

Coastal Carolina University

Conway, South Carolina



Comprehensive Annual Financial Report

A component unit of the State of South Carolina
for the Fiscal Year Ended June 30, 2013





Comprehensive Annual Financial Report

A component unit of the State of South Carolina

For the Fiscal Year Ended June 30, 2013

Prepared by the

Office of the Vice President for Finance and Administration

COASTAL CAROLINA UNIVERSITY
FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

INTRODUCTORY SECTION



Edward M. Singleton Building



Office of the President

November 1, 2013

Dear Coastal Carolina University Community:

This is my seventh year serving as President of Coastal Carolina University, and I am both proud of our accomplishments and determined to continue our efforts to become the public comprehensive university of choice in South Carolina. We will accomplish this by managing growth, safeguarding financial viability, meeting educational needs and ensuring success for our students, faculty and staff. The University has made great strides in implementing its 2008-2013 *Strategic Plan*, "Tradition, Integrity, Excellence: Building a Comprehensive University," which provides a guide that links the University's strategic direction to budgeting and continual outcome-based assessment. The strategic plan is being updated during the 2013-2014 academic year.

Over the past ten years, Coastal Carolina University has been the fastest growing public university in South Carolina with a 56.1 percent increase in headcount enrollment. Given more than three decades of sustained growth, attempts have been made to slow expansion to a more manageable rate, ensuring that we continue to provide a quality educational experience to our students. Growth continues as the Fall 2012 semester reported a total enrollment of 9,335 with a corresponding full-time equivalent enrollment of 8,859.

The University has not raised tuition for in-state students for two consecutive years. We are committed to keeping tuition flat for in-state students next year as well, but can only accomplish this goal through increased funding from the State. In FY2014, Public Universities' recurring funds received as a percentage of their individual total budget as approved by the State range from 4.9 percent to 20.7 percent, with Coastal Carolina University receiving the lowest percentage at 4.9. The next highest university is 6.6 percent, with most schools falling in the 8 to 9 percent range.

Following are some of our most significant accomplishments for the 2012-2013 Academic Year:

- Over the past year Coastal received the following distinctions:
 - *Forbes*: "America's Best Colleges"
 - *U.S. News & World Report*: first tier "2013 Best Regional Universities Rankings"
 - Center for College Affordability and Productivity: one of top "250 Best Public Colleges Universities in the South"
 - S.C. College of Distinction inclusion
 - *G.I. Jobs Magazine* and *Military Advanced Education*: "Military-Friendly School"
 - Institutional Research & Evaluation, Inc.: one of "America's 100 Best College Buys"

- The SACS reaffirmation process was completed December 2012 when the University received the final notification of accreditation status without one recommendation for improvement – a rarity in today’s reaccreditation outcomes. In addition, Coastal Carolina

University's Spadoni College of Education received reaccreditation by the National Council for Accreditation of Teacher Education (NCATE), a professional organization that oversees teacher education. The E. Craig Wall Sr. College of Business Administration also maintained its accreditation by the Association to Advance Collegiate Schools of Business (AACSB) International.

- The University’s Quality Enhancement Plan, *Experience@Coastal*, adopted in the spring of 2011 as part of our SACS accreditation, now has sixty-three offerings for students. This initiative is an effort to bring experiential learning to the center of our educational culture through undergraduate research, internships, international experiences, and community engagement. During the 2012-2013 academic year, over 230 experiential learning sections were taught with a total enrollment of nearly 4000 students. One hundred fifteen (115) faculty completed training in experiential learning, and 100 percent of faculty completed the course assessments in the fall and spring semesters.
- Reflecting the growing academic quality and breadth of Coastal Carolina University, there are now sixty-five baccalaureate areas of study, seven master’s degree programs, and one Ph.D. program. During 2011-2012, approval was received for four concentrations in Communications and five in Management. In addition, a new major, Intelligence & National Security Studies, was approved. The new Ph.D. in Coastal and Marine Systems Science, recently approved by the state, begins in 2014. Twenty-nine of the undergraduate degree programs and four of the master’s degree programs have been added to the curriculum since 2007.
- Coastal Carolina University marked the graduation of the second and third students to complete its Sino-American 1+2+1 Double Degree Program, an academic partnership that the University has participated in since 2007. University President David DeCenzo was one of six U.S. and Chinese university presidents who participated in a panel discussion on the topic, “Increasing Student Mobility for the Future, the World and our Youth,” as a part of the Sino-American University Presidents’ Forum held on the campus of Jinan University in June 2013. Dr. DeCenzo’s presentation, focusing on best practices to raise student mobility in study abroad programs, was a part of the 10th Annual Graduation Ceremony and Annual Meeting of the Sino-American Cooperation in Higher Education and Professional Development (CHEPD) 1+2+1 Double Degree Program.
- Seven delegates from the University of Comoros visited Coastal Carolina University in February 2013. The delegates were escorted by U.S. Department of State official Eric Atkins as a part of a U.S. Agency for International Development Program (USAID). The program was established to help institutional advancement in developing markets. CCU was chosen to provide insight into the interaction of public and community resources in the furtherance of superior quality hospitality and tourism education programs in higher education settings. Coastal Carolina also provided expertise regarding the design and accreditation of programs in teacher development and English education for teachers.

- The number of degrees awarded at Coastal grew from 1499 in 2010-2011 to 1580 in 2011-2012, an increase of 5.4%. The University ranks second in total degrees awarded among South Carolina Public Comprehensive Universities.
- During the 2012-2013 academic year, approximately 1,400 students were offered internships with over 600 employers. The Internship Program at Coastal Carolina University is designed to strengthen the abilities of students to link theory with practice by creating internship learning opportunities across all of the University's educational programs.
- The University's Dalton and Linda Floyd Family Mentoring Program provides mentoring support to 4th- through 10th-grade students deemed at-risk for continuing through high school in the Horry and Georgetown county school districts. In 2012-2013, 448 students from 32 elementary, middle and high schools in Horry and Georgetown counties participated in the program.
- The University has been a voluntary partner with the Veterans Administration through the Yellow Ribbon Program since 2009. From 2009 – 2013, the University has assisted 33 veteran students with matching funds totaling \$26,898.
- Construction by the Horry County School District (HCSD) of the Scholars Academy continues, with completion expected by the end of 2013. The University is leasing the land to the HCSD for this building, where approximately 200 high school students can earn as much as two years of college course credits prior to graduation. This is a partnership between the University and the Horry County School District which has existed since 2003.
- Coastal Carolina University's student delegation was recognized as the Best Large Delegation at the 2012 session of the South Carolina Student Legislature (SCSL). CCU's delegation has won this honor three of the last four years, this year beating delegations from Clemson and College of Charleston. Several CCU students also received awards for their individual performances.
- Campus growth continued at an unprecedented rate with the addition of the following buildings and land improvements:
 - Clay Brittain Jr. Hall
 - Public Safety Building
 - Swain Hall Science Annex
 - Central Cooling Plant
 - PGM Golf Instruction Facility
 - Blanton Park

Major projects under construction include a new student housing complex to accommodate 1270 beds for first-year students and improvements to the Softball/Baseball Complex. New student housing is a multi-phase project that will ease current housing shortages, allow for future growth, and offer upperclassmen the option of living on campus. The upgrades to the Softball/Baseball Complex are anticipated to be completed in Spring 2014.

Projects approved to move forward from design into the construction phase in Fall 2013 are the Lib Jackson Student Center Annex I, a new and expanded tennis complex on the eastside of campus, and renovation of Atheneum Hall. A new Catering Kitchen and Dining Facility, which will provide more dining options for students and expanded catering capabilities for on-campus events, along with the second Science Annex, planned in a three-phase science complex, are due to begin construction in 2014. The Board of Trustees has also approved plans to move forward with a building dedicated to adding more classroom/office space for academics and with Student Center Annex II. In the various stages of process are renovations and deferred maintenance projects for the Smith Science Building, the Singleton Building, Bill Baxley Hall, the Williams Brice Building, Hicks Dining Hall and the existing Lib Jackson Student Center. Parking lot additions and improvements are ongoing in strategic locations throughout campus.

As the economy recovers, and both traditional and non-traditional students strive to acquire a meaningful education, it has never been more vital for Coastal Carolina University to grow and progress so as to better serve Horry and Georgetown Counties and the State of South Carolina. The support of the campus community and that of both local and state government is essential for the University to sustain and improve its position as a prime choice for higher education in South Carolina.

The University will continue to make every effort to provide an exceptional education at a reasonable cost, and while doing so, will continue to positively impact the economic, social and cultural environment of Horry and Georgetown Counties. In evidence thereof, I am proud to submit this Comprehensive Annual Financial Report for the year ending June 30, 2013.

Sincerely,

David A. DeCenzo, Ph.D.
President



Office for Finance & Administration

LETTER OF TRANSMITTAL

November 1, 2013

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, 2013.

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 this financial report is complete and reliable in all material respects to the best of our knowledge and belief.

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, 2013, 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. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the University's financial statements for the fiscal year ended June 30, 2013, 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 the 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 upon 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 1980's, Coastal Carolina College experienced 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.

The University currently comprises 101 main buildings on approximately 630 acres, including the Coastal Science Center and the Burroughs & Chapin Center for Marine and Wetland Studies located in the Atlantic Center on U.S. 501, and the General James Hackler Golf Course at Coastal Carolina University, a public 18-hole golf facility located adjacent to the campus. The University also offers courses at Litchfield Landing in Pawleys Island and at the Myrtle Beach Education Center located on the Highway 17 Bypass. In addition, Waties Island, 1,110 acres of pristine barrier island on the Atlantic coast, provides a natural laboratory for extensive study in marine science and wetlands biology.

The University maintains residence halls to accommodate 3,289 students in three general locations: main campus (1,210 beds), University Place I and II (987 beds), and University Place III (1,092 beds), which is contiguous to University Place I and II.

New Programs and Initiatives

The University is committed to continuous improvement of the institution, as well as accountability to stakeholders. With these goals in mind, we constantly review and evaluate processes with a focus on efficiency, purpose and accuracy, and make changes where appropriate. Some examples of this include:

- The elimination of paper and the need for physical storage space was achieved in the Department of Finance by upgrading the ImageNow System to include journal entries. All

journal entries with supporting documentation are being successfully scanned into the ImageNow document imaging system. The entries are routed to specified approvers electronically and then stored in the completed file, giving easy access to auditors as well as accounting personnel.

- The implementation of a barcoding system began in February 2013 with the scheduling of re-tagging of all University property in inventory. This system will generate greater efficiencies in the annual inventory process and strengthens the control of physical assets.
- The Information Technology Services Department completed a campus-wide assessment of areas where wireless access enhancement is needed. ITS staff members have begun the process of updating these areas, and will continue upgrading through the 2014 fiscal year.
- Developed and launched a new employee orientation program in an effort to support and promote an atmosphere of employee well-being thus cutting the cost of employee turnover.
- A Title IX Project Plan was developed and a new department has been created dedicated to banning sex discrimination in the work place through oversight of a Title IX Steering Committee, and implementation of web-based Title IX Training for Faculty and Staff, among other related duties.
- Surveys pertaining to customer service and overall satisfaction for users were conducted on campus for food service, shuttles, bookstore, and mail services. Results in each survey were used to define new strategies and improve processes to be more closely aligned with customer satisfaction.

Promoting a culture of safety for the campus community remains a major focus. Three programs recently initiated which have contributed to this goal are:

- A safety review panel was launched on April 30, 2013. This committee is composed of staff from a cross section of campus departments. The roll of the committee is to evaluate the University's on-going safety programs in relation to identifiable hazards so that they may be addressed in accordance with regulatory compliance standards.
- The Department of Environmental Health and Safety has created an online safety training program through Blackboard. This program is made up of basic workplace safety awareness courses. As of September 30, 2013, six hundred ninety one (691) University employees had taken one or more safety courses using this program.
- Installation of video surveillance software has been successfully completed. It has provided video and still pictures that have led to the identification and prosecution of subjects in several incidents.

Economic Environment

Coastal Carolina University's financial profile fits more closely with that of a private institution than with that of a typical public institution due to our relatively low state appropriation allocation. In spite of the fact that state funding has fallen dramatically over the years, University administration and the Board of Trustees are mindful of the financial impact of college costs on families and closely monitor inflation before approving tuition rates each year. As a result, the University did not raise tuition for in-state students for the 2013-14 academic year. This marks the second consecutive year that Coastal Carolina University implemented a zero percent increase for in-state tuition resulting in the third year with consistent in-state tuition. The \$9,760 per year tuition rate remains lower than the average rate of \$10,467 charged by South Carolina Public Universities in the current fiscal year. Out-of-state students, on the other hand, continue to be charged an amount that exceeds their educational costs to ensure that out-of-state students do not constitute a drain on state resources.

Should Coastal Carolina University find it necessary to increase tuition at a future date, every effort will be made to ensure that the increase is at or less than the current Higher Education Price Index (HEPI) plus growth.

The University continues to grow as indicated by the Fall 2012 semester enrollment of 9,334, representing an 18.6% increase from Fall 2007 to Fall 2012. The chart below provides a snapshot of the University's enrollment growth over the last five years.

| | Fall 2007 | Fall 2012 | Change |
|-------------------------|------------------|------------------|---------------|
| New Freshmen | 1,652 | 2,206 | 33.5% |
| New Transfers | 658 | 801 | 21.7% |
| Undergraduate Headcount | 7,070 | 8,746 | 23.7% |
| Graduate Headcount | 802 | 589 | - 26.6% |
| Total Headcount | 7,872 | 9,334 | 18.6% |
| Undergraduate FTE | 6,890 | 8,568 | 24.4% |
| Graduate FTE | 287 | 291 | 1.4% |
| Total FTE | 7,177 | 8,859 | 23.4% |

This growth translates into increasing revenue and corresponding increases in expenses. The University is committed to financial viability and managed growth, as is evident in the accompanying financial statements.

The University operates four auxiliary enterprises which have helped to build and sustain cash reserves in these tight economic times. They consist of the bookstore (outsourced to Follett), residence life (operated by the University), vending (outsourced to Coca-Cola and Total Vending), and food service (outsourced to Aramark). Auxiliary Services are operated with oversight from the Office of Contractual and Business Services.

As determined by Moody's, the rating for the University's Revenue Bonds was upgraded to A2 from A3 in 2009. This can be attributed to ongoing improvements in the financial condition and continued growth of Coastal Carolina University.

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

Long-Term Financial Planning

The strategic planning, assessment, and budgeting process allows the University to respond to present and future initiatives with flexibility and with the innovative approaches that are required due to limited resources. Planning for the future and accomplishment of strategic objectives are paired with annual fundraising events and long-term campaigns.

The strategic planning process focuses on the development of strategic priorities which guide resource allocation and performance tracking throughout Coastal Carolina University.

The Strategic Management Committee is charged with evaluating the goals and objectives contained in the strategic plan on an annual basis. The Executive Vice President/Chief Operating Officer serves as the Committee Chair, and there are 31 University stakeholders from the campus community who serve as its members.

Select members of the Strategic Management Committee meet four times a year to:

- Review progress of the strategic plan and identify and evaluate appropriateness of key strategies, goals and objectives with the mission of the University.
- Review the vision and mission of the institution to identify if, and how, it should be changed and to recommend to the Coastal Carolina University President challenges to the University vision, mission, strategic priorities or goals, and/or changes in the process of timing of the implementation of a plan.
- Develop a “Progress on the Plan” report that will incorporate all institutional assessment reports.
- Coordinate action on strategic initiatives across and between layers within the institution.
- Coordinate with other agencies, as appropriate, to provide required information on strategic planning.

Coastal Carolina University continued this year to implement its 2008-2013 Strategic Plan, entitled "Tradition, Integrity, Excellence: Building a Comprehensive University," which provides a guide that links the University's strategic direction to budgeting and continual outcome-based assessment. The four key strategies of the plan are:

1. Meeting the educational needs of the students and our community,
2. Ensuring student success,
3. Ensuring faculty and staff success, and
4. Ensuring financial viability and managed growth.

Three supporting strategies shape the plan through improving communication, creating stronger assessment and accountability systems, and increasing and improving technological support.

The strategic plan is being updated during the 2013-2014 academic year.

Relevant Financial Policies

In addition to being guided by its own Strategic Plan, the University is a part of the state of South Carolina government and, as such, follows state law and policies regarding procurement, construction, human resource practices, contract and grant funding, and other operating guidelines. A budget is submitted annually to the Governor's Office, which is built using a comprehensive internal budget process. University budget policies are based on the Strategic Plan, the Campus Master Plan and current enrollment data. When necessary, the University borrows funds for capital projects by working with staff in the State Treasurer's Office.

Major Initiatives

The acquisition and modification of space to accommodate programs and services is one of Coastal Carolina University's highest priorities. Currently, Coastal Carolina University ranks lowest among its peers in assignable academic and support space per FTE student. Among the South Carolina Comprehensive Universities, the average for Academic/Support Facility per FTE is 107.75 square feet. Coastal Carolina University reports 58.49 square feet. The capital projects presently under construction and in the planning phase begin to address the need for more space that this statistic clearly illustrates.

Presently, the major projects under construction are: A new student housing complex to accommodate 1270 beds for first-year students. Also, an 8,000 sf Catering Kitchen and Dining Facility is currently under construction. This will be the staging area for all catered events on campus along with a seating area for approximately 124. The Lib Jackson Student Center Annex I began construction in fall 2013. This building will add 39,000 sf adjacent to the left side of the current student center. The softball/baseball complex improvements are underway with a completion date estimated to be spring 2014. Also, construction of a new tennis complex is underway on the east campus.

Science Annex II is currently in the planning phase, with construction estimated to begin in spring of 2014. This building is part of an integrated science complex planned with the goal of putting the College of Science in one location. The Biology, Chemistry and the Marine Science Departments will be housed in this facility. Also, approval has been given to move forward with a second academic classroom building that will mirror the recently opened Clay Brittain Hall.

In 2010, capital project funds were secured with a \$54 million infrastructure bond. Projects funded by these bonds, and completed are the HTC Center, Bryan Information Commons, and Swain Hall (Science Annex I). The last of the bond funds are being used to construct the second science annex mentioned above, which will add labs and offices to the rapidly expanding College of Science.

In 2013, the University issued \$54.4 million in new revenue bonds which have been allocated to the purchase and construction of new student housing.

Also contributing to this impressive campus growth is a local-option penny sales tax which is split between Horry County Schools, Horry Georgetown Technical College, and Coastal Carolina University. Effective March 1, 2009. Since its inception this funding has been used to fund various campus construction, campus improvements and renovations as well as land acquisitions. As of June 30, 2013, Coastal Carolina University has received more than \$30 million of allocations from the local-options sales tax and estimates a total of \$127 million to be allocated during the course of the sales tax collection.

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, 2012. This was the tenth 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, the Chief Operating Officer and the Board of Trustees for their leadership, dedication and vision, and for their encouragement of 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,

Stacie A. Bowie
Vice President for
Finance and Administration



Government Finance Officers Association

**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, 2012

Executive Director/CEO

**COASTAL CAROLINA UNIVERSITY
BOARD OF TRUSTEES
2012-2013**

| | |
|-----------------------------------|-----------------------------------|
| Nikki Haley, Governor | Ex Officio Chairperson |
| George E. Mullen | Congressional District 1 – Seat 1 |
| Oran P. Smith | Congressional District 2 – Seat 2 |
| William L. Lyles, Jr. | Congressional District 3 – Seat 3 |
| D. Wyatt Henderson, Chairman | Congressional District 4 – Seat 4 |
| Charles E. Lewis | Congressional District 5 – Seat 5 |
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| Gary W. Brown, Vice Chairman | At Large – Seat 8 |
| Eugene C. Spivey | At Large – Seat 9 |
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| Daniel W. R. Moore, Sr. | At-Large – Seat 14 |
| Robert G. Templeton | At Large – Seat 15 |
| Carlos C. Johnson | Gubernatorial Designee |
| Samuel H. Frink | Gubernatorial Appointee |

**COASTAL CAROLINA UNIVERSITY
ADMINISTRATIVE OFFICERS
2012-2013**

| | |
|--------------------------------|---|
| David A. DeCenzo, Ph.D. | President |
| Edgar L. Dyer, J.D. | Executive Vice President, Chief Operating Officer |
| James R. Byington, Ph.D. | Interim Provost, Senior Vice President, Academic & Student Affairs |
| Stacie A. Bowie, M.B.A. | Vice President, Finance and Administration, Chief Financial Officer |
| Gregory Thornburg, M.S. | Interim Vice President, Enrollment Services |
| Deborah K. Conner, Ph.D. | Vice President, Student Affairs |
| Travis Overton, M.B.A. | Dean of Students |
| B. Lawson Holland, B.A. | Vice President, Office for Philanthropy |
| Mark Roach, M.S. | Executive Director, Chanticleer Athletic Foundation |
| Hunter R. Yurachek, M.S.A. | Director, Athletics |
| William Plate, M.B.A. | Associate Vice President, University Communication |
| Timothy E. Meacham, J.D. | University Counsel |
| Lori G. Church, C.P.A., C.I.A. | University Controller |
| John Beard, Ph.D. | Associate Provost, Assessment & Accreditation |
| Sallie D. Clarkson, M.L.S. | Associate Provost, Administrative & Academic Student Services |
| Bruxanne Hein, Ed.S. | Director, Grants and Sponsored Research |
| James O. Luken, Ph.D. | Director, Graduate Studies |
| Edward Jadallah, Ph.D. | Dean, Spadoni College of Education |
| Barbara Ritter, Ph.D. | Interim Dean, Wall College of Business |
| Daniel Ennis, Ph.D. | Dean, Edwards College of Humanities & Fine Arts |
| Michael H. Roberts, Ph.D. | Dean, College of Sciences and Vice President, Research and Emerging Initiatives |
| Barbara A. Burd, Ph.D. | Dean, Library Services |
| Nelljean M. Rice, Ph.D. | Dean, University College |
| Abdallah S. Haddad, M.Ed. | Executive Director, Information Technology Services |
| Christine L. Mee, M.Ed. | Executive Director, Institutional Research, Assessment and Analysis |
| Daniel M. Lawless, M.S. | University Registrar |
| Pat West, M.Ed. | Assistant Vice President, Administrative Services |

