

**COASTAL CAROLINA UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
CONWAY, SOUTH CAROLINA**

**Independent Accountants' Report On
Applying Agreed-Upon Procedures
June 30, 2013**

COASTAL CAROLINA UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
For the Year Ended June 30, 2013

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Independent Accountants' Report On
Applying Agreed-Upon Procedures

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We have audited the financial statements of Coastal Carolina University as of and for the year ended June 30, 2013, and have issued our unqualified report thereon under date of January 13, 2014. At your request, we have also performed the procedures described below which were agreed to by the Board of Trustees and management of Coastal Carolina University, solely to assist these users in evaluating the performance of the University's Intercollegiate Athletics Program and to assist the University in complying with NCAA Bylaw 6.2.3.1 for the fiscal year ended June 30, 2013. The Statement of Revenue and Expenditure of Coastal Carolina University Intercollegiate Athletics Program and related note disclosures presented in attachment A was not audited or reviewed by us. We were not engaged to, and did not, perform an audit or a review, the objectives of which would be the expression of an opinion or limited assurance on the performance of the University's Intercollegiate Athletics Program or the compliance with the NCAA Bylaw 6.2.3.1 for the fiscal year ended June 30, 2013. Accordingly, we do not express such an opinion or limited assurance. Management is responsible for Coastal Carolina University's compliance with the requirements of NCAA Bylaw 6.2.3.1, the Intercollegiate Athletics Program's financial records, internal controls and compliance with applicable laws, rules and regulations. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we made no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Procedures Related to the Statement of Revenues and Expenditures

1. We obtained from accounting management a list of all outside organizations that have as their principal purpose or one of their principal purposes the generating of resources for or on behalf of the University's Intercollegiate Athletics Program or the promotion of the Program. We then confirmed the amounts received from these outside organizations directly with the responsible officials of these organizations. We compared the amount per the confirmation with the amount recorded in the Athletic Department's general ledger and on the Statement of Revenues and Expenditures.

We read the audited financial statements for the Coastal Carolina Chanticleer Club and compared the contribution total to the balance shown on management's Intercollegiate Athletics Program Statement of Revenues and Expenditures report.

We found no exceptions as a result of this procedure.

2. We scanned the Intercollegiate Athletics Program contributions revenue account detail to identify each individual contribution received directly that constitutes more than ten percent of all contributions received for intercollegiate athletics. For these recorded receipts, we obtained and read correspondence from the donor to determine the receipts were classified in accordance with NCAA guidelines, to identify those received from independent outside sources and to determine that the source and value of each such contribution is disclosed in a footnote to the statement.

We found that the contributions described in Note 1 Attachment A to be the only individual contributions in excess of ten percent of all contributions and we found no exceptions as a result of this procedure.

3. We asked accounting management to describe the basis for allocating student athletic fees to athletics and obtained from management the reconciliation of total student fees revenue. We obtained the University's general ledger detail from management and compared the total with the amount of Student Activity Fee revenue recorded in the general ledger and on the Statement of Revenues and Expenditures.

We found no exceptions as a result of this procedure.

4. We obtained all daily cash receipts reports for the Intercollegiate Athletics Program prepared by various program representatives. We then selected a sample and recalculated the reports, compared the amount on the department deposit receipt with the amount on the cashiers' office deposit transmittal, and compared the amount recorded on the cashiers' office deposit transmittal to the amount recorded in the University's general ledger accounts for the Intercollegiate Athletics Program. We obtained from accounting management the general ledger activity for all cash receipts related to intercollegiate athletics. We selected a sample of individual receipts and compared the recorded cash receipt amount to the amount on the cashiers' office deposit transmittal reports prepared by the athletic department and submitted along with the cash to the cashiers' office. The sample of the individual receipts selected for comparison is as follows:

