by Non-Capital Financing Activities		15,158,092
Cash Flows from Capital Financing Activities		
Loss from Sale of Fixed Assets		(2,585)
Local capital appropriations		2,084,902
Capital gifts		1,399,241
Purchases of capital assets		(7,611,472)
Principal paid on capital debt and lease		(1,934,509)
Interest paid on capital debt and lease		(1,857,739)
Net Cash Used by Capital Financing Activities		(7,922,162)
Cash Flows from Investing Activities		
Interest on deposits		1,939,899
Net Cash Flows Provided by Investing Activities		1,939,899
Increase in cash and cash equivalents		12,473,009
Cash - beginning of year		50,103,139
Cash - end of year	$	62,576,148

COASTAL CAROLINA UNIVERSITY

Statement of Cash Flows Continued
For the Year Ended June 30, 2009

Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities:		
Operating loss	**$**	(3,992,306)
Operating expenses covered by in-kind donations		312,533
Bad debt expense		168,258
Depreciation expense		4,096,014
Change in current assets and liabilities:		
Accounts and loans receivable		(174,515)
Grants and contracts receivable		659,994
Inventories		(17,421)
Prepaid expenses		111,025
Unearned revenue		369,876
Accounts and retainage payable		1,217,604
Funds held for others		(58,280)
Perkins federal liability		(21,095)
Accrued payroll and related liabilities		625,493
Net cash used by operating activities	$	3,297,180

Supplemental disclosure:

Donated supplies and services	$	309,948
Donated land and land improvements		-
Loss on disposal of fixed assets	$	2,585
	$	312,533

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY

Component Unit
Coastal Education Foundation
Statement of Financial Position
June 30, 2009

		2009
ASSETS		
Cash and Cash Equivalents	$	631,306
Accounts and Pledges Receivable, net of allowance of $345,761.61 (2009) and $222,300 (2008)		2,772,786
Investments		17,567,623
Real Estate Held for Investment		1,946,360
Property Held for Sale		347,655
Cash Value of Life Insurance		38,359
Net Property and Equipment		4,388,678
TOTAL ASSETS	$	27,692,767
LIABILITIES AND NET ASSETS		
Accounts Payable	$	335,397
Accrued Expenses		2,867
Notes Payable		464,870
Total Liabilities	$	803,134
NET ASSETS		
Unrestricted		3,830,461
Temporarily Restricted		11,808,255
Permanently Restricted		11,250,917
Total Net Assets	$	26,889,633
TOTAL LIABILITIES AND NET ASSETS	$	27,692,767

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY

Component Unit
Coastal Education Foundation
Statement of Activity and Change in Net Assets
For the Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains and Other Support				
Contributions	$ 1,713,157	$ 1,405,514	$ 541,343	$ 3,660,014
Endowed and Other Investment Income				
Interest Income	8,348			8,348
Realized Investment Income	393,270	14,246	(1,999)	405,517
Net Depreciation in Fair Value of Investments	(2,201,791)	(710,764)	575	(2,911,980)
Change in Cash Value of Life Insurance	2,188	2,073	(111)	4,150
Split Intest Annuity Change		1,446		1,446
Lease Income	355,402			355,402
Royalty Income		17,563		17,563
Miscellaneous Income	309	8,437		8,746
Net Assets Released from Restrictions	1,460,572	(1,460,572)		0
Total Revenues, Gains and Other Support	$ 1,731,455	$ (722,057)	$ 539,808	$ 1,549,206
Expenses				
Program Services				
Scholarships	$ 140,787	$	$	$ 140,787
University Support	148,987			148,987
Facilities Development & Physical Plant	1,933,778			1,933,778
College of Education	16,833			16,833
College of Humanities	159,076			159,076
College of Science	12,013			12,013
College of Business	387,554			387,554
General and Administrative	477,086			477,086
Bad Debt Expense	232,580			232,580
Fundraising Expenses	56,336			56,336
Total Expenses	$ 3,565,030	$	$	$ 3,565,030
(Decrease) Increase in Net Asstes	$ (1,833,575)	$ (722,057)	$ 539,808	$ (2,015,824)
Net Assets, Beginning of Year	5,406,972	12,833,259	10,665,226	28,905,457
Transfers	257,064	(302,947)	45,883	-
Net Assets, End of Year	$ 3,830,461	$ 11,808,255	$ 11,250,917	$ 26,889,633

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY

Component Unit
Coastal Student Housing Foundation
Consolidated Statement of Financial Position
June 30, 2009

Assets		
Cash and cash equivalents	$	3,317,661
Cash and cash equivalents held by bond trustee		3,275,510
Rent Receivable - CCU		1,350
Prepaid items		180,904
Property, net		27,141,740
Bond issuance costs, net		729,068
Total assets	$	34,646,233
Liabilities and deficit		
Liabilities		
Accounts payable	$	85,856
Accounts payable - CCU		843,222
Interest payable		428,039
Mortgage payable		3,277,566
Bonds payable		36,800,000
Other liabilities		145,070
Total liabilities		41,579,753
Unrestricted deficit		(6,933,520)
Total liabilites and deficit	$	34,646,233

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY

Component Unit
Coastal Student Housing Foundation
Consolidated Statement of Activity and Change in Net Assets
For the Year Ended June 30, 2009

Revenues and other support:		
Housing fees	$	4,967,316
Lease income		20,750
Donated office rental		9,088
Interest income		34,654
Vending commissions		10,809
Realized gain on investment		
Total revenues and other support		5,042,617
Expenses:		
Student housing operating expense		2,217,372
Support of Coastal Carolina University		725,183
Management and general		245,384
Interest and financing fees		1,808,206
Donated office rental		9,088
Amortization		27,774
Depreciation		873,003
		5,906,010
Change in deficit		(863,393)
Deficit, beginning of year, as originally reported		(6,070,127)
Restatement adjustments		
Deficit, beginning of year, restated		(6,070,127)
Deficit, end of year	$	(6,933,520)

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Coastal Carolina University is a public, mid-sized (8,500 students) comprehensive liberal arts institution offering baccalaureate degrees in the traditional liberal arts and sciences, interdisciplinary studies, and professional schools, along with master's degrees in several specialized areas. The campus primarily serves its immediate five-county area and the state, while honoring its commitment to the citizens of Horry County who founded the University and continues to provide funding. Recognizing its responsibility to ensure a student population that is diverse both culturally and geographically, the institution also aggressively recruits statewide, out-of-state, and internationally.

The University is a part of the primary government of the State of South Carolina and its funds are reported in the State's higher education enterprise funds in the Comprehensive Annual Financial Report of the State of South Carolina. Generally, all State departments, agencies, and colleges are included in the State's reporting entity. These entities are financially accountable to and fiscally dependent on the State. Although the State-supported universities operate somewhat autonomously, they lack full corporate powers. In addition, the Governor and/or the General Assembly appoint most of their board members and budget a significant portion of their funds.

Financial Statements Presentation: The financial statement presentation for the University conforms to the requirements of Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,* Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*. The University has also adopted GASB Statement No. 38, *Certain Financial Statement Note Disclosures* and Statement No. 39, *Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14.* The financial statement presentation provides a comprehensive, entity-wide perspective of the University's net assets, revenues, expenses and changes in net assets and cash flows as well as the net assets, revenues, expenses and changes in net assets of its separately audited component units.

Reporting Entity: The financial reporting entity, as defined by GASB Statement No. 14, *The Financial Reporting Entity*, consists of the primary government and all of its component units. Component units are legally separate organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete. Accordingly, the financial statements present the University as the primary government and two discretely presented component units, the Coastal Educational Foundation and the CCU Student Housing Foundation.

The Coastal Educational Foundation (the CEF) is a legally separate, tax-exempt entity which was chartered by the State of South Carolina in October 1954, for the purpose of soliciting, receiving, managing and distributing gifts for educational purposes in support of Coastal Carolina University. The CEF's activities are governed by its board of directors. The CEF's support comes primarily from contributions from alumni, local individuals and businesses. Although the University does not control the timing or amount of receipts from the CEF, the majority of resources and income thereon that it holds and invests is restricted to the activities of the University by donors. Because these restricted resources can only be used by, or for the benefit of, the University, the CEF is considered a component unit of the University.

The CCU Student Housing Foundation (the Foundation) is also a legally separate, tax-exempt entity which was chartered in 2002, to provide housing for Coastal students and to provide support for various other University programs. The Foundation is supported by housing fees paid by students. The Foundation's activities are governed by its board of directors. The Foundation is considered a component unit because its economic resources are held entirely for the benefit of the University.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Reporting Entity: Continued
Both the CEF and the Foundation are not deemed to be governmental entities because a controlling majority of the membership is not appointed by the University, there is no potential for unilateral dissolution by the University, with the net assets reverting to the University, and neither has the power to enact and enforce a tax levy or the ability to issue directly debt that pays interest exempt from federal taxation. Also, both Foundations report their financial results under Financial Accounting Standards Board (FASB) statements, the most significant of which are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Statements of Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Because the Foundations are deemed not to be governmental entities and because they use a different reporting model, their balances and transactions are reported on separate financial statements.

Copies of the separately issued financial statements for the CEF can be obtained by sending a request to the following address: Executive Director, CEF, Coastal Carolina University, Atheneum Hall, 114 James P. Blanton Circle, Conway, South Carolina, 29526. Copies of the separately issued financial statements for the CCU Student Housing Foundation can be obtained by sending a request to the following address: Executive Director, CCU Student Housing Foundation, Foundation Center, P.O. Box 261954, Conway, South Carolina, 29528-6054.

Basis of Accounting: For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship and fellowship expenses. All significant intra-agency transactions have been eliminated.

The University has elected to apply only those Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, which are not in conflict with GASB standards.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the University and its component units consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State of South Carolina State Treasurer's Office are considered cash equivalents.

Accounts Receivable: Accounts receivable consists of tuition and fee charges to students, gift pledges and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also includes amounts due from the Federal government, state and local governments, component units, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable is recorded net of estimated uncollectible amounts.

Inventories and Prepaid Items: Inventories are carried at the lower of cost or market. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Capital 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. The 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 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, maintenance and library materials are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful life for buildings and improvements is 10-40 years; for land improvements is 10-15 years; and for vehicle, equipment and machines is 3-10 years. 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.

Unearned Revenues: Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement. Also included in unearned revenue are grant funds received but not yet expended for their restricted purpose and amounts paid in advance for football tickets.

Funds Held for Others: Funds held for others result from the University acting as an agent, or fiduciary, for entities which have a relationship with the University's activities or from the University acting as an agent for certain student loans.

Compensated Absences: Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued vacation payable in the statement of net assets, and as a component of compensation and benefit expense in the statement of revenues, expenses, and changes in net assets.

Federal Perkins Loans Receivable and Related Liability: The loans receivable on the balance sheet are due to the University under the Federal Perkins Loan program. This program is funded primarily by the federal government with the University providing a required match. The amount reported as federal loan liability is the amount of cumulative federal contributions and a pro-rata share of net earnings on the loans under this program which would have to be repaid to the federal government if the University ceases to participate in the program.

Net Assets: The University's net assets are classified as follows: *Invested in capital assets, net of related debt:* Assets invested in capital assets, net of related debt, represent the University's total investment in capital assets, net of outstanding debt obligations, related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Net Assets: Continued
Restricted net assets - expendable: Restricted expendable net assets include resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted net assets - nonexpendable: Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, as well as for repair and renovations to the physical plant, and may be used at the discretion of the governing board to meet current expenses for any purpose.

The University policy for applying expenses that can use both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources then to unrestricted resources.

Classification of Revenue and Expense: The University classifies its revenues and expenses as either operating or non-operating. Operating revenues generally result from exchange transactions arising from the University's principal on-going activity, which is the provision of higher education.

Operating revenues include (1) student tuition and fees received in exchange for providing educational services, housing, and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients or eligibility criteria; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the University; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the University would not otherwise undertake. Operating expenses result from providing the goods and services exchanged for the respective revenues.

All revenues and expenses not meeting the definition of operating revenues are reported as non-operating revenues and expenses. Such transactions generally arise from activities that have characteristics of non-exchange transactions. Examples include gifts and contributions, government appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

Scholarship Discounts and Allowances: Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenue, expenses, and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, State, or nongovernmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance. Scholarships for certain individuals that are required by state law or out-of-state fee differential abatements facilitated by intra-state agreements are recorded as neither tuition and fee revenue, nor scholarship allowance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Sales and Services of Educational and Other Activities: Revenues from sales and services of educational and other activities generally consist of amounts received from instructional, laboratory, research, and public service activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public. The University receives such revenues primarily from grant-related activities, rental of University space, travel-study courses, research and public service centers, and the physical education center.

Auxiliary Enterprises and Internal Service Activities: Auxiliary enterprise revenues primarily represent revenues generated by housing, bookstore, vending/canteen, food service, and golf course activities. Transactions between the University and its auxiliary enterprises activities have been eliminated.

Rebatable Arbitrage: Arbitrage involves the investment of proceeds from the sale of tax-exempt securities in a taxable investment that yields a higher rate of return, resulting in income in excess of interest costs. Federal law requires entities to rebate to the government such income on tax-exempt debt if the yield from these earnings exceeds the effective yield on the related tax-exempt debt issued. Governments are exempt from the rebate requirement if they meet certain temporary investment tests, if their bond proceeds are "available construction proceeds", or if they issue no more than $5 million in total of all such debt in a calendar year. For this purpose, tax-exempt indebtedness includes bonds and certain capital leases and installment purchases. Potential rebate liability must be calculated annually, and the actual liability must be paid every five years or at maturity of the debt, whichever is earlier. The University has a rebatable arbitrage liability of $88,899 at June 30, 2009.