**COASTAL CAROLINA UNIVERSITY
FINANCE AND ADMINISTRATION
EMPLOYEES CONTRIBUTING TO FINANCIAL REPORT
2012-2013**

| | |
|---------------------|---|
| Stacie A. Bowie | Vice President for Finance & Administration, Chief Financial Officer |
| JoAnna Dalton | Administrative Coordinator |
| Sharon Sluys | Executive Budget Analyst |
| Lori Church | University Controller |
| Mirinda Chestnut | Administrative Specialist |
| Gregory Thompson | Assistant Controller |
| Lila Taylor | Staff Accountant |
| Courtney Trich | Staff Accountant |
| Lynn Silver | Supervisor, Accounts Payable |
| Virginia Altman | Accounts Payable Technician |
| Brenda Rabon | Accounts Payable Technician |
| William Fore | Accounts Payable Clerk |
| Carolyn Bender | Senior Accountant |
| Lisa Sak | Staff Accountant |
| Sheila Singleton | Accountant, University Receivables, V.A. Coordinator |
| Julianne Cooke | Director, Student Accounts |
| Patty Lee | Collections, Student Accounts |
| Tukonya Vereen | Collections Specialist, Student Accounts |
| Annette Johnson | Cash Receipt Supervisor, Student Accounts |
| Olga Shabeka | Cash Receipt Auditor, Student Accounts |
| Tammy McAllister | Student Accounts Specialist, Student Accounts |
| Sherrell Richardson | Cashier, Student Accounts |
| Tammy McAllister | Perkins Loan Coordinator, Student Accounts |
| Kayla Johnson | Student Accounts Specialist, Student Accounts |
| Alisha Singleton | Student Accounts Specialist, Student Accounts |
| Amanda Hanford | Student Accounts Specialist, Student Accounts |
| Scott Gallimore | CINO Card Specialist |
| Larry Peak | Director, Grants/Tax Accounting |
| Tammy Holt | Grants Accountant |
| Dean Hudson | Director, Office of Procurement |
| June Barfield | Procurement Specialist |
| Suzanne Beverly | Supply Manager, Campus Supply/Inventory |
| John McKee | Supply Specialist Temporary, Campus Supply/Delivery |
| John Stokes | Supply Specialist Temporary, Campus Supply/Delivery |
| Caren Riedinger | Procurement Specialist |
| Annette Roberts | Procurement Specialist |
| Wanda Lewis | Procurement Specialist |
| Angelia Jackson | Procurement Specialist |
| Angela Barwick | Administrative Specialist |
| David Frost | Director of Finance, Coastal Educational Foundation |
| Robyn Diven | Donor Relations and Gift Specialist |
| Michelle Strang | Staff Accountant |
| Lauren Barker | Accountant/Fiscal Analyst, Athletics |

**COASTAL CAROLINA UNIVERSITY
FINANCE AND ADMINISTRATION
EMPLOYEES CONTRIBUTING TO FINANCIAL REPORT
2012-2013**

Sandy Baldrige

Pat West

David Moyer

Jill Conway

Vicky Rabon

Bo McNeil

Manager, Contractual and Business Services

Assistant Vice President, Administrative Services

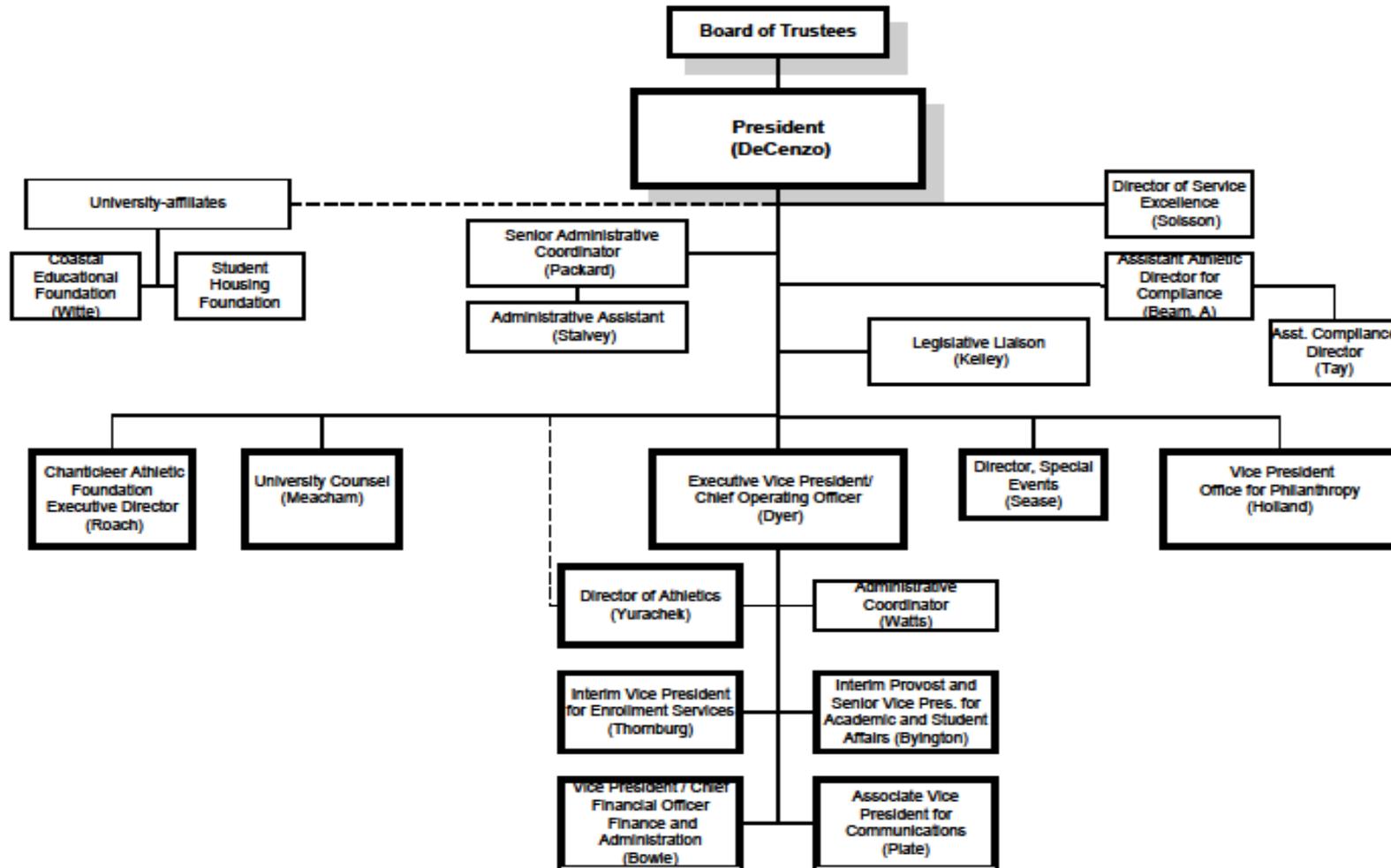
Director, Payroll

Senior Payroll Accountant

Senior Payroll Accountant

Accounting Clerk, Payroll

**COASTAL CAROLINA UNIVERSITY
ORGANIZATIONAL CHART
2012-2013**



10/2013

COASTAL CAROLINA UNIVERSITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FINANCIAL SECTION



HTC Student Recreation and Convocation Center

COASTAL CAROLINA UNIVERSITY

Independent Auditors' Report
Financial Statements and Schedules
For the Year Ended June 30, 2013

FINANCIAL INFORMATION

Independent Auditors' Report

Coastal Carolina University
Conway, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Coastal Carolina University, a discretely presented component unit of the State of South Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents. We did not audit the financial statements of Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation which are discretely presented component units. The Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation reflect 100% of total assets, 100% of net assets, and 100% of total revenues of the discretely presented component units.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation, which represent 100% of total assets, 100% of net assets, and 100% of total revenue of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these discretely presented component units, are based solely on the reports 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Coastal Carolina University as of June 30, 2013, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, GASB Statement No. 61 as implemented by the State of South Carolina during fiscal year 2013, changed the manner in which the College is reported in the State of South Carolina's Comprehensive Annual Financial Report to a discretely presented component unit. Our opinion is not modified with respect to this matter.

As described in Note 1 to the financial statements, in 2013, the University adopted accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

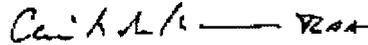
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Coastal Carolina University's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other financial information is presented for purposes of additional analysis as required by Office of the South Carolina Comptroller General and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The other financial information and the schedule of expenditures of federal awards are responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other financial information and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2013, on our consideration of Coastal Carolina University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

 PRAA

Gaffney, SC
September 24, 2013



Coastal Carolina University Management's Discussion and Analysis`

Coastal Carolina University is pleased to present its financial report for the year ended June 30, 2013. 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, (includes Coastal Housing Foundation, LLC), was determined to be a second component unit, primarily due to its close relationship to the growth plans of the institution. A third component unit, Chanticleer Athletic Foundation, was added in FY2012 also due to its close relationship to the growth plans of the institution.

The University implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position in the financial statements for the fiscal year ended June 30, 2013. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This statement also identifies net position as the residual of all other elements presented in a statement of financial position.

The basic financial statements prescribed by GASB No. 35 (the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, 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 Position includes all assets and liabilities of the University. Over time, increases or decreases in net position (the difference between assets and liabilities) are 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 Position 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 FY 2013 as in previous years, financial focus and activity continued to revolve around the state appropriation and operating budget. Fortunately recurring state appropriations were not reduced for FY 2013 as they have been in the recent past. Since fiscal year 2008, the reductions have totaled 46% or \$7.8 million. Moderate growth in student enrollment for the past several years, minor increases in certain tuition charges, and the continued successful efforts to manage spending, increase efficiencies, and generate additional revenues has enabled the University to absorb the appropriation reductions, the discontinuance of the stimulus funding, and to combat the continued declining economy.

In FY 2008, 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 2008 election and passed. The University receives 13.3% of the tax collected for a period of fifteen years which began March 1, 2009. Through June 2013 collections, the penny tax has provided more than \$30 million which is restricted to fund campus construction, capital improvements, renovations, and land acquisitions. Over the fifteen year period, the collections are projected to exceed \$127 million.

In February 2013, the University issued \$54.5 million in new revenue bonds to fund the construction of a new student housing facility. The facility will add 635 beds for new freshmen and returning sophomores who are required to live on-campus. The facility, the first phase of a two-phase project, should be ready for occupancy in the fall of 2015.

Managing undergraduate enrollment growth continued to be one of the principal planning issues at the University in fiscal year 2013. The total Fall 2012 undergraduate enrollment was 8,746, representing a 2.7% (229 students) increase over the previous fall, and a 117% increase since the fall of 2000 (4,027). Total full-time equivalency (FTE) enrollment for fall of 2012 was 8,859, representing a 1.6% growth over the previous fall and a 116% growth since fall of 2000 (4,102). This growth was achieved while maintaining quality with the average SAT score for fall 2012 for new freshman at 1000, which is above the South Carolina average (969) for high school students. The average ACT composite score for Coastal Carolina University freshmen (21) equaled the national average and was one point greater than the South Carolina statewide average (20) for Fall 2012. The fall 2012 freshman cohort averaged high school GPA of 3.32 decreased from the fall 2011 cohort average high school GPA of 3.34. Since 2008 the freshman cohort average high school GPA has decreased from 3.35 to 3.32.

In the fall of 2012, the University maintained its current in-state tuition rate and slightly increased its out-of-state rate by 2.3%. Tuition for an in-state undergraduate remained flat at \$4,880 per semester (including the \$40 mandatory technology fee) while out-of-state undergraduate tuition increased by \$245 per semester. Coastal Carolina University's in-state rate remains slightly below

the average rate of higher education offered by South Carolina public institutions with a similar mission. As a result of this slight tuition increase combined with the minor enrollment growth, net revenue generated by tuition and fees increased by 2%.

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

Statement of Net Position

Total Assets – increase of \$229 million

Total assets increased by \$229 million. This is the result of increases in capital projects, current assets and other assets. The increase in capital projects (\$182 million) is the result of placing in service added construction to the new HTC Student Recreation and Convocation Center, as well as Brittain Hall, a new academic/classroom building which was completed in December 2012, the Bryan Information Commons completed in the summer of 2012, and the Central Cooling Plant, which will add 1,000 tons of cooling capacity completed in May 2012. Other completed capital projects are: Blanton Park, the Bay 3 Parking Lot, and a PGM – Golf Instructional Facility. The University also entered into a 30-year capital lease with the Coastal Housing Foundation, LLC for University Place, an apartment complex housing 2100 students located near campus. The lease allows the University to manage the operation of UP and also collect the revenue from students housed at the facility. The increase in current assets (\$46 million) is a result of increases in cash on deposit with the State Treasurer’s Office from 2013 revenue bond proceeds. The increase in other assets (\$1 million) is the result of Direct Plus loan funds (\$300 thousand) and Stafford loan funds (\$700 thousand) that had not yet been drawn down from the federal government at June 30, 2013. These loan funds were received in early July.

Total Liabilities – increase of \$201 million

Total liabilities increased by \$201 million. This is primarily the result of obligations from the 2013 revenue bonds issued to build new student housing and the liability for the new capital lease with the Coastal Housing Foundation which increased non-current liabilities by more than \$197 million. Current liabilities increased by \$3.7 million or 13% due partly to the current portion of the new capital lease payable (\$3.3 million), an increase in accrued interest payable of \$2.2 million, slight increases in payroll liabilities (\$647 thousand), funds held for others (\$118 thousand), and current portion of bonds payable (\$113 thousand) while decreases occurred in accounts payable (\$2.1 million) and unearned revenues (\$534 thousand).

Net Position – increase of \$28 million

Net position increased by \$28 million or about 14%. This increase was comprised of an increase in capital assets net of related debt of \$16.2 million, an increase of \$3.3 million in restricted expendable assets, and an increase of \$8.1 million in unrestricted net assets. The increase in restricted expendable assets was mostly due to the receipt of revenue bond proceeds for the new student housing facility. Unrestricted net assets increased by 16% generally due to an increase in housing operating revenue of \$18 million due to the opportunity for the University to collect

University Place rents as well as a \$2.3 million increase in tuition revenue from higher student enrollment and increased out-of-state tuition.

| Condensed Summary of Net Position | | | | |
|--|-----------------------|-----------------------|---------------------------------|----------------------------|
| Assets | <u>2013</u> | <u>2012</u> | Increase/ (Decrease) | Per Cent Change |
| Current assets | \$ 177,249,474 | \$ 131,129,164 | \$ 46,120,310 | 35% |
| Capital assets, net | 359,846,269 | 178,157,353 | 181,688,916 | 102% |
| Other assets | <u>3,982,053</u> | <u>2,905,833</u> | <u>1,076,220</u> | <u>37%</u> |
| Total Assets | 541,077,796 | 312,192,350 | 228,885,446 | 73% |
| Liabilities | | | | |
| Current liabilities | 32,266,935 | 28,563,053 | 3,703,882 | 13% |
| Non-current liabilities | <u>283,013,214</u> | <u>85,537,342</u> | <u>197,475,872</u> | <u>231%</u> |
| Total Liabilities | 315,280,149 | 114,100,395 | 201,179,754 | 176% |
| Net Position | | | | |
| Net Investment in Capital Assets | 130,228,337 | 113,986,078 | 16,242,259 | 14% |
| Restricted - non-expendable | 100,000 | 100,000 | - | 0% |
| Restricted - expendable | 36,729,803 | 33,396,565 | 3,333,238 | 10% |
| Unrestricted | <u>58,739,507</u> | <u>50,609,312</u> | <u>8,130,195</u> | <u>16%</u> |
| Total Net Position | \$ <u>225,797,647</u> | \$ <u>198,091,955</u> | \$ <u>27,705,692</u> | 14% |

Statement of Revenues, Expenses and Changes in Net Position

Total Revenues – increase of \$24.9 million

The \$24.9 million increase in total revenue was comprised largely of operating revenue growth in sales and services of \$9.5 million, increases in tuition and fees at \$2.2 million, increases in other operating revenue of \$1 million, and increases in non-operating of \$12.2 million.

The largest increase due to operations was in auxiliary enterprises revenues (\$9.3 million), a part of the sales and services revenue classification, as a result of the new lease of University Place. Housing revenues increased as a result of the income from 2,100 additional rents. The remaining \$200 thousand increase is a result of a slight increase in sales and services of educational departments. The increase in tuition and fees (\$2.3 million) is due to the slight increase in out-of-state tuition rates (2.3%) as well as a slight increase in undergraduate enrollment (2.7%). Increases in other operating revenues (\$1 million) are due to increases in other fees such as parking decal sales, parking fines, and payment plan fees.

The non-operating revenue increase of \$12.2 million is partly the result of the increases in grants and gifts of \$8.0 million, state appropriations of \$2.2 million, capital appropriations of \$1.1 million and the investment income of \$759 thousand.

Capital grants and gifts are typically given to the University by the Horry County Higher Education Commission, The Coastal Educational Foundation, the Chanticleer Athletic Foundation and the Coastal Housing Foundation along with private donors. The Coastal Educational Foundation increased its gift of land to the University by \$1.5 million and the Horry County Higher Education

Commission increased its capital gift to the university by \$6 million. Capital gifts to the university from private donors increased by approximately \$500 thousand during this fiscal year.

Surprisingly, state appropriations increased by \$2.2 million as a result of a \$1.3 million increase in supplemental appropriations (mostly for the research vessel for the new doctoral program \$948 thousand), technology grant funds increased \$429 thousand, recurring appropriations increased \$113 thousand, and deferred maintenance for renovation projects on campus was awarded for the first time this year from lottery funds in the amount of \$417 thousand.

Capital appropriations increased by \$1.1 million due to an additional \$831 thousand for the Williams Brice building deferred maintenance and a \$330 thousand increase in the penny sales tax funds from the prior year. Investment income more than doubled in fiscal year 2013 increasing by \$759 thousand.

Total Expenses – increase of \$ 27 million

Total expenses increased by \$27 million, and the increase was primarily due to operations. Salaries and fringe benefits increased \$7.9 million, mostly in the form of added permanent faculty and other unclassified positions. The University will continue to convert 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.

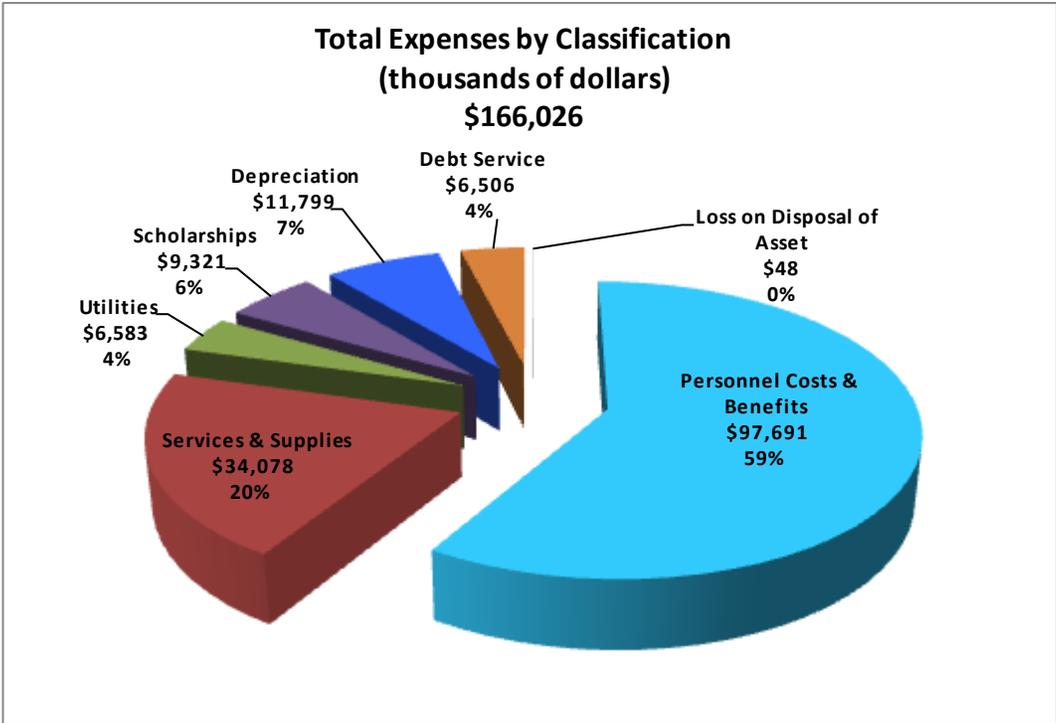
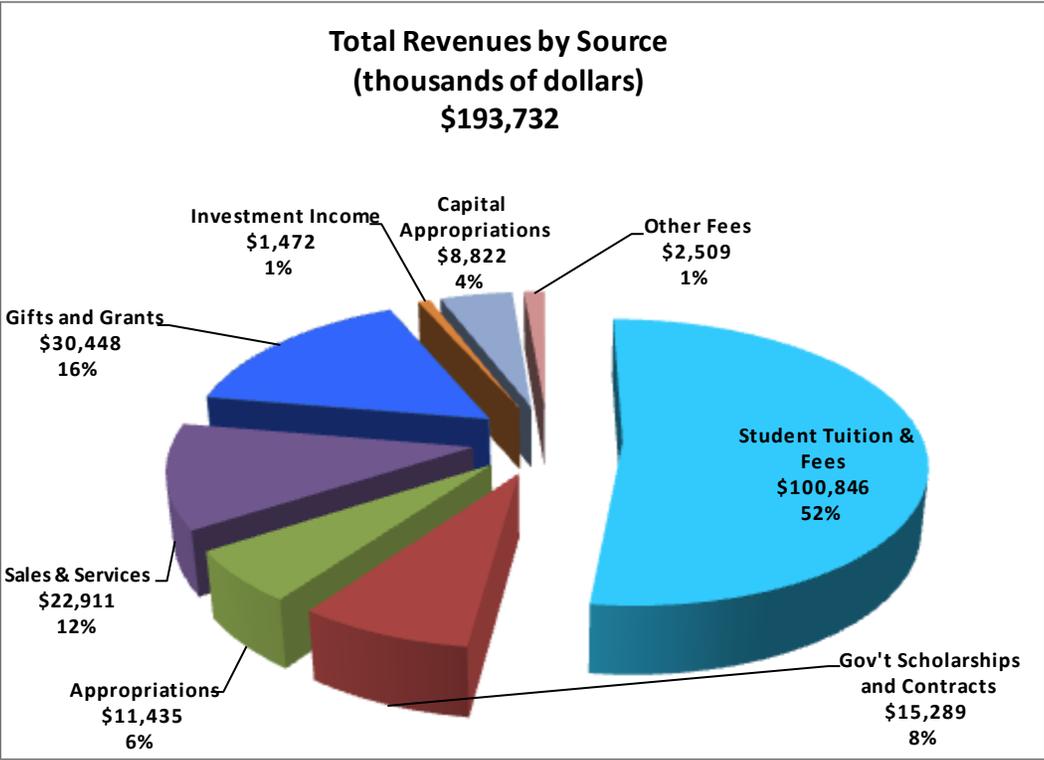
Services and supplies expenses increased approximately \$5.2 million due to increases in rentals and leases, supplies, insurance, professional services, and non-capital repairs. Utilities increased by \$2.2 million due to several new buildings to include leased capital assets comprising 26 apartment-style buildings for student housing, a new 3,600 seat multi-purpose student recreation and convocation center, and a new academic and office building requiring utility services. Scholarship expense decreased by \$451 thousand.

Depreciation expense increased by \$7.3 million due to \$5 million for the new leased student housing buildings, \$1.2 million for new student recreation and classroom buildings, and \$1.1 million for equipment and vehicles.

Interest expense increased by \$4.9 million due to \$4.1 million for financing for the new 30-year leased student housing and \$800 thousand interest only payments on the 2013 series bonds.