| <u>Receipt</u> | <u>Date</u> | <u>Amount</u> |
|----------------|-------------|---------------|
| C000491149 | 7/5/2012 | \$ 3,811.00 |
| C000492642 | 7/20/2012 | 749.00 |
| C000497065 | 8/9/2012 | 1,836.00 |
| C000502378 | 8/24/2012 | 3,484.00 |
| C000503750 | 9/5/2012 | 289.00 |
| C000504690 | 9/10/2012 | 3,690.20 |
| C000507152 | 9/21/2012 | 464.00 |
| C000508017 | 10/2/2012 | 4,125.00 |
| C000510761 | 10/17/2012 | 105,250.00 |
| C000512238 | 11/1/2012 | 150.00 |
| C000513750 | 11/12/2012 | 86.39 |
| C000514891 | 11/20/2012 | 1,024.00 |
| C000516510 | 12/5/2012 | 664.00 |
| C000517687 | 12/14/2012 | 2,666.59 |
| C000521839 | 1/8/2013 | 1,550.00 |
| C000526313 | 1/23/2013 | (424.00) |
| C000528861 | 2/4/2013 | 2,882.00 |
| C000531683 | 2/19/2013 | 6,550.00 |
| C000533627 | 3/5/2013 | 3.06 |
| C000536432 | 3/19/2013 | 6,653.00 |
| C000540284 | 4/9/2013 | 1,718.00 |
| C000542083 | 4/18/2013 | 660.00 |
| C000545130 | 5/6/2013 | 733.00 |
| C000547775 | 5/29/2013 | 280.00 |
| C000550047 | 6/14/2013 | 400.00 |

We found no exceptions as a result of this procedure.

5. We obtained and read copies of the game guarantee contracts. We recalculated the total amount of the contracts, and compared this amount with the amount recorded as Guarantee revenue on the Statement of Revenues and Expenditures. We also compared expenditures per the contracts to expenditures recorded in the program's accounts in the general ledger.

We found no exceptions as a result of this procedure.

6. We obtained a schedule of athletics department salaries from athletic management. We compared the amounts listed on the schedule to amounts recorded in the general ledger and on the Statement of Revenues and Expenditures. We calculated the related fringe expenditures using Coastal's fringe benefit rate and compared the amounts calculated with the reported expenditures in the appropriate general ledger accounts.

We found no exceptions as a result of this procedure.

7. We asked athletic management to describe specific elements of the University's internal control unique to the Intercollegiate Athletics Program's accounting system and financial reporting.

We found no exceptions as a result of this procedure.

8. We obtained from athletic management a listing of Athletics events for the year and from this list we selected a sample of events. For the events that have ticket sales, we compared the number of tickets sold per the general ledger with the amount of tickets sold per the ticket report. We recalculated the mathematical accuracy of the amount of ticket sales revenue by multiplying the number of tickets sold, per the ticket sales report, by the individual ticket price. We obtained and read the correspondence accompanying any concession revenue commission checks received. We compared the amount on the accompanying correspondence with the amount recorded in the general ledger. The events that were tested are as follows:

| Event | Date |
|---|-----------------------|
| All Home Football Games (Including Any Tournaments) | 09/01/2012-11/17/2012 |
| All Home Men's Basketball Games (Including Any Tournaments) | 11/09/2012-02/27/2013 |
| All Home Women's Basketball Games (Including any Tournaments) | 11/12/2012-03/06/2013 |
| All Home Baseball Games (Including Any Tournaments) | 02/16/2013-05/14/2013 |
| Coastal Carolina Girls Soccer Camp | 07/14/2012-07/17/2012 |
| Youth 7-on-7 Football Day Camp | 07/12/2012-07/13/2012 |
| Youth One-Day Football Camp | 7/14/2012 |
| Gary Gilmore Baseball Camp | 07/09/2012-07/12/2012 |

We found no exceptions as a result of this procedure.

9. We selected a sample of recorded expenditures for contractual services, travel, uniforms, financial aid and equipment and supplies from the general ledger. We compared the classification of the selected expenditures in the statement to the classifications permitted by NCAA Guidelines as stated by the NCAA Audit Legislation. For the selected expenditures we obtained the related disbursement package to determine the items required by Coastal's procurement policy were included and that the expenditure had been authorized in accordance with the University's policy.