Income Taxes: The University, as a political subdivision of the State of South Carolina, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. The Foundations are exempt from income tax under the provisions of Internal Revenue Code Section 501(c) (3). No provision for income taxes has been made.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenditures and affect disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS, OTHER DEPOSITS AND INVESTMENTS

All deposits of the University are under the control of the State Treasurer, who by State law has sole authority for investing State funds.

The following schedule reconciles Deposits to the Statement of Net Assets amounts:

STATEMENT OF NET ASSETS:	
Cash and Cash Equivalents - Current	$ 40,413,110
Cash and Cash Equivalents - Restricted	
Debt Service	2,824,523
Capital Project	19,223,175
Other	15,340
Cash and Cash Equivalents - Endowment	100,000
Total	$ 62,576,148
DEPOSITS	
Cash on Hand	$ 5,566,989
Deposits Held by State Treasurer	57,009,159
Total	$ 62,576,148

NOTE 2 – CASH AND CASH EQUIVALENTS, OTHER DEPOSITS AND INVESTMENTS, Continued

Cash on Hand: At June 30, 2009, Coastal Carolina University had approximately $15,340 with the State Treasurer for exclusive use by the Perkins Loan Program.

Deposits Held by State Treasurer: State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. At June 30, 2009, Coastal Carolina University had $58,432,238 in Deposits Held by State Treasurer. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's deposits is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

With respect to investments in the State's internal cash management pool, all of the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agents in the State's name. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's deposits is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

NOTE 3 – RESTRICTED ASSETS

The purposes and amounts of University restricted assets at June 30, 2009 are as follows:

Cash and Cash Equivalents	
Satisfaction of Debt Covenants	$ 2,824,523
Capital Projects	19,223,175
Total Restricted Current Assets	22,047,698
NON-CURRENT	
Cash and Cash Equivalents	
Federal Perkins Loan Program	15,340
Endowments	100,000
Loans to Students	1,423,079
Total Restricted Non-Current Assets	1,538,419
Total Restricted Assets	$ 23,586,117

NOTE 4 – ACCOUNTS RECEIVABLE

University current and non-current receivables for June 30, 2009 are as follows:

Student Accounts Receivable	$1,141,601	
Less Allowance for Uncollectible	(154,858)	
Student Accounts Receivable, Net		986,743
Third Party Receivables		93,432
Federal Grants and Contracts Receivable		447,330
State Grants and Contracts Receivable		50,128
Non-Governmental Grants and Contracts Receivable		-
Chanticleer Athletic Foundation Receivable		82,600
Accrued Interest and Endowment Income Receivable		351,216
Gifts Receivable	478,300	
Less Allowance for Uncollectible Gifts	(469,100)	
Gifts Receivable, Net		9,200
Other Receivables		347,046
Net Total Current Receivables		2,367,695
NON-CURRENT ACCOUNTS RECEIVABLE		
Loans to Students		1,475,701
Less Allowance for Uncollectibles		(52,622)
Net Loans to Students		$1,423,079

Allowances for uncollectible accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio. The above schedule does not include amounts due from component units.

NOTE 5 - LOANS RECEIVABLE AND FEDERAL LIABILITY

Student loans made through the Federal Perkins Loan Program of the University comprise all of the loans receivable as of June 30, 2009. The Perkins Loan program provides various repayment options; students have the right to repay the loan over periods up to 10 years depending on the amount of the loan and loan cancellation privileges the student decides to exercise. As the University determines that loans are uncollectible, the loans are written off and assigned to the United States Department of Education. At June 30, 2009, the allowance for uncollectible student loans is valued at $52,622. The funds contributed by the Federal Government are refundable in the event the University decides to no longer participate in the program. Although the University plans to consider participating in the Perkins Loan Program for the foreseeable future, the University has recorded a long-term liability in the amount of $1,436,584, representing the Federal portion of the loan program at June 30, 2009.

NOTE 6 - CAPITAL ASSET:

Capital asset activity for the University for the year ended June 30, 2009 is summarized as follows:

	Beginning Balance July 1, 2008	Additions	Retirements	Transfers	Ending Balance June 30, 2009
Capital Assets Not Being Depreciated:					
Land	$ 930,704	738,738	-	-	1,669,442
Construction in Progress	1,637,335	6,129,605	(2,736)	-	7,764,204
Total Capital Assets Not Being Depreciated	2,568,039	6,868,343	(2,736)	-	9,433,646
Capital Assets Being Depreciated:					
Land Improvements	4,489,530	98,923	-	-	4,588,453
Buildings and Improvements	108,467,005	-	-	-	108,467,005
Equipment	6,806,739	702,005	(119,219)	-	7,389,525
Intangible Assets	273,777	-	-	-	273,777
Vehicles	1,220,747	98,031	(33,875)	-	1,284,903
Total Other Capital Assets at Historical Cost	121,257,798	898,959	(153,094)	-	122,003,663
Less Accumulated Depreciation For:					
Land Improvements	(1,435,487)	(584,213)	-	-	(2,019,700)
Buildings and Improvements	(27,174,519)	(2,440,760)	-	-	(29,615,279)
Equipment	(3,670,146)	(913,146)	111,306	-	(4,471,986)
Intangible Assets	(273,777)	-	-	-	(273,777)
Vehicles	(625,486)	(157,896)	30,965	-	(752,417)
Total Accumulated Depreciation	(33,179,415)	(4,096,015)	142,271	-	(37,133,159)
Capital Assets Being Depreciated, Net	88,078,383	(3,197,056)	(10,823)	-	84,870,504
Capital Assets, Net	$ 90,646,422	3,671,287	(13,559)	-	94,304,150

Major outlays for capital assets and improvements are capitalized as they are constructed. Interest incurred during the construction phase may be capitalized or expensed depending on, among other things, whether the source of funding specifies that it may be used only for the acquisition of specified qualifying assets, and, in certain cases, the amount of interest earnings on unexpended debt proceeds. During the year ended June 30, 2009, the University had no construction interest to capitalize.

Construction: Coastal Carolina University currently has several construction projects taking place that are not yet complete as of June 30, 2009. Costs of these projects, while they are underway, are capitalized and recorded as Construction in Progress. When these projects are completed they will be reclassified and depreciated. The two largest "Construction in Progress" projects and their associated costs to date are the Athletic Training Facility with $4,211,837 in costs and the Student Center Renovations which currently has accumulated $1,517,742 in costs. This remodel included expansion to the CINO Grille. Other smaller projects underway and not yet completed include, but are not limited to the Environmental Quality Lab Renovation and the Baseball Batting Facility. The design phase of three large projects has gotten underway this fiscal year. They are the Science Building Lab/Office Annex, the Student Recreation/Convocation Center Building and the Kimbel Library/ Information Commons.

NOTE 6 - CAPITAL ASSETS, Continued

Land Acquisition Transactions: The University obtained three parcels of land transferred from the Coastal Education Foundation this fiscal year. .16 acre of land was transferred to accommodate the expansion of the CINO Grille at the Student Center. The new Athletic Training Facility and an Athletic Equipment Storage Facility required that 2.14 acres and 1.19 acres, respectively be transferred. Fair market value for all land transactions was assessed at $210,000 per acre.

Adjustment to Estimated Useful Life for Land Improvements: The accumulated depreciation balance for Land Improvements was adjusted to better reflect the useful life of the assets. The previous calculation for depreciation was based on a useful life of forty and fifty years for various improvements. It was felt that an adjusted useful life of ten years for land improvements and twenty-five years for road improvements would better reflect the capitalization policy of the University. The net result was to decrease the net assets total by $309,763. The impact on the Statement of Revenues, Expenses and Changes in Net Assets was to increase expenses by $309,793.

NOTE 7 - ENDOWMENTS

The University holds one permanent endowment of $100,000. The cash and cash equivalents, with a fair market value at June 30, 2009 of $100,000 are recorded in non-current assets, restricted cash. If a donor has not provided specific instructions otherwise, section 34-6-20 of the South Carolina Code of laws permits the Board of Trustees to authorize for expenditure the net appreciation (realized and unrealized) over historical dollar value of the endowment funds. The income earned on the endowment is spent for the purpose for which it was established, faculty research support. It is the University's policy to authorize and spend investment income only at the budgeted amount of 5% of the most recent June 30 fair market value.

NOTE 8 - UNEARNED REVENUE

Unearned revenue for the University at year-end is comprised of tuition prepayments of $668,519, grant and contract funds of $2,095,834, housing prepayments of $239,856, advance football ticket sales and athletic advertising fees of $59,906, and auxiliary gift certificates of $7,506.

NOTE 9 – LEASE OBLIGATIONS

Operating Leases: The University leases classroom and office facilities and a golf course from external parties for terms in excess of one year. Total payments for such leases were $703,345 for the year ended June 30, 2009. Future minimum lease payments under terms of these leases are as follows:

Fiscal Year Ending June 30	Principal
2010	551,245
2011	197,451
2012	124,485
2013	50,001
2014	-
Total	$ 923,182

NOTE 9 – LEASE OBLIGATIONS - Continued

The University also leases storage space, two activity fields, and classroom, office and clinic facilities from third parties in accordance with operating leases with fixed annual payments and terms of one year or less. Payments for such space during the fiscal year ending June 30, 2009 were $516,977.

Capital Leases: The University has entered into one capital lease in order to finance the acquisition of various pieces of equipment. The lease is payable in semi-annual installments of $55,985, including interest of 3.09% through fiscal year 2011. This lease agreement qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of its future minimum lease payments as of the inception date. The carrying value of leased assets as of June 30, 2009 is $409,282, net of accumulated depreciation of $290,718.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009 were as follows:

Fiscal Year Ending June 30	Capital Lease Payment
2010	111,969
2011	55,983
2012	-
2013	-
2014	-
Total Minimum Lease Payments	167,952
Less: Interest	(5,057)
Present Value of Minimum Lease Payments	$ 162,895

NOTE 10 – BONDS PAYABLE

For the University, bonds payable consisted of the following at June 30, 2009:

	Balance at Inception	Interest Rates	Maturity Dates	June 30, 2009
Revenue Bonds				
Series 1999S	$ 24,545,000	4.875% to 5.3%	6/1/2026	6,900,000
Series 2004 Refunded	13,895,000	4.09%	6/1/2018	2,740,000
Series 2006 Refunded	13,175,000	3.75% to 4.25%	6/1/2026	12,725,000
Total Revenue Bonds				22,365,000
State Institution				
General Obligation 2002	8,750,000	3.25% to 4.625%	9/1/2022	6,985,000
General Obligation 2006	11,300,000	4.25% to 6.00%	10/1/2026	10,670,000
Total State Institution Bonds				17,655,000
Total Bonds Payable				40,020,000

NOTE 10 – BONDS PAYABLE – Continued

Revenue bonds are payable from and secured by a pledge of net revenues derived by the University from the operation of the facilities constructed with the bond proceeds, and by a pledge of additional funds, which are all available funds and academic fees of the University except for those which are not (i) otherwise designated or restricted; (ii) funds derived from State appropriations; and (iii) tuition funds pledged to the repayment of State institution bonds, if any. The University has also secured insurance contracts for its revenue bonds which guarantee payment of principal and interest in the case such required payment has not been made, for a period equal to the final maturity of the bonds. Certain of the bonds payable are callable at the option of the University.

State institution bonds are general obligation bonds backed by the full faith, credit, and taxing power of the State. Tuition revenue is pledged in the amount of $525 per full time in-state student, $525 per full time out-of-state student and $10 per graduate credit hour. The legal debt margin for general obligation bonds is that the maximum amount of annual debt service shall not exceed ninety percent of the sums received from tuition and fees for the preceding fiscal year. Tuition bonds fees for the preceding year were $6,392,583 which results in a legal annual debt service of June 30, 2009 of $5,753,325.

The scheduled maturities of the bonds payable by type are as follows:

	Principal	Interest	Payments
Revenue Bonds			
2010	1,060,000	984,872	2,044,872
2011	1,105,000	941,070	2,046,070
2012	1,155,000	895,518	2,050,518
2013	1,200,000	846,426	2,046,426
2014	1,255,000	794,911	2,049,911
2015-19	6,735,000	3,119,037	9,854,037
2020-24	6,720,000	1,674,403	8,394,403
2025-26	3,135,000	219,878	3,354,878
	$ 22,365,000	9,476,115	31,841,115

	Principal	Interest	Payments
General Obligation Bonds			
2010	675,000	743,776	1,418,776
2011	700,000	711,526	1,411,526
2012	730,000	677,101	1,407,101
2013	760,000	642,101	1,402,101
2014	790,000	607,551	1,397,551
2015-19	4,465,000	2,514,784	6,979,784
2020-24	5,545,000	1,461,778	7,006,778
2025-27	3,990,000	259,463	4,249,463
	$ 17,655,000	7,618,080	25,273,080

NOTE 11 – LONG-TERM LIABILITIES

Long-term liability activity for the University for the year ended June 30, 2009 was as follows:

	June 30, 2008	Addition	Reductions	June 30, 2009	Due Within One Year
Bonds Payable					
General Obligation Bonds	$ 18,305,000	-	650,000	17,655,000	675,000
Revenue Bonds	23,375,000	-	1,010,000	22,365,000	1,060,000
Total Bonds Payable	41,680,000	-	1,660,000	40,020,000	1,735,000
Capital Lease Obligations	267,404	-	104,509	162,895	107,762
Federal Loan Program Liability	1,457,679	-	21,095	1,436,584	-
Accrued Compensated Absences	2,747,405	517,375	27,914	3,236,866	415,097
Total Other Liabilities	4,472,488	517,375	153,518	4,836,345	522,859
Total Long-Term Liabilities	$ 46,152,488	517,375	1,813,518	44,856,345	2,257,859

Additional information regarding Capital Lease Obligations is included in Note 9. Additional information regarding Bonds Payable is included in Note 10.