**Condensed Summary of Revenues, Expenses
and Changes in Net Position**

| | 2013 | 2012 | Increase/ (Decrease) | Percent Change |
|--|-----------------------|-----------------------|---------------------------------|---------------------------|
| Revenues: | | | | |
| Student tuition and fees | \$ 100,845,686 | \$ 98,590,156 | \$ 2,255,530 | 2% |
| Gov't Scholarships and contracts | 15,289,075 | 14,668,335 | 620,740 | 4% |
| Sales and services | 22,910,766 | 13,425,028 | 9,485,738 | 71% |
| Other operating revenues | 2,508,994 | 2,082,887 | 426,107 | 20% |
| Total operating revenues | <u>141,554,521</u> | <u>128,766,406</u> | <u>12,788,115</u> | 10% |
| State appropriations | 11,140,551 | 8,920,787 | 2,219,764 | 25% |
| Local appropriations | 294,580 | 313,125 | (18,545) | -6% |
| Gifts and grants | 30,447,756 | 22,408,941 | 8,038,815 | 36% |
| Capital appropriations | 8,822,085 | 7,660,595 | 1,161,490 | 15% |
| Investment income | 1,472,071 | 713,372 | 758,699 | 106% |
| Total nonoperating revenues | <u>52,177,043</u> | <u>40,016,820</u> | <u>12,160,223</u> | 30% |
| Total Revenues | <u>193,731,564</u> | <u>168,783,226</u> | <u>24,948,338</u> | 15% |
| Expenses: | | | | |
| Personnel costs and benefits | 97,691,335 | 89,827,887 | 7,863,448 | 9% |
| Services and supplies | 34,077,957 | 28,821,931 | 5,256,026 | 18% |
| Utilities | 6,582,470 | 4,359,122 | 2,223,348 | 51% |
| Scholarships | 9,320,495 | 9,772,025 | (451,530) | -5% |
| Depreciation | 11,798,910 | 4,538,853 | 7,260,057 | 160% |
| Total operating expenses | <u>159,471,167</u> | <u>137,319,818</u> | <u>22,151,349</u> | 16% |
| Interest expense | 6,506,236 | 1,646,247 | 4,859,989 | 295% |
| Loss on disposal of asset | 48,469 | 19,974 | 28,495 | 143% |
| Total Expenses | <u>166,025,872</u> | <u>138,986,039</u> | <u>27,039,833</u> | 19% |
| Change in Net Position | 27,705,692 | 29,797,187 | (2,091,495) | -7% |
| Net Position, beginning of year | <u>198,091,955</u> | <u>168,294,768</u> | <u>29,797,187</u> | 18% |
| Net Position, end of year | <u>\$ 225,797,647</u> | <u>\$ 198,091,955</u> | <u>\$ 27,705,692</u> | 14% |



Capital Assets and Debt

Capital assets at June 30, 2013, consisted of \$24.3 million in land, \$27.4 million in construction in progress, and \$159.6 million in land improvements, buildings, equipment, vehicles, and intangible assets, net of accumulated depreciation. Capital assets also include a new 30-year capital lease of \$148.5 million with the Coastal Housing Foundation for the operation of University Place, an apartment complex housing 2,100 students located near the campus.

Major projects currently under construction include the new student housing complex to accommodate 1270 beds for first-year students and a new Public Safety Building expected to be finished in late summer 2013. Improvements being made to the Softball/Baseball Complex are underway with a completion date estimated for spring 2014. The Swain Hall Science Building, which opened for classes in fall 2013, includes science labs, faculty offices, storage space as well as additional classrooms.

Projects that were completed during fiscal year 2013 include the additional construction done in the HTC Center, Brittain Hall, a new academic/classroom building, the Bryan Information Commons, and the Central Cooling Plant.

Debt on capital assets is approximately \$283.3 million, comprised of \$7.5 million of current liabilities and \$275.8 million in long-term liabilities. Details of bonds payable and long-term liabilities of the University are found in Notes 10 and 11.

Economic Outlook

Fall 2013 full-time undergraduate in-state and out-of-state enrollment remained flat as compared to the prior year. Enrollment figures are preliminary. To strengthen bonding capacity while balancing the growth needed for operations, the university increased tuition for fiscal year 2008. Increases continued for the next four fiscal years. The university was able to hold tuition steady for FY 2013 and FY2014 due to its continued efforts to properly manage expenses, identify cost-savings in its processes, and produce added revenues. Currently \$525 per student per semester is set aside for future debt service, the same as the prior year. An additional 45 FTE positions were added for FY14 for both faculty and staff support positions.

The University began the process for improvements to the Softball/Baseball Stadium complex as well as the Lib Jackson Student Center Annex, on which both have construction currently in process. The Horry County Penny Sales tax continues to be a strong revenue source for the University's capital projects as the HTC Center and Brittain Hall were recently completed with those funds. A second academic building to mirror Brittain Hall is anticipated and will be funded with the Penny sales tax monies, as well as a second science building with a tentative completion date of May 2015.

To keep up with enrollment growth and the requirement for all freshmen and sophomores to live on-campus, the university issued revenue bonds totaling \$54.7 million to finance the construction of the first phase of a two-dormitory project which will add 1270 total beds when completed. Site preparation began in early June with construction scheduled to begin in fall 2013. Upon completion of phase I, 635 new beds are anticipated for occupancy in the fall of 2015. The university endeavors to manage its growth from both a faculty and student services perspective.

COASTAL CAROLINA UNIVERSITY

Statement of Net Position

June 30, 2013

ASSETS & DEFERRED OUTFLOWS

CURRENT ASSETS

| | |
|---|---------------|
| Cash and cash equivalents | \$ 77,559,529 |
| Accounts and pledges receivable, net of provision for doubtful accounts | 5,336,884 |
| Due from component units | 682,871 |
| Inventories | 631,776 |
| Prepaid expenses | 1,672,480 |

RESTRICTED CURRENT ASSETS

| | |
|---------------------------|-------------|
| Cash and cash equivalents | 91,365,934 |
| Total current assets | 177,249,474 |

NONCURRENT ASSETS

| | |
|---|-------------|
| Capital assets, net of accumulated depreciation | |
| Land | 24,313,968 |
| Construction in progress | 27,356,475 |
| Building and improvements | 303,970,270 |
| Equipment, vehicles and intangible assets | 4,205,556 |
| Other assets | 2,484,680 |

RESTRICTED NONCURRENT ASSETS

| | |
|---------------------------|-------------|
| Cash and cash equivalents | 352,994 |
| Loans to students, net | 1,144,379 |
| Total non-current assets | 363,828,322 |

TOTAL ASSETS \$ 541,077,796

TOTAL DEFERRED OUTFLOWS \$ -

LIABILITIES & DEFERRED INFLOWS

CURRENT LIABILITIES

| | |
|---|--------------|
| Accounts and retainage payable | \$ 5,483,718 |
| Due to component unit | 8,650 |
| Accrued payroll and related liabilities | 9,899,137 |
| Unearned revenue | 5,798,423 |
| Funds held for others | 355,535 |
| Accrued compensated absences, current | 258,770 |
| Bonds payable, current | 4,244,000 |
| Capital leases payable, current | 3,314,202 |
| Deferred Compensation Plan, current | 56,500 |

CURRENT LIABILITIES PAYABLE FROM

RESTRICTED CURRENT ASSETS

| | |
|---------------------------|------------|
| Interest payable | 2,848,000 |
| Total current liabilities | 32,266,935 |

NONCURRENT LIABILITIES

| | |
|------------------------------|-------------|
| Accrued compensated absences | 3,820,835 |
| Bonds payable | 130,892,000 |
| Capital leases | 144,894,319 |
| Deferred Compensation Plan | 343,500 |
| Other Liabilities | 1,672,097 |

NONCURRENT LIABILITIES PAYABLE FROM

RESTRICTED NONCURRENT ASSETS:

| | |
|------------------------------|-------------|
| Federal Perkins Loan Funds | 1,390,463 |
| Total noncurrent liabilities | 283,013,214 |

TOTAL LIABILITIES \$ 315,280,149

TOTAL DEFERRED INFLOWS \$ -

NET FINANCIAL POSITION

| | |
|---|----------------|
| Capital assets, net of accumulated depreciation | \$ 359,846,269 |
| Unspent bond proceeds | 53,726,589 |
| Bonds payable | (135,136,000) |
| Capital lease payable | (148,208,521) |
| Net Investment in Capital Assets | 130,228,337 |
| Restricted: | |
| Endowment - Nonexpendable | 100,000 |
| Capital Projects - Expendable | 28,021,888 |
| Debt Service - Expendable | 8,707,915 |
| Unrestricted | 58,739,507 |
| Total Net Position | \$ 225,797,647 |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY
Statement of Revenues, Expenses and Changes in Net Position
June 30, 2013

| | |
|---|-----------------------|
| Operating Revenues | |
| Student tuition and fees, net of scholarship allowance of \$24,793,713 \$7,744,604 is pledged for debt service on general obligation bonds | \$ 100,845,686 |
| Scholarships, contracts and grants | 15,289,075 |
| Sales and services of educational departments | 4,786,480 |
| Sales and commissions of auxiliary enterprises, net of scholarship allowance of \$4,375,361 | 18,124,286 |
| Other fees | 2,508,994 |
| Total Operating Revenues | <u>141,554,521</u> |
| Operating Expenses | |
| Personnel costs and benefits | 97,691,335 |
| Services and supplies | 34,077,957 |
| Utilities | 6,582,470 |
| Scholarships | 9,320,495 |
| Depreciation | 11,798,910 |
| Total Operating Expenses | <u>159,471,167</u> |
| Operating Loss | (17,916,646) |
| Non-Operating Revenue (Expenses) | |
| Non-Capital State appropriations | 11,140,551 |
| Pell Grant Revenues | 14,274,618 |
| Local appropriations | 294,580 |
| Grants and contracts | 15,370 |
| Gifts, including \$1,295,816 from Coastal Educational Foundation and \$474,144 from Chanticleer Athletic Foundation | 2,142,461 |
| Other miscellaneous revenue | 119,415 |
| Investment and endowment income | 1,472,071 |
| Interest on capital asset related debt | (6,506,236) |
| Gain (Loss) on disposal of assets | (48,469) |
| Net Non-Operating Revenues (Expenses) | <u>22,904,361</u> |
| Income before other revenues, expenses, gains and losses | 4,987,715 |
| State capital appropriations | 831,612 |
| Local capital appropriations | 7,990,473 |
| Capital grants and gifts, including \$6,408,342 from Coastal Educational Foundation | 13,895,892 |
| Increase in Net Position | <u>27,705,692</u> |
| Net Position | |
| Net Position, beginning of year | 198,091,955 |
| Net Position, end of year | <u>\$ 225,797,647</u> |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY

Statement of Cash Flows

For the Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|----------------|
| Receipts from customers | \$ 113,628,356 |
| Grants and contracts | 15,956,262 |
| Other operating cash receipts | 1,312,670 |
| Payments to employees | (94,070,357) |
| Payments to suppliers | (40,630,213) |
| Perkins loan collected | 111,148 |
| Funds held for others | 36,118 |
| Net cash provided by operating activities | (3,656,016) |

CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES

| | |
|---|------------|
| State, county, and local appropriations | 10,949,743 |
| Gifts and grants | 2,813,692 |
| Cash received from Pell Grants | 14,274,618 |
| Net cash flow provided by noncapital financing activities | 28,038,053 |

CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES

| | |
|--|--------------|
| State and local capital appropriations | 8,822,085 |
| Gifts and grants for capital purposes | 15,129,014 |
| Purchase of capital assets | (43,518,543) |
| Principal and interest paid on capital debt and leases | (14,915,886) |
| Proceeds from issuance of capital debt | 55,096,067 |
| Net cash provided by capital activities | 20,612,737 |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|-----------|
| Interest and dividends on investments | 1,576,851 |
| Net cash flows provided by investing activities | 1,576,851 |

| | |
|-------------------------|-----------------------|
| Net change in cash | 46,571,625 |
| Cash beginning of year | 122,706,832 |
| Cash end of year | \$ 169,278,457 |

Reconciliation of net operating loss to net cash provided by operating activities

| | |
|--|-----------------|
| Operating loss | \$ (17,916,646) |
| Adjustments for non-cash items provided by operating activities: | |
| Depreciation expense | 11,798,910 |
| Bad debt expense | 403,169 |

Change in asset and liabilities

| | |
|--|-----------------------|
| Receivables net | (1,515,909) |
| Grants and contracts receivable | 767,070 |
| Payroll lag receivable | 102,572 |
| Student loans receivable | 106,396 |
| Prepaid expenses | (1,810,784) |
| Inventories | (66,378) |
| Accounts and retainages payable | 4,164,750 |
| Accrued vacation payable | 462,614 |
| Deferred Compensation plan | 400,000 |
| Notes payable | (54,166) |
| Deferred revenue | (533,732) |
| Deposits held for others | 87,539 |
| Perkins loan federal share | (51,421) |
| Net cash provided by operating activities | \$ (3,656,016) |

Non-cash investing, capital, or financing transactions

| | |
|---------------------------------------|-----------|
| Increase in fair value of investments | 1,784,773 |
| Donated goods and services | 370,478 |
| Capital assets acquired through gifts | 6,230,272 |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY

Non-governmental Component Unit

Coastal Educational Foundation

Statement of Financial Position

June 30, 2013

Assets

| | |
|---|----------------------|
| Cash and cash equivalents | \$ 726,877 |
| Accounts and pledges receivable, net of allowance of \$144,090 and \$1,305,315 for 2013 and 2012, respectively | 872,670 |
| Investments | 25,583,445 |
| Real estate held for investment | 803,266 |
| Cash value of life insurance | 31,823 |
| Prepaid expense | 15,500 |
| Property and equipment, net | 5,185,903 |
| Total assets | <u>\$ 33,219,484</u> |

Liabilities and Net Assets

| | |
|-------------------|----------------|
| Accounts payable | \$ 426,742 |
| Accrued expenses | 176,281 |
| Note payable | 61,538 |
| Total liabilities | <u>664,561</u> |

Net assets

| | |
|--|----------------------|
| Unrestricted | 6,981,115 |
| Temporarily restricted | 9,144,588 |
| Permanently restricted | |
| Restricted for: | |
| Permanent endowments | 15,929,220 |
| Land required to be permanently used in programs | 500,000 |
| Total net assets | <u>32,554,923</u> |
| Total liabilities and net assets | <u>\$ 33,219,484</u> |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY
Non-governmental Component Unit
Coastal Educational Foundation
Statement of Activity and Change in Net Assets
For the Year Ended June 30, 2013

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|---|---------------------|-----------------------------------|-----------------------------------|----------------------|
| Revenues, gains (losses) and other support | | | | |
| Contributions | \$ 488,021 | \$ 684,689 | \$ 1,354,339 | \$ 2,527,049 |
| Endowed and other investment income | | | | |
| Interest income | 1,794 | - | - | 1,794 |
| Realized investment gains | 297,420 | 22,703 | - | 320,123 |
| Net appreciation in fair value of investments | 671,733 | 2,645,385 | 242,040 | 3,559,158 |
| Change in cash value of life insurance | 1,362 | 5,243 | - | 6,605 |
| Lease income | 371,500 | 5,400 | - | 376,900 |
| Royalty income | - | 22,604 | - | 22,604 |
| Miscellaneous income | 438 | 20,385 | - | 20,823 |
| Fundraising income | - | 144,074 | - | 144,074 |
| Gain on transfer of land to the University | 4,664,399 | - | - | 4,664,399 |
| Net assets released from restrictions | 3,336,634 | (3,336,634) | - | - |
| | <u>9,833,301</u> | <u>213,849</u> | <u>1,596,379</u> | <u>11,643,529</u> |
| Total revenues, gains (losses) and other support | | | | |
| Expenses | | | | |
| Program services | | | | |
| Scholarships | 390,491 | - | - | 390,491 |
| University support | 6,901,048 | - | - | 6,901,048 |
| Facilities development and physical plant | 371,789 | - | - | 371,789 |
| College of Education | 21,262 | - | - | 21,262 |
| College of Humanities | 215,859 | - | - | 215,859 |
| College of Science | 77,182 | - | - | 77,182 |
| College of Business | 355,660 | - | - | 355,660 |
| General and administrative | 449,308 | - | - | 449,308 |
| Bad debt expense | 296,440 | - | - | 296,440 |
| Bad debt losses | - | - | 3,696 | 3,696 |
| Fundraising expenses | 103,883 | - | - | 103,883 |
| | <u>9,182,922</u> | <u>-</u> | <u>3,696</u> | <u>9,186,618</u> |
| Total expenses | | | | |
| Change in net assets | 650,379 | 213,849 | 1,592,683 | 2,456,911 |
| Net assets, beginning of year | 6,325,736 | 9,001,803 | 14,770,473 | 30,098,012 |
| Transfers | 5,000 | (71,064) | 66,064 | - |
| Net assets, end of year | <u>\$ 6,981,115</u> | <u>\$ 9,144,588</u> | <u>\$ 16,429,220</u> | <u>\$ 32,554,923</u> |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY
 Non-governmental Component Unit
 CCU Student Housing Foundation
 Consolidated Statement of Financial Position
 June 30, 2013

Assets

Current assets

| | | |
|---|----|------------|
| Cash and cash equivalents | \$ | 1,177,148 |
| Cash and cash equivalents, restricted | | 1,921,481 |
| Investments, unrestricted | | 4,962,700 |
| Investments, restricted | | 7,695,690 |
| Due from Coastal Carolina University | | 7,809 |
| Current portion of bond issuance costs | | 61,296 |
| Prepaid insurance | | 7,983 |
| Current portion of capital lease receivable | | 3,359,772 |
| Total current assets | | 19,193,879 |

Other assets

| | | |
|---|----|-------------|
| Long-term portion of capital lease receivable | | 143,386,617 |
| Long-term portion of bond issuance costs, net | | 1,444,478 |
| Other assets | | 9,800 |
| Total other assets | | 144,840,895 |
| Total Assets | \$ | 164,034,774 |

Liabilities and Net Assets

Current liabilities

| | | |
|---|----|-----------|
| Accounts payable | \$ | 31,203 |
| Accrued interest | | 1,202,356 |
| Deferred gain on capital lease receivable | | 2,685,890 |
| Revenue bonds payable | | 1,330,000 |
| Total current liabilities | | 5,249,449 |

Long-term liabilities

| | | |
|---|--|-------------|
| Deferred gain on capital lease receivable | | 75,204,922 |
| Revenue bonds payable | | 82,470,701 |
| Total long-term liabilities | | 157,675,623 |
| Total liabilities | | 162,925,072 |

| | | |
|-------------------------------------|--|-----------|
| Net assets (deficit) - unrestricted | | 1,109,702 |
|-------------------------------------|--|-----------|

| | | |
|--|----|-------------|
| Total liabilities and net assets (deficit) | \$ | 164,034,774 |
|--|----|-------------|

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY

Non-governmental Component Unit

CCU Student Housing Foundation

Consolidated Statement of Activities

For the Year Ended June 30, 2013

| | |
|---|---------------------|
| Revenues, gains (losses) and other support | |
| Interest income | \$ 4,157,913 |
| Other revenue | 1,988 |
| Lease income | 554,711 |
| Investment loss, net | (57,754) |
| Gain on sale of property | 315,630 |
| Gain on capital lease receivable | 8,867,624 |
| | <hr/> |
| Total revenues and other support | 13,840,112 |
| Expenses | |
| General and administrative | 101,578 |
| Amortization | 61,296 |
| Depreciation | 11,190 |
| Interest and financing fees | 4,948,079 |
| Support of Coastal Carolina University | 256,000 |
| Management and general | 80,809 |
| | <hr/> |
| Total Expenses and losses | 5,458,952 |
| Change in net assets | 8,381,160 |
| Net deficit, beginning of year | (7,271,458) |
| | <hr/> |
| Net assets (deficit), end of year | \$ 1,109,702 |
| | <hr/> <hr/> |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY
 Non-governmental Component Unit
 Chanticleer Athletic Foundation
 Statement of Financial Position
 June 30, 2013

ASSETS

| | 2013 |
|--|--------------|
| Cash and cash equivalents | \$ 2,790,653 |
| Accounts receivable from related party | 31,190 |
| Accounts receivable | - |
| Unconditional promises to give receivable in less than one year, net | 248,619 |
| Unconditional promises to give receivable in more than one year, net | 3,932,892 |
| Prepaid Expenses | 3,081 |
| Inventory | |
| Total assets | \$ 7,006,435 |

LIABILITIES AND NET ASSETS

| | |
|--|--------------|
| Accounts payable – Coastal Carolina University | 281,644 |
| Accounts payable | 11,095 |
| Deferred revenue | - |
| Total liabilities | \$ 292,739 |
| | |
| Net Assets | |
| Unrestricted | 2,491,141 |
| Temporarily restricted | 4,222,555 |
| | 6,713,696 |
| | |
| Total liabilities and net assets | \$ 7,006,435 |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY
Non-governmental Component Unit
Chanticleer Athletic Foundation
Statement of Activity and Change in Net Assets
For the Year Ended June 30, 2013

| | Unrestricted | Temporarily Restricted | Total |
|--|---------------------|---------------------------|---------------------|
| Revenues, gains, and other support: | | | |
| Contributions | \$ 1,336,502 | \$ 2,006,720 | \$ 3,343,222 |
| Investment income | 19,320 | - | 19,320 |
| Program Services | - | 7,485 | 7,485 |
| Fundraising proceeds | 6,013 | 100 | 6,113 |
| Fundraising events, net of expense of \$44,412 | 26,133 | | 26,133 |
| Concession labor commissions | | 4,832 | 4,832 |
| Net assets released from restrictions | 1,518,150 | (1,518,150) | - |
| Total revenues, gains, and other support | <u>2,906,117</u> | <u>500,988</u> | <u>3,407,105</u> |
| Expenses and losses: | | | |
| Program services | | | |
| Support of Coastal Carolina University Athletics Program | 528,672 | - | 528,672 |
| Management and general | 2,227,248 | - | 2,227,248 |
| Fundraising | 48,461 | - | 48,461 |
| Total expenses and losses | <u>2,804,381</u> | <u>-</u> | <u>2,804,381</u> |
| Increase (decrease) in net assets | 101,736 | 500,988 | 602,724 |
| Net assets, beginning of year | 2,400,482 | 3,710,490 | 6,110,972 |
| Transfers | (11,077) | 11,077 | - |
| Net assets, end of year | <u>\$ 2,491,141</u> | <u>\$ 4,222,555</u> | <u>\$ 6,713,696</u> |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Coastal Carolina University is a public, mid-sized (9,300 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 who continue 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.

Historically, the University has been treated as a part of the primary government of the State of South Carolina, and its funds were previously reported in the state's higher education enterprise funds in the Comprehensive Annual Financial Report of the State of South Carolina. During fiscal year 2012-13, the State of South Carolina implemented GASB Statement No. 61, The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34. As a result of this implementation, the University will now be reported as a discreetly presented component unit on the State of South Carolina's Comprehensive Annual Financial Report. Discrete presentation entails reporting component unit financial data in one or more columns separate from the financial data of the primary government instead of blending the University's financial information into the State's financial information.