Excluding Student Aid:

| <u>Description</u> | <u>Voucher</u> | <u>Date</u> | <u>Amount</u> |
|--|----------------|-------------|---------------|
| Chanticleer Athletic Foundation | V0525314 | 7/9/2012 | \$ 100.00 |
| Cultural Vistas Inc | V0527532 | 8/3/2012 | 200.00 |
| ARAMARK INC | V0528895 | 8/23/2012 | 84.15 |
| Russell Athletic | V0529588 | 8/30/2012 | 278.31 |
| Arnold Spain | V0535841 | 9/14/2012 | 137.50 |
| Quinton M. Davis | V0537016 | 9/24/2012 | 770.00 |
| Native Sons | V0538062 | 10/3/2012 | 160.00 |
| Sweettees Inc | V0539178 | 10/12/2012 | 38.10 |
| Kyle S. Russell | V0542961 | 10/22/2012 | 2,000.00 |
| Mrs. Cari L. Rosiek | V0544207 | 11/1/2012 | 9.04 |
| Andrew M. Herring | V0545374 | 11/14/2012 | 270.00 |
| Fedex | V0546385 | 11/28/2012 | 405.73 |
| Jessica A. Winans | V0547464 | 1/1/2013 | 500.00 |
| ARAMARK INC | V0548325 | 12/19/2012 | 672.20 |
| Native Sons | V0549507 | 1/11/2013 | 280.00 |
| Seanna R. Kautz | V0552989 | 1/24/2013 | 573.00 |
| Jonathan M. Hurt | V0556530 | 2/7/2013 | 6,500.00 |
| James D. Cheatwood, III | V0557933 | 2/21/2013 | 770.00 |
| ARAMARK INC | V0559578 | 3/13/2013 | 12.00 |
| Jaime Sellers | V0560423 | 3/22/2013 | 352.89 |
| CBS Interactive Inc. | V0564878 | 4/5/2013 | 1,589.60 |
| William G. Remillard | V0566324 | 4/22/2013 | 150.00 |
| BSN Sports | V0567616 | 5/6/2013 | 2,043.68 |
| Justin Wayne Simmons DbA/Frames by Lauren Elizabeth | V0569199 | 5/22/2013 | 324.00 |
| ARAMARK INC | V0571144 | 6/17/2013 | 160.04 |

We found no exceptions as a result of this procedure.

Student Aid:

| <u>Student</u> | <u>Sport</u> | <u>G/L Awarded Amount Traces To Student Account Detail</u> | <u>G/L Awarded Amount Traces To Approved Award Letter</u> |
|-----------------------|--------------------|--|---|
| Justin M. Adcock | Men's Basketball | Y | Y |
| Michael J. Honeycutt | Baseball | Y | Y |
| Erica M. Lenza | Cheerleading | Y | Y |
| Shuler C. Hayes | Football | Y | Y |
| Uros Ljeskovic | Men's Basketball | Y | Y |
| Vincent G. Apicella | Baseball | Y | Y |
| Russel M. Kanner | Men's CC/Track | Y | Y |
| Matthew A. Ashley | Football | Y | Y |
| Benjamin M. Wheeler | Men's Golf | Y | Y |
| Tevin A. Skyers | Men's Soccer | Y | Y |
| Ted M. Nilsson | Men's Tennis | Y | Y |
| Shatia A. Cole | Women's Basketball | Y | Y |
| Khayla G. Johnson | Women's Basketball | Y | Y |
| Camille B. Hurley | Women's CC/Track | Y | Y |
| Lena Schaeffner | Women's Golf | Y | Y |
| Rachel A. Waldron | Women's Lacrosse | Y | Y |
| Rhacacia M. Pierre | Softball | Y | Y |
| Brianna M. Blacklock | Softball | Y | Y |
| Rylie E. Johnson | Women's Soccer | Y | Y |
| Gabriella Horvath | Volleyball | Y | Y |
| Darriale Y. Henley | Women's CC/Track | Y | Y |
| Kindra M. Bailey | Volleyball | Y | Y |
| Charles P. Ashford | Men's Basketball | Y | Y |
| Matias D. Pasquale | Men's Tennis | Y | Y |
| LaDarius J. Hawthorne | Football | Y | Y |

We found no exceptions as a result of this procedure.