NOTE 12 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2009 are summarized as follows:

	Natural Classification					
	Personnel Costs and Benefits	Services and Supplies	Utilities	Scholarships	Depreciation	Total
Instruction	$ 36,138,506	4,969,659	114,046	-	-	41,222,211
Research	728,330	799,509	6,808	-	-	1,534,647
Public Service	605,683	401,320	3,517	-	-	1,010,520
Academic Support	5,439,923	1,392,995	7,001	-	-	6,839,919
Student Services	10,762,168	6,419,757	100,758	-	-	17,282,683
Institutional Support	7,716,807	2,192,905	211,836	-	-	10,121,548
Plant Operation	7,434,747	5,566,492	2,345,226	-	-	15,346,465
Scholarships	318,646	-	-	7,398,775	-	7,717,421
Auxiliary Enterprises	1,201,244	3,403,846	609,975		-	5,215,065
Depreciation		-	-	-	4,096,014	4,096,014
Total Expenses	$ 70,346,054	25,146,483	3,399,167	7,398,775	4,096,014	110,386,493

NOTE 13 – PENSION PLANS

The Retirement Division of the State Budget and Control Board administers two basic types of retirement plans-defined benefit plans and defined contribution plans under six separate retirement systems: the South Carolina Retirement System (SCRS); the Police Officers Retirement System (PORS); the General Assembly Retirement System (GARS); the Judges and Solicitors Retirement System (JSRS); the State Optional Retirement Program (State ORP); and the National Guard Retirement System (NGRS). Generally all State employees, except those specifically exempted by statute, are required to become

NOTE 13 – PENSION PLANS – Continued

members of SCRS, PORS, or ORP. The System also issues its own publicly available Comprehensive Annual Financial Report (CAFR), which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the Retirement Division, 202 Arbor Lake Drive, Columbia, South Carolina 29223. The financial statements of the Retirement Division may also be found on the State Auditor's website: www.osa.state.sc.us. Furthermore, the Division and the six retirements are included in the CAFR of the State of South Carolina.

South Carolina Retirement System (SCRS): The SCRS is a traditional defined benefit plan for employees of Coastal Carolina University. The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, is a public employee retirement system. Generally, all benefits eligible employees are required to become members of SCRS, PORS or State ORP as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment and group life benefits to eligible employees.

Employees participating in the SCRS are required to contribute 6.50 percent of all compensation. Effective July 1, 2008, the employer contribution rate became 12.74 percent, which included a 3.50 percent surcharge to fund retiree health and dental insurance coverage. The University's actual contributions to the SCRS for the three most recent fiscal years ending June 30, 2009, 2008, and 2007, were $3,746,353, $3,497,834, and $2,990,128, respectively, and equaled the required contributions (including the required surcharge) for each year. Also, Coastal Carolina University paid employer group-life insurance contributions of $43,596, in the current fiscal year at the rate of .15 percent of compensation.

Police Officers Retirement System (PORS): The South Carolina Police Officers Retirement System (PORS) is a cost-sharing defined benefit public employee retirement plan administered by the Retirement Division. Generally all benefits eligible employees who are Police Officers and Firefighters are required to participate in and contribute to the PORS System as a condition of employment. This plan provides annuity benefits as well as disability, cost of living adjustment and group life benefits to eligible employees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Employees participating in the PORS are required to contribute 6.50 percent of all compensation. Effective July 1, 2008, the employer contribution rate became 14.15 percent, which, as for the SCRS, included the 3.50 percent surcharge. The University's actual contributions to the PORS for the years ending June 30, 2009, 2008, and 2007 were $131,008, $121,684, and $106,376, respectively, and equaled the required contributions (including the required surcharge) for each year. Also, the University paid employer group-life insurance contributions of $1,801 and accidental death insurance contributions of $1,801 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

Optional Retirement Program (ORP): Coastal Carolina University employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts, which are issued to, and become the property of, the participants. The State assumes no liability for this plan other than for payment of contributions to designated insurance companies.

NOTE 13 – PENSION PLANS – Continued

ORP participation is available to all to faculty and staff of the State's higher education institutions who meet all eligibility requirements for membership in the SCRS. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership within their first thirty days of employment.

An employee may irrevocably elect SCRS membership in any annual open enrollment period after the first but before the fifth anniversary of their initial enrollment. If a State ORP member does not make the election to transfer to SCRS within the allotted time, he will, by default, continue State ORP membership. Under State law, contributions to the ORP are required at the same rates as for the SCRS, 9.24 percent plus the retiree surcharge of 3.50 percent from the employer in fiscal year 2009.

Certain Coastal Carolina University's employees have elected to be covered under optional retirement plans. For the fiscal year 2008, total contribution requirements to the ORP were $2,483,829 (including the surcharge) from the University as employer and $1,252,512, from its employees as plan members. 7.89 percent of all contributions were remitted to the Retirement Division of the State Budget and Control Board and 11.50 percent of all contributions were remitted directly to the respective annuity policy providers. The obligation for payment of benefits resides with the insurance company. State ORP participants are eligible for Group Life Insurance equal to the member's current annual earnable compensation paid following the active member's or retired (but who has returned to covered employment) member's death provided they work for a covered employer.

Deferred Compensation Plans: Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of Coastal Carolina University have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

Teacher and Employee Retention Incentive: Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Employees who entered the TERI Program prior to July 1, 2005 do not make contributions to the South Carolina Retirement Systems. Employees who entered the TERI Program on or after July 1, 2005, do make contributions to the South Carolina Retirement Systems at the same rate as active employees. Coastal Carolina University must pay the employer share on all TERI participants at the same rate as on active employees. Teri participants do not earn additional service credit, are not eligible to purchase service, and are not eligible for disability retirement benefits. TERI participants are covered under the active membership Group Life Insurance Program.

NOTE 14 – POST-EMPLOYMENT AND OTHER EMPLOYEE BENEFITS

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State of South Carolina provides certain health care, dental, and life insurance benefits to certain active and retired State employees and certain surviving dependents of retirees. All permanent full-time and certain permanent part-time employees of Coastal Carolina University are eligible to receive these benefits. The State provides post-employment health and dental benefits to employees who retire from State service who

NOTE 14 – POST-EMPLOYMENT AND OTHER EMPLOYEE BENEFITS – Continued

meet eligibility requirements set forth by the Employee Insurance Program. Retirement benefits are effective dependent upon the date of retirement.

These benefits are provided through annual appropriations by the General Assembly to Coastal Carolina University for its active employees and to the State Budget and Control Board for all participating State retirees except the portions funded through the pension surcharge and provided from other applicable fund sources of the University for its active employees who are not funded by State General Fund appropriations. The State finances health and dental plan benefits on a pay-as-you-go basis.

Coastal Carolina University recorded compensation and benefit expenses for these insurance benefits for active employees in the amount of $3,724,768 for the year ended June 30, 2009. As discussed in Note 13, the University paid $1,723,185 applicable to the 3.50 percent surcharge included with the employer contributions for retirement benefits. These amounts were remitted to the South Carolina Retirement Systems for distribution to the Employee Insurance Program for retiree health and dental insurance benefits.

Information regarding the cost of insurance benefits applicable to Coastal Carolina University retirees is not available. By State law, the University has no liability for retirement benefits. Accordingly, the cost of providing these benefits for retirees is not included in the accompanying financial statements.

In addition, the State General Assembly periodically directs the Retirement Systems to pay supplemental (cost of living) increases to retirees. Such increases are primarily funded from Systems' earnings; however, a portion of the required amount is appropriated from the State General Fund annually for the SCRS and PORS benefits.

NOTE 15 – RELATED PARTIES

There are several separately chartered legal entities which do not meet the criteria established by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14,* to be treated as component units of the University. These entities include the Horry County Higher Education Commission, the Georgetown County Advisory Board for Coastal Carolina University, and the Coastal Carolina Booster Club, Inc. While they are not financially accountable to the University, these organizations exist primarily to provide financial assistance and other support to the University and its educational program. The activities of these entities are not included in the University's financial statements. However, the University's statements for the year ended June 30, 2009, include significant transactions between them and the University which are as follows:

The Horry County Higher Education Commission: The Horry County Higher Education Commission was created by Act No. 114 in the 1959 session of the South Carolina General Assembly. The Commission is composed of sixteen members who are appointed by the Horry County Legislative Delegation. The Commission is responsible for providing resources to meet the goals and carry out the mission of Coastal Carolina University, and to expend funds, including proceeds of bonds issued by Horry County, to provide buildings and equipment for the University. The Commission receives an annual appropriation from Horry County to accomplish these objectives. During the year ended June 30, 2009, the Commission made grants to Coastal Carolina University totaling $346,750. Of the total, $114,750 was for scholarships and $232,000 was for public service, academic enhancement, and staff development projects. The Commission leases its land and buildings to the University at a below-market rental under terms of annual leases. Rent paid by the University during the fiscal year 2009 was $18,923 none of which was payable at year-end. Also, as required by the lease, the University insures the Commission's buildings and improvements. The University provides accounting and cash management

NOTE 15 – RELATED PARTIES – Continued

services to the Commission at no charge, including management of the operating portion of its cash. At June 30, 2009, the Commission had net assets of $5,244,633.

Georgetown County Advisory Board for Coastal Carolina University: Georgetown County annually appropriates funds to support the mission of Coastal Carolina University in Georgetown County. The Georgetown County Advisory Board for Coastal Carolina University is responsible for the budgeting and distribution of these funds. During the year ending June 30, 2009, the University received $75,000 in revenue from the Advisory Board. Expenditures made on behalf of the University for scholarships and the development of facilities in Georgetown County were approximately $66,543.

Coastal Carolina Booster Club, Inc.: The Booster Club, also known as the Chanticleer Athletic Foundation was organized solely to raise funds for Coastal Carolina University's athletic programs. During the year ended June 30, 2009, the Club donated $224,287 to University athletic programs, of which, $82,600 was receivable at year end. The Club receives and pays for management and accounting services from the University. At June 30, 2009, the Club had net assets of $1,228,435.

Transactions with the State of South Carolina: The University has significant transactions with the State of South Carolina and various State agencies. The University receives various business, banking and legal services at no cost, and purchases various goods and services from State agencies and component units. The amounts of such expenditures for 2009 are not readily available. At June 30, 2009, accounts receivable included $50,128 due from other State agencies primarily for Federal and State sponsored projects. As part of a cooperative agreement with Horry Georgetown Technical College (HGTC) which is located adjacent to the University and its golf course, HGTC staff and turf management students maintained the golf course. The University reimbursed HGTC for $613,926 for related costs incurred. HGTC also contracts with the University to provide security services to each of their campuses. HGTC paid the University $445,422 in the current year for these services.

Transactions with Related Party Vendors: The University has identified 11 potential related party vendors with whom they have transacted business, during fiscal year ending June 30, 2009. These vendors and the total related transaction amounts are listed below:

Related Party Vendor Transactions
FYE June 30, 2009

Vendor	Amounts
Palmetto Chevrolet Geo	$ 13,452
Grand Strand Regional Medical	50,000
Litchfield Books	150
S & R Turf Equipment, LLC	16,873
Alternatives News Magazine, Inc	1,190
Atlas Travel Agency	100,602
The Lowcountry Companion	1,913
Coastal Direct LLC	4,915
Grand Strand Tee Time Network	22,606
Hyman Vineyards	1,188
Conway Ford, Inc.	2,018
Total	$ 214,907

NOTE 16 – RISK MANAGEMENT

The University is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several State funds accumulate assets, and the State itself assumes substantially all the risk for the following claims of covered employees: unemployment compensation benefits; worker's compensation benefits for job-related illnesses or injuries; health and dental insurance benefits; long-term disability and group-life insurance benefits. Employees elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

The University and other entities pay premiums to the State's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities: theft, damage to, or destruction of assets; real property, personal property, business interruption, equipment, motor vehicles, watercraft, torts (liability) and professional medical services.

The South Carolina Office of Insurance Reserve Fund is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The South Carolina Office of Insurance Reserve Fund rates are determined actuarially.

The University obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation and for officers' and directors' errors and omissions.

NOTE 17 – COMPONENT UNITS

The Coastal Educational Foundation:

The Coastal Educational Foundation (the CEF) is a separately chartered corporation organized exclusively to support Coastal Carolina University. As discussed in Note 1, the CEF has been included in the reporting entity as a component unit. Because CEF is deemed not to be a governmental entity and uses a different reporting model, its balances and transactions are reported on separate financial statements.