The legislation established the governing body of Coastal Carolina University, the Board of Trustees, effective July 1, 1993, which by statute is responsible for overseeing the effective governance of the University. The Board of Trustees defines the mission, role and scope of the University, establishes the general policies of the University, approves the budget, and provides accountability to the public and the General Assembly

The University's 17-member Board of Trustees comprises the Governor of the State or his or her designee, who is an ex officio member of the Board, and sixteen members, with fifteen of these members to be elected by the South Carolina General Assembly and one member to be appointed by the Governor. Of the fifteen members to be elected by the General Assembly, one member must be elected from each congressional district and the remaining eight members must be elected from the State at large. The Board of Trustees holds regular meetings four times each year.

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.

COASTAL CAROLINA UNIVERSITY

Notes to Financial Statements
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The University has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position in the financial statements for the fiscal year ended June 30, 2013. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This statement also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The provisions of Statement No. 63 are effective for financial statements for periods beginning after December 15, 2011. The University’s financial statement presentation provides a comprehensive, entity-wide perspective of the University’s net position, revenues, expenses and changes in net position and cash flows, as well as the net position, revenues, expenses and changes in net position 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 three discretely presented component units, the Coastal Educational Foundation, the CCU Student Housing Foundation, and the Chanticleer Athletic Foundation.

The Coastal Educational Foundation (the CEF) is a legally separate, tax-exempt entity that 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 SHF) is also a legally separate, tax-exempt entity that 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.

The Chanticleer Athletic Foundation (CAF) is another legally separate tax exempt, not-for-profit organization incorporated under the laws of South Carolina as the University’s athletic fund-raising organization. Contributions to CAF are used for athletic scholarships, facilities and

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

program development. CAF's support comes primarily through individual donor contributions, annual fund-raising campaigns and special events.

The CEF, the CAF, and the SHF 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 directly issue debt that pays interest exempt from federal taxation. Also, the 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, the CAF, and the SHF can be obtained by sending a request to the Executive Director of each foundation at the following address: 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 applies all applicable GASB pronouncements and in accordance with GASB statement 20, the State of South Carolina 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

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

made pursuant to the University's grants and contracts. Accounts receivable are 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. Items accounted for as University inventories include: maintenance supplies, housing supplies, office supplies, mail supplies, athletic supplies, and golf course supplies. Items accounted for as prepaid items include: prepaid insurance, prepaid postage, prepaid magazine and periodical subscriptions, and advance payments for maintenance and service agreements.

Capital Assets: Capital assets are recorded at cost on the date of acquisition or fair market value on 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; for vehicles, equipment and machines is 3-10 years, and for intangible assets externally acquired 3 years – internally generated not capitalized. A full month of depreciation is taken the month the asset is placed in service and no depreciation is taken the month 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

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

statement purposes. The liability and expense incurred are recorded at year-end as accrued vacation payable in the statement of net position, and as a component of compensation and benefit expense in the statement of revenues, expenses, and changes in net position.

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 ceased to participate in the program.

Net Position: The University's net position included the following categories:

Investment 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 included as a component of invested in capital assets, net of related debt.

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

Restricted assets - nonexpendable: Nonexpendable restricted assets consist of endowment and similar type funds for 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 assets: Unrestricted 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.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Classification of Revenue and Expense: Continued

University; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the University would not otherwise undertake. In past years, higher education institutions have treated Pell Grants as federal operating grants. However, in accordance with Question 7.72.10 of GASB's Comprehensive Implementation Guide, the South Carolina Comptroller General's Office has revised its policy and is now requiring Pell Grant activity to be reported as non-operating revenues. 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 that are 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 position. 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 non-governmental 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 by out-of-state fee differential abatements facilitated by intra-state agreements are recorded neither as tuition and fee revenue nor as scholarship allowance.

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, and food service. Transactions between the University and its auxiliary enterprises activities have been eliminated.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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. Sound fiscal management dictates that proceeds held for anticipated construction costs, for future debt service or as bondholder-required reserves be invested in interest-earning securities, such as those issued by the U.S. government. Tax provisions dealing with these investments are complex because they must allow for legitimate temporary investment of funds, yet at the same time prevent arbitrage abuse. To achieve this objective the federal government has produced a set of complex regulations. In essence, the regulations consist of two types: arbitrage restriction and arbitrage rebates. For arbitrage restrictions, issuers are permitted to invest both construction funds and reserve funds for limited periods of time, e.g., 85% of the proceeds must be spent within three years. For arbitrage rebates, all arbitrage earnings, with some exceptions (i.e., the proceeds are spent within six months or 75% of the proceeds are spent on construction within two years), must be remitted to the federal government. Governments are exempt from the rebate requirement if they meet these 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, 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. An outside bond consulting company, BLX (Bond Logistics) calculates the total arbitrage obligation for a group of South Carolina state agencies, one of which is Coastal Carolina University. No arbitrage obligation has been reported for Coastal Carolina University as of June 30, 2013.

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.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

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 | \$ 77,559,529 |
| Cash and Cash Equivalents - Restricted | |
| Debt Service | 9,518,047 |
| Capital Project | 81,847,887 |
| Other | 252,994 |
| Cash and Cash Equivalents - Endowment | 100,000 |
| Total | <u>\$ 169,278,457</u> |
| DEPOSITS: | |
| Cash on Hand | 11,558,974 |
| Deposits Held by State Treasurer | 157,719,483 |
| Total | <u>\$ 169,278,457</u> |

Cash on Hand: At June 30, 2013, Coastal Carolina University had \$252,994 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, 2013, Coastal Carolina University had \$157,719,483 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.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

NOTE 3 – RESTRICTED ASSETS

The purposes and amounts of University restricted assets at June 30, 2013, are as follows:

| | |
|-------------------------------------|---------------------------------|
| CURRENT | |
| Cash and Cash Equivalents | |
| Satisfaction of Debt Covenants | \$ 9,518,047 |
| Capital Projects | 81,847,887 |
| Total Restricted Current Assets | <u>91,365,934</u> |
| NON-CURRENT | |
| Cash and Cash Equivalents | |
| Federal Perkins Loan Program | 252,994 |
| Endowments | 100,000 |
| Loans to Students, net of allowance | 1,144,379 |
| Total Restricted Non-Current Assets | <u>1,497,379</u> |
| Total Restricted Assets | <u><u>\$ 92,863,307</u></u> |

NOTE 4 – ACCOUNTS RECEIVABLE

University current and non-current receivables for June 30, 2013, are as follows:

| | | | |
|--|--------------------|-----------|------------------|
| CURRENT ACCOUNTS RECEIVABLE | | | |
| Student Accounts Receivable | \$ 2,410,836 | | |
| Less Allowance for Uncollectible | <u>(1,349,780)</u> | | |
| Student Accounts Receivable, Net | \$ 1,061,056 | \$ | 1,061,056 |
| Third Party Receivables | | | 285,978 |
| Federal Grants and Contracts Receivable | | | 500,494 |
| State Grants and Contracts Receivable | | | 22,654 |
| Other Grants & Contracts Receivable | | | 106,592 |
| Local Appropriation Receivable | | | 100,000 |
| State Capital Funds Receivable | | | 500,758 |
| Accrued Interest and Endowment Income Receivable | | | 173,945 |
| Other Receivables | | | 2,585,407 |
| Net Total Current Receivables | | <u>\$</u> | <u>5,336,884</u> |
| NON-CURRENT ACCOUNTS RECEIVABLE | | | |
| Loans to Students | | \$ | 1,211,241 |
| Less Allowance for Uncollectibles | | | <u>(66,862)</u> |
| Net Loans to Students | | <u>\$</u> | <u>1,144,379</u> |
| DUE FROM COMPONENT UNITS | | | |
| Chanticleer Athletic Foundation Receivable | | \$ | 281,644 |
| Coastal Educational Foundation Receivable | | | 394,220 |
| Student/Coastal Housing Foundation Receivable | | | <u>7,007</u> |
| Total Due from Component Units | | <u>\$</u> | <u>682,871</u> |

Allowances for uncollectible accounts receivable are established based upon actual losses experienced in prior year and evaluations of the current account portfolio.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

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, 2013. The Perkins Loan program provides various repayment options and interest rates; students have the right to repay the loan over periods up to and including 10 years depending on the amount of the loan and the loan cancellation privileges the student decides to exercise. These federal promissory notes generally do not expire. As the University determines that loans are uncollectible, the loans are written off the books of the University. Depending on compliance with specific loan regulations, these loans can be assigned to the United States Department of Education. At June 30, 2013, the allowance for uncollectible student loans is valued at \$66,862. 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 participate in the Perkins Loan Program for the foreseeable future, the University has recorded a long-term liability in the amount of \$1,390,463 representing the federal portion of the loan program at June 30, 2013. If at any time the University opted out of the federal Perkins Loan Program, the total liability to the University would be based on the original federal capital contribution and federal share of cash available at the close of the program, as well as other compliance issues. This amount calculated for just the federal capital contribution and federal share of cash available at June 30, 2013, totals \$1,622,495. The difference between the long term liability recorded and the liability for just the federal capital contribution and federal share of cash available at June 30, 2013, relates to the allowance and other expenses the federal government considers unallowable. These amounts are estimates. The actual liability would be determined in accordance with federal regulations at the time of liquidation if liquidation were ever to occur.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the University for the year ended June 30, 2013 is summarized as follows:

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the University for the year ended June 30, 2013 is summarized as follows:

| | Beginning Balance July 1, 2012 | Additions | Retirements | Adjustments | Transfers | Ending Balance June 30, 2013 |
|--|--------------------------------------|-----------------------|--------------------|------------------|--------------|------------------------------------|
| Capital Assets Not Being Depreciated: | | | | | | |
| Land | \$ 14,877,582 | \$ 9,425,486 | \$ - | \$ - | \$ 10,900 | \$ 24,313,968 |
| Construction in Progress | 27,475,311 | 28,756,063 | - | - | (28,874,899) | 27,356,475 |
| Total Capital Assets Not Being Depreciated | 42,352,893 | 38,181,549 | - | - | (28,863,999) | 51,670,443 |
| Capital Assets Being Depreciated: | | | | | | |
| Land Improvements | 8,804,603 | - | - | - | 1,175,717 | 9,980,320 |
| Buildings and Improvements | 165,863,733 | - | - | - | 27,688,282 | 193,552,015 |
| Equipment | 8,958,478 | 1,559,209 | (361,678) | (36,051) | - | 10,119,958 |
| Intangible Assets | 273,777 | - | - | - | - | 273,777 |
| Vehicles | 2,708,515 | 278,226 | (23,155) | 84,337 | - | 3,047,923 |
| Capital Lease | - | 153,517,754 | - | - | - | 153,517,754 |
| Total Capital Assets Being Depreciated | 186,609,106 | 155,355,189 | (384,833) | 48,286 | 28,863,999 | 370,491,747 |
| Less Accumulated Depreciation For: | | | | | | |
| Land Improvements | (3,645,100) | (653,444) | - | - | - | (4,298,544) |
| Buildings and Improvements | (39,189,497) | (4,591,186) | - | - | - | (43,780,683) |
| Equipment | (6,544,562) | (1,113,167) | 267,656 | - | - | (7,390,073) |
| Intangible Assets | (273,777) | - | - | - | - | (273,777) |
| Vehicles | (1,151,710) | (440,521) | 19,979 | - | - | (1,572,252) |
| Capital Lease | - | (5,000,592) | - | - | - | (5,000,592) |
| Total Accumulated Depreciation | (50,804,646) | (11,798,910) | 287,635 | - | - | (62,315,921) |
| Capital Assets Being Depreciated, Net | 135,804,460 | 143,556,279 | (97,198) | 48,286 | 28,863,999 | 308,175,826 |
| Capital assets, net | <u>\$ 178,157,353</u> | <u>\$ 181,737,828</u> | <u>\$ (97,198)</u> | <u>\$ 48,286</u> | <u>\$ -</u> | <u>\$ 359,846,269</u> |

Major outlays for capital assets and improvements are capitalized as they are constructed. Interest incurred during the construction process 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. In certain cases, the amount of interest earned on unexpended debt proceeds was expensed. During the year ended June 30, 2013, the University capitalized interest expense in the amount \$1,515,519. Of that number, \$755,642 was associated with the Institutional Bonds issued in 2010 and \$759,877 was associated with the Auxiliary Revenue Bonds issued in 2013.

Construction: Approximately \$206 million of capital projects in various phases of planning, or construction have been added to capital assets in the 2012-2013 fiscal year, continuing the ambitious building schedule that has characterized our campus for the last few years.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

NOTE 6 - CAPITAL ASSETS, Continued

Presently, the major projects under construction and included in construction-in-progress are: A new student housing complex to accommodate 1270 beds for first-year students. A new Public Safety Building expected to be finished in late summer 2013. Improvements being made to the Softball/Baseball Complex are underway with a completion date estimated to be spring 2014. The Swain Hall Science Building is the first building to be part of an integrated science complex on the core campus. This building includes science labs, faculty offices, storage space as well as additional classrooms. This building opened for classes in fall 2013.

Projects that were accounted for as construction-in-progress in the last year, but have been completed and transferred to assets during the course of fiscal year 2013 include the additional construction done in the HTC Center which opened its doors in June of 2012, adding \$3.4 million to the new building. Clay Brittain Jr. Hall is a new academic/classroom building which was completed in December 2012 at cost of \$11.5 million. The Bryan Information Commons was completed in the summer of 2012, totaling \$6.1 million, and the Central Cooling Plant, which will add 1,000 tons of cooling capacity, with plans to work up to 2,800 tons was completed, coming in at \$6.3 million. Other transfers from construction-in-progress to assets are: Blanton Park, the Bay 3 Parking Lot, and a PGM – Golf Instructional Facility.

Acquisitions: The University received 21.33 acres of core campus land from the Coastal Educational Foundation this year. This land was valued at \$220,000 per acre, using a recent appraisal of land with comparable value. The total gift recognized was \$4,692,600. This property is divided into two parcels, 19.51 acres for the Softball/Baseball Stadium Complex, which was booked at \$220,491 per acre, including additional acquisition costs. And the land on which the Lib Jackson Student Center is located, which was booked at \$224,548 per acre, including additional acquisition costs.

The Horry County Higher Education Commission deeded 11.31 acres of land east of Hwy. 501 to Coastal Carolina University in fiscal year 2013. This gift was recognized at the appraised value of \$105,000 per acre, or \$1,187,550. Additional costs increased the value to \$106,737 per acre, or \$1,207,200 total cost.

A parcel of land consisting of 19.51 acres was purchased from the Coastal Housing Foundation. This is the site on which a multi-phase residence life complex is being built. A gift of \$200,000 was recognized, bringing the cost of the land up to \$3,514,295, or \$180,128 an acre.

Capital Lease: At the beginning of fiscal year 2013, Coastal Carolina University entered into a contract with the Student Housing Foundation, LLC, to lease the property comprising University Place, to be included under the umbrella of University Housing, thus making all student housing consistent and uniform with regard to maintenance and standards. The term of the lease is 30 years beginning July 1, 2012 and ending July 30, 2042. The value of the lease being amortized is based on amount we pay over the life of the loan less the amount discounted.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

NOTE 7 – ENDOWMENTS

The University holds one permanent endowment of \$100,000. The cash and cash equivalents, with a fair value at June 30, 2013, of \$108,075 are recorded in non-current assets, restricted cash. If a donor has not provided specific instructions to the contrary, 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, that of 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 - UEARNED REVENUE

Unearned revenue for the University totaled \$5,798,423 for fiscal year ended June 30, 2013. These revenues include, but are not limited to, tuition prepayments of \$2,048,933, grant and contract funds of \$528,708, housing prepayments of \$385,743, advance tickets sales of \$50,660, golf gift certificates of \$9,868, golf merchandise prepayments of \$16,602, and other unearned revenue of \$2,757,909. Tuition prepayments include summer I fees of \$1,122,417, summer II fees of \$233,750, fall fees of \$133,280, and deposits of \$559,486.

NOTE 9 – LEASE OBLIGATIONS

Operating Leases:

The University leases classroom and office facilities from external parties under conditions of non-cancelable operating leases having terms in excess of one year. Total payments for such leases were \$100,001 for the year ended June 30, 2013. Future minimum lease payments under terms of these leases are as follows:

| <u>Year Ending Jun 30:</u> | |
|---------------------------------|----------------------|
| 2014 | 50,001 |
| 2015 | 1 |
| 2016 | 1 |
| 2017 | 1 |
| 2018 | 1 |
| 2019-2031 | <u>13</u> |
| Total minimum payments required | <u><u>50,018</u></u> |

The University also leases a parking lot, three 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, 2013, were \$712,106.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

NOTE 9 – LEASE OBLIGATIONS ,Continued

Capital Lease with the CCU Housing Foundation, LLC:

The following is an analysis of leased property under capital leases by major classes:

| | Asset Balance at December 31, 2013 |
|---|--|
| <u>University Place Classes of Property</u> | |
| Construction in Progress | \$59,590 |
| Land & Buildings | 153,517,754 |
| Less: Accumulated depreciation | (5,000,592) |
| | \$148,576,752 |

Starting July 1, 2012, the University entered into a 30 year triple net capital lease with the CCU Housing Foundation, LLC (CHF) for University Place (UP), an apartment complex housing 2,100 students located approximately one- half mile from the campus. The lease will allow the University to manage the operation of UP, and collect the revenue from student housing at UP. In turn, the University will remit varying lease payments to the CHF in the amount necessary to keep the CHF within their bond covenants. The University will also remit payments to be held by CHF for maintenance and improvements of UP. Maintenance and improvement projects must be agreed upon by both parties before these funds are remitted back to the University for construction. For the year ended June 30, 2013, the \$59,590 of construction in progress is for the upgrade of a UP dining facility. Over the remaining 29-year term of the lease, the University will pay CHF \$231,545,285 in lease payments. At the end of the lease, the University will have the option to purchase UP from CHF. Future payments due are as follows:

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

NOTE 9 – LEASE OBLIGATIONS ,Continued

| <u>Fiscal Year Ending June 30</u> | <u>University Place Future Minimum Lease Payments</u> | <u>Improvements and Maintenance Projects</u> |
|-----------------------------------|---|--|
| 2014 | \$7,367,307 | \$613,942 |
| 2015 | 7,368,176 | 614,015 |
| 2016 | 7,371,807 | 614,317 |
| 2017 | 7,371,777 | 614,315 |
| 2018 | 7,367,697 | 613,975 |
| 2019-2023 | 36,853,200 | 3,071,100 |
| 2024-2028 | 36,857,754 | 3,071,480 |
| 2029-2033 | 36,841,470 | 3,070,123 |
| 2034-2038 | 36,855,420 | 3,071,285 |
| 2039-2042 | 29,479,500 | 2,456,625 |
| Total Future Lease Payments | \$213,734,108 | \$17,811,177 |
| Less: Imputed Interest | (69,025,587) | |
| Plus: Value of Land | 3,500,000 | |
| Net Capital Lease Liability | <u>\$148,208,521</u> | |

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

NOTE 10 – BONDS PAYABLE

For the University, bonds payable consisted of the following at June 30, 2013:

| | Balance at Inception | Interest Rates | Maturity Dates | Balance 6/30/2013 |
|---------------------------------|-------------------------|-------------------|-------------------|----------------------------------|
| Revenue Bonds | | | | |
| Series 2004 Refunded | 3,885,000 | 4.09% | 6/1/2018 | 1,645,000 |
| Series 2006 Refunded | 13,175,000 | 3.75% to 4.25% | 6/1/2026 | 10,435,000 |
| Series 2012 Refunded | 6,147,000 | 2.10% | 6/1/2026 | 5,766,000 |
| Series 2013 | 54,705,000 | 2.750% to 4.0% | 6/1/2040 | 54,705,000 |
| Total Revenue Bonds | | | | <u>72,551,000</u> |
| State Institution | | | | |
| General Obligation 2002 | 8,750,000 | 3.25% to 4.625% | 9/1/2022 | 5,470,000 |
| General Obligation 2006 | 11,300,000 | 4.25% to 6.00% | 10/1/2026 | 9,320,000 |
| General Obligation 2010 | 54,000,000 | 3.52% | 4/1/2030 | 47,795,000 |
| Total State Institutional Bonds | | | | <u>62,585,000</u> |
| Total Bonds Payable | | | | <u><u>\$ 135,136,000</u></u> |

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 \$15 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 \$7,674,531 which results in a legal annual debt service at June 30, 2013, of \$6,907,078.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

NOTE 10 – BONDS PAYABLE, Continued

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

| | Principle | Interest | Total |
|----------------------|----------------------|----------------------|-----------------------|
| <u>Revenue Bonds</u> | | | |
| 2014 | 1,324,000 | 2,445,297 | 3,769,297 |
| 2015 | 1,366,000 | 2,399,351 | 3,765,351 |
| 2016 | 2,823,000 | 2,351,849 | 5,174,849 |
| 2017 | 2,923,000 | 2,246,282 | 5,169,282 |
| 2018-2022 | 14,786,000 | 9,609,006 | 24,395,006 |
| 2023-2027 | 15,609,000 | 6,857,171 | 22,466,171 |
| 2028-2032 | 11,370,000 | 4,828,515 | 16,198,515 |
| 2033-2037 | 13,270,000 | 2,933,772 | 16,203,772 |
| 2038-2040 | 9,080,000 | 642,770 | 9,722,770 |
| | <u>\$ 72,551,000</u> | <u>\$ 34,314,013</u> | <u>\$ 106,865,013</u> |

| | Principle | Interest | Total |
|---------------------------------|----------------------|----------------------|----------------------|
| <u>General Obligation Bonds</u> | | | |
| 2014 | 2,920,000 | 2,369,976 | 5,289,976 |
| 2015 | 2,990,000 | 2,335,976 | 5,325,976 |
| 2016 | 3,075,000 | 2,260,576 | 5,335,576 |
| 2017 | 3,170,000 | 2,225,676 | 5,395,676 |
| 2018-2022 | 17,670,000 | 10,122,089 | 27,792,089 |
| 2023-2027 | 21,735,000 | 8,041,431 | 29,776,431 |
| 2028-2030 | 11,025,000 | 3,735,513 | 14,760,513 |
| | <u>\$ 62,585,000</u> | <u>\$ 31,091,237</u> | <u>\$ 93,676,237</u> |

On February 1, 2013, the University issued \$54,705,000 Higher Education Revenue Bonds, Series 2013, to acquire land and construct the first phase of a student housing facility to provide housing for students attending the University. These Series 2013 Bonds are special obligations of the University and are payable solely from and secured by a pledge of revenues generated from the facility. The project will be built on a parcel of land recently purchased from the Coastal Housing Foundation known as the Elvington property. This project is Phase I of a multi-phase project with completion of 635 beds anticipated for occupancy no later than 2015. Site work for the project began early June 2013 with construction of the building set for October 2013.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

NOTE 10 – BONDS PAYABLE, Continued

The purposes of all outstanding bond issues are listed below:

- State Institution Bonds Series 2010A
 - i. Construct an approximately 18,000 square foot addition to the Kimbel Library.
 - ii. Construct an approximately 40,000 square foot annex to the Smith Science Building.
 - iii. Construct a new student recreation complex.