10. We obtained from accounting management a listing of all expenditures made directly by the respective outside organizations on behalf of the University's Intercollegiate Athletics Program or employees to determine if they were included as revenues and expenditures on the University's Intercollegiate Athletics Program's accounting records and the Program's statement of Revenues and Expenditures. We compared the amounts on this list with the amounts recorded on management's worksheets.

We found no exceptions as a result of this procedure.

11. We requested a listing of all marketing contracts made by Athletics for commercials, scoreboard ads, etc. We judgmentally selected a sample to trace contracted amounts to the general ledger.

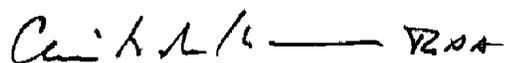
We found no exceptions as a result of this procedure.

12. We obtained the Statement of Revenues and Expenditures of Coastal Carolina University Intercollegiate Athletics Program and related note disclosures for the year ended June 30, 2013, as prepared by accounting management of the University and shown on page 8 in this report. We recalculated the addition of the amounts on the statement, traced the individual line item amounts from the Statement of Revenues and Expenditures to management's worksheets and compared the amounts on management's worksheets to the accounts in the University's general ledger.

We found one exception as a result of this procedure, which was reported to management and corrected. There was \$16,040 of revenue and \$16,040 of expense included in Women's Basketball when both should have been included in Non-Sport Specific for Indirect Facilities and Administrative Support and Indirect Facilities and Administrative Costs. Management's response is found on page 12 of this report.

We were not engaged to, and did not conduct an audit the objective of which would be the expression of an opinion on compliance with NCAA Bylaw 6.2.3.1 or the expression of an opinion on The Statement of Revenues and Expenditures of the Intercollegiate Athletics Program of Coastal Carolina University for the year ended June 30, 2013 and, furthermore, we were not engaged to express an opinion on the effectiveness of the internal controls over compliance with the laws, rules and regulations described in paragraph one and procedures one through twelve of this report. Therefore we express no opinion. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

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



January 13, 2013

Coastal Carolina University
InterCollegiate Athletics Program
Statement of Revenues, Expenditures, and Transfers
For the Year Ended June 30, 2013
(Unaudited)