The CEF provides support directly to the University through funds earmarked from private contributions to support University scholarships and various academic programs. These transfers for fiscal year 2009 were recorded by the University as non-operating gift revenues totaling $727,170. Indirect support from CEF (payments made directly to others) totaled $138,080 for fiscal year ending June 30, 2009. The CEF also made capital gifts to the University totaling $1,233,010 which were recorded as capital grants in the Statement of Revenues, Expenditures and Changes in Net Assets. Of these amounts, $323,567 was receivable by the University and payable by the Foundation at year-end.

The University leases the Coastal Science Center and the Foundation Center from the CEF for $349,500 per year. (See the discussion in note 9.)

In further support of the University, the CEF owns parcels of real property on which portions of the University's campus is located. At June 30, 2009, the carrying value of this property was $4,388,678, net of $364,559 accumulated depreciation. The Foundation does not charge rent for most of this property. The University, in turn, provides operational and fundraising staff for which it does not charge the Foundation. The CEF has valued these services for their financial reporting at $298,044 for the fiscal

NOTE 17 – COMPONENT UNITS- Continued

year ending June 30, 2009. The University paid rent of $2 in fiscal year 2009 to the Foundation for two parcels of land, the soccer and baseball fields.

The CEF carries investments in marketable equity securities with readily determinable fair market values, and all debt securities, at fair value in the Statement of Financial Position. Investment income is considered unrestricted unless the donors have specified otherwise. Unrealized gains and losses are netted with realized gains and losses in the statement of activities. Donated investments are valued at fair market value at the date of donation. Investments in non-publicly traded securities of closely held entities with no readily determinable market value are carried on the books at established fair value at the date of donation to the Foundation. Dividend income is considered unrestricted unless the donor has specified otherwise. Investments in non-publicly traded closely held partnerships with no readily determinable market value are carried on the books at established fair value at the date of donation or distribution to the Foundation and accounted for under the cost method of accounting for investments, except for certain liquidating distributions which reduce the value of the investment.

A summary of investments at fair value at June 30, 2009 follows:

Commonfund Investments	
Multi-Strategy Equity Funds	$12,515,397
Multi-Strategy Bond Funds	4,862,226
Short Term Fund	146,064
Total Privately Managed Funds	$17,523,687
Publicly Traded Securities	0
Common Stock	0
Total Publicly Traded	0
Closely Held Investments	
Common Stock	$190,000
Property Held for Investment	1,946,360
Property Helf for Sale	347,655
Total Closely Held Investments	$2,484,015
Total Investments	$20,007,702

During the year ended June 30, 2009, two University Board of Trustees members also served as members of the Coastal Educational Foundation Board. One additional University Board member serves as an ex-officio member of the Coastal Educational Foundation Board.

CCU Student Housing Foundation: The CCU Student Housing Foundation (the Foundation) is a separately chartered corporation organized to provide housing for students at the University, as well as to provide support for the various programs of the University. The CCU Housing Foundation, LLC, (the Company), the sole member and owner of the Foundation, operates University Place, an apartment style housing complex located approximately one half mile from the campus. As discussed in Note 1, the Foundation has been included in the reporting entity as a component unit. Because the Foundation is deemed not to be a governmental entity and uses a different reporting model, its balances and transactions are reported on separate financial statements.

NOTE 17 – COMPONENT UNITS- Continued

At June 30, 2009, the Foundation's carrying value of the University Place housing complex was $23,656,920 net of $4,839,877 accumulated depreciation. The Company's carrying value of University Place furnishings was $1,318,923, net of $1,175,567 accumulated depreciation. The carrying value of the Foundation's land and buildings on expansion property was $3,240,320, net of $59,680 accumulated depreciation.

The Foundation and the Company owe debt in the amount of $40,077,566 at June 30, 2009, of which $36,800,000 is the Company's liability on its leasehold investment in University Place and $3,277,566 of which is a mortgage on future expansion property, located contiguous to campus. During 2006, the University agreed to lease the two houses located on the property, pending a decision about how the property will eventually be used. During fiscal year 2009, the Foundation paid interest of $79,598 on the $3,240,320 remaining short-term mortgage on property and received $20,750 in rent from the University.

Interest on the Company's bonds is payable semi-annually and varies from four to five percent. The bonds mature in varying amounts through 2031. The Company's obligations under the bond agreements are collateralized by, among other things, a leasehold mortgage and assignment of rents and leases applicable to University Place. Annual debt service coverage ratio required by the bond agreement is 1.2:1.

As of July 15, 2007, the Foundation terminated the University as property manager and hired an unrelated property management company to manage University Place apartments. As of August 8, 2009, the University was rehired to manage University Place.

The University collects rent for University Place through its student receivables system. Student rent and related fees are transferred to the Foundation each semester based on billings posted to student accounts receivable accounts regardless of whether the fees have been collected by the University. The University and the Foundation agreed that the University may maintain an allowance in its accounts for amounts which it will be unable to collect from students. The allowance was $48,666 at June 30, 2009.

In accordance with terms of the bonds discussed above, the Foundation and its subsidiary have entered into a Support Agreement with the University. This agreement provides that the University will refer students to University Place and identify University Place as "Preferred Residential Housing" and will use its best efforts to see that the debt service ratio required by lenders is maintained. The agreement also requires the University to provide at no cost to itself the same internet and intranet services and campus life programs to residents of University Place as it provides to students living in University owned housing, including health care services. Furthermore, the agreement restricts the University's ability to operate or own any other off-campus student housing facility. During the year ended June 30, 2009, the Company paid the University $105,000 to provide technology services to residents of University Place.

The University received $725,183 in financial support from the CCU Student Housing Foundation for the fiscal year ended June 30, 2009. The University recognizes these payments as reimbursements for expenses previously incurred. During the fiscal year, the Foundation used administrative office space rented by the Coastal Educational Foundation and sub-leased by the University at no charge. The value of this space is $9,088. The University also provided services to the Foundation in support of the operation of University Place, including shuttle bus, security and alarm monitoring, and billing and collections services in the amount of $381,899. During the year, the University also provided meal stipends for residence hall advisors who are assigned to the Foundation's apartments.

The Foundation provides a car allowance and club membership for the Executive Director of the Student Housing Foundation. The amount of the car allowance was $14,460 during fiscal 2009. The amount paid

NOTE 17 – COMPONENT UNITS- Continued

for the club membership was $4,946. The Foundation also provided a $12,000 salary supplement for a University employee who assists this Executive Director.

During the year, the Foundation provided supplemental compensation for the President of Coastal Carolina University. The supplement payments are paid directly to the President and totaled $62,000 in the current fiscal year.

Also, the Foundation has entered into a lease guaranty agreement with owners of a golf course which the University leases as part of its Professional Golf Management program. Under terms of the guaranty agreement, the Foundation will assume the University's position should the University terminate, elect not to renew, or default pursuant to terms of the lease.

The Foundation has paid for legal services from a law firm, who works on behalf of the Foundation The Foundation also paid a consultant who has an ownership interest in the golf course leased by the University, for which the Housing Foundation has entered into a lease guaranty.

NOTE 18 – CONTINGENCIES AND LITIGATION

The University participates in certain Federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

The University is a defendant in various legal actions, some of which are uninsured, the outcome of which is not presently determinable. In the opinion of the University's counsel, the resolution of these matters, including the uninsured claims, will not have a material adverse effect on the University's financial position.

NOTE 19 – COMMITMENTS

In early August 2009, the University purchased ten acres of land located near the University from the Department of Natural Resources at a cost of approximately $1.2 million. The land will be used for future expansion of campus facilities.

The South Carolina Budget and Control Board approved the issuance of general obligation bonds of approximately $54 million for various projects. These projects include a 24/7 information commons addition onto the library, a science building expansion and a renovation and expansion to the student recreation building. The University anticipates the issuance of these general obligation bonds in the fall of 2009.

Horry County One-Cent Sales Tax

In March 2009, Horry County began charging an additional one-cent sales tax on most all taxable goods and services that a consumer currently pays tax on at the time of purchase to fund facilities for education. Exempt from this sales tax are groceries, gas, and prescription drugs. The one-cent sales tax provides funding for Horry County schools, Coastal Carolina University and Horry-Georgetown Technical College over the next 15 years. As of June 30, 2009, Coastal Carolina University has received approximately $1.4 million in revenue from this new tax. CCU's proposed projects include construction, expansion and/or renovation of academic, classroom, faculty office, library, and/or student activity/recreation buildings and related equipment and furnishings on its campuses within the county; acquisition of real property for such facilities to accommodate renovation, expansion and growth; and construction and equipping of facilities jointly owned and/or operated with other education institutions in the county.

OTHER FINANCIAL INFORMATION

COASTAL CAROLINA UNIVERSITY

Schedule of Information on Business-Type Activities
Required for the Government-Wide
Statement of Activities in the State CAFR
For the Year Ended June 30, 2009

	Year Ended June 30,		Increase
	2009	2008	(Decrease)
Charges for Services	$ 106,394,187	93,142,634	13,251,553
Operating Grants and Contributions	3,729,964	4,310,738	(580,774)
Capital Grants and Contributions	1,524,241	978,356	545,885
Less Expenses	(112,246,817)	(103,665,927)	(8,580,890)
Net Program Revenue (Expense)	(598,425)	(5,234,199)	4,635,774
General Revenues			
Earnings on Investments	-	-	-
Special Items	-	-	-
Extraordinary Items	-	-	-
Contributions to Permanent and Term Endowments	-	-	-
Transfers			
State Appropriations	13,524,645	17,671,977	(4,147,332)
Research Infrastructure Bond Proceeds	482,480	-	482,480
Other Transfers in from State Agencies	7,246	17,234	(9,988)
Local Sales Tax Allocation	1,477,422		
Total General Revenue and Transfers	15,491,793	17,689,211	(3,674,840)
Change in Net Assets	14,893,368	12,455,012	2,438,356
Net Assets - Beginning	93,329,316	80,874,304	12,455,012
Net Assets - Ending	$ 108,222,684	93,329,316	14,893,368

COASTAL CAROLINA UNIVERSITY

Schedule Reconciling State Appropriation per the Financial Statements
to State Appropriation Recorded in State Accounting Records
For the Year Ended June 30, 2009

Following is a reconciliation of the original base budget amount presented in the General Funds Column of Section 5F of Part IA of the 2008 and 2009 Appropriation Act enacted by the South Carolina General Assembly to State Appropriations revenue reported in the financial statements for the year ended June 30, 2009.

Non-Capital Appropriations	
Original Appropriation	$ 16,161,950
Supplemental Appropriation Reductions	(3,648,045)
Technology Grant Program	845,062
State Budget and Control Board Allocations for Employee Base Pay Increases and Related Employee Benefits	161,336
South Carolina Endowment Incentive Act of 1997	4,342
Total Appropriation Revenue Reported in the Financial Statements	$ 13,524,645

COASTAL CAROLINA UNIVERSITY

Schedule of Tuition Fees
For the Year Ended June 30, 2009

South Carolina Code of Laws Section 59-107-90 requires that the maximum amount of annual debt service on State institution bonds for each institution shall not exceed ninety percent of the sums received from tuition fees (as defined by Code Section 59-107-30) for the preceding year. The applicable amount for the year ended June 30, 2009 is as follows:

Amount of Tuition Fees as Defined by Code Section 59-107-30 for the Fiscal Year Ended June 30, 2008	$ 6,392,583
Legal Annual Debt Service Limit at June 30, 2009	$ 5,753,325

COASTAL CAROLINA UNIVERSITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT

STATISTICAL SECTION

Atheneum Building

This part of the University's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the University's overall financial health. Unless otherwise noted, the information in this section is derived from the comprehensive annual financial report of the relevant year. The University implemented GASB Statement No. 34 in 2002; certain schedules include information beginning in that year.

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the University's financial performance and well-being have changed over time.

Schedule 1
Coastal Carolina University
Net Assets by Component
Fiscal Years 2002 – 2009

	For the year ended June 30							
	2009	2008	2007	2006	2005	2004	2003	2002
Net Assets								
Invested in capital assets, net of debt	$ 59,953,874	$ 57,318,311	$ 46,314,833	$ 57,050,243	$ 54,822,552	$ 53,844,656	$ 48,759,779	$ 49,347,474
Restricted - non-expendable	100,000	100,000	100,000	97,953	102,626	102,934	103,546	101,260
Restricted - expendable	21,751,075	19,439,071	15,203,375	3,119,736	637,981	1,238,953	5,282,000	42,477
Unrestricted	26,417,735	16,471,934	18,843,171	10,887,678	9,031,159	5,969,709	4,396,078	5,608,593
Total Net Assets	$ 108,222,684	$ 93,329,316	$ 80,461,379	$ 71,155,610	$ 64,594,318	$ 61,156,252	$ 58,541,403	$ 55,099,804

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2009 are available.