- State Institution Bonds Series 2006C
 - i. Fund various projects, specifically including Science Facilities, other Academic Facilities, Physical Plant and Campus Infrastructure, and Student Life and Intramural Facilities.
 - a. Repairs and renovations to roofs and HVAC systems on academic facilities.
 - b. Construct a planned environmental research facility.
 - c. Convert the existing space in two warehouses to science laboratories.
 - d. Allow for electrical upgrades, parking lots, sidewalks, irrigation, expansion of fiber optics, security cameras, and wireless technology system throughout the campus.
 - e. Provide playing fields and weight rooms for intramural sports activities.

- State Institution Bonds Series 2002D
 - i. Renovate and construct certain academic and athletic facilities.

- Revenue Auxiliary Bonds 2004, 2006, 2012, & 2013 Series
 - i. Construction of Baxley Hall.
 - ii. Construction of Hicks Dining Hall.
 - iii. Expansion of student housing on main campus with Eaglin Hall.
 - iv. Acquisition of land and construction of first phase of student housing facility (635 beds).

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

NOTE 10 – BONDS PAYABLE, Continued

Other assets in statement of net position consist of the following:

| <u>Amortizing assets</u> | Original Amount | FY2013 Amount |
|--|----------------------------|----------------------------|
| Amortization of 2010 Issue Costs | \$ 340,087 | \$ 255,922 |
| Loss on refunding portion 1994 in 2004 | 75,600 | 13,291 |
| 2004 issue costs | 15,000 | 2,637 |
| Loss on refunding portion 1999 in 2006 | 838,715 | 437,911 |
| 2006 issue costs | 251,933 | 131,540 |
| Loss on refunding portion 1999 in 2012 | 323,260 | 282,078 |
| 2012 issue costs | 57,197 | 49,910 |
| 2013 issue costs | 1,329,453 | 1,290,676 |
| Sub Total: | <u>\$ 3,231,245</u> | <u>\$ 2,463,965</u> |
| <u>Deposit asset</u> | | |
| Campus Road Improvement Deposit | <u>20,715</u> | <u>20,715</u> |
| Total: | <u><u>\$ 3,251,960</u></u> | <u><u>\$ 2,484,680</u></u> |

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

NOTE 11—LONG-TERM LIABILITIES

Long-term liability activity for the University for the year ended June 30, 2013, was as follows:

| | Balance 6/30/2012 | Additions | Reductions | Balance 6/30/2013 | Due Within One Year |
|---------------------------------|----------------------|--------------------|------------------|----------------------|------------------------|
| Bonds Payable | | | | | |
| General Obligation Bonds | \$ 65,440,000 | \$ - | \$ 2,855,000 | \$ 62,585,000 | \$ 2,920,000 |
| Revenue Bonds | 19,122,000 | 54,705,000 | 1,276,000 | 72,551,000 | 1,324,000 |
| Total Bonds Payable | 84,562,000 | 54,705,000 | 4,131,000 | 135,136,000 | 4,244,000 |
| Capital Lease Payable | - | 153,517,754 | 5,309,233 | 148,208,521 | 3,314,202 |
| Federal Loan Program Liability | 1,441,884 | - | 51,421 | 1,390,463 | - |
| Accrued Compensated Absences | 3,616,991 | 647,023 | 184,409 | 4,079,605 | 258,770 |
| Total Other Liabilities | 5,058,875 | 154,164,777 | 5,545,063 | 153,678,589 | 3,572,972 |
| Total Long-Term Liabilities | \$ 89,620,875 | \$ 208,869,777 | \$ 9,676,063 | \$ 288,814,589 | \$ 7,816,972 |

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, 2013 are summarized as follows:

| Functional Classification | Personnel Costs and Benefits | Services and Supplies | Utilities | Scholarships | Depreciation | Total |
|------------------------------|------------------------------------|--------------------------|------------------|------------------|-------------------|-------------------|
| Instruction | \$ 48,016,161 | \$ 6,222,516 | \$ 160,738 | | | \$ 54,399,415 |
| Research | 1,265,661 | 1,161,117 | 8,898 | | | 2,435,676 |
| Public Service | 733,378 | 490,443 | 8,890 | | | 1,232,711 |
| Academic Support | 7,471,327 | 1,758,768 | 7,620 | | | 9,237,715 |
| Student Services | 14,616,068 | 8,620,053 | 132,814 | | | 23,368,935 |
| Institutional Support | 10,583,900 | 2,534,149 | 244,037 | | | 13,362,086 |
| Plant Operation | 10,719,994 | 7,368,224 | 3,531,339 | | | 21,619,557 |
| Scholarships | 1,106,274 | 761,789 | | 9,320,495 | | 11,188,558 |
| Auxiliary Enterprises | 3,178,572 | 5,160,898 | 2,488,134 | | | 10,827,604 |
| Depreciation | - | - | - | - | 11,798,910 | 11,798,910 |
| Total Expenses | \$ 97,691,335 | \$ 34,077,957 | \$ 6,582,470 | \$ 9,320,495 | \$ 11,798,910 | \$159,471,167 |

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

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 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 retirement systems are included in the CAFR of the State of South Carolina.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined.

South Carolina Retirement System

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 7.00 percent of all compensation. Effective July 1, 2012, the employer contribution rate became 15.00 percent, which included a 4.55 percent surcharge to fund retiree health and dental insurance coverage. The University’s actual contributions to the SCRS for fiscal years ending June 30, 2013, 2012 and 2011, were \$5,241,267, \$4,554,119 and \$4,053,588, respectively, and equaled the required contributions (including the required surcharge) for each year. Also, Coastal Carolina University paid employer group-life insurance contributions of \$52,413 in the fiscal year at the rate of .15 percent of compensation.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

NOTE 13 – PENSION PLANS, Continued

Police Officers Retirement System

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 7.00 percent of all compensation. Effective July 1, 2012, the employer contribution rate became 16.45 percent, which, as for the SCRS, included the 4.55 percent surcharge. The University's actual contributions to the PORS for fiscal years ending June 30, 2013, 2012 and 2011, were \$276,700, \$233,739 and \$199,928, respectively, and equaled the required contributions (including the required surcharge) for each year. Also, the University paid employer group-life insurance contributions of \$3,364 and accidental death insurance contributions of \$3,364 in the fiscal year for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

Optional Retirement Program

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.

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 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, 10.45 percent plus the retiree surcharge of 4.55 percent from the employer in fiscal year 2012/2013.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

NOTE 13 – PENSION PLANS, Continued

Certain Coastal Carolina University employees have elected to be covered under optional retirement plans. For the fiscal year 2012/2013, total contribution requirements to the ORP were \$4,214,911 (including the surcharge) from the University as employer and \$1,966,959, from its employees as plan members. 4.90 percent of all contributions plus the retiree surcharge of 4.55 percent were remitted to the Retirement Division of the State Budget and Control Board. 5.00 percent of employer contributions plus employee contributions of 7.00 percent (for a total of 12.00 percent) 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 member’s (who has returned to covered employment) death provided they work for a covered employer for one year.

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. During fiscal year 2013, University instituted a 415(m) plan. The assets of the plan are held by the University and will index at a rate equivalent to the University Auxiliary Funds. For the year ended June 30, 2013, the 415(m) plan assets are \$400,000. Future minimum distributions for the plan assets are as follows:

| <u>Year Ending June 30</u> | <u>Minimum Plan Distributions</u> |
|----------------------------|---------------------------------------|
| 2014 | 56,500 |
| 2015 | 287,500 |
| 2016 | 56,000 |
| Total | <u>\$ 400,000</u> |

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

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

NOTE 13 – PENSION PLANS, Continued

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 on or after July 1, 2005, 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 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 \$6,017,354 for the year ended June 30, 2013. As discussed in Note 13, the University paid \$2,944,908 applicable to the 4.55 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.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

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*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, to be treated as component units of the University. These entities include the Horry County Higher Education Commission and the Georgetown County Advisory Board for Coastal Carolina University. 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 programs. 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, 2013, include significant transactions between them and the University which are as follows:

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, 2013, the Commission made grants to Coastal Carolina University totaling \$399,966. Of the total, \$219,580 was for scholarships, and \$180,386 was for public service, academic enhancement and staff development projects. In addition, the Commission also donated a gift of \$6,000,000 towards the construction of an addition to the Lib Jackson Student Center. This is the first of two annexes planned. The Commission leases its land and buildings to the University at a below-market rental rate under terms of annual leases. Rent paid by the University during the fiscal year 2013 was \$2, none of which was payable at year-end. Also, as required by the leases, the University insures the Commission's buildings and improvements. The University provides accounting and cash management services to the Commission at no charge, including management of the operating portion of its cash. At June 30, 2013, the Commission had net assets of (\$330,997).

The Horry County Higher Education Commission deeded 11.31 acres of land east of Hwy. 501 to Coastal Carolina University in fiscal year 2013 for a planned tennis complex. This gift was recognized at the appraised value of \$105,000 per acre, or \$1,187,550. Additional costs increased the value to \$106,737 per acre, or \$1,207,200 total cost.

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, 2013, the University recognized and received \$75,000 in revenue from the Advisory Board. Expenditures

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

NOTE 15 – RELATED PARTIES, Continued

made on behalf of the University for scholarships and the development of facilities in Georgetown County were approximately \$107,905.

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 2013 are not readily available. At June 30, 2013, accounts receivable included \$90,314 due from other State agencies primarily for Federal and State sponsored projects, and accounts payable included \$283,969 due

to other State agencies. Horry Georgetown Technical College (HGTC) contracts with the University to provide security services to each of their campuses. These services were billed and paid in FY 2013. The University also has a Bridge Partnership program with HGTC. Bridge program fees of \$32,417 were receivable at year end. Per the Horry County Transportation Committee’s approval, the South Carolina Department of Transportation has pledged funds in the amount of \$100,000 for the purpose of installing a traffic signal at the intersection of SC-544 and Founders Drive.

Transactions with Related-Party Vendors: The University has identified 10 potential related party vendors with whom they have transacted business during fiscal year ending June 30, 2013. These vendors and the total related transaction amounts are listed below:

Related Party Vendor Transactions
FYE June 30, 2013

| Vendor | Amounts |
|-------------------------------|-----------|
| Atlas Travel Agency | \$30,260 |
| Charles H Johns IV | 5,785 |
| Grand Strand Regional Medical | 100,000 |
| Grand Strand Tee Time Network | 21,325 |
| Palmetto Chevrolet-Geo | 1,410 |
| Preston M Roberts | 434 |
| S & R Turf Equipment, LLC | 11,944 |
| Talotta Interiors Inc | 22,802 |
| The Lowcountry Companion | 1,932 |
| Winyah Rivers Foundation | 12,495 |
| Total | \$208,386 |

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

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 substantially assumes all the risk for the following claims of covered employees: unemployment compensation benefits; workers' 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: 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 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 the CEF is deemed not to be a government entity and, therefore, used a different reporting model, its balances and transactions are reported on separate financial statements.

The CEF provides support directly to the University through funds embarked from private contributions to support University scholarship and various academic programs. The CEF has provided \$8,333,291 in support through direct and indirect transfers. For the fiscal year ended

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

NOTE 17 – COMPONENT UNITS, Continued

The Coastal Educational Foundation, Continued

June 30, 2013, there were no receivables between the University and the CEF; however payables from CEF to the University totaled \$394,220.

The University leases the Foundation Center from the CEF for \$100,000 per year. (See 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, 2013, the carrying value of said property was \$5,115,903 net of \$49,048 accumulated depreciation. The University leases this land annually from the foundation at a rate below market value.

The CEF transferred parcels of land to the University to be utilized in campus expansion during the fiscal year ended June 30, 2013. These parcels of land had a fair market value at the date of contribution of \$4,842,722.

The University, in turn, provides operation and fund-raising staff for which it does not charge the foundation. The CEF has valued these services for their financial reporting at \$382,494 for the fiscal year ending June 30, 2013. The University paid total rent of \$271,937 in fiscal year 2013 to the foundation for six parcels of land: the soccer field, student parking lot, an athletic parcel, a Wheelwright Auditorium parcel, an academic parcel, and a University Housing parcel.

The CEF carries investment 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.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2012

NOTE 17 – COMPONENT UNITS, Continued

A summary of investments at fair value at June 30, 2013, follows:

| | |
|--|----------------------|
| <u>Brown Brothers Harriman Investments</u> | |
| Cash and Cash Equivalents | \$ 8,767,250 |
| Equities | 1,688,904 |
| Fixed Income Funds | 14,937,291 |
| Total Privately Managed Funds | 25,393,445 |
| Public Traded Securities | <u>0</u> |
| Total Privately Managed Funds | <u>0</u> |
| <u>Closely Held Investments</u> | |
| Common Stock | 190,000 |
| Total Closely Held Investments | <u>190,000</u> |
| Total Investments | <u>\$ 25,583,445</u> |

During the year ended June 30, 2013, University Board members served as ex-officio members of the Coastal Educational Foundation Board.

The Chanticleer Athletic Foundation: The Chanticleer Athletic Foundation (the CAF) is a separately chartered 501c (3) corporation organized in 1987 exclusively to support Coastal Carolina University Athletics. The CAF is comprised of no less than fifteen board members and an executive director, who manages the operations of the CAF. The board of directors oversees the actions of the executive director and provides strategic goals which the executive director carries out. As discussed in Note 1, the CAF has been included in the reporting entity as a component unit. Because the CAF is deemed not to be a government entity and, therefore, uses a different reporting model, its balances and transactions are reported on separate financial statements.

The CAF provides support directly to the University through funds embarked from private contributions to support University athletic scholarships and programs. These transfers for fiscal year 2013 were recorded by the University as non-operating gift revenues totaling \$528,672.

The CAF procured and gifted to the University \$599,653 of goods and services, which included vehicle leases to athletic coaches and future wiring of a variety of buildings on campus.

For the year ended June 30, 2013, the CAF had net assets of \$6,718,593, receivables from the University of \$841, and payables to the University of \$281,644.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2012

NOTE 17 – COMPONENT UNITS, Continued

The CCU Student Housing Foundation:

The CCU Student Housing Foundation (the Foundation) is a separately chartered not-for-profit corporation organized in 2002 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), a not-for-profit corporation, was organized in 2005. The Foundation is the owner and sole member of the Company. As discussed in Note 1, the Foundation and the Company have been included in the reporting entity as a component unit. Since the Foundation and the Company are deemed not to be governmental entities and use a different reporting model, their balances and transactions are reported on separate financial statements.

University Place, an apartment complex housing 2,100 students located approximately one half mile from the campus, is the primary residential project of the Company. In June, 2012, the Company and the University executed the Governmental Real Estate Lease Agreement and a related Restricted Funds Agreement. Beginning July 1, 2102 the University began leasing the University Place complex for a term of 30 years, with an optional one year extension beyond 2042. Lease payments to the Company are due semi-annually.

The Lease is classified as a capital lease for accounting purposes. At June 30, 2013 the Company's value of the asset Capital Lease Receivable was \$146,746,389 net of Unearned Interest Income of \$66,987,720 and the value of Deferred Gain on Capital Lease was \$77,890,812. The Company held debt of \$83,800,701 at June 30, 2013 for revenue bonds issued to finance University Place. Interest on the bonds is payable semi-annually and varies from four to five percent. The bonds mature in varying amounts through 2042. The annual debt service coverage ratio per the bond agreement is 1.2:1 The Company paid debt service interest of \$4,866,198 for the fiscal year 2013.

The Restricted Funds Agreement attached to the Lease requires the Company to restrict and set aside an amount from surplus funds, as calculated per the Agreement. These funds are to be used to defray the costs of capital improvements or capital assets at the request or recommendation of the University and as permitted under the governing documents of the Company and the Foundation. For fiscal year ending June 30, 2013, \$467,249 was requested by and remitted to the University for capital improvements to a food service building at University Place.

In 2005 the Foundation purchased 19.5 acres of land and two buildings contiguous to the University's main campus to be used for future needs. The University leased the two buildings from the Foundation beginning in 2006. In March 2013, the Foundation sold the land and buildings to the University to be used for student housing. The sales price was \$3,300,000. On the date of sale, the Foundation's books showed a carrying value (cost) of the entire property of \$3,300,000 with accumulated depreciation on the buildings of \$115,630. An appraisal prior to the sale showed an increase in fair market value of the land of \$200,000. Lease payments from the University during the fiscal year totaled \$24,300. The Foundation paid mortgage interest of \$48,000 during the year ending June 30, 2013.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2012

NOTE 17 – COMPONENT UNITS, Continued

The University received financial support from the CCU Student Housing Foundation for the fiscal year ended June 30, 2013 of \$256,000, of which \$56,000 was a salary supplement for the University's President.

For the year ended June 30, 2013, the Foundation and the Company had consolidated net assets of \$1,109,702, receivables for the University of \$7,809 and payables to the University of \$7,007.

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

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

Horry County One-Cent Sales Tax: Continued

next 15 years. For the fiscal year ending June 30, 2013, Coastal Carolina University has received approximately \$8.0 million in revenue from this new tax. Since the inception of the one-cent sales tax, CCU has received more than \$30 million in revenue. CCU has purchased several buildings with this revenue in the past few years and has recently completed construction of a new Academic Classroom and Office Building, a Central Energy Plant and additional parking lots. A new Science Annex Building is being planned as a future use of these funds.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2013

Open Construction and Major Renovation Contracts: The following contractors have open contracts with the University as of June 30, 2013:

| Contractor | Project | Reference Numbers | Contract Amount | Amount Spent | Amount Outstanding |
|-----------------------------------|--------------------------------|--------------------------|------------------------|----------------------|---------------------------|
| Chancel Builders Inc | Academic Building | B0008713 | \$ 5,688 | \$ - | \$ 5,688 |
| M. B. Kahn Construction | Academic Building | B0008484 | 4,106,456 | 4,031,561 | 74,895 |
| Pike McFarland Hall | Academic Building | P0032814 | 777,916 | 722,448 | 55,468 |
| The Boudreaux Group Inc | Atheneum Hall Renovation | B0008683 | 258,318 | 101,245 | 157,073 |
| Usry Wolfe Peterson Doyle | Baxley Hall Renovation | B0008646 | 69,700 | 60,789 | 8,911 |
| S & ME, Inc | Baxley Hall Renovation | B0008679 | 2,500 | - | 2,500 |
| Mead & Hunt Inc | Baxley Hall Renovation | B0008678 | 5,064 | 945 | 4,120 |
| M. B. Kahn Construction | Baxley Hall Renovation | B0008695 | 805,624 | 762,106 | 43,518 |
| Mancill Electric Co | Blanton Park Lighting | B0008747 | 248,972 | 87,154 | 161,818 |
| System WorCx | Bryan Information Commons | P0032403 | 29,500 | 28,743 | 757 |
| Cayce Co Inc | Central Energy Plant | B0008480 | 2,081,408 | 2,017,070 | 64,338 |
| S & ME, Inc | Central Energy Plant | P0034000 | 55,250 | 53,751 | 1,499 |
| Hanco Inc. | Commons Renovation | B0008496 | 346,198 | - | 346,198 |
| Mead & Hunt Inc | Fire Tower Parking Lot | P0033731 | 56,023 | 50,272 | 5,751 |
| The Boudreaux Group Inc | Food Service Dining Facility | B0008676 | 98,182 | 58,309 | 39,872 |
| Mead & Hunt Inc | Food Service Dining Facility | P0034645 | 16,000 | 11,675 | 4,325 |
| Usry Wolfe Peterson Doyle | Hicks Dining Hall Renovation | B0008669 | 77,500 | - | 77,500 |
| Garvin Design Group Inc | HTC Center | B0008495 | 92,984 | 80,561 | 12,423 |
| PC Construction of Greenwood Inc | HTC Center | B0008504 | 1,037,373 | 861,023 | 176,350 |
| System WorCx | HTC Center | P0032401 | 87,500 | 86,986 | 514 |
| Castles Consulting Engineers | HTC Pond/Drainage Improv. | B0008689 | 42,000 | 37,325 | 4,675 |
| Grimball Cottenill and Associates | HTC Pond/Drainage Improv. | B0008735 | 12,500 | 5,471 | 7,029 |
| Chancel Builders Inc | Hwy. 544 Traffic Light | B0008715 | 125,190 | - | 125,190 |
| Mead & Hunt Inc | Hwy. 544 Traffic Light | B0008624 | 18,720 | 17,026 | 1,694 |
| S & ME, Inc | Lackey Chapel Parking Lot | B0008639 | 30,155 | 29,161 | 994 |
| C L Benton & Sons Inc | Lackey Chapel Parking Lot | B0008621 | 1,545,069 | 768,712 | 776,357 |
| Castles Consulting Engineers | Lackey Chapel Parking Lot | P0033673 | 82,245 | 81,770 | 475 |
| Hanco Inc. | Public Safety Building | B0008698 | 308,416 | 157,574 | 150,842 |
| Safe Built Carolinas Inc | Public Safety Building | P0034932 | 9,612 | 7,554 | 2,058 |
| S & ME, Inc | Public Safety Building | P0035004 | 9,800 | 7,248 | 2,553 |
| McWaters | Public Safety Building | P0035510 | 12,439 | - | 12,439 |
| American Speciality Office | Public Safety Building | P0035652 | 25,258 | - | 25,258 |
| Patterson Pope | Public Safety Building | P0035837 | 3,107 | - | 3,107 |
| System WorCx | Science Annex II | B0008765 | 84,100 | - | 84,100 |
| S & ME, Inc | Science Annex II | B0008737 | 7,935 | - | 7,935 |
| LS3P Associates LTD | Science Annex II | B0008691 | 1,876,453 | 568,994 | 1,307,459 |
| Hardwicks Landscaping | SHS Parking Lot Renovation | B0008704 | 184,500 | - | 184,500 |
| Safe Built Carolinas Inc | Softball/Baseball Stadium | B0008662 | 35,013 | 5,606 | 29,406 |
| System WorCx | Softball/Baseball Stadium | B0008636 | 24,500 | - | 24,500 |
| S & ME, Inc | Softball/Baseball Stadium | B0008671 | 131,000 | 14,170 | 116,830 |
| Chancel Builders Inc | Softball/Baseball Stadium | B0008675 | 9,479,183 | 1,286,009 | 8,193,174 |
| Michael Keeshen & Associates | Softball/Baseball Stadium | P0033968 | 769,075 | 677,652 | 91,423 |
| System WorCx | Student Center Annex | B0008637 | 41,100 | - | 41,100 |
| S & ME, Inc | Student Center Annex | B0008759 | 169,175 | - | 169,175 |
| Quackenbush Architects | Student Center Annex | P0034479 | 744,887 | 554,356 | 190,531 |
| Quackenbush Architects | Student Housing Doms | B0008643 | 4,072,000 | 1,575,852 | 2,496,148 |
| King Construction Services Inc | Student Housing Doms | B0008743 | 1,984,350 | 239,471 | 1,744,879 |
| Watson Tate Savory Architects | Swain Science Building | B0008510 | 314,190 | 88,890 | 225,300 |
| Chancel Builders Inc | Swain Science Building | B0008493 | 6,539,450 | 5,981,141 | 558,309 |
| S & ME, Inc | Swain Science Building | P0033926 | 117,800 | 116,054 | 1,746 |
| Mead & Hunt Inc | Swain Science Building | P0033982 | 28,095 | 24,468 | 3,628 |
| System WorCx | Swain Science Building | P0032402 | 56,800 | 29,590 | 27,210 |
| Control Management Inc | Swain Science Building | P0034096 | 1,005,623 | 978,974 | 26,649 |
| Unified AV Systems | Swain Science Building | P0035618 | 34,095 | - | 34,095 |
| C.H.A. Consulting Inc. | Tennis Complex | B0008716 | 150,350 | 12,161 | 138,189 |
| Pennington Seed Inc. | Turf for Athletic Fields | B0008478 | 8,640 | 2,592 | 6,048 |
| C L Benton & Sons Inc | University Blvd. Traffic Light | B0008670 | 99,392 | 76,035 | 23,357 |
| Usry Wolfe Peterson Doyle | UP Kitchen/Dining Area | B0008647 | 88,570 | 60,773 | 27,797 |
| Palmetto Sports Floors LLC | W/B Gym & HTC Gym Floor C | B0008573 | 65,193 | 27,372 | 37,821 |
| Monroe Construction | W/B Renovation | B0008694 | 66,307 | - | 66,307 |
| | | | \$ 40,660,442 | \$ 22,446,641 | \$ 18,213,801 |

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, 2013

| | <u>Year Ended June 30</u> | | Increase |
|---------------------------------------|---------------------------|-----------------------|----------------------|
| | <u>2013</u> | <u>2012</u> | <u>(Decrease)</u> |
| Charges for Services | \$ 141,554,521 | \$ 128,766,406 | \$ 12,788,115 |
| Operating Grants and Contributions | 18,303,145 | 18,223,057 | 80,088 |
| Capital Grants and Contributions | 13,895,892 | 5,206,768 | 8,689,124 |
| Less Expenses | <u>(166,025,872)</u> | <u>(138,986,039)</u> | <u>(27,039,833)</u> |
| Net Program Revenue (Expense) | 7,727,686 | 13,210,192 | (5,482,506) |
| | | | |
| Transfers | | | |
| State Appropriations | 11,140,551 | 8,920,787 | 2,219,764 |
| State Capital Appropriations | 831,612 | - | 831,612 |
| State Nonoperating Grants & Contracts | 15,370 | 5,613 | 9,757 |
| Local Sales Tax Allocation | <u>7,990,473</u> | <u>7,660,595</u> | <u>329,878</u> |
| Total General Revenue and Transfers | 19,978,006 | 16,586,995 | 2,559,399 |
| | | | |
| Change in Net Position | 27,705,692 | 29,797,187 | (2,091,495) |
| Net Position - Beginning | 198,091,955 | 168,294,768 | 29,797,187 |
| Net Position - Ending | <u>\$ 225,797,647</u> | <u>\$ 198,091,955</u> | <u>\$ 27,705,692</u> |

COASTAL CAROLINA UNIVERSITY
 Schedule of Reconciling State Appropriations per the Financial Statements
 to State Appropriations Recorded in State Accounting Records
 For the Year Ended June 30, 2013

Following is a reconciliation of the original base budget amount presented in the General Funds Column of Section 11 of the 2010-2011 Appropriations Bill 3700 enacted by the South Carolina General Assembly to State Appropriations revenue reported in the financial statements for the year ended June 30, 2013.