| | Football | Baseball | Men's Basketball | Women's Basketball | Men's Soccer | Women's Soccer | Other Sports | Non-Sport Specific | Total |
|--|---------------------|------------------|---------------------|-----------------------|-----------------|-------------------|------------------|-----------------------|----------------------|
| Operating Revenues: | | | | | | | | | |
| Ticket Sales | \$ 253,253 | 47,623 | 152,943 | 5,950 | - | - | - | - | \$ 459,769 |
| Student Activity Fees | 1,277,731 | 306,657 | 281,475 | 259,771 | 146,335 | 193,547 | 1,384,002 | 44,600 | 3,894,118 |
| Guarantee | 530,250 | - | 10,000 | - | 3,000 | - | 1,500 | - | 544,750 |
| Chanticleer Athletic Foundation Contribution ^s | 114,452 | 95,330 | 35,926 | 13,643 | 100 | 10,439 | 99,085 | 159,158 | 528,133 |
| Coastal Educational Foundation Contribution ^s | 1,209 | 3,457 | - | - | - | - | 35,683 | 2,981 | 43,330 |
| Gifts | - | - | - | - | - | - | - | - | - |
| Inkind Gifts | - | - | - | - | - | - | 250,440 | - | 250,440 |
| Direct institutional support | 2,468,358 | 1,099,217 | 989,766 | 713,590 | 418,651 | 430,309 | 3,084,448 | 2,081,604 | 11,285,943 |
| Indirect Facilities and Administrative Support | 669,574 | 244,532 | 291,753 | 180,641 | 72,332 | 56,033 | 571,289 | 1,080,109 | 3,166,263 |
| NCAA Program for Academic Enhancemen ^t | - | - | - | - | - | - | - | 68,870 | 68,870 |
| NCAA Distributions | 13,232 | 2,023 | - | - | 9,679 | - | 834 | 935,891 | 961,659 |
| Big South Distributions | - | - | - | - | - | - | - | 49,580 | 49,580 |
| Program and Novelty Sales/Concessions | 210 | - | - | - | - | - | 2,845 | 12,051 | 15,106 |
| Sponsorships/Royalties/Commissions | 17,623 | 2,000 | - | 1,870 | 4,165 | 2,542 | 25,919 | 827,249 | 881,368 |
| Sport Camp Field Rentals | - | - | - | - | - | - | - | 10,579 | 10,579 |
| Tournament Revenue and Entry fees, Service ^s | - | - | 89,705 | - | 2,172 | - | 50,704 | 11,746 | 154,327 |
| Total Revenues | \$ 5,345,892 | 1,800,839 | 1,851,568 | 1,175,465 | 656,434 | 692,870 | 5,506,749 | 5,284,418 | \$ 22,314,235 |
| Expenditures: | | | | | | | | | |
| Scholarships including Out of State Abatement ^s | \$ 2,097,469 | 430,590 | 436,580 | 384,613 | 271,138 | 381,422 | 2,308,691 | 168,374 | \$ 6,478,877 |
| Guarantee ^s | - | 41,902 | 59,592 | 7,500 | 7,235 | - | - | - | 116,229 |
| Coaching Salaries and Fringe Benefits | 1,237,116 | 490,718 | 554,120 | 329,027 | 158,970 | 123,149 | 1,204,549 | - | 4,097,648 |
| Severance Payments | - | - | - | - | - | - | - | - | - |
| Administrative Salaries and Fringe Benefits | 234,475 | 46,716 | 87,096 | 67,986 | - | - | 51,032 | 2,373,866 | 2,861,171 |
| Recruiting | 175,472 | 65,272 | 74,194 | 26,482 | 12,460 | 19,279 | 113,869 | - | 487,027 |
| Team Travel | 236,520 | 115,110 | 118,618 | 69,724 | 50,423 | 39,348 | 495,865 | - | 1,125,608 |
| Equipment, Uniforms and Supplies | 315,412 | 52,983 | 42,268 | 35,447 | 21,842 | 32,502 | 202,941 | - | 703,395 |
| Game Expense ^s | 181,301 | 115,352 | 63,118 | 47,820 | 11,103 | 11,267 | 127,727 | - | 557,688 |
| Marketing and Promotions | - | - | - | - | - | - | - | 291,425 | 291,425 |
| Direct Facilities Maintenance and Rentals | 83,843 | 179,224 | 7,466 | 4,392 | 24,267 | 22,895 | 324,230 | 63,469 | 709,785 |
| Cheerleaders and Band | - | - | - | - | - | - | - | 119,877 | 119,877 |
| Indirect Facilities and Administrative Cost | 669,574 | 244,532 | 291,753 | 180,641 | 72,332 | 56,033 | 571,289 | 1,080,109 | 3,166,263 |
| Medical Expenses and Insuranc ^e | - | - | - | - | - | - | - | 320,077 | 320,077 |
| Memberships and Due ^s | 197 | - | 1,195 | 429 | 567 | 1,321 | 5,765 | 29,034 | 38,509 |
| Visiting Team / Tournament Expense ^s | 114,512 | 18,441 | 13,318 | 20,043 | 19,158 | 2,040 | 12,042 | - | 199,554 |
| Other Operating Expense ^s | - | - | 102,251 | 1,360 | 6,939 | 3,614 | 88,750 | 713,958 | 916,872 |
| Total Expenditures | \$ 5,345,891 | 1,800,839 | 1,851,568 | 1,175,465 | 656,434 | 692,870 | 5,506,749 | 5,160,189 | \$ 22,190,005 |
| Excess (Deficiency) of Operating Revenues | | | | | | | | | |
| Over (Under) Expenses | \$ - | - | - | - | - | - | - | 124,229 | \$ 124,230 |