Schedule 2
Coastal Carolina University
Major Revenue Sources
Fiscal Years 2002 – 2009

For the year ended June 30
(dollars)

	2009	2008	2007	2006	2005	2004	2003	2002
Tuition, net of allowance	$ 75,894,084	$ 64,647,787	$ 60,037,693	$ 51,186,504	$ 43,074,537	$ 35,779,409	$ 28,458,464	$ 24,037,171
State grants to students	8,884,673	8,261,850	6,725,629	6,368,500	5,637,258	4,493,503	3,360,109	1,491,237
Federal grants to students	8,468,043	7,467,366	5,031,709	4,631,878	4,866,852	4,403,041	3,941,964	3,427,673
Other operating grants	1,808,138	1,948,524	2,578,763	2,643,014	2,104,181	2,736,269	2,412,206	2,276,642
Sales and services of educ activities	2,789,296	2,380,591	2,527,891	1,957,787	1,788,649	1,734,367	965,243	833,697
Auxiliary enterprises, net of allowance	7,227,340	7,193,288	7,018,449	6,538,216	5,305,441	5,149,927	4,670,935	4,734,807
Other fees	1,322,613	1,243,228	1,073,120	1,125,867	999,332	861,376	652,174	671,842
Total operating revenue	106,394,187	93,142,634	84,993,254	74,451,766	63,776,250	55,157,891	44,461,094	37,473,069
State appropriations	13,524,645	17,671,977	16,171,875	13,562,113	11,792,079	11,220,170	12,579,167	14,110,923
Local appropriations	209,658	233,670	315,079	338,539	214,889	218,067	243,480	312,160
Gifts, Grants, and Contracts	1,484,956	2,525,354	1,412,749	2,074,663	2,503,349	3,047,176	1,450,680	910,878
Investment income	2,042,596	1,551,714	1,256,909	425,808	402,465	92,668	903,026	286,067
Total non-operating revenue	17,261,855	21,982,715	19,156,612	16,401,123	14,912,782	14,578,081	15,176,353	15,620,028
Total non-capital revenue	$ 123,656,042	$ 115,125,349	$ 104,149,866	$ 90,852,889	$ 78,689,032	$ 69,735,972	$ 59,637,447	$ 53,093,097

(percentages of total)

Tuition, net of allowance	61.4%	56.2%	57.6%	56.3%	54.7%	51.3%	47.7%	45.3%
State grants to students	7.2%	7.2%	6.5%	7.0%	7.2%	6.4%	5.6%	2.8%
Federal grants to students	6.8%	6.5%	4.8%	5.1%	6.2%	6.3%	6.6%	6.5%
Other operating grants	1.5%	1.7%	2.5%	2.9%	2.7%	3.9%	4.0%	4.3%
Sales and services of educ activities	2.3%	2.1%	2.4%	2.2%	2.3%	2.5%	1.6%	1.6%
Auxiliary enterprises, net of allowance	5.8%	6.2%	6.7%	7.2%	6.7%	7.4%	7.8%	8.9%
Other fees	1.1%	1.1%	1.0%	1.2%	1.3%	1.2%	1.1%	1.3%
Total operating revenue	86.0%	80.9%	81.6%	81.9%	81.0%	79.1%	74.6%	70.6%
State appropriations	10.9%	15.4%	15.5%	14.9%	15.0%	16.1%	21.1%	26.6%
Local appropriations	0.2%	0.2%	0.3%	0.4%	0.3%	0.3%	0.4%	0.6%
Gifts	1.2%	2.2%	1.4%	2.3%	3.2%	4.4%	2.4%	1.7%
Investment income	1.7%	1.3%	1.2%	0.5%	0.5%	0.1%	1.5%	0.5%
Total non-operating revenue	14.0%	19.1%	18.4%	18.1%	19.0%	20.9%	25.4%	29.4%
Total non-capital revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2009 are available.

Schedule 3
Coastal Carolina University
Expenses by Function
Fiscal Years 2002 – 2009

For the year ended June 30
(dollars)

	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	$ 41,222,211	$ 37,496,227	$ 33,749,600	$ 30,302,652	$ 27,433,692	$ 25,798,618	$ 22,786,032	$ 19,780,013
Research	1,534,647	1,365,651	991,703	1,130,243	689,398	966,347	743,184	757,827
Public Service	1,010,520	1,398,176	1,530,716	1,402,660	1,188,870	1,533,278	1,290,221	1,284,841
Academic Support	6,839,919	6,260,774	5,544,497	5,444,440	5,193,271	4,485,906	4,032,686	3,833,185
Student Services	17,282,683	16,636,251	13,718,946	12,499,087	10,836,863	9,341,425	8,053,622	6,499,506
Institutional Support	10,121,548	9,927,237	8,847,425	8,180,490	7,383,968	6,374,436	5,645,194	4,806,304
Plant Operation	15,346,465	13,433,372	14,476,310	12,700,415	9,488,335	7,330,871	6,266,252	5,317,545
Scholarships	7,717,421	6,807,605	6,220,738	5,555,772	5,639,316	5,001,247	4,630,717	3,229,858
Auxiliary Enterprises	5,215,065	4,943,921	5,374,426	4,384,077	3,336,934	3,509,497	2,695,134	2,398,956
Depreciation	4,096,014	3,703,908	3,267,991	3,190,958	2,922,724	2,768,983	2,318,304	2,176,237
Total operating expenses	110,386,493	101,973,122	93,722,352	84,790,794	74,113,371	67,110,608	58,461,346	50,084,272
Interest on capital debt	1,857,739	1,647,266	1,740,332	1,627,464	1,690,726	1,883,691	1,766,286	1,763,453
Total non-operating expenses	1,857,739	1,647,266	1,740,332	1,627,464	1,690,726	1,883,691	1,766,286	1,763,453
Total expenses	$ 112,244,232	$ 103,620,388	$ 95,462,684	$ 86,418,258	$ 75,804,097	$ 68,994,299	$ 60,227,632	$ 51,847,725

(percentages of total)

Instruction	36.7%	36.2%	35.4%	35.1%	36.2%	37.4%	37.8%	38.2%
Research	1.4%	1.3%	1.0%	1.3%	0.9%	1.4%	1.2%	1.5%
Public Service	0.9%	1.3%	1.6%	1.6%	1.6%	2.2%	2.1%	2.5%
Academic Support	6.1%	6.0%	5.8%	6.3%	6.9%	6.5%	6.7%	7.4%
Student Services	15.4%	16.1%	14.4%	14.5%	14.3%	13.5%	13.4%	12.5%
Institutional Support	9.0%	9.6%	9.3%	9.5%	9.7%	9.2%	9.4%	9.3%
Plant Operation	13.7%	13.0%	15.2%	14.7%	12.5%	10.6%	10.4%	10.3%
Scholarships	6.9%	6.6%	6.5%	6.4%	7.4%	7.2%	7.7%	6.2%
Auxiliary Enterprises	4.6%	4.8%	5.6%	5.1%	4.4%	5.1%	4.5%	4.6%
Depreciation	3.6%	3.6%	3.4%	3.7%	3.9%	4.0%	3.8%	4.2%
Total operating expenses	98.3%	98.4%	98.2%	98.1%	97.8%	97.3%	97.1%	96.6%
Interest on capital debt	1.7%	1.6%	1.8%	1.9%	2.2%	2.7%	2.9%	3.4%
Total non-operating expenses	1.7%	1.6%	1.8%	1.9%	2.2%	2.7%	2.9%	3.4%
Total expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2009 are reported.

Schedule 4
Coastal Carolina University
Expenses by Use
Fiscal Years 2002 – 2009

For the year ended June 30
(dollars)

	2009	2008	2007	2006	2005	2004	2003	2002
Personnel costs and benefits	$ 70,346,054	$ 65,043,866	$ 57,926,829	$ 52,396,576	$ 46,868,903	$ 42,104,080	$ 37,919,803	$ 33,697,871
Services and supplies	25,146,483	23,150,973	23,272,146	20,422,732	16,433,595	15,184,331	11,750,783	9,472,102
Utilities	3,399,167	3,517,704	3,280,450	3,447,960	2,562,796	2,300,106	2,095,677	1,762,842
Scholarships	7,398,775	6,556,671	5,974,936	5,332,568	5,325,354	4,753,108	4,376,779	2,975,220
Depreciation	4,096,014	3,703,908	3,267,991	3,190,958	2,922,723	2,768,983	2,318,304	2,176,237
Total operating expenses	110,386,493	101,973,122	93,722,352	84,790,794	74,113,371	67,110,608	58,461,346	50,084,272
Interest on capital asset debt	1,857,739	1,647,266	1,740,332	1,627,464	1,690,726	1,883,691	1,766,286	1,763,453
Total non-operating expenses	1,857,739	1,647,266	1,740,332	1,627,464	1,690,726	1,883,691	1,766,286	1,763,453
Total expenses	$ 112,244,232	$ 103,620,388	$ 95,462,684	$ 86,418,258	$ 75,804,097	$ 68,994,299	$ 60,227,632	$ 51,847,725

(percentages of total)

Personnel costs and benefits	62.7%	62.8%	60.7%	60.6%	61.8%	61.0%	63.0%	65.0%
Services and supplies	22.4%	22.3%	24.4%	23.6%	21.7%	22.0%	19.5%	18.3%
Utilities	3.0%	3.4%	3.4%	4.0%	3.4%	3.3%	3.5%	3.4%
Scholarships	6.6%	6.3%	6.3%	6.2%	7.0%	6.9%	7.3%	5.7%
Depreciation	3.6%	3.6%	3.4%	3.7%	3.9%	4.0%	3.8%	4.2%
Total operating expenses	98.3%	98.4%	98.2%	98.1%	97.8%	97.3%	97.1%	96.6%
Interest on capital asset debt	1.7%	1.6%	1.8%	1.9%	2.2%	2.7%	2.9%	3.4%
Total non-operating expenses	1.7%	1.6%	1.8%	1.9%	2.2%	2.7%	2.9%	3.4%
Total expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2009 are available.

Schedule 5
Coastal Carolina University
Other Changes in Net Assets
Fiscal Years 2002 – 2009

	For the year ended June 30							
	2009	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**
Income before other changes in net assets	$ 11,411,810	$ 11,522,195	$ 8,687,182	$ 4,434,631	$ 2,884,935	$ 741,673	$ (590,185)	$ 1,245,372
Capital appropriations	1,959,902	145,000	168,307	1,246,339	-	178,719	3,821,281	158,039
Capital grants and gifts	1,524,241	833,356	-	193,939	-	-	151,733	176,746
Gain (Loss) on disposal of assets	(2,585)	(45,539)	649,901	686,383	553,131	1,694,457	58,770	1,080,879
Total change in net assets	$ 14,893,368	$ 12,455,012	$ 9,505,390	$ 6,561,292	$ 3,438,066	$ 2,614,849	$ 3,441,599	$ 2,661,036

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2009 are reported.

Notes: State capital grants and appropriations

* Amounts received in 2002 and 2003 were for construction of the football stadium.
* The 2006 and 2007 amounts include $1.35 million in state research infrastructure bond proceeds for complete renovation of the Kearns Hall classroom building.

Notes: Local and other capital grants and appropriations

* In 2002, almost $900,000 of local gift funding was received from the Coastal Educational Foundation to furnish the new Humanities building and the new University Hall and Welcome Center.
* From 2004 to 2006 a total of over $1,125,000 was received from the Horry County Higher Education Commission for upgrades to the building housing the Burroughs and Chapin Center for Marine and Wetlands Studies.
* In 2006, a grant was received from the Santee Cooper utility for $216,400 for upgrades to the newly leased Coastal Science Center.
* From 2004 to 2006 a cumulative amount of over $525,000 was received in pledge payments for naming rights at the football stadium.
* In 2007, over $400,000 represents the donation of a belltower constructed on campus, and the gift of related land, by the Coastal Educational Foundation.
* The 2009 amount for capital appropriations include $482,480 of research infrastructure bond proceeds.

REVENUE CAPACITY

These schedules and charts contain information to help the reader assess the factors affecting the University's ability to generate its operating revenue.

Schedule 6
Coastal Carolina University
Applications, Enrollment, and Degrees Awarded
Last Ten Academic Years

	Academic Year											Ten Year
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	Change
ADMISSIONS - FRESHMEN												
Applications	7,514	6,618	6,218	5,427	5,041	4,527	3,603	3,094	2,533	2,420	2,473	204%
Applications accepted	5,215	4,524	4,238	4,016	3,661	3,208	2,580	2,296	1,813	1,753	1,944	168%
Accepted as a percentage of applications	69%	68%	68%	74%	73%	71%	72%	74%	72%	72%	79%	
Students enrolled	1,655	1,652	1,474	1,498	1,323	1,272	1,078	941	792	766	877	89%
Students enrolled as a percentage of accepted	32%	37%	35%	37%	36%	40%	42%	41%	44%	44%	45%	
SAT scores - total	1030	1040	1047	1046	1041	1045	1044	1042	1026	1032	1004	3%
ENROLLMENT												
Headcount enrollment												
Undergraduate	7,573	7,070	6,660	6,397	6,020	5,610	5,058	4,771	4,405	4,370	4,428	71%
Graduate	581	802	1,389	1,216	1,001	1,170	922	194	248	245	128	354%
Full time equivalent enrollment												
Undergraduate	7,372	6,890	6,398	6,140	5,807	5,390	4,796	4,428	4,027	3,919	3,894	89%
Graduate	238	288	546	436	334	405	299	59	75	72	49	386%
Residency for Fee Payment Purposes*												
Undergraduate, State Residents	5,147	4,825	4,623	4,519	4,319	4,128	3,804	3,541	3,347	3,378	3,366	53%
Undergraduate, Out of State Residents	2,426	2,245	2,037	1,878	1,701	1,482	1,254	1,230	1,058	992	1,062	128%
Headcount Total by Fee Payment Purposes	7,573	7,070	6,660	6,397	6,020	5,610	5,058	4,771	4,405	4,370	4,428	71%
Percent of Undergraduates paying as Residents	68%	68%	69%	71%	72%	74%	75%	74%	76%	77%	76%	
Percent of Undergraduates paying as Non-resider	32%	32%	31%	29%	28%	26%	25%	26%	24%	23%	24%	
Required Tuition and Fees**												
Undergraduate, In State, Full Time	$ 8,650	$ 7,600	$ 7,500	$ 6,860	$ 6,100	$ 5,190	$ 4,350	$ 3,770	$ 3,500	$ 3,340	$ 3,220	169%
Undergraduate, Out of State, Full Time	$ 18,090	$ 16,590	$ 16,190	$ 15,100	$ 14,150	$ 12,870	$ 11,760	$ 10,680	$ 9,810	$ 9,280	$ 8,790	106%
Non-resident: Resident Fee Ratio	2.09	2.18	2.16	2.20	2.32	2.48	2.70	2.83	2.80	2.78	2.73	
DEGREES AWARDED												
Bachelor's	1076	1004	921	887	768	801	690	657	619	636	527	104%
Master's	86	75	56	49	30	29	31	27	20	21	23	274%