Non-Capital Appropriations

| | |
|--|----------------------|
| Original Appropriations | \$ 8,591,599 |
| Supplement Appropriation Addition (General Instruction) | 425,186 |
| Supplement Appropriation Addition (Science Doctoral program) | 948,366 |
| Technology Grant Program | 752,122 |
| Deferred Maintenance State Appropriation | 417,620 |
| South Carolina Endowment Incentive Act of 1997 | <u>5,658</u> |
| Statement of Revenues, Expenses & Changes in Net Position | <u>\$ 11,140,551</u> |

Capital Appropriations

| | |
|---|-------------------|
| Deferred Maintenance Capital Reserve Fund | <u>\$ 831,612</u> |
|---|-------------------|

COASTAL CAROLINA UNIVERSITY
Schedule of Tuition Fees
For the Year Ended June 30, 2013

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, 2013, is as follows:

| | |
|--|---------------------|
| Amount of Tuition Fees as defined by Code Section 59-107-30 for the Fiscal Year Ended June 30, 2012 | <u>\$ 7,674,531</u> |
| Legal Annual Debt Service Limit at June 30, 2013 | <u>\$ 6,907,078</u> |

COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

STATISTICAL SECTION



Brooks Stadium

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 has changed over time.

Schedule 1
Coastal Carolina University
Net Position by Component
Fiscal Years 2004 – 2013

| | For the year ended June 30 | | | | | | | | | |
|---|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Net Financial Position | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 130,228,337 | \$ 118,117,078 | \$ 92,076,002 | \$ 71,619,921 | \$ 59,953,874 | \$ 57,318,311 | \$ 46,314,833 | \$ 57,050,243 | \$ 54,822,552 | \$ 53,844,656 |
| Restricted - endowment - non-expendable | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 97,953 | 102,626 | 102,934 |
| Restricted - capital projects and debt service - expendable | 36,729,803 | 33,396,565 | 32,445,453 | 33,277,562 | 21,751,075 | 19,439,071 | 15,203,375 | 3,119,736 | 637,981 | 1,238,953 |
| Unrestricted | 58,739,507 | 46,478,312 | 43,673,313 | 33,825,798 | 26,417,735 | 16,471,934 | 18,843,171 | 10,887,678 | 9,031,159 | 5,969,709 |
| Total Net Position | \$ 225,797,647 | \$ 198,091,955 | \$ 168,294,768 | \$ 138,823,281 | \$ 108,222,684 | \$ 93,329,316 | \$ 80,461,379 | \$ 71,155,610 | \$ 64,594,318 | \$ 61,156,252 |

Notes:

*In years 2004-2012, line items in the above schedule were named as follows:

- Net Assets
 - Invested in capital assets, net of debt
 - Restricted - non expendable
 - Restricted - expendable
 - Unrestricted
 - Total Net Assets

*In 2013, the university implemented GASB Statement No. 63 and the names of the line items were changed.

Schedule 2 Coastal Carolina University Major Revenue Sources Fiscal Years 2004 – 2013

For the year ended June 30

| | (dollars) | | | | | | | | | |
|---|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Tuition, net of allowance | \$ 100,845,686 | \$ 98,590,156 | \$ 88,379,677 | \$ 78,675,758 | \$ 75,894,084 | \$ 64,647,787 | \$ 60,037,693 | \$ 51,186,504 | \$ 43,074,537 | \$ 35,779,409 |
| State grants to students | 10,309,617 | 9,821,512 | 9,931,985 | 9,200,535 | 8,884,673 | 8,261,850 | 6,725,629 | 6,368,500 | 5,637,258 | 4,493,503 |
| Federal grants to students | 2,510,626 | 2,565,409 | 3,770,094 | 3,529,443 | 8,468,043 | 7,467,366 | 5,031,709 | 4,631,878 | 4,866,852 | 4,403,041 |
| Other operating grants | 2,468,832 | 2,281,414 | 2,070,136 | 2,078,719 | 1,808,138 | 1,948,524 | 2,578,763 | 2,643,014 | 2,104,181 | 2,736,269 |
| Sales and services of educ activities | 4,786,480 | 4,647,195 | 3,033,764 | 2,974,222 | 2,789,296 | 2,380,591 | 2,527,891 | 1,957,787 | 1,788,649 | 1,734,367 |
| Auxiliary enterprises, net of allowance | 18,124,286 | 8,777,833 | 8,105,193 | 7,841,230 | 7,227,340 | 7,193,288 | 7,018,449 | 6,538,216 | 5,305,441 | 5,149,927 |
| Other fees | 2,508,994 | 2,082,887 | 1,677,210 | 2,043,312 | 1,322,613 | 1,243,228 | 1,073,120 | 1,125,867 | 999,332 | 861,376 |
| Total operating revenue | 141,554,521 | 128,766,406 | 116,968,059 | 106,343,219 | 106,394,187 | 93,142,634 | 84,993,254 | 74,451,766 | 63,776,250 | 55,157,891 |
| State appropriations | 11,140,551 | 8,920,787 | 9,856,086 | 11,970,857 | 13,524,645 | 17,671,977 | 16,171,875 | 13,562,113 | 11,792,079 | 11,220,170 |
| Local appropriations | 294,580 | 313,125 | 238,313 | 434,395 | 209,658 | 233,670 | 315,079 | 338,539 | 214,889 | 218,067 |
| Gifts, Grants, and Contracts* | 16,551,864 | 17,202,173 | 18,247,517 | 14,411,780 | 1,484,956 | 2,525,354 | 1,412,749 | 2,074,663 | 2,503,349 | 3,047,176 |
| Investment income | 1,472,071 | 713,372 | 3,464,715 | 2,016,468 | 2,042,596 | 1,551,714 | 1,256,909 | 425,808 | 402,465 | 92,668 |
| Total non-operating revenue | 29,459,066 | 27,149,457 | 31,806,631 | 28,833,500 | 17,261,855 | 21,982,715 | 19,156,612 | 16,401,123 | 14,912,782 | 14,578,081 |
| Total non-capital revenue | \$ 171,013,587 | \$ 155,915,863 | \$ 148,774,690 | \$ 135,176,719 | \$ 123,656,042 | \$ 115,125,349 | \$ 104,149,866 | \$ 90,852,889 | \$ 78,689,032 | \$ 69,735,972 |
| | (percentages of total) | | | | | | | | | |
| Tuition, net of allowance | 59.0% | 63.2% | 59.4% | 58.2% | 61.4% | 56.2% | 57.6% | 56.3% | 54.7% | 51.3% |
| State grants to students | 6.0% | 6.3% | 6.7% | 6.8% | 7.2% | 7.2% | 6.5% | 7.0% | 7.2% | 6.4% |
| Federal grants to students | 1.5% | 1.6% | 2.5% | 2.6% | 6.8% | 6.5% | 4.8% | 5.1% | 6.2% | 6.3% |
| Other operating grants | 1.4% | 1.5% | 1.4% | 1.5% | 1.5% | 1.7% | 2.5% | 2.9% | 2.7% | 3.9% |
| Sales and services of educ activities | 2.8% | 3.0% | 2.0% | 2.2% | 2.3% | 2.1% | 2.4% | 2.2% | 2.3% | 2.5% |
| Auxiliary enterprises, net of allowance | 10.6% | 5.6% | 5.4% | 5.8% | 5.8% | 6.2% | 6.7% | 7.2% | 6.7% | 7.4% |
| Other fees | 1.5% | 1.3% | 1.1% | 1.5% | 1.1% | 1.1% | 1.0% | 1.2% | 1.3% | 1.2% |
| Total operating revenue | 82.8% | 82.6% | 78.6% | 78.7% | 86.0% | 80.9% | 81.6% | 81.9% | 81.0% | 79.1% |
| State appropriations | 6.5% | 5.7% | 6.6% | 8.9% | 10.9% | 15.4% | 15.5% | 14.9% | 15.0% | 16.1% |
| Local appropriations | 0.2% | 0.2% | 0.2% | 0.3% | 0.2% | 0.2% | 0.3% | 0.4% | 0.3% | 0.3% |
| Gifts | 9.7% | 11.0% | 12.3% | 10.7% | 1.2% | 2.2% | 1.4% | 2.3% | 3.2% | 4.4% |
| Investment income | 0.8% | 0.5% | 2.3% | 1.5% | 1.7% | 1.3% | 1.2% | 0.5% | 0.5% | 0.1% |
| Total non-operating revenue | 17.2% | 17.4% | 21.4% | 21.3% | 14.0% | 19.1% | 18.4% | 18.1% | 19.0% | 20.9% |
| Total non-capital revenue | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

* Includes \$14,332,160 and \$13,506,926 in Pell Grant Revenue in FY12 and FY11, respectively, and \$2,426,619 in Stabilization Funding for FY11.

* Includes \$14,274,618 in Pell Grant Revenue in FY13.

Schedule 3 Coastal Carolina University Expenses by Function Fiscal Years 2004 – 2013

For the year ended June 30
(dollars)

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| Instruction | \$ 54,399,415 | \$ 51,251,285 | \$ 47,126,842 | \$ 42,940,090 | \$ 41,222,211 | \$ 37,496,227 | \$ 33,749,600 | \$ 30,302,652 | \$ 27,433,692 | \$ 25,798,618 |
| Research | 2,435,676 | 2,311,453 | 1,969,431 | 2,450,264 | 1,534,647 | 1,365,651 | 991,703 | 1,130,243 | 689,398 | 966,347 |
| Public Service | 1,232,711 | 1,314,729 | 1,401,435 | 1,194,171 | 1,010,520 | 1,398,176 | 1,530,716 | 1,402,660 | 1,188,870 | 1,533,278 |
| Academic Support | 9,237,715 | 8,406,129 | 7,692,319 | 6,916,496 | 6,839,919 | 6,260,774 | 5,544,497 | 5,444,440 | 5,193,271 | 4,485,906 |
| Student Services | 23,368,935 | 21,896,903 | 19,090,602 | 18,010,372 | 17,282,683 | 16,636,251 | 13,663,750 | 12,499,087 | 10,836,863 | 9,341,425 |
| Institutional Support | 13,362,086 | 13,516,038 | 11,639,916 | 11,545,464 | 10,121,548 | 9,927,237 | 8,560,893 | 8,180,490 | 7,383,968 | 6,374,436 |
| Plant Operation | 21,619,557 | 19,096,049 | 17,518,943 | 16,713,037 | 15,346,465 | 13,433,372 | 14,423,873 | 12,700,415 | 9,488,335 | 7,330,871 |
| Scholarships | 11,188,558 | 10,201,727 | 10,521,521 | 7,270,964 | 7,717,421 | 6,807,605 | 6,220,738 | 5,555,772 | 5,639,316 | 5,001,247 |
| Auxiliary Enterprises | 10,827,604 | 4,786,652 | 4,824,147 | 4,656,279 | 5,215,065 | 4,943,921 | 5,355,666 | 4,384,077 | 3,336,934 | 3,509,497 |
| Depreciation | 11,798,910 | 4,538,853 | 5,235,188 | 4,615,762 | 4,096,014 | 3,703,908 | 3,267,991 | 3,190,958 | 2,922,724 | 2,768,983 |
| Total operating expenses | 159,471,167 | 137,319,818 | 127,020,344 | 116,312,899 | 110,386,493 | 101,973,122 | 93,309,427 | 84,790,794 | 74,113,371 | 67,110,608 |
| Interest on capital debt | 6,506,236 | 1,646,247 | 1,770,271 | 2,321,273 | 1,857,739 | 1,647,266 | 1,740,332 | 1,627,464 | 1,690,726 | 1,588,650 |
| Other non-operating expenses | 48,469 | 19,974 | 67,094 | 10,256 | 2,585 | 45,539 | - | - | - | 295,041 |
| Total non-operating expenses | 6,554,705 | 1,666,221 | 1,837,365 | 2,331,529 | 1,860,324 | 1,692,805 | 1,740,332 | 1,627,464 | 1,690,726 | 1,883,691 |
| Total expenses | \$ 166,025,872 | \$ 138,986,039 | \$ 128,857,709 | \$ 118,644,428 | \$ 112,246,817 | \$ 103,665,927 | \$ 95,049,759 | \$ 86,418,258 | \$ 75,804,097 | \$ 68,994,299 |

(percentages of total)

| | | | | | | | | | | |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Instruction | 32.8% | 36.9% | 36.6% | 36.2% | 36.7% | 36.2% | 35.5% | 35.1% | 36.2% | 37.4% |
| Research | 1.5% | 1.7% | 1.5% | 2.1% | 1.4% | 1.3% | 1.0% | 1.3% | 0.9% | 1.4% |
| Public Service | 0.7% | 0.9% | 1.1% | 1.0% | 0.9% | 1.3% | 1.6% | 1.6% | 1.6% | 2.2% |
| Academic Support | 5.6% | 6.0% | 6.0% | 5.8% | 6.1% | 6.0% | 5.8% | 6.3% | 6.9% | 6.5% |
| Student Services | 14.1% | 15.8% | 14.8% | 15.2% | 15.4% | 16.0% | 14.4% | 14.5% | 14.3% | 13.5% |
| Institutional Support | 8.0% | 9.7% | 9.0% | 9.7% | 9.0% | 9.6% | 9.0% | 9.5% | 9.7% | 9.2% |
| Plant Operation | 13.0% | 13.7% | 13.6% | 14.1% | 13.7% | 13.0% | 15.2% | 14.7% | 12.5% | 10.6% |
| Scholarships | 6.7% | 7.3% | 8.2% | 6.1% | 6.9% | 6.6% | 6.5% | 6.4% | 7.4% | 7.2% |
| Auxiliary Enterprises | 6.5% | 3.4% | 3.7% | 3.9% | 4.6% | 4.8% | 5.6% | 5.1% | 4.4% | 5.1% |
| Depreciation | 7.1% | 3.3% | 4.1% | 3.9% | 3.6% | 3.6% | 3.4% | 3.7% | 3.9% | 4.0% |
| Total operating expenses | 96.1% | 98.8% | 98.6% | 98.0% | 98.3% | 98.4% | 98.2% | 98.1% | 97.8% | 97.3% |
| Interest on capital debt | 3.9% | 1.2% | 1.4% | 2.0% | 1.7% | 1.6% | 1.8% | 1.9% | 2.2% | 2.3% |
| Other non-operating expenses | 0.0% | 0.0% | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.4% |
| Total non-operating expenses | 3.9% | 1.2% | 1.4% | 2.0% | 1.7% | 1.6% | 1.8% | 1.9% | 2.2% | 2.7% |
| Total expenses | 100.0% |

Schedule 4
Coastal Carolina University
Expenses by Use
Fiscal Years 2004 – 2013

For the year ended June 30
(dollars)

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| Personnel costs and benefits | \$ 97,691,335 | \$ 89,827,887 | \$ 81,420,498 | \$ 75,630,433 | \$ 70,346,054 | \$ 65,043,866 | \$ 57,926,829 | \$ 52,396,576 | \$ 46,868,903 | \$ 42,104,080 |
| Services and supplies | 34,077,957 | 28,821,931 | 26,221,253 | 25,321,514 | 25,146,483 | 23,150,973 | 22,859,221 | 20,422,732 | 16,433,595 | 15,184,331 |
| Utilities | 6,582,470 | 4,359,122 | 4,019,195 | 3,844,951 | 3,399,167 | 3,517,704 | 3,280,450 | 3,447,960 | 2,562,796 | 2,300,106 |
| Scholarships | 9,320,495 | 9,772,025 | 10,124,210 | 6,900,239 | 7,398,775 | 6,556,671 | 5,974,936 | 5,332,568 | 5,325,354 | 4,753,108 |
| Depreciation | 11,798,910 | 4,538,853 | 5,235,188 | 4,615,762 | 4,096,014 | 3,703,908 | 3,267,991 | 3,190,958 | 2,922,723 | 2,768,983 |
| Total operating expenses | 159,471,167 | 137,319,818 | 127,020,344 | 116,312,899 | 110,386,493 | 101,973,122 | 93,309,427 | 84,790,794 | 74,113,371 | 67,110,608 |
| Interest on capital asset debt | 6,506,236 | 1,646,247 | 1,770,271 | 2,321,273 | 1,857,739 | 1,647,266 | 1,740,332 | 1,627,464 | 1,690,726 | 1,588,650 |
| Other non-operating expenses | 48,469 | 19,974 | 67,094 | 10,256 | 2,585 | 45,539 | - | - | - | 295,041 |
| Total non-operating expenses | 6,554,705 | 1,666,221 | 1,837,365 | 2,331,529 | 1,860,324 | 1,692,805 | 1,740,332 | 1,627,464 | 1,690,726 | 1,883,691 |
| Total expenses | \$ 166,025,872 | \$ 138,986,039 | \$ 128,857,709 | \$ 118,644,428 | \$ 112,246,817 | \$ 103,665,927 | \$ 95,049,759 | \$ 86,418,258 | \$ 75,804,097 | \$ 68,994,299 |

(percentages of total)

| | | | | | | | | | | |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Personnel costs and benefits | 58.8% | 64.6% | 63.2% | 63.7% | 62.7% | 62.7% | 60.9% | 60.6% | 61.8% | 61.0% |
| Services and supplies | 20.5% | 20.7% | 20.3% | 21.3% | 22.4% | 22.3% | 24.0% | 23.6% | 21.7% | 22.0% |
| Utilities | 4.0% | 3.1% | 3.1% | 3.2% | 3.0% | 3.4% | 3.5% | 4.0% | 3.4% | 3.3% |
| Scholarships | 5.6% | 7.0% | 7.9% | 5.8% | 6.6% | 6.3% | 6.3% | 6.2% | 7.0% | 6.9% |
| Depreciation | 7.1% | 3.3% | 4.1% | 3.9% | 3.6% | 3.6% | 3.4% | 3.7% | 3.9% | 4.0% |
| Total operating expenses | 96.1% | 98.8% | 98.6% | 98.0% | 98.3% | 98.4% | 98.2% | 98.1% | 97.8% | 97.3% |
| Interest on capital asset debt | 3.9% | 1.2% | 1.4% | 2.0% | 1.7% | 1.6% | 1.8% | 1.9% | 2.2% | 2.3% |
| Other non-operating expenses | 0.0% | 0.0% | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.4% |
| Total non-operating expenses | 3.9% | 1.2% | 1.4% | 2.0% | 1.7% | 1.6% | 1.8% | 1.9% | 2.2% | 2.7% |
| Total expenses | 100.0% |

Schedule 5
Coastal Carolina University
Other Changes in Net Assets
Fiscal Years 2004 – 2013

| | For the year ended June 30 | | | | | | | | | |
|--|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Income before other changes in net assets | \$ 5,036,184 | \$ 16,949,798 | \$ 19,984,075 | \$ 16,542,547 | \$ 11,411,810 | \$ 11,522,195 | \$ 8,687,182 | \$ 4,434,631 | \$ 2,884,935 | \$ 741,673 |
| Capital appropriations | 8,822,085 | 7,660,595 | 6,884,907 | 6,665,565 | 1,959,902 | 145,000 | 168,307 | 1,246,339 | - | 178,719 |
| Capital grants and gifts | 13,895,892 | 5,206,768 | 2,669,599 | 7,402,741 | 1,524,241 | 833,356 | - | 193,939 | - | - |
| Gain (Loss) on disposal of assets | (48,469) | (19,974) | (67,094) | (10,256) | (2,585) | (45,539) | 649,901 | 686,383 | 553,131 | 1,694,457 |
| Total change in net assets | \$ 27,705,692 | \$ 29,797,187 | \$ 29,471,487 | \$ 30,600,597 | \$ 14,893,368 | \$ 12,455,012 | \$ 9,505,390 | \$ 6,561,292 | \$ 3,438,066 | \$ 2,614,849 |

Notes: State capital grants and appropriations

- *The 2006 and 2007 amounts include \$1.35 million in state research infrastructure bond proceeds for complete renovation of the Keams Hall classroom building.
- *In 2009, 2010, 2011, 2012 and 2013, the University received \$1.48 million, \$6.66, \$6.88, \$7.66, and 7.99 million respectively from the Horry County 1 % Education Capital Improvement Tax.
- *In 2010, SCDOT granted \$300,000 for University Blvd. road improvements.
- *In 2013, the University recognized \$831,612 in State Capital Reserve Funds allocated for the purpose of deferred maintenance.