COASTAL CAROLINA UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
Notes to the Statement of Revenues and Expenditures
June 30, 2013
(Unaudited)

NOTE 1-CONTRIBUTIONS

Contributions and gifts to Coastal Carolina University's Intercollegiate Athletics Program totaled \$779,112. This amount is reported in Attachment A at the following captions:

| | | |
|---|----|------------|
| Chanticleer Athletic Foundation Contributions | \$ | 528,672 |
| Inkind Gifts | | 250,440 |
| | | \$ 779,112 |

Individual contributions which exceeded 10 percent of the total contributions and the related donors included in the above amounts are as follows:

| | | |
|---------------------------------------|----|------------|
| Chanticleer Athletic Foundation | \$ | 528,672 |
| TPC of Myrtle Beach in Murrells Inlet | | 98,644 |
| | | \$ 627,316 |

NOTE 2-INTERCOLLEGIATE ATHLETICS - RELATED ASSETS

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The asset capitalization policy refers to guidelines set by the State of South Carolina to determine the useful life of an asset. 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 the usable space, prepare existing buildings for new uses or extend the useful life of an existing building costing in excess of \$100,000 are capitalized. Permanent Improvement projects and routine maintenance that do not fall within the defined parameters for capitalization will be expensed in the year they occur according to Generally Accepted Accounting Principles. (GAAP) As a rule, if the work is of a replacement nature and does not materially lengthen the useful life of a structure, it will not be capitalized.

Interest cost incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed net of interest earned on the invested proceeds over the same period. During the year ended June 30, 2013, the University capitalized interest expense in the amount of \$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. In Fiscal Year 2013 no capitalized interest was appropriated to athletic-related assets.

Total estimated book value of plant and equipment, net of depreciation, for Athletics is \$32,520,872 compared to the institution total of \$359,846,269.

COASTAL CAROLINA UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
Notes to the Statement of Revenues and Expenditures
June 30, 2013
(Unaudited)

NOTE 2-INTERCOLLEGIATE ATHLETICS - RELATED ASSETS CONT'DChanges to Athletic Facilities by Sport

| | <u>Basketball</u> | <u>Baseball</u> | <u>Football</u> | <u>Other</u> | <u>Total</u> |
|-----------|-------------------|-----------------|-----------------|----------------|------------------|
| Additions | \$ 666,557 | - | 287,500 | 435,944 | 1,390,001 |
| Deletions | - | - | - | - | - |
| Total | <u>\$ 666,557</u> | <u>-</u> | <u>287,500</u> | <u>435,944</u> | <u>1,390,001</u> |

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|------------------|---------------------------|
| Capital Asset Activity as related to Athletics for the year ended June 30, 2013 | | | | |
| Tennis Complex Land Acquisition | \$ - | - | 2,200 | 2,200 |
| Adjustment to CIP for Land | \$ - | - | 2,200 | 2,200 |
| | <u>\$ -</u> | <u>-</u> | <u>2,200</u> | <u>2,200</u> |

Athletic Construction in Progress Detail

| | | | | |
|---------------------------------------|-------------------|------------------|------------------|------------------|
| CCU Total Construction in Progress | \$ 27,475,311 | 28,756,064 | (28,874,899) | 27,356,476 |
| Athletic Construction in Progress | - | - | - | - |
| Baseball/Softball Complex Improvement | 457,662 | 1,688,564 | - | 2,146,226 |
| HTC Center | 214,529 | - | (214,529) | - |
| Tennis Complex Construction | 2,200 | 40,637 | (2,200) | 40,637 |
| | <u>\$ 674,391</u> | <u>1,729,201</u> | <u>(216,729)</u> | <u>2,186,863</u> |