* *Scholarship recipients who are non-residents may receive a partial or full waiver of the out-of-state fee differential*

** *Does not include room and board*

Source: CCU Office of Institutional Research & Assessment

Schedule 7
Coastal Carolina University
Undergraduate Annual Required Tuition and Fees at South Carolina Public Four-Year Institutions
Last Ten Academic Years

	Academic Year Beginning in Fall											Ten Year
	2009	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**	**Change**
The Citadel	$ 8,735	$ 8,403	$ 7,735	$ 7,168	$ 6,522	$ 5,900	$ 4,999	$ 4,067	$ 3,727	$ 3,404	$ 3,396	157.2%
Clemson University	11,078	10,378	9,870	9,400	8,886	7,840	6,934	5,834	5,090	3,590	3,470	219.3%
Coastal Carolina University	8,950	8,650	7,600	7,500	6,860	6,100	5,190	4,350	3,770	3,500	3,340	168.0%
College of Charleston	8,988	8,400	7,778	7,234	6,668	6,202	5,770	4,858	3,780	3,630	3,520	155.3%
Francis Marion University	7,960	7,682	7,038	6,512	5,984	5,540	5,082	4,340	3,790	3,600	3,350	137.6%
Lander University	8,760	8,380	7,728	7,162	6,668	5,866	5,400	4,704	4,152	3,888	3,700	136.8%
South Carolina State University	8,462	7,806	7,318	7,278	6,480	6,170	5,570	4,898	4,240	3,724	3,410	148.2%
University of South Carolina												
Columbia	9,156	8,838	8,346	7,808	7,314	6,416	5,778	5,024	4,260	3,868	3,740	144.8%
Aiken	7,900	7,532	7,006	6,670	6,128	5,622	5,084	4,374	3,738	3,558	3,318	138.1%
Beaufort	7,250	7,000	6,250	5,724	5,214	4,670	4,208	3,080	2,410	2,200	2,100	245.2%
Upstate	8,642	8,342	7,760	7,218	6,636	6,060	5,460	4,748	4,058	3,624	4,126	109.5%
Winthrop University	$ 11,606	$ 11,140	$ 10,210	$ 9,500	$ 8,756	$ 7,816	$ 6,652	$ 5,600	$ 4,868	$ 4,262	$ 4,126	181.3%
Average	**$ 8,957**	**$ 8,546**	**$ 7,887**	**$ 7,431**	**$6,843**	**$ 6,184**	**$ 5,511**	**$ 4,656**	**$ 3,990**	**$ 3,571**	**$ 3,466**	158.4%

In June 2002, USC Beaufort was granted four-year status by the South Carolina Commission on Higher Education, and in 2004 was accredited as a Level II baccalaureate degree

Source: S.C. Commission on Higher Education

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the University's current levels of outstanding debt and the University's ability to issue debt in the future.

Schedule 8
Coastal Carolina University
Ratios of Outstanding Debt
Last Ten Fiscal Years

	For the year ended June 30									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Bonded Debt										
General obligation bonds	$ 17,655,000	$ 18,305,000	$ 18,935,000	$ 7,935,000	$ 8,220,000	$ 8,490,000	$ 8,750,000	$ -	$ 325,000	$ 640,000
Total general bonded debt	$ 17,655,000	$ 18,305,000	$ 18,935,000	$ 7,935,000	$ 8,220,000	$ 8,490,000	$ 8,750,000	$ -	$ 325,000	$ 640,000
Outstanding general bonded debt per full-time equivalent student	$ 2,320	$ 2,551	$ 2,727	$ 1,207	$ 1,339	$ 1,465	$ 1,717	$ -	$ 79	$ 160
Other Debt										
Revenue bonds	$ 22,365,000	$ 23,375,000	$ 24,345,000	$ 24,600,000	$ 25,425,000	$ 26,215,000	$ 26,855,000	$ 27,565,000	$ 28,240,000	$ 28,875,000
Capital lease obligations	$ 162,895	$ 267,404	$ 368,758	$ 467,052	$ 562,379	$ 834,930	$ 216,978	$ 251,074	$ -	$ -
Total outstanding debt	$ 40,182,895	$ 41,947,404	$ 43,648,758	$ 33,002,052	$ 34,207,379	$ 35,539,930	$ 35,821,978	$ 27,816,074	$ 28,565,000	$ 29,515,000
Total outstanding debt per full-time equivalent student	$ 5,280	$ 5,845	$ 6,286	$ 5,019	$ 5,570	$ 6,133	$ 7,031	$ 6,199	$ 6,964	$ 7,395
Number of full time equivalent undergraduate and graduate students	7,610	7,177	6,944	6,576	6,141	5,795	5,095	4,487	4,102	3,991

Schedule 9
Coastal Carolina University
Debt Service Coverage on Revenue Bonds
Fiscal Years 2002-2009

	For the year ended June 30							
REVENUE BONDS	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**
Revenues	$83,732,262	$70,857,695	$ 70,209,074	$ 59,884,941	$ 50,441,023	$ 44,878,156	$ 35,566,512	$ 30,940,831
Expenses	73,126,774	62,474,962	58,774,006	53,701,011	46,408,826	40,255,735	33,338,327	26,544,137
Net Revenues Available for Debt Service	$10,605,488	$8,382,733	$ 11,435,068	$ 6,183,930	$ 4,032,197	$ 4,622,421	$ 2,228,185	$ 4,396,694
Debt Service, Revenue Bonds	2,056,504	2,242,005	$ 1,296,398	$ 2,096,891	$ 2,113,270	$ 2,084,574	$ 2,194,949	$ 2,195,460
Coverage	5.16	3.74	8.82	2.95	1.91	2.22	1.02	2.00

Above revenues, expenses, and net revenues available for debt service have been determined in accordance with the requirements of the applicable bonds.

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2009 are available.

Schedule 10
Coastal Carolina University
Debt Service Coverage on General Obligation Bonds
Last Ten Fiscal Years

	For the year ended June 30										
GENERAL OBLIGATION BONDS	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**
Tuition Pledged for Debt Service	$5,753,325	$6,392,583	$ 2,020,067	$ 1,687,780	$1,344,290	$ 968,436	$864,426	$ 841,252	$ 603,631	$ 577,234	$ 585,013
Debt Service, General Obligation Bonds	$1,396,973	$1,426,706	$ 961,328	$ 614,439	$ 605,532	$ 378,335	$175,647	$ 335,969	$ 340,020	$ 338,160	$ 340,302
Coverage	4.12	4.48	2.10	2.75	2.22	2.56	4.92	2.50	1.78	1.71	1.72

DEMOGRAPHIC AND ECONOMIC INFORMATION

These charts offer demographic and economic indicators to help the reader understand the environment within which the University's financial activities take place and to help make comparisons over time and with other universities.

Schedule 11
Coastal Carolina University
South Carolina Employment by Industry
Calendar Year 2009 and Ten Years Earlier

	1999		2009	
Sources	**Number of Employees**	**Percent of Total**	**Number of Employees**	**Percent of Total**
Construction	115,100	6.29%	96,900	5.25%
Manufacturing	333,800	18.24%	212,500	11.51%
Trade, Transportation, and Utilities	357,400	19.53%	356,200	19.29%
Information	29,000	1.59%	29,600	1.60%
Financial Activities	87,700	4.79%	102,100	5.53%
Professional and Business Services	190,400	10.41%	219,800	11.90%
Education and Health Services	152,400	8.33%	209,100	11.32%
Leisure and Hospitality	188,700	10.31%	206,600	11.19%
Other Services	58,200	3.18%	68,500	3.71%
Government	316,900	17.32%	345,600	18.71%
	1,829,600	100.00%	1,846,900	100.00%

Source: South Carolina Workforce Labor Market Information

Schedule 12
Coastal Carolina University
Top 20 Employers
Horry and Georgetown Counties, South Carolina

HORRY COUNTY

Horry County Department of Education
Wal-Mart Associates, Inc.
Horry County Government
Coastal Carolina University
Conway Medical Center
Grand Strand Regional Medical Center
City of Myrtle Beach
Loris Community Hospital & Extended Care
Food Lion, LLC
Southeast Restaurants Corporation
Horry Telephone Cooperative Inc.
AVX Corporation
Myrtle Beach Farms
Lowe's Home Centers Inc.
OS Restaurant Services Inc.
Horry Georgetown Technical College
Myrtle Beach National Company
Fairfield Communities, Inc.
Eastern Seaboard Management LLC
Sun Hospitality LLC

GEORGETOWN COUNTY

Georgetown County Department of Education
Georgetown Hospital System
International Paper
County of Georgetown
Carolina Labor Group Inc.
Myrtle Beach National Golf Club
Wal-Mart Associates, Inc.
B E & K Construction Company
Waste Management of South Carolina
Arcelormittal Georgetown Inc
Santee Cooper-SC Public Service Authority
Palmetto Prince George Operating LLC
City of Georgetown
Food Lion, LLC
3V Inc.
K A Diel & Associates Inc
In Home Healthcare Services Inc.
Litchfield Retirement LLC
Pierce Hardy Real Estate Inc & 84 Associates
Brookgreen Gardens

Source: South Carolina Employment Security Commission, January - March, 2009

Schedule 13
Coastal Carolina University
State and Regional
Population, Income, and Unemployment History
Last Ten Calendar Years

	Population**			Per Capita Income*			Unemployment Rate (%)*		
Year	South Carolina	Horry County	Georgetown County	South Carolina	Horry County	Georgetown County	South Carolina	Horry County	Georgetown County
2008	4,479,800	257,380	60,731	$ 31,884	n/a	n/a	11.6	10.9	12.5
2007	4,404,914	249,711	60,388	31,013	$ 28,307	$ 34,694	5.9	5.1	6.4
2006	4,324,799	239,496	59,912	29,770	27,810	32,520	6.4	5.5	7.0
2005	4,249,385	228,254	59,464	28,285	26,789	30,399	6.7	5.7	8.6
2004	4,196,799	217,890	59,141	27,090	26,006	28,388	6.8	5.9	9.5
2003	4,143,420	210,840	58,355	25,880	25,017	26,785	6.7	5.6	9.7
2002	4,102,211	206,110	57,679	25,370	24,333	26,193	5.9	5.1	8.2
2001	4,061,844	201,833	56,785	24,988	24,160	25,790	5.2	4.9	7.4
2000	4,012,012	196,629	55,797	24,424	23,934	24,256	3.6	3.6	5.3
1999	3,974,682	191,833	55,053	23,075	23,019	22,519	4.5	3.9	8.7
1998	3,919,235	186,009	53,920	$ 22,161	$ 21,988	$ 21,488	3.8	3.8	7.9

Source:

** S.C. Employment Security Commission Labor Market Information*

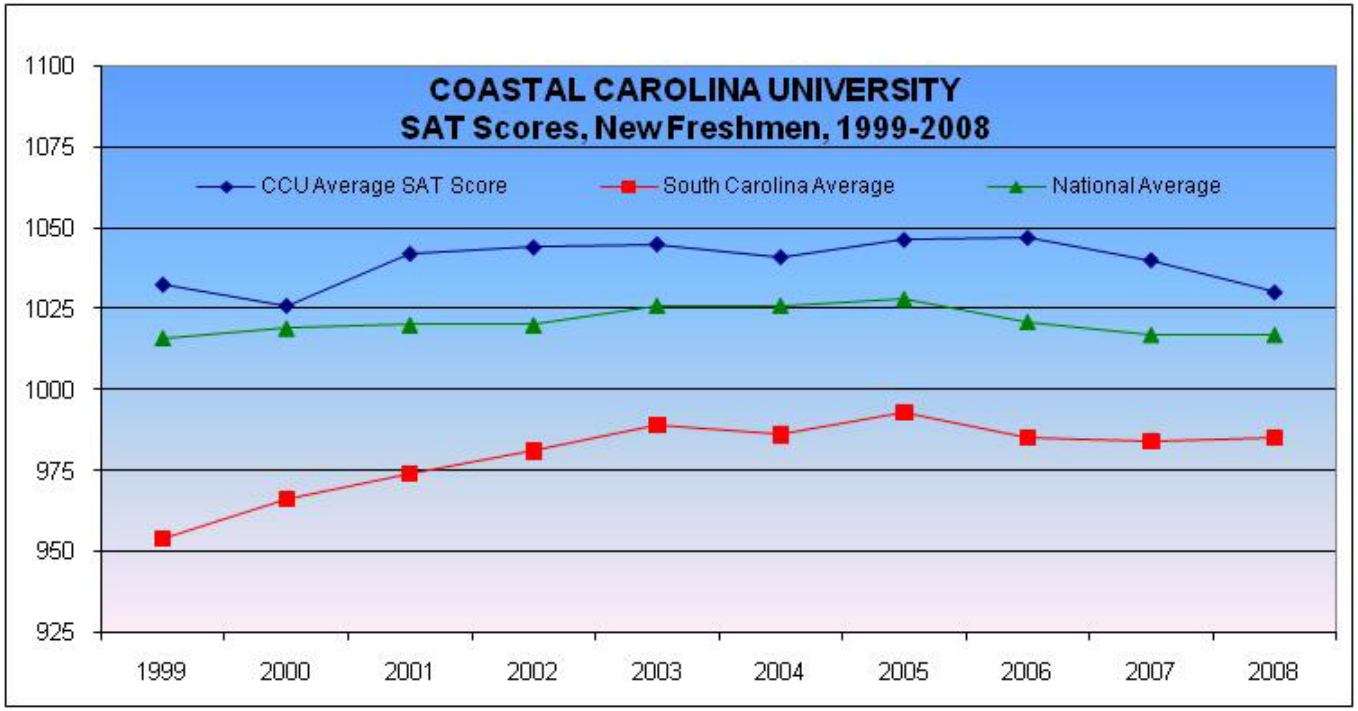
***2008 Real Estate Center at Texas A&M University, U.S. Bureau of Census*

OPERATING INFORMATION

These schedules contain information about the University's operations and resources to help the reader understand how the University's information relates to the services the University provides and the activities it performs.