Notes: Local and other capital grants and appropriations

- *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 bell tower 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.
- *In 2010, the Coastal Educational Foundation gave \$1,750,000 for improvements to Adkins Field House and \$3,676,000 in land donations for building projects.
- *In 2010, the Chanticleer Club gave a \$750,000 gift for an athletic training facility and \$491,600 for Adkins Field House improvements.
- *In 2011, the Coastal Educational Foundation gave \$187,400 for the purchase of Quail Creek Golf Course. The Coastal Educational Foundation also donated 3.06 acres of land to the University with a fair market value of \$416,000.
- *In 2011, Chestnut Holding, LLC sold Quail Creek Golf Course under market value, donating \$1,008,000 to the University.
- *From 2009 to 2011, the Horry County Higher Education Commission donated over \$1,289,000 for the construction of intramural fields.
- *In 2011, the Chanticleer Athletic Foundation donated \$174,000 for netting on the practice hitting facility and donated \$119,000 in improvements to the Adkins Field House. Excess donations were refunded in 2012.
- *In 2012, the Coastal Educational Foundation donated \$3,245,000 of land for academic classrooms. The Coastal Educational Foundation also gave the University \$533,300 for Hackler Golf Course improvements, \$454,300 for the Bryan Information Commons Library renovations, and \$3,420 for Adkins Field House improvements.
- *In 2012, the Horry County Higher Education Commission donated \$535,000 for the Blanton Circle project, as well as \$373,000 of the procurement building purchase.
- *In 2012, HTC donated \$291,000 of wiring for the Student Recreation and Convocation Center.
- *In 2013, the Coastal Educational Foundation donated \$4,692,600 of core campus land. The Coastal Educational Foundation also gave the University \$129,273 for Hackler Golf Course improvements, \$1,043,714 for the Bryan Information Commons Library renovations, and \$350,000 for Swain Hall equipment purchases, as well as \$192,755 in other gifts designated for capital improvements, for a total of \$6,408,342.
- *In 2013, the Horry County Higher Education Commission donated \$6,000,000 towards the construction of Annex I of the Lib Jackson Student Center. A land donation for the tennis complex was also received, for which the gift portion totaled \$1,187,550.
- *In 2013, the Horry County Transportation Committee gave \$100,000 towards the installation of a traffic light where Founders Drive intersects Hwy. 544.
- *In 2013, the University recognized a gift in the amount of \$200,000 from the Coastal Housing Foundation, as part of land purchase on which the new residence halls are being constructed.
- *In 2013, capital appropriations includes both state and local capital appropriations.

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 Beginning in Fall | | | | | | | | | |
|---|---------------------------------|--------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| ADMISSIONS - FRESHMEN | | | | | | | | | | |
| Applications | 10,993 | 10,502 | 9,639 | 8,706 | 7,514 | 6,618 | 6,218 | 5,427 | 5,041 | 4,527 |
| Applications accepted | 8,139 | 7,836 | 7,170 | 6,438 | 5,215 | 4,524 | 4,238 | 4,016 | 3,661 | 3,208 |
| Accepted as a percentage of applications | 74% | 75% | 74% | 74% | 69% | 68% | 68% | 74% | 73% | 71% |
| Students enrolled | 2,206 | 2,137 | 2,006 | 1,775 | 1,655 | 1,652 | 1,474 | 1,498 | 1,323 | 1,272 |
| Students enrolled as a percentage of accepted | 27% | 27% | 28% | 28% | 32% | 37% | 35% | 37% | 36% | 40% |
| SAT scores - total | 1000 | 1013 | 1008 | 1028 | 1030 | 1040 | 1047 | 1046 | 1041 | 1045 |
| ENROLLMENT | | | | | | | | | | |
| Headcount enrollment | | | | | | | | | | |
| Undergraduate | 8,746 | 8,517 | 8,203 | 7,920 | 7,573 | 7,070 | 6,660 | 6,397 | 6,020 | 5,610 |
| Graduate | 589 | 567 | 503 | 440 | 581 | 802 | 1,389 | 1,216 | 1,001 | 1,170 |
| Full time equivalent enrollment | | | | | | | | | | |
| Undergraduate | 8,568 | 8,455 | 8,073 | 7,665 | 7,372 | 6,890 | 6,398 | 6,140 | 5,807 | 5,390 |
| Graduate | 291 | 265 | 229 | 200 | 238 | 288 | 546 | 436 | 334 | 405 |
| Residency for Fee Payment Purposes* | | | | | | | | | | |
| Undergraduate, State Residents | 6,327 | 6,013 | 5,796 | 5,365 | 5,147 | 4,825 | 4,623 | 4,519 | 4,319 | 4,128 |
| Undergraduate, Out of State Residents | 2,419 | 2,504 | 2,407 | 2,555 | 2,426 | 2,245 | 2,037 | 1,878 | 1,701 | 1,482 |
| Headcount Total by Fee Payment Purposes | 8,746 | 8,517 | 8,203 | 7,920 | 7,573 | 7,070 | 6,660 | 6,397 | 6,020 | 5,610 |
| Percent of Undergraduates paying as Residents | 72% | 71% | 71% | 68% | 68% | 68% | 69% | 71% | 72% | 74% |
| Percent of Undergraduates paying as Non-residents | 28% | 29% | 29% | 32% | 32% | 32% | 31% | 29% | 28% | 26% |
| Required Tuition and Fees** | | | | | | | | | | |
| Undergraduate, In State, Full Time | 9,760 | 9,760 | \$ 9,390 | \$ 8,950 | \$ 8,650 | \$ 7,600 | \$ 7,500 | \$ 6,860 | \$ 6,100 | \$ 5,190 |
| Undergraduate, Out of State, Full Time | 22,050 | 21,560 | \$20,270 | \$18,770 | \$18,090 | \$16,590 | \$16,190 | \$15,100 | \$14,150 | \$12,870 |
| Non-resident: Resident Fee Ratio | 2.26 | 2.21 | 2.16 | 2.10 | 2.09 | 2.18 | 2.16 | 2.20 | 2.32 | 2.48 |
| DEGREES AWARDED | | | | | | | | | | |
| Bachelor's | 1,399 | 1,379 | 1,289 | 1,222 | 1,076 | 1,004 | 931 | 887 | 768 | 801 |
| Master's | 181 | 120 | 92 | 95 | 86 | 75 | 46 | 49 | 30 | 29 |

* 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 | | | | | | | | | | |
|---------------------------------|---------------------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | |
| The Citadel | \$ 10,838 | \$ 10,523 | \$ 10,216 | \$ 9,871 | \$ 8,735 | \$ 8,403 | \$ 7,735 | \$ 7,168 | \$ 6,522 | \$ 5,900 | |
| Clemson University | 13,054 | 12,674 | 12,304 | 11,854 | 11,078 | 10,378 | 9,870 | 9,400 | 8,886 | 7,840 | |
| Coastal Carolina University | 9,760 | 9,760 | 9,760 | 9,390 | 8,950 | 8,650 | 7,600 | 7,500 | 6,860 | 6,100 | |
| College of Charleston | 10,230 | 9,918 | 9,616 | 9,616 | 8,988 | 8,400 | 7,778 | 7,234 | 6,668 | 6,202 | |
| Francis Marion University | 9,386 | 9,066 | 8,802 | 8,480 | 7,960 | 7,682 | 7,038 | 6,512 | 5,984 | 5,540 | |
| Lander University | 10,100 | 9,792 | 9,504 | 9,144 | 8,760 | 8,380 | 7,728 | 7,162 | 6,668 | 5,866 | |
| South Carolina State University | 9,776 | 9,258 | 9,258 | 8,898 | 8,462 | 7,806 | 7,318 | 7,278 | 6,480 | 6,170 | |
| University of South Carolina | | | | | | | | | | | |
| Columbia | 10,816 | 10,488 | 10,168 | 9,786 | 9,156 | 8,838 | 8,346 | 7,808 | 7,314 | 6,416 | |
| Aiken | 9,258 | 8,974 | 8,700 | 8,374 | 7,900 | 7,532 | 7,006 | 6,670 | 6,128 | 5,622 | |
| Beaufort | 8,922 | 8,508 | 8,108 | 7,756 | 7,250 | 7,000 | 6,250 | 5,724 | 5,214 | 4,670 | |
| Upstate | 10,028 | 9,722 | 9,426 | 9,072 | 8,642 | 8,342 | 7,760 | 7,218 | 6,636 | 6,060 | |
| Winthrop University | \$ 13,430 | \$ 13,026 | \$ 12,656 | \$ 12,176 | \$ 11,606 | \$ 11,140 | \$ 10,210 | \$ 9,500 | \$ 8,756 | \$ 7,816 | |
| Average Rate | \$ 10,467 | \$ 10,142 | \$ 9,877 | \$ 9,535 | \$ 8,957 | \$ 8,546 | \$ 7,887 | \$ 7,431 | \$ 6,843 | \$ 6,184 | |

Source: CHE Tuition & Required Fees for Academic Year 2013-2014

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
Fiscal Years 2004-2013**

| | For the year ended June 30 | | | | | | | | | |
|---|----------------------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| General Bonded Debt | | | | | | | | | | |
| General obligation bonds | \$ 62,585,000 | \$ 65,440,000 | \$ 68,235,000 | \$ 70,980,000 | \$17,655,000 | \$ 18,305,000 | \$ 18,935,000 | \$ 7,935,000 | \$ 8,220,000 | \$ 8,490,000 |
| Total general bonded debt | \$ 62,585,000 | \$ 65,440,000 | \$ 68,235,000 | \$ 70,980,000 | \$17,655,000 | \$ 18,305,000 | \$ 18,935,000 | \$ 7,935,000 | \$ 8,220,000 | \$ 8,490,000 |
| Outstanding general bonded debt per full-time equivalent student | \$ 7,065 | \$ 7,505 | \$ 8,219 | \$ 9,025 | \$2,320 | \$ 2,551 | \$ 2,727 | \$ 1,207 | \$ 1,339 | \$ 1,465 |
| Other Debt | | | | | | | | | | |
| Revenue bonds | \$ 72,551,000 | \$ 19,122,000 | \$ 20,200,000 | \$ 21,305,000 | \$22,365,000 | \$ 23,375,000 | \$ 24,345,000 | \$ 24,600,000 | \$ 25,425,000 | \$ 26,215,000 |
| Capital lease obligations | \$ 148,208,521 | \$ - | \$ - | \$ 55,133 | \$162,895 | \$ 267,404 | \$ 368,758 | \$ 467,052 | \$ 562,379 | \$ 834,930 |
| Total outstanding debt | \$ 283,344,521 | \$ 84,562,000 | \$ 88,435,000 | \$ 92,340,133 | \$40,182,895 | \$ 41,947,404 | \$ 43,648,758 | \$ 33,002,052 | \$ 34,207,379 | \$ 35,539,930 |
| Total outstanding debt per full-time equivalent student | \$ 31,984 | \$ 9,697 | \$ 10,652 | \$ 11,741 | \$5,280 | \$ 5,845 | \$ 6,286 | \$ 5,019 | \$ 5,570 | \$ 6,133 |
| Number of full time equivalent undergraduate and graduate students | 8,859 | 8,720 | 8,302 | 7,865 | 7,610 | 7,177 | 6,944 | 6,576 | 6,141 | 5,795 |

Schedule 9
Coastal Carolina University
Debt Service Coverage on Revenue Bonds
Fiscal Years 2004-2013

| REVENUE BONDS | For the year ended June 30 | | | | | | | | | |
|--|----------------------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Revenues | \$152,009,017 | \$138,853,361 | \$131,251,959 | \$116,793,340 | \$104,224,614 | \$90,926,143 | \$ 70,209,074 | \$ 59,884,941 | \$ 50,441,023 | \$ 44,878,156 |
| Expenses | 136,531,706 | 123,860,178 | 111,929,070 | 99,040,370 | 92,597,576 | 80,449,056 | 58,774,006 | 53,701,011 | 46,408,826 | 40,255,735 |
| Net Revenues Available for Debt Service | \$15,477,311 | \$14,993,183 | \$19,322,889 | \$17,752,970 | \$11,627,038 | \$10,477,087 | \$ 11,435,068 | \$ 6,183,930 | \$ 4,032,197 | \$ 4,622,421 |
| Debt Service Req, Revenue Bonds | 1,642,430 | 1,941,004 | 2,056,501 | 2,056,501 | 2,056,501 | 2,242,005 | \$ 1,296,398 | \$ 2,096,891 | \$ 2,113,270 | \$ 2,084,574 |
| Coverage | 9.42 | 7.72 | 9.40 | 8.63 | 5.65 | 4.67 | 8.82 | 2.95 | 1.91 | 2.22 |

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

Schedule 10
Coastal Carolina University
Debt Service Coverage on General Obligation Bonds
Fiscal Years 2004-2013

| GENERAL OBLIGATION BONDS | For the year ended June 30 | | | | | | | | | |
|--|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Tuition Pledged for Debt Service | \$7,744,604 | \$7,674,531 | \$7,320,182 | \$6,135,497 | \$5,753,325 | \$6,392,583 | \$2,020,067 | \$1,687,780 | \$1,344,290 | \$968,436 |
| Debt Service, General Obligation Bonds | \$5,342,126 | \$5,317,126 | \$5,403,801 | \$1,418,776 | \$1,396,973 | \$1,426,706 | \$961,328 | \$614,439 | \$605,532 | \$378,335 |
| Coverage | 1.45 | 1.44 | 1.35 | 4.32 | 4.12 | 4.48 | 2.10 | 2.75 | 2.22 | 2.56 |

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 2013 and Ten Years Earlier

| <u>Sources</u> | <u>2003</u> | | <u>2013</u> | |
|-------------------------------------|----------------------------|-------------------------|----------------------------|-------------------------|
| | <u>Number of Employees</u> | <u>Percent of Total</u> | <u>Number of Employees</u> | <u>Percent of Total</u> |
| Construction | 112,600 | 6.20% | 82,300 | 4.33% |
| Manufacturing | 275,100 | 15.14% | 221,500 | 11.65% |
| Trade, Transportation and Utilities | 349,900 | 19.25% | 363,900 | 19.14% |
| Information | 26,900 | 1.48% | 25,700 | 1.35% |
| Financial Activities | 93,400 | 5.14% | 103,500 | 5.44% |
| Professional and Business Services | 188,700 | 10.38% | 239,000 | 12.57% |
| Education and Health Services | 176,200 | 9.69% | 208,900 | 10.99% |
| Leisure and Hospitality | 204,800 | 11.27% | 240,600 | 12.66% |
| Other Services | 65,300 | 3.59% | 68,600 | 3.61% |
| Government | 324,600 | 17.86% | 347,100 | 18.26% |
| | <u>1,817,500</u> | <u>100.00%</u> | <u>1,901,100</u> | <u>100.00%</u> |

Source: United States Department of Labor, Bureau of Labor Statistics

Schedule 12
Coastal Carolina University
Top 10 Employers - Calendar Year 2012 and Ten Years Earlier
Horry County, South Carolina

Year 2012

| <u>Employer</u> | <u>Number of Employees</u> | <u>%</u> |
|--------------------------------------|---------------------------------------|-----------------|
| Horry County School District | 5,394 | 31.2% |
| Wal-Mart Associates, Inc. | 2,348 | 13.6% |
| Horry County Government | 2,024 | 11.7% |
| Coastal Carolina University | 1,382 | 8.0% |
| Grand Strand Regional Medical Center | 1,400 | 8.1% |
| Conway Hospital | 1,250 | 7.2% |
| Food Lion | 919 | 5.3% |
| McLeod Loris Seacoast | 900 | 5.2% |
| Blue Cross / Blue Shield | 826 | 4.8% |
| City of Myrtle Beach | 825 | 4.8% |

Year 2002

| <u>Employer</u> | <u>Number of Employees</u> | <u>%</u> |
|--------------------------------------|---------------------------------------|-----------------|
| Horry County School District | 3,900 | 27.7% |
| Wal-Mart Associates, Inc. | 1,702 | 12.1% |
| AVX | 1,515 | 10.8% |
| Horry County Government | 1,425 | 10.1% |
| Myrtle Beach National | 1,000 | 7.1% |
| Conway Hospital | 1,000 | 7.1% |
| Blue Cross / Blue Shield | 960 | 6.8% |
| Grand Strand Regional Medical Center | 950 | 6.8% |
| Loris Health Care System | 821 | 5.8% |
| City of Myrtle Beach | 800 | 5.7% |

Source: Myrtle Beach Area Chamber of Commerce. 22nd Ed. Statistical Abstract
Note: 2012 data reported since 2013 data not published until January 2014

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

| <u>Year</u> | <u>Population</u> | | | <u>Total Personal Income</u> | | | <u>Unemployment Rate (%)</u> | | |
|-------------|-----------------------|---------------------|--------------------------|------------------------------|---------------------|--------------------------|------------------------------|---------------------|--------------------------|
| | <u>South Carolina</u> | <u>Horry County</u> | <u>Georgetown County</u> | <u>South Carolina</u> | <u>Horry County</u> | <u>Georgetown County</u> | <u>South Carolina</u> | <u>Horry County</u> | <u>Georgetown County</u> |
| 2012 | 4,723,723 | 282,285 | 60,189 | \$ 161,863,730,000 | n/a | n/a | 8.1 | 7.6 | 7.9 |
| 2011 | 4,679,230 | 276,340 | 59,991 | 157,565,000,000 | \$ 8,054,854,000 | \$ 2,303,848,000 | 9.6 | 9.4 | 9.4 |
| 2010 | 4,625,364 | 269,291 | 60,158 | 150,495,805,000 | 7,721,872,000 | 2,226,090,000 | 11.0 | 10.5 | 10.8 |
| 2009 | 4,561,242 | 263,868 | 60,703 | 145,041,489,000 | 7,678,701,000 | 2,256,752,000 | 11.0 | 10.3 | 11.3 |
| 2008 | 4,479,800 | 257,380 | 60,731 | 146,334,933,000 | 7,603,947,000 | 2,230,074,000 | 11.6 | 10.9 | 12.5 |
| 2007 | 4,404,914 | 249,711 | 60,388 | 141,243,653,000 | 7,068,484,000 | 2,095,081,000 | 5.9 | 5.1 | 6.4 |
| 2006 | 4,324,799 | 239,496 | 59,912 | 134,203,912,000 | 6,754,139,000 | 1,995,556,000 | 6.4 | 5.5 | 7.0 |
| 2005 | 4,249,385 | 228,254 | 59,464 | 124,379,061,000 | 6,119,654,000 | 1,819,785,000 | 6.7 | 5.7 | 8.6 |
| 2004 | 4,196,799 | 217,890 | 59,141 | 117,229,951,000 | 5,616,186,000 | 1,700,895,000 | 6.8 | 5.9 | 9.5 |
| 2003 | 4,143,420 | 210,840 | 58,355 | 110,644,256,000 | 5,270,555,000 | 1,572,159,000 | 6.7 | 5.6 | 9.7 |

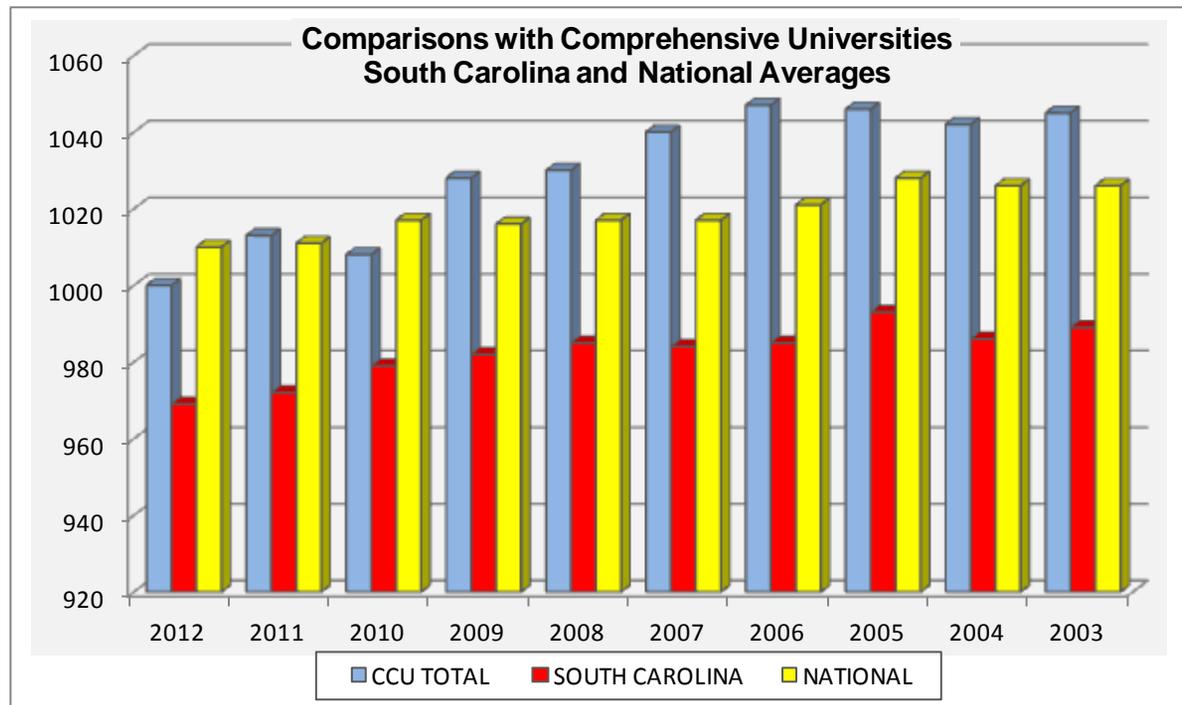
Source: South Carolina Department of Employment and Workforce Labor Market Information
U.S. Census Bureau

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 | | | | | | | | | |
|----------------|----------------|------|------|------|------|------|------|------|------|------|
| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| CCU TOTAL | 1000 | 1013 | 1008 | 1028 | 1030 | 1040 | 1047 | 1046 | 1042 | 1045 |
| SOUTH CAROLINA | 969 | 972 | 979 | 982 | 985 | 984 | 985 | 993 | 986 | 989 |
| NATIONAL | 1010 | 1011 | 1017 | 1016 | 1017 | 1017 | 1021 | 1028 | 1026 | 1026 |