Athletic Additions to Buildings

| | | | | |
|----------------------------|-------------------|------------------|----------------|------------------|
| PGM Instructional Facility | - | 118,383 | - | 118,383 |
| HTC Center | - | 444,481 | 214,529 | 659,010 |
| | <u>\$ -</u> | <u>562,864</u> | <u>214,529</u> | <u>777,393</u> |
| Net Transfers from CIP | <u>\$ 674,391</u> | <u>2,292,065</u> | <u>-</u> | <u>2,966,456</u> |

**COASTAL CAROLINA UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**
Notes to the Statement of Revenues and Expenditures
June 30, 2013
(Unaudited)

NOTE 3- INTERCOLLEGIATE ATHLETICS - RELATED DEBT

| | <u>Interest Rates</u> | <u>Maturity Dates</u> | <u>Balance 6/30/2013</u> |
|---|---------------------------|---------------------------|------------------------------|
| State Institution Obligation Bonds Related to Athletics Facilities | | | |
| 2002 | 3.25% to 4.625% | 9/1/2022 | 1,317,548 |
| 2006 | 4.25% to 6.00 % | 10/1/2026 | 2,244,891 |
| 2010 | 3.52% | 4/2/2030 | 11,512,297 |
| | | | <u>\$ 15,074,736</u> |

Maturities of debt related to intercollegiate athletics at June 30, 2013 were as follows:

| <u>Due in Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Payments</u> |
|---------------------------|----------------------|---------------------|----------------------|
| 2014 | \$ 703,335 | \$ 570,852 | \$ 1,274,187 |
| 2015 | 720,196 | 562,662 | 1,282,858 |
| 2016 | 740,670 | 544,501 | 1,285,171 |
| 2017 | 763,552 | 536,095 | 1,299,647 |
| 2018-2022 | 4,256,142 | 2,438,090 | 6,694,232 |
| 2023-2027 | 5,235,270 | 1,936,926 | 7,172,196 |
| 2028-2030 | 2,655,571 | 899,765 | 3,555,337 |
| | <u>\$ 15,074,736</u> | <u>\$ 7,488,891</u> | <u>\$ 22,563,628</u> |

Athletically related debt service and total debt year ended June 30, 2013.

| | <u>Athletically Related</u> | <u>University Total</u> |
|---------------------------|---------------------------------|-----------------------------|
| Total Annual Debt Service | <u>\$ 1,266,853</u> | <u>\$ 7,803,170</u> |
| Total Debt Outstanding: | | |
| Institution Bonds | 15,074,739 | 62,585,000 |
| Revenue Bonds | - | 72,551,000 |
| | <u>\$ 15,074,739</u> | <u>\$ 135,136,000</u> |

Response to Statement of Revenues and Expenditures Exception

The auditors notified management that a discrepancy existed in women's basketball expenses. Management investigated, identified an error in sports classification, and immediately corrected the specific errors in both sports.

The error in sports classification resulted in \$16,040 of indirect facilities and administrative support revenue (IFAS revenue) and \$16,040 of offsetting indirect facilities and administrative support expense (IFAS expense) reported in Women's Basketball instead of Non-Specific Sports. The result is an overstatement of IFAS revenues and IFAS expenses in Women's Basketball and an understatement of IFAS revenues and IFAS expenses in Non-Specific Sports. The University's general ledger was correct, net revenues and expenses were correct in both sports, and total athletics IFAS revenues and IFAS expenses were correct in spite of the classification error.

For managerial purposes, the University's general ledger tracks data in a different format than required by the NCAA. This increases the opportunities for errors in sport classifications. Management has implemented new control procedures to reduce the risk of a repeated classification error.