Schedule 14
Coastal Carolina University
SAT Scores, New Freshmen
Last Ten Academic Years

	Fall Semesters									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
CCU Average SAT Score	1032	1026	1042	1044	1045	1041	1046	1047	1040	1030
South Carolina Average	954	966	974	981	989	986	993	985	984	985
National Average	1016	1019	1020	1020	1026	1026	1028	1021	1017	1017



Schedule 15
Coastal Carolina University
Average Faculty Salaries by Rank
Last Ten Academic Years

	Academic Year Beginning in Fall									
	2008	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**
Coastal Carolina University										
Professor	$82,159	$78,667	$73,231	$71,845	$68,471	$62,559	$63,186	$61,614	$59,810	$58,286
Associate Professor	$67,679	$63,887	$62,123	$59,385	$56,615	$53,936	$51,831	$51,468	$49,705	$47,596
Assistant Professor	$58,005	$57,786	$53,996	$51,395	$48,248	$44,887	$43,592	$42,781	$42,742	$41,241
Instructor/Other	$44,910	$41,300	$37,009	$34,470	$32,564	$30,698	$29,805	$31,827	$32,256	$30,209
Average, all ranks	$64,034	$61,905	$58,227	$55,822	$52,411	$49,095	$48,208	$48,387	$47,278	$45,278
Average, percent of SC public universities	105.99%	103.40%	101.33%	99.11%	97.15%	96.62%	98.77%	99.10%	99.37%	98.68%
Average, percent of SREB*	N/A	110.42%	105.99%	104.44%	102.13%	99.67%	96.56%	97.41%	98.21%	98.11%
Average, percent of national**	94.82%	95.84%	90.16%	81.55%	79.56%	78.18%	79.19%	81.28%	79.97%	78.89%
South Carolina Public Universities										
Professor	$76,573	$74,802	$71,895	$69,949	$66,270	$61,351	$62,615	$61,760	$60,094	$57,363
Associate Professor	$64,009	$63,124	$60,936	$59,267	$56,901	$53,415	$51,443	$50,243	$48,911	$46,787
Assistant Professor	$54,199	$53,825	$51,282	$49,373	$46,761	$44,468	$43,728	$42,936	$42,682	$40,463
Instructor/Other	$44,357	$44,159	$41,942	$40,443	$40,350	$37,059	$35,448	$35,470	$33,945	$32,444
Average, all ranks	$60,416	$59,868	$57,462	$56,326	$53,949	$50,814	$48,809	$48,827	$47,578	$45,884
Southern (SREB*) Average	N/A	$56,062	$54,937	$53,449	$51,318	$49,260	$49,927	$49,674	$48,142	$46,148
National** (CUPA) Average	$67,533	$64,591	$64,580	$68,454	$65,875	$62,800	$60,880	$59,532	$59,123	$57,394

Source: United States Department of Education Integrated Post Secondary Educational Data Survey (IPEDS), converted to nine month basis.

*Southern Regional Education Board **College and University Professional Association

Schedule 16
Coastal Carolina University
Faculty, Staff and Administrative Statistics
2009 and Past Ten Academic Years

	For year ended June 30										
	2009	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**
Full-time faculty	299	264	248	233	231	238	209	189	190	181	185
Part-time faculty	184	160	132	120	133	133	103	122	133	103	95
Total faculty	**483**	**424**	**380**	**353**	**364**	**371**	**312**	**311**	**323**	**284**	**280**
Full-time staff/administrators	606	561	541	532	459	408	393	368	353	336	328
Part-time staff/administrators	203	134	136	98	94	58	116	91	92	71	50
Total staff/administrators	**809**	**695**	**677**	**630**	**553**	**466**	**509**	**459**	**445**	**407**	**378**
Total full-time employees	905	825	789	765	690	646	602	557	543	517	513
Total employees	**1292**	**1119**	**1057**	**983**	**917**	**837**	**821**	**770**	**768**	**691**	**658**
Part-time faculty FTE (full time equivalent)	141.5	135.7	121.5	106.1	100.4	93.3	64.0	53.0	48.7	46.5	38.3
Total teaching faculty FTE	435.5	397.7	361.5	339.1	320.4	301.3	264.0	232.0	228.7	222.5	213.3
Ratios:											
Full-time faculty: Full-time staff/administrators	0.49	0.47	0.46	0.44	0.50	0.58	0.53	0.51	0.54	0.54	0.56
Total faculty: Total staff and administrators	0.60	0.61	0.56	0.56	0.66	0.80	0.61	0.68	0.73	0.70	0.74
Part-time faculty: Total faculty	0.38	0.38	0.35	0.34	0.37	0.36	0.33	0.39	0.41	0.36	0.34

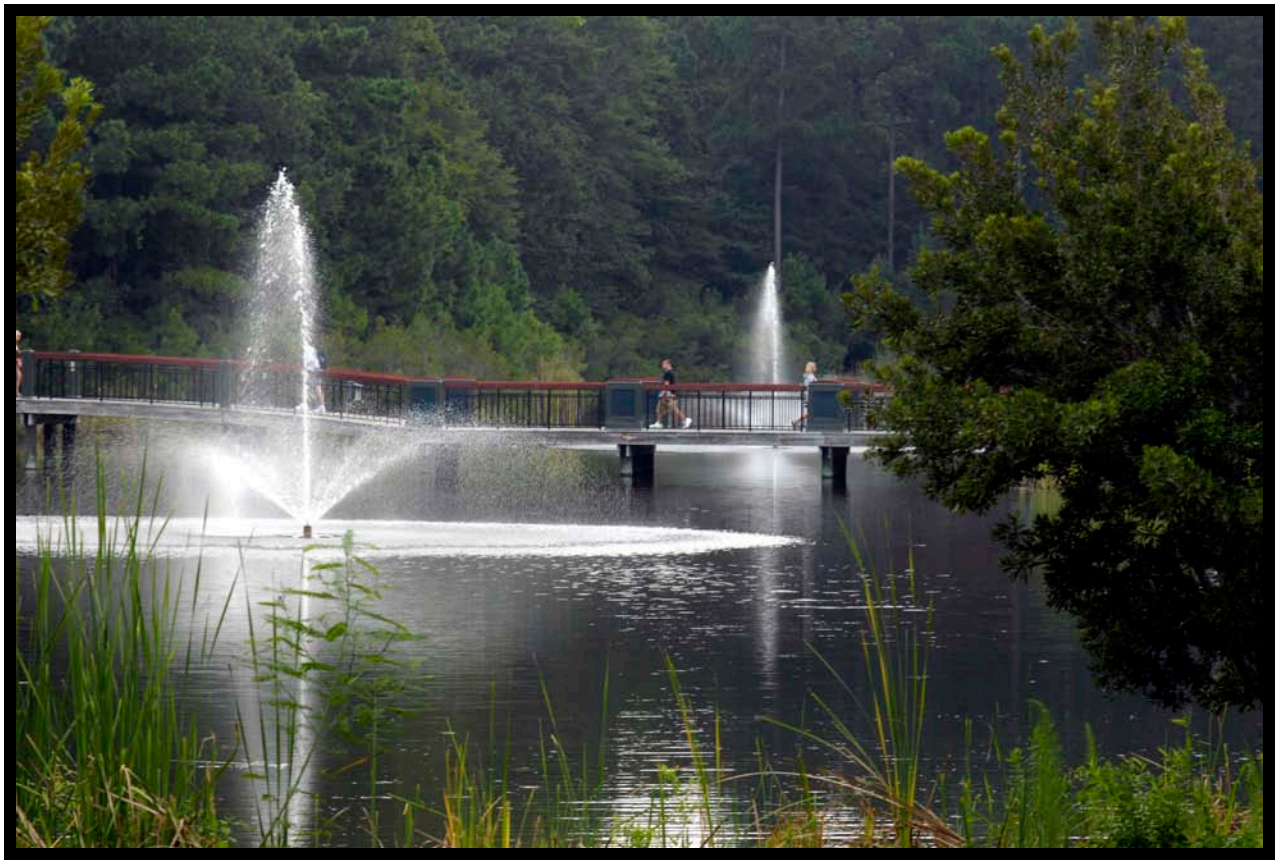
Source: IPEDS, EAP

Schedule 17
Coastal Carolina University
Capital Asset Information
2008-2009

Buildings – Assignable Area Square Feet	
Instruction	278,626
Research	416
Public Service	1,200
Academic Support	59,128
Student Services	116,462
Institutional Support	59,435
Plant Operation and Maintenance	25,665
Auxiliaries	286,073
Other	10,892
Library	
Total physical volumes (excluding e-books)	176,761
Dormitories - Number of beds	
Main Campus	1,222
University Place	987
Athletic and Intramural Facilities	
Stadiums and arenas	4
Extramural and intramural fields	3
Track facility	1
Golf course	1
Pool	1
Gymnasiums	2
Fitness centers	2
Tennis courts	8

COASTAL CAROLINA UNIVERSITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT

SINGLE AUDIT SECTION



Pond behind E. Craig Wall Sr. College of Business Administration Building

COASTAL CAROLINA UNIVERSITY --SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2009

Account	Federal Grantor/Pass through Grantor/Program Title	CFDA NUMBER	Pass-through Grantor's Number	Res/Dev	Budget	EXPENDITURES	AGENCY TOTAL
	DEPARTMENT OF COMMERCE						
	NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION,						
	Passed through South Carolina Sea Grant Consortium						
31-2767	Pilot Study to Expand Ongoing Efforts to Explain Coastal Hypoxia in Long Bay: Remus Study	11.417	R21A	YES	$10,975.00	$10,975.00	
31-3720	SC Sea Grant USGS Coastal Erosion Program Workshop	11.417	R11M	NO	$1,500.00	$1,168.70	
31-2302	Electrical Characterization of Submarine Groundwater Seeps on the South Carolina Continental Shelf	11.419	R270	YES	$27,887.00	$3,034.25	
31-2751	Geochemical Characterization of Submarine Groundwater Seeps on the South Carolina Continental Shelf	11.419	R370	Yes	$45,115.00	$11,599.32	
31-2303	Identification of Coastal Hypoxia Mechanisms and Hypoxia Monitoring in Inner Shelf Waters of Long Bay, South Carolina	11.419	R268	YES	$76,543.00	$27,411.61	
	Passed thru SCOCRM						
31-2749	Update of existing Long-Term Shoreline Erosion Rates for Beach Erosion Monitoring Stations	11.419	NA05N0S4191093	YES	$42,420.00	$24,886.64	
31-2297	Influence of Meteorlogical and Substrate Factors upon Embryonic Outcomes	11.420	NA07NOS4200040	YES	$20,000.00	($75.58)	
31-2759	NERRS Graduate Research Fellowship for Emma Wear	11.420	NA08N0S4200274	YES	$20,000.00	$14,976.39	
	Passed thru South Carolina Sea Grant Consortium						
31-2750	Beach Renourishment Activities and Potential Impacts on Critical Hard Bottom Habitats on the Shoreface of the Grand Strand	11.420	R381	YES	$66,222.00	$26,664.00	
31-2752	Spatial and Temporal Availability in Rate of Mean High Water Rise Along the South Carolina Coast During the Past 6,000 Years	11.420	R379	YES	$42,403.00	$23,509.41	
31-2769	Spatial and Temporal Variability in Rate of Mean High Water Rise Along the South Carolina Coast During the Past 6000 Years - Year 2	11.420	R479	YES	$43,903.00	$2,615.52	
31-2770	Beach Renourishment Activities and Potential Impacts on Critical Hard Bottom Habitats on the Shoreface of the Grand Strand	11.420	R481	YES	$59,296.00	$14,517.33	
31-2772	Temporal and Spatial Variability of Dissolved Oxygen in Long Bay as Characterized by Pier-Based In-Site Sensors	11.420	R21R	YES	$8,000.00	$350.86	
31-2958	Continued Monitoring of Nekton in Sandpiper Pond, Huntington Beach State Park, SC	11.420	R21D	YES	$5,722.00	$4,418.75	
31-3721	SC Sea Grant Extension Cooperative Agreement 2008-09	11.420		NO	$33,370.00	$33,370.01	
31-2771	Geochemical Characteristics of Submarine Groundwater Seeps on the South Carolina Continental Shelf	11.42	R470	YES	$53,727.00	$3,206.50	
	Passed through South Carolina Department of Natural Resources						
31-2301	Assessment of Surf Zone and Near-shore Nekton Community in Horry County	11.420	NA04NMF4720306	YES	$42,259.00	$12,232.59	
31-2744	Waccamaw Watershed Academy Nearshore Water Quality Study: Maintain Water Quality Sensors at Apache Pier	11.434	NA04NMF4720306	YES	$38,212.00	$22,897.01	
31-2758	Strategy to Investigate the Relationship Between Fishery Landings and Environment	11.434	NA04NMF4720306	YES	$10,878.00	$5,426.39	
	Passed through William & Mary VIMS						
31-2773	Numerical Modeling	11.478		YES	$14,000.00	$8,384.01	
							$251,568.71