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

| | Academic Year Beginning in Fall | | | | | | | | | |
|---|---------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| Coastal Carolina University | | | | | | | | | | |
| Professor | \$86,767 | \$84,168 | \$82,640 | \$83,036 | \$82,159 | \$78,667 | \$73,231 | \$71,845 | \$68,471 | \$62,559 |
| Associate Professor | \$70,706 | \$70,535 | \$68,877 | \$68,397 | \$67,679 | \$63,887 | \$62,123 | \$59,385 | \$56,615 | \$53,936 |
| Assistant Professor | \$59,999 | \$58,234 | \$56,232 | \$57,468 | \$58,005 | \$57,786 | \$53,996 | \$51,395 | \$48,248 | \$44,887 |
| Instructor/Other | \$47,472 | \$46,112 | \$45,593 | \$46,076 | \$44,910 | \$41,300 | \$37,009 | \$34,470 | \$32,564 | \$30,698 |
| Average, all ranks | \$68,877 | \$67,832 | \$65,110 | \$65,270 | \$64,034 | \$61,905 | \$58,227 | \$55,822 | \$52,411 | \$49,095 |
| Average, percent of | | | | | | | | | | |
| SC public universities | 107.05% | 111.40% | 108.50% | 108.90% | 105.99% | 103.40% | 101.33% | 99.11% | 97.15% | 96.62% |
| Average, percent of SREB* | n/a | 113.40% | 113.21% | 112.92% | 111.74% | 110.42% | 105.99% | 104.44% | 102.13% | 99.67% |
| Average, percent of national** | 90.27% | 93.06% | 90.07% | 91.29% | 90.25% | 91.67% | 90.16% | 81.55% | 79.56% | 78.18% |
| South Carolina Public Universities | | | | | | | | | | |
| Professor | \$82,346 | \$76,402 | \$75,990 | \$75,452 | \$76,573 | \$74,802 | \$71,895 | \$69,949 | \$66,270 | \$61,351 |
| Associate Professor | \$66,027 | \$62,647 | \$62,428 | \$62,158 | \$64,009 | \$63,124 | \$60,936 | \$59,267 | \$56,901 | \$53,415 |
| Assistant Professor | \$57,559 | \$54,599 | \$54,100 | \$54,175 | \$54,199 | \$53,825 | \$51,282 | \$49,373 | \$46,761 | \$44,468 |
| Instructor/Other | \$47,534 | \$45,426 | \$44,848 | \$44,866 | \$44,357 | \$44,159 | \$41,942 | \$40,443 | \$40,350 | \$37,059 |
| Average, all ranks | \$64,339 | \$60,893 | \$60,009 | \$59,937 | \$60,416 | \$59,868 | \$57,462 | \$56,326 | \$53,949 | \$50,814 |
| Southern (SREB*) Average | n/a | 59816 | \$57,515 | \$57,804 | \$57,308 | \$56,062 | \$54,937 | \$53,449 | \$51,318 | \$49,260 |
| National** (CUPA) Average | \$76,301 | \$72,894 | \$72,291 | \$71,500 | \$70,953 | \$67,533 | \$64,580 | \$68,454 | \$65,875 | \$62,800 |

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
Last Ten Academic Years

| | For year ended June 30 | | | | | | | | | |
|---|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Full-time faculty | 384 | 355 | 346 | 315 | 299 | 264 | 248 | 233 | 231 | 238 |
| Part-time faculty | 199 | 195 | 193 | 168 | 184 | 160 | 132 | 120 | 133 | 133 |
| Total faculty | 583 | 550 | 539 | 483 | 483 | 424 | 380 | 353 | 364 | 371 |
| Full-time staff/administrators | 666 | 672 | 652 | 619 | 606 | 561 | 541 | 532 | 459 | 408 |
| Part-time staff/administrators | 228 | 141 | 191 | 152 | 203 | 134 | 136 | 98 | 94 | 58 |
| Total staff/administrators | 894 | 813 | 843 | 771 | 809 | 695 | 677 | 630 | 553 | 466 |
| Total full-time employees | 1050 | 1027 | 998 | 934 | 905 | 825 | 789 | 765 | 690 | 646 |
| Total employees | 1477 | 1363 | 1382 | 1254 | 1292 | 1119 | 1057 | 983 | 917 | 837 |
| Part-time faculty FTE (full-time equivalent) | 151.9 | 151.1 | 149.2 | 140.7 | 141.5 | 135.7 | 121.5 | 106.1 | 100.4 | 93.3 |
| Total teaching faculty FTE | 529.9 | 502.1 | 493.2 | 452.7 | 435.5 | 397.7 | 361.5 | 339.1 | 320.4 | 301.3 |
| Ratios: | | | | | | | | | | |
| Full-time faculty: Full-time staff/administrators | 0.58 | 0.53 | 0.53 | 0.51 | 0.49 | 0.47 | 0.46 | 0.44 | 0.50 | 0.58 |
| Total faculty: Total staff and administrators | 0.65 | 0.68 | 0.64 | 0.63 | 0.60 | 0.61 | 0.56 | 0.56 | 0.66 | 0.80 |
| Part-time faculty: Total faculty | 0.34 | 0.35 | 0.36 | 0.35 | 0.38 | 0.38 | 0.35 | 0.34 | 0.37 | 0.36 |

Source: IPEDS - HR Survey

Schedule 17
Coastal Carolina University
Capital Asset Information
For the Year Ended June 30, 2013

| | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Buildings – Assignable Area Square Feet | | | | | | | | | | |
| Instruction | 331,723 | 318,969 | 318,969 | 319,342 | 278,626 | 285,471 | 284,251 | 226,247 | 236,635 | 225,467 |
| Research | 997 | 997 | 997 | 927 | 416 | 416 | 416 | 675 | 675 | 675 |
| Public Service | 0 | 0 | 0 | 0 | 1,200 | 1,200 | 1,200 | 3,377 | 3,377 | 3,377 |
| Academic Support | 49,144 | 35,083 | 35,083 | 35,083 | 59,128 | 59,043 | 59,043 | 58,659 | 57,089 | 58,489 |
| Student Services | 175,364 | 89,323 | 89,323 | 89,149 | 116,462 | 100,541 | 100,541 | 103,185 | 105,478 | 103,185 |
| Institutional Support | 59,634 | 59,763 | 59,763 | 59,763 | 59,435 | 59,074 | 57,874 | 49,605 | 48,431 | 45,156 |
| Plant Operation and Maintenance | 30,212 | 29,822 | 29,822 | 26,721 | 25,665 | 24,865 | 20,706 | 37,393 | 33,229 | 31,300 |
| Auxiliaries | 522,736 | 298,581 | 298,581 | 298,581 | 286,073 | 284,910 | 286,574 | 280,523 | 285,126 | 282,503 |
| Other | 64,237 | 53,136 | 53,136 | 41,033 | 10,892 | 13,297 | 13,297 | 13,840 | 13,686 | 13,686 |
| Library | | | | | | | | | | |
| Total physical volumes (excluding e-books) | 137,952 | 139,164 | 140,703 | 143,935 | 176,761 | 177,447 | 156,342 | 152,823 | 154,925 | 152,074 |
| Dormitories - Number of beds | | | | | | | | | | |
| Main Campus | 1,210 | 1,210 | 1,210 | 1,210 | 1,222 | 1,222 | 1,222 | 1,222 | 1,222 | 1,222 |
| University Place I and II | 987 | 987 | 987 | 987 | 987 | 987 | 987 | 987 | 987 | 987 |
| University Place III | 1,092 | 1,092 | 1,092 | 1,092 | 0 | 0 | 0 | 0 | 0 | 0 |
| Athletic and Intramural Facilities | | | | | | | | | | |
| Stadiums | 4 | 4 | 4 | 4 | 4 | 4 * | 4 * | 4 * | 4 | 4 |
| Extramural and intramural fields | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Track facility | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Golf course | 1 | 1 | 1 | 0 | 0 * | 0 * | 0 * | 0 * | 0 | 0 |
| Pool | 3 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Gymnasiums | 2 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Fitness centers | 2 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Tennis courts | 6 | 8 | 8 | 8 | 8 | 10 | 10 * | 10 * | 10 * | 10 |
| Number of Buildings: | 101 | 74 | 72 | 69 | 71 | | | | | |

* Changed due to reclassification of facility

COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

SINGLE AUDIT SECTION



Bryan Information Commons

COASTAL CAROLINA UNIVERSITY - SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2013

| Account | Federal Grantor/Pass through Grantor/Program Title | CFDA NUMBER | Pass-through Grantor's Number | Res/Dev | Budget | EXPENDITURES | TOTALS |
|---------------------------------|---|-------------|-------------------------------|---------|--------------|--------------|--------|
| RESEARCH AND DEVELOPMENT | | | | | | | |
| DEPARTMENT OF COMMERCE | | | | | | | |
| | Passed through South Carolina Sea Grant Consortium | | | | | | |
| 31-2315 | Consequences of Altered Temperature Regimes on the Reproduction, Survival, Growth, and Interactions of Two Key Estuarine Fauna | 11.420 | 2012-13 | YES | \$49,061.00 | \$47,500.43 | |
| 31-2314 | Observation and Modeling Studies to Benefit the Management and Selection of Borrow Sites for Beach Nourishment in South Carolina | 11.420 | Ominbus 2012-13 | YES | \$77,987.00 | \$73,265.05 | |
| 31-2777 | Submarine Groundwater Discharge to Long Bay, SC: Preliminary Assessment of Land Use Impact, Geological Controls and Nutrient Loads | 11.420 | M179 | YES | \$75,640.00 | \$8,030.00 | |
| | Passed thru University of South Carolina | | | | | | |
| 31-2977 | Determining the Role of Estuarine Swashes on Water Quality Impairment Along the Grand Strand of SC: Impacts of Land Use and Stormwater Runoff | 11.420 | PO 31783 L | YES | \$247,131.00 | \$107,610.53 | |
| 31-2047 | The South Carolina Marine Mammal Stranding Network | 11.439 | NA12NMF4390147 | YES | \$79,585.00 | \$27,437.92 | |
| 31-2983 | South Carolina Marine Mammal Stranding Network: Enhancing and Supporting Response, Necropsies, Sample analysis, and Outreach | 11.439 | NA11NMF4390070 | YES | \$88,080.00 | \$37,184.14 | |
| | Passed thru Global Science & Technology, Inc. | | | | | | |
| 31-2703 | Mesonet 2013 | 11.459 | SA12-CCU01 | YES | \$221,081.00 | \$156,221.05 | |
| 31-2704 | National Mesonet Expansion | 11.459 | SA11-CCU01 | YES | \$518,247.00 | \$160,153.89 | |
| 31-2318 | Grand Strand Community Restoration of Tidal Swash Estuaries | 11.463 | FAF-12023 | YES | \$70,000.00 | \$25,731.90 | |
| 31-2306 | Mechanisms Controlling Hypoxia: Integrated Causal Modeling | 11.478 | NAOPNOS4780229 | YES | \$26,387.00 | \$9,926.19 | |
| DEPARTMENT OF DEFENSE | | | | | | | |
| 31-2981 | Stormwater Planning Management: Development of a Pilot Investigate Approach to Remediate Bacterial Source Impairments Along the Grand Strand | 12.001 | W912HN-10-2-0001 | YES | \$75,000.00 | \$57,600.00 | |
| 31-2782 | Charleston Harbor Hard Bottom and Cultural Resources | 12.001 | W912HN-10-2-0002 | YES | \$188,806.00 | \$188,806.00 | |
| 31-2899 | Physics Based Inverse Problem to Deduce Marine Atmospheric | 12.300 | N000141310307 | YES | \$37,938.00 | \$24,898.40 | |
| | Passed thru The Nature Conservancy | | | | | | |
| 31-2982 | Winyah Bay - Yawley North Island Oyster Project | 15.631 | CCU-3818-01 | YES | \$17,954.00 | \$4,776.05 | |

COASTAL CAROLINA UNIVERSITY - SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2013

| Account | Federal Grantor/Pass through Grantor/Program Title | CFDA | Pass-through | Res/Dev | Budget | EXPENDITURES | TOTALS |
|--|---|--------|------------------|---------|--------------|--------------|--------|
| | | NUMBER | Grantor's Number | | | | |
| DEPARTMENT OF THE INTERIOR | | | | | | | |
| | NPS American Battlefield Protection Program | 15.926 | GA-2255-10-004 | YES | \$60,000.00 | (\$43.09) | |
| NATIONAL AERONAUTICS AND SPACE ADMINISTRATION | | | | | | | |
| | Passed through College of Charleston | | | | | | |
| | South Carolina Space Grant Consortium Year 14 | 43.001 | NNG05GI68G | YES | \$2,000.00 | \$1,090.71 | |
| | Changes in the Upper Atmospheric Zone | 43.001 | NNX10AM76H | YES | \$8,875.00 | \$8,874.60 | |
| NATIONAL SCIENCE FOUNDATION | | | | | | | |
| | RUI: Role of the Ambient in the Electrical Properties at the Interface for ZnO Systems | 47.049 | DMR-1104600 | YES | \$99,570.00 | \$25,797.55 | |
| | RAPID: Collaborative Research: Signature of the 2011 Flooding on the Mississippi Subaqueous Delta | 47.050 | OCE-1142557 | YES | \$11,985.00 | (\$2.98) | |
| | RUI: Dynamical Coupling during Major Stratospheric Sudden Warming | 47.050 | AGS-1116123 | YES | \$254,185.00 | \$96,970.75 | |
| | Passed thru University of Georgia | | | | | | |
| | Hydrogeological Characterization of the Duplin River: A Detailed Examination of a Subset of the GCE-LTER Site | 47.050 | OCE0620959 | YES | \$45,592.00 | \$9,928.09 | |
| | Hydrogeological Characterization of the Duplin River: A Detailed Examination of a Subset of the GCE-LTER Site | 47.050 | OCE1237140 | YES | \$24,429.00 | \$107.78 | |
| | Development and Testing of a Submersible, Remotely-Operated, Continuous Rn-222 Survey System | 47.050 | OCE-1029223 | YES | \$181,605.00 | \$46,716.52 | |
| | Passed thru Clemson University | | | | | | |
| | NSF Intelligent Rivers with Clemson University | 47.070 | 1653-206-2098647 | YES | \$399,714.00 | \$36,266.74 | |
| | Passed thru SC EPSCOR/Idea | | | | | | |
| | SC4: South Carolina Computational Chemistry Consortium | 47.074 | GEAR: CRP | YES | \$9,463.00 | \$404.00 | |
| | Collaborative Research: Defining Ecosystem Heterotrophic Response to Nutrient Concentrations and Ratios | 47.074 | DEB-0919054 | YES | \$246,394.00 | \$81,243.02 | |
| | Collaborative Research: Regulation of CpNifS/CpSufE1-Mediated Iron-Sulfur Cluster Synthesis in Plant Plastids | 47.074 | MCB-0950648 | YES | \$57,032.00 | \$30,982.06 | |
| | GK-12 Fellows Linking Marine and Wetland Research with Science Education in Coastal Carolina Schools | 47.076 | DGE-0742419 | YES | \$509,225.00 | \$353,489.81 | |

COASTAL CAROLINA UNIVERSITY - SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2013

| Account | Federal Grantor/Pass through Grantor/Program Title | CFDA | Pass-through | Res/Dev | Budget | EXPENDITURES | TOTALS |
|--|--|-------------------|------------------|---------|--------------|-----------------|------------------------|
| | | NUMBER | Grantor's Number | | | | |
| Environmental Protection Agency | | | | | | | |
| Passed thru Waccamaw Regional COG Developing a Baseline Assessment for the Murrells Inlet Watershed | 66.460 | C6-00476111 | | Yes | \$15,996.00 | \$9,597.32 | |
| US DEPARTMENT OF ENERGY | | | | | | | |
| Passed thru Clemson University Develop a Fully Redundant Version of Orange FS with Clemson University | 81.049 | 1536-219-2007492 | | YES | \$54,236.00 | \$9,282.12 | |
| Passed thru Savannah River Nuclear Solutions, LLC Breaking Waves | 81.087 | DE-AC09-08SR22470 | | YES | \$327,556.00 | \$51,099.22 | |
| US Department of Education | | | | | | | |
| Passed thru South Carolina Commission on Higher Education Concept-Focused Inquiry (CFI): A Program for Mathematics and Science Teachers in Grades 6-8 | 84.367 | Year 2 | | YES | \$76,999.00 | \$23,029.78 | |
| | | | | | | | \$1,713,975.55 |
| STUDENT FINANCIAL ASSISTANCE PROGRAMS | | | | | | | |
| US DEPARTMENT OF EDUCATION | | | | | | | |
| FSEOG 12-13 | 84.007 | | | NO | | \$247,068.13 | |
| CWS JLD Clearing | 84.033 | | | NO | | \$259.76 | |
| Federal Work Study - America Reads | 84.033 | | | NO | | \$8,802.83 | |
| Federal Work Study | 84.033 | | | NO | | \$252,464.59 | |
| PERKINS Loans | 84.038 | | | NO | | \$141,627.00 | |
| Federal Pell Grant Programs 11-12 | 84.063 | | | NO | | \$55,542.06 | |
| Federal Pell Grant Programs 12-13 | 84.063 | | | NO | | \$14,237,046.17 | |
| Direct Loans Stafford | 84.268 | | | NO | | \$47,018,482.00 | |
| Direct Loans Plus | 84.268 | | | NO | | \$16,710,373.00 | |
| ROTC 09-10 Scholarships | 84.334 | | | NO | | \$5.00 | |
| UGTCH 12-13 | 84.379 | | | NO | | \$205,271.26 | |
| GRTCH 12-13 | 84.379 | | | NO | | \$17,940.00 | |
| | | | | | | | \$78,894,881.80 |

COASTAL CAROLINA UNIVERSITY - SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2013

| Account | Federal Grantor/Pass through Grantor/Program Title | CFDA NUMBER | Pass-through Grantor's Number | Res/Dev | Budget | EXPENDITURES | TOTALS |
|---|--|-------------|-------------------------------|---------|----------------|-----------------|-------------------------------|
| OTHER PROGRAMS | | | | | | | |
| DEPARTMENT OF COMMERCE | | | | | | | |
| Passed thru South Carolina Sea Grant Consortium | | | | | | | |
| | SC Sea Grant Extension Cooperative Agreement 2008-09 | 11.420 | A/E 1d | NO | \$33,370.00 | \$21,349.62 | |
| | Sea Grant Specialist 2013 | 11.420 | Slattery/2013-2014 | NO | \$40,363.00 | \$11,132.51 | |
| DEPARTMENT OF THE INTERIOR | | | | | | | |
| | USGS Sublease of Space at Coastal Carolina University | 15.808 | GO9AC00327 | NO | \$14,484.00 | \$6,540.00 | |
| DEPARTMENT OF JUSTICE | | | | | | | |
| Passed thru SC Department of Public Safety | | | | | | | |
| | FY 2011 Bulletproof Vests Program | 16.607 | BVP2011 | NO | \$765.00 | \$641.09 | |
| | ARRA - COPS Universal Hiring Program 2009 | 16.710 | 2009RKWX0762 | NO | \$138,807.00 | \$13,835.62 | |
| NATIONAL ENDOWMENT FOR THE HUMANITIES | | | | | | | |
| | Lincoln: The Constitution and the War Traveling Exhibition | 45.164 | 11026 | NO | \$750.00 | \$719.68 | |
| | Muslim Journeys Programming Support | 45.164 | 2192 | NO | \$4,500.00 | \$995.75 | |
| US Department of Education | | | | | | | |
| | Passed thru South Carolina Department of Education | | | | | | |
| | Project CREATE -Amendment for Redistribution | 84.027 | 10-CO-310-01 | NO | \$15,629.00 | \$9,624.60 | |
| | | | | | | | \$64,838.87 |
| TOTAL FEDERAL EXPENDITURES | | | | | \$4,406,421.00 | \$80,673,696.22 | <u>\$80,673,696.22</u> |

COASTAL CAROLINA UNIVERSITY
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

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 federal loan program we participated in from July 1, 2012, to June 30, 2013, is the William D. Ford Federal Direct, which is the umbrella name for the Federal Direct Stafford Student Loan Program and the Federal Direct Parent Loan for Undergraduate Students (PLUS) Program. The Federal Family Education Loan Program (FFELP) ended June 30, 2010, but the Ford title is still used as the umbrella title for all the federal loan programs. The loans are made directly from the federal government, therefore, there is no loan balance recorded at the University. The totals of loans processed for the current fiscal year are:

| | |
|--------------------------------------|----------------------|
| Stafford Student Loan – Subsidized | \$ 20,821,567 |
| Stafford Student Loan – Unsubsidized | 26,196,915 |
| PLUS Loans | <u>16,710,373</u> |
| Total | <u>\$ 63,728,855</u> |

The Federal Perkins Loan Program is administered directly by the University, and balances and transactions relating to the program are included in the University's financial statements. The balance of loans outstanding under the Federal Perkins Loan program was \$1,212,205 as of June 30, 2013. The expenditures for June 30, 2012, are calculated as follows:

| | |
|----------------------------|---------------------|
| June 30, 2012 Loan Balance | \$ 1,299,467 |
| Current Year Loans Made | <u>141,627</u> |
| Total | <u>\$ 1,447,094</u> |

Independent Auditors' Report on Compliance for Each
Major Program And On Internal Control Over
Compliance Required by OMB Circular A-133

To the Honorable Nikki R. Haley,
Governor of the State of South Carolina
And the Board of Trustees of
Coastal Carolina University
Conway, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Coastal Carolina University's compliance with the types of compliance requirements described in the (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Coastal Carolina University's major federal programs for the year ended June 30, 2013. Coastal Carolina University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination on Coastal Carolina University's compliance.

Opinion on Each Major Federal Program

In our opinion Coastal Carolina University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Coastal Carolina University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirement referred to above. In planning and performing our audit, we considered Coastal Carolina University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

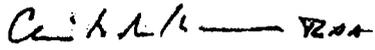
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the business-type activities of Coastal Carolina University, a discretely presented component unit of the State of South Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated September 24, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Coastal Carolina University
Conway, South Carolina
Page Three

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "C. H. H. — P. H. H.", is positioned above the typed text.

Gaffney, SC
September 24, 2013

**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 Nikki R. Haley,
Governor of the State of South Carolina
And the Board of Trustees of
Coastal Carolina University
Conway, South Carolina

We have audited, in accordance with the 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, the financial statements of the business-type activities of Coastal Carolina University, a discretely presented component unit of the State of South Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprised Coastal Carolina University's basic financial statements, and have issued our report thereon dated September 24, 2013. Our report includes a reference to other auditors who audited the financial statements of Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation, as described in our report on Coastal Carolina University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation's financial statements were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Coastal Carolina University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coastal Carolina University's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coastal Carolina University's internal control.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit by those charged with governance.

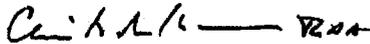
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coastal Carolina 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 provisions 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 *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

 A handwritten signature in black ink, appearing to read 'C. H. H. / R. H. H.', followed by a horizontal line and the letters 'R. H. H.'.

Gaffney, SC
September 24, 2013

COASTAL CAROLINA UNIVERSITY
Summary Schedule of Prior Audit Findings
June 30, 2013

Findings Relating to the Financial Statements:

There were no findings relating to the financial statements.

Findings and Questioned Costs Relating to Federal Awards:

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

COASTAL CAROLINA UNIVERSITY
Schedule of Findings and Questioned Costs
June 30, 2013

Summary of Auditors' Results:

GAGAS

An unqualified opinion was issued on Coastal Carolina University's general purpose financial statements dated September 21, 2013.

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 21, 2013. There were no significant deficiencies or material weaknesses in 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. Type A or major programs are defined as those that expended \$300,000 or more. Coastal Carolina University's total federal awards expended for the year ended June 30, 2013, were between \$10 million and \$100 million.

Coastal Carolina University is 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 | 84.033 | 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 Loan Program |
| CFDA | 84.379 | Teacher Education Assistance for College and Higher Education Grants (TEACH) |