COASTAL CAROLINA UNIVERSITY --SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2009

Account	Federal Grantor/Pass through Grantor/Program Title	NUMBER	Grantor's Number	Res/Dev	Budget	EXPENDITURES	AGENCY TOTAL
	DEPARTMENT OF DEFENSE						
	US Army Corp of Engineers						
31-3187	Grand Strand Shore Protection Project for Horry County Sea Turtle Monitoring	12.101	W81D4A60819742	NO	$81,182.00	$30,358.94	
31-2299	2007 Myrtle Beach Renourishment Project: Beach, Nearshore Reef and Borrow Site Monitoring	12.999	W912HP-05-20001	YES	$157,333.00	$57,659.16	
							$88,018.10
	DEPARTMENT OF THE INTERIOR						
	Fish and Wildlife Service/US Geological Survey						
	Passed thru South Carolina Department of Natural Resources						
31-2961	Least Tern Reproductive Success on Rooftops	15.628	79090874	YES	$32,000.00	$14,675.20	
31-2288	Coastal Watershed Habitat Assessment	15.630	401816J048	YES	$46,580.00	$32,465.12	
	Passed thru Clemson University						
31-2959	SC Water Resources Center: Hydrology of Crabtree Swamp, Horry County, SC	15.805	PO490353	YES	$4,292.00	$4,257.94	
							$51,398.26
	NATIONAL AERONAUTICS AND SPACE ADMINISTRATION						
31-2742	The Roles of Gravity Waves in the Polar Atmosphere	43.001	C2566B1	YES	$282,886.00	$22,182.26	
	Passed through College of Charleston						
31-2912	South Carolina Space Grant Consortium Year 14	43.001	NNG05GI68G	YES	$2,000.00	$1,417.15	
							$23,599.41
	NATIONAL ENDOWMENT FOR THE HUMANITIES						
31-3827	Digital Humanities Start-Up Grant: Ashes2 Art Program	45.169	HD-50111-07	NO	$30,000.00	$11,587.88	
							$11,587.88
	NATIONAL SCIENCE FOUNDATION						
31-1733	EMSW21-MCTP: Nebraska Mentoring Through Critical Transition Points	47.049	25-0517-0057402	NO	$7,500.00	$5,000.00	
31-2292	RUI:Gravity Waves and the Stratospheric Polar Vortex	47.050	ATM-0646672	YES	$225,371.00	$31,947.39	
31-2708	Acquisition of Marine Geophysical Instrumentation Suite for Seafloor Mapping and Bottom Boundary Layer Analysis	47.050	OCE-0722796	YES	$535,770.00	$5,251.67	
31-2257	Mobile Link Organisms as Processors and Transporters of Materials within a Marsh-Estuarine Ecosystem	47.074	DEB-0427853	YES	$612,000.00	$26,220.38	
31-2735	Collaborative Project: Development of POGIL-IC Modules for General Chemistry	47.076	DUE-0633191	YES	$91,930.00	$4,973.54	
31-2760	GK-12 Fellows Linking Marine and Wetland Research with Science Education in Coastal Carolina Schools	47.076	DGE-0742419	YES	$387,564.00	$357,532.68	
31-2733	Development of POGIL-IC modules for General Chemistry	47.079	OISE-0622810	YES	$86,070.00	$28,795.90	
							$459,721.56

COASTAL CAROLINA UNIVERSITY --SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2009

Account	Federal Grantor/Pass through Grantor/Program Title	NUMBER	Grantor's Number	Res/Dev	Budget	EXPENDITURES	AGENCY TOTAL
	OFFICE OF WATER, ENVIRONMENTAL PROTECTION AGENCY						
31-2270	Community-Based Watershed Management Planning for the Waccamaw Basin	66.461	CD-96416205-0	YES	$257,950.00	$9,198.27	
							$9,198.27
	US DEPARTMENT OF ENERGY						
	OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY						
31-2960	South Carolina Roadmap go Gigawatt-Scale Coastal Clean Energy Generation	81.119	DEFGO8NT05560	YES	$200,000.00	$74,375.37	
							$74,375.37
	US DEPARTMENT OF EDUCATION						
	FEDERAL STUDENT AID, US DEPARTMENT OF EDUCATION						
31-8049	FSEOG 08/09	84.007	PO07A077401	NO	$354,643.00	$441,469.25	
	Office of Special Education and Rehabilitative Services						
	Passed thru South Carolina Department of Education						
31-1148	Project CREATE - Amendment for Redistribution	84.027	08-CO-310-01	NO	$19,802.00	$11,581.33	
80-8204	Federal Family Education Loans (SEE ATTACHED SUB-SCHEDULE)	84.032		NO		$36,905,197.05	
31-8059	CWS 08-09	84.033	PO22A077401	NO	$284,789.00	$226,111.07	
31-8027	Pell 06/07	84.063	PO63P062202	NO	$4,228,209.00	($5,416.02)	
31-8028	Pell 07/08	84.063	PO63PO72202	NO	$4,899,483.43	$16,148.00	
31-8029	Pell 08/09	84.063	PO63P082202	NO	$6,167,791.64	$6,202,751.14	
31-8099	ROTC 08/09	84.334		NO		$17,435.00	
	Passed thru University of South Carolina						
31-1515	Diverse Pathways to Teacher Preparation	84.336		NO	$5,000.00	$5,000.00	
31-8079	Academic Competitiveness 08/09	84.375	P375A062202	NO	$0.00	$390,818.11	
31-8089	SMART Grant 08/09	84.376	P3765062202	NO	$0.00	$124,000.00	
	Passed through National Writing Project						
31-3540	Coastal Area Writing Project 2004-2005	84.928	94-SC03#15	NO	$43,000.00	$38,778.92	
							$44,373,873.85
	DEPARTMENT OF HEALTH AND HUMAN SERVICES						
	NATIONAL INSTITUTE OF HEALTH						
31-2271	Investigation of CD8* T Cell-Mediated Inflammation in the CNS	93.856	IR15AI06071-01	YES	$132,093.00	$11,494.86	
							$11,494.86
	TOTAL FEDERAL EXPENDITURES				$19,837,671.07	$45,354,836.27	**$45,354,836.27**

COASTAL CAROLINA UNIVERSITY
Notes to Schedule of Federal Financial Assistance
For the Year Ended June 30, 2009

1. GENERAL

The accompanying Schedule of Federal Financial Assistance presents the activity of all federal award programs of Coastal Carolina University. The reporting entity is defined in Note 1 of the University's financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Federal Financial Assistance is presented using the accrual basis of accounting, which is described in Note 1 of the University's financial statements.

3. LOAN PROGRAMS

The University has students who have approved loans which were received by those students during the current year. The University is not the lender; it only processes them for the lender the student chooses. The totals and types of loans received for the current fiscal year are:

Federal Direct Loans	$ 36,905,197

Members
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North Carolina Association of CPAS

CLINE BRANDT KOCHENOWER
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Certified Public Accountants
Established 1950

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Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and Intemal Control
Over Compliance in Accordance with OMB Circular A-133

To the Honorable Mark Sanford,
Governor of the State of South Carolina
And the Board of Trustees of
Coastal carolina University
Conway, South Carolina

Compliance

We have audited the compliance of Coastal Carolina University (the University), a department of the State of South Carolina, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The University's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs Is the responsibility of Coastal Carolina University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Coastal Carolina University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Coastal Carolina University's compliance with those requirements.

In our opinion the University complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws. regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Coastal Carolina University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Coastal Carolina University's internal control over compliance.

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A control deficiency in an entity's intemal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's intemal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's intemal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the University's Board of Trustees, management, applicable federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

Clifton Larson Allen & Co. PA

September 24, 2009

Members
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North Carolina Association of CPAS

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Independent Auditors' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Based On An Audit Of Financial Statements Performed
~~In Accordance With Government Auditing Standards~~

To the Honorable Mark Sanford.
Governor of the State of South Carolina
And the Board of Trustees of
Coastal Carolina University
Conway, South Carolina

We have audited the financial statements of Coastal Carolina University, a department of the State of South Carolina, as of and for the year ended June 30, 2009, and have issued our report thereon dated September 24.2009. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Coastal Educational Foundation and Coastal Carolina University Student Housing Foundation as described In our report on Coastal Carolina University's report. The Coastal Educational Foundation and Coastal Carolina University Student Housing Foundation's financial statements were not audited in accordance with Government Auditing Standards.

~~Internal Control Over Financial Reoorting~~
In planning and performing our audit, we considered Coastal Carolina University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Coastal Carolina University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Coastal Carolina University's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions. to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Coastal Carolina University's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Coastal Carolina University's financial statements that Is more than inconsequential will not be prevented or detected by the Coastal Carolina University's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Coastal Carolina University's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in Internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance And Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Govemment Auditing Standards.*

This report is intended solely for the information of the University's Board of Trustees and management, applicable federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

September 24, 2009

COASTAL CAROLINA UNIVERSITY
Schedule of Findings and Questioned costs
June 30, 2009

Summary of Auditors' Results:

GAGAS

An unqualified opinion was issued on Coastal Carolina University's general purpose financial statements dated September 24, 2009.

There were no significant deficiencies or material weaknesses. No instances of noncompliance material to the financial statement were disclosed by the audit of their financial statements.

A-133

An unqualified opinion was also issued on compliance of major programs at Coastal Carolina University dated September 24, 2009. No significant deficiencies in the internal control over major programs were found. Our audit disclosed no audit findings that are required to be reported under OMB Circular A-133.

The major programs at Coastal Carolina University are the Student Financial Aid Cluster from the U.S. Department of Education and the Research and Development Cluster. Type A or major programs are defined as those that expended $300,000 or 3% of total Federal Awards expended at the University. Coastal Carolina University's total federal awards expended for the year ended June 30, 2009 were between $10 million and $100 million.

Coastal Carolina University is not considered to be a low risk auditee by the criteria listed in OMB Circular A-133.

Findings Relating to the Financial Statements:

There were no findings relating to the financial statements.

Findings and Questioned Costs Relating to Federal Awards:

There no were findings or questioned costs related to federal awards.

U.S. DEPARTMENT OF EDUCATION PROGRAMS

CFDA	84.007	Federal Supplemental Education Opportunity Grants (FSEOG)
CFDA	84.032	Federal Family Education Loans (FFEL)
CFDA	84.033	Federal Work-Study Programs (FWS)
CFDA	84.038	Federal Perkins Loans (FPL) – Federal Capital Contributions
CFDA	84.063	Federal Pell Grant Program (PELL)
CFDA	84.268	Federal Direct Student Loans (DIRECT LOAN)
CFDA	84.375	Academic Competitiveness Grant (ACG)
CFDA	84.376	National Science and Mathematics Access to Retain Talent Grant (National SMART Grant)

COASTAL CAROLINA UNIVERSITY
Update of Prior Audit Findings
September 10, 2009

Findings Relating to the Financial Statements:

There were no findings relating to the financial statements.

Findings and Questioned Costs Relating to Federal Awards:

SD 08-01 National SMART Payment for Ineligible Major

Response: A subroutine was written and attached to a rule applied to all SMART award codes on June 17, 2008. This rule would identify students who fail the eligible major criteria and have been awarded the SMART Grant. Our Financial Aid transmittal process will evaluate these rules regularly and pull back funds for ineligible majors. The institution replaced the SMART Grant for this student with other eligible funds.

Update: The changes were completed in June 2008. The rule controlling transmittal of these funds is working properly.

SD 08-02 Satisfactory Academic Progress – Quantitative

Response: Due to a subroutine error, the SAP calculation failed to consider transfer hours during the calculation for maximum time frame. This subroutine was corrected on June 12, 2008. This student, however, while not being *notified* of the maximum allowable hours, had been reviewed for SAP and asked to submit an academic plan and met all of his stipulations.

Update: The SAP subroutine was modified in June 2008 to prevent further occurrences. We have recently completed a complete review of all SAP policies, procedures and programs. Thorough research with the Department of Education was completed and proper calculations and procedures necessary for disbursing federal aid are incorporated into all SAP policies, procedures and programs. We are currently in the process of updating the Policies and Procedure Manual.

SD 08-03 Reporting

Response: The FISAP will always be balanced with the General Ledger before being submitted. The Financial Aid Office will work with Financial Services to review all entries before submittal. This has been added to our Policies and Procedures.

Update: This Financial Aid Office is working with Financial Services in all matters pertaining to the FISAP.