

**WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
ROCK HILL, SOUTH CAROLINA**

**Independent Accountants' Report On
Applying Agreed-Upon Procedures
June 30, 2014**

WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
For the Year Ended June 30, 2014

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Independent Accountants' Report On
Applying Agreed-Upon Procedures

Dr. Debra Boyd
President
Winthrop University
114 Tillman Hall
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We have audited the financial statements of Winthrop University as of and for the year ended June 30, 2014, and have issued our unqualified report thereon under date of September 19, 2014. At your request, we have also performed the procedures described below which were agreed to by the Board of Trustees and management of Winthrop 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, 2014. For purposes of this engagement, management has directed that the sample sizes will be the lesser of 25 or 5% of the activity level and with a materiality of \$10,000 or greater. The Statement of Revenue and Expenditure of Winthrop 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, 2014. Management is responsible for Winthrop 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 these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1. We obtained the statement of revenues, expenditures and transfers of Winthrop University Intercollegiate Athletics Program and related note disclosures for the year ended June 30, 2014, as prepared by management of the University and shown on page 7 (Attachment A) in this report. We recalculated the addition of the amounts on the statement, traced the individual line item amounts from the Statement of Revenues, Expenditures and Transfers to management's worksheets and compared the amounts on management's worksheets to the 12x and 13x series of accounts in the University's general ledger.

We found the following exceptions as a result of this procedure, all of which were reported to management and corrected.

- Direct Institutional Support Revenue was overstated by \$9,756.
- Contributions Revenue was understated by \$7,065.
- Athletic Student Aid Expense was understated by \$679.13
- Coaching Salaries Expense was overstated by \$42,609
- Other Operating Expenses (volleyball) was understated by \$12,334.41.
- Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities: Men's basketball salaries was understated by \$15,863.56, women's basketball salaries was understated by \$6,271.17, and salaries classified as expenses not related to specific teams was understated \$3,556.44. Men's basketball fringes was understated by \$4,424.09, women's basketball fringes was understated by \$648.46, and fringes classified as expenses not related to specific teams was overstated \$268.86. This was a total understatement of \$30,494.86.

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Intercollegiate Athletics Program

2. We obtained from management a list of all outside organizations not under the University's accounting control that have as their principal 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 the respective 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, Expenditures and Transfers.

We found the following exceptions as a result of this procedure, all of which were reported to management and corrected.

- Expenses not related to specific items was overstated by \$61,685.05.
- Expenses in the amount of \$3,100.90 were classified as 'Women's Golf' when they should have been classified as 'Women's Basketball'.

3. 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 the contributions described in Note 1 of Attachment A to be the only individual contributions in excess of ten percent of all contributions.

4. We asked management to describe the basis for allocating student activity fees and 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, Expenditures and Transfers.

We found no exceptions as a result of this procedure.

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5. 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 cashier's office deposit transmittal, and compared the amount recorded on the cashier's office deposit transmittal to the amount recorded in University's general ledger accounts for the Intercollegiate Athletics Program. We then obtained from 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 cashier office deposit transmittal reports prepared by the athletic department and submitted along with the cash to the treasurer's office. The sample of the individual receipts selected for comparison is as follows:

<u>Receipt</u>	<u>Date</u>	<u>Amount</u>
218	8/8/2013	\$ 600.00
745	10/18/2013	2,375.00
747	10/18/2013	575.00
1001	11/26/2013	175.00
1016	11/26/2013	250.00
1104	12/11/2013	56.00
1216	12/19/2013	60.00
1215	12/19/2013	460.00
1289	1/14/2014	250.00
1360	1/15/2014	125.00
1441	1/22/2014	118.00
1418	1/22/2014	285.00
1658	2/11/2014	375.00
2056	3/27/2014	358.00
2171	4/9/2014	212.50
2167	4/9/2014	1,000.00
2349	5/1/2014	20.00
2419	5/14/2014	700.00
2566	6/5/2014	3,600.00
2721	6/16/2014	217.00
2801	6/30/2014	1,050.00
2826	6/30/2014	760.00
J0014672	4/24/2014	730.00
J0014724	4/26/2014	347.00
J0015376	6/30/2014	5,562.00

We found no exceptions as a result of this procedure.

6. 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, Expenditures and Transfers. We also compared expenditures per the contracts to expenditures recorded in the program's accounts in the general ledger.

We found one exception as a result of this procedure.

- Guarantee Revenue (volleyball) was overstated by \$1,500.

University Response:

Check was received from Clemson as Game Guarantee for women's volleyball in error. Winthrop has returned funds to Clemson.

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

We found one exception as a result of this procedure, which was also mentioned in procedure 1.

- Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities: Men's basketball salaries was understated by \$15,863.56, women's basketball salaries was understated by \$6,271.17, and salaries classified as expenses not related to specific teams was understated \$3,556.44. Men's basketball fringes was understated by \$4,424.09, women's basketball fringes was understated by \$648.46, and fringes classified as expenses not related to specific teams was overstated \$268.86. This was a total understatement of \$30,494.86.

8. We asked 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.

9. We obtained from management a listing of coliseum events for the year and from this list we selected a sample of events. For coliseum lease events we obtained and read the signed rental agreement. We compared the amount of lease revenue per the contract with the amount recorded in the general ledger. For the events that have ticket sales, we compared the number of tickets sold per the lease agreement with the amount of tickets sold per the future ticket report. We recalculated the mathematical accuracy of the amount of ticket sales revenue by multiplying the number of tickets sold, per the future 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	Amount
1. Men's Basketball	11/09/2013-3/01/2014	\$ 79,685.25
2. Women's Basketball	11/10/2013-3/01/2014	7,977.00
3. Men's Soccer	9/19/2013-11/06/2013	1,528.00
4. Women's Soccer	8/23/2013-11/02/2013	2,150.00
5. Volleyball	8/30/2013-11/16/2013	4,254.00
6. Baseball	2/16/2014-5/25/2014	34,333.50

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We found the basketball game sales recorded by the ticketing software and ticketing manager to be \$61 more in aggregate than sales recorded on the University's general ledger. In addition, we found revenues in the amount of \$1,100 for the Battle of the Boarder Baseball Tournament that were recorded in the 2015 fiscal year when they should have been recorded in the 2014 fiscal year.

University Response:

Battle of the Boarder check was deposited when received.

10. 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 Winthrop's procurement policy were included and that the expenditure had been authorized in accordance with Winthrop's procurement policy. The expenditures selected for testing are as follows:

Excluding Student Aid:

Description	Reference Number	Amount Disbursed
Sports Licensed Div of the Adidas G	I1400817	102.04
K-Mart Corporation	I1401729	10.00
Southpaw Screenprint & Embroidery	I1402270	5.50
Posipanko, Richard John.	I1402403	1,000.00
First Team Sports Center	I1402875	44.38
Paxton, Benjamin A.	I1403668	106.95
Taylor Made Golf Company Inc	I1405744	71.55
K-Mart Corporation	I1408993	20.09
Cook, Kevin Lee.	I1409483	10,687.92
Varsity Athletic Apparel Inc	I1409821	791.59
Frye, Pat	I1409965	25.00
Prosser, Mark Charles.	I1411464	210.93
Jersey Mike's Sub 7005	I1411952	328.91
Hall, Benjamin David.	I1500022	79.00
DuBard, Sharen G.	I1500425	214.36
JTB IDT 1410 Auto Ins 2013-14	J0013048	476.59
KW Fed Express 091013	J0013287	12.43
JP Long Dist Phone Svcs Oct 2013	J0013561	4.96
LM Exxon Gas Charges	J0014445	(154.74)
LM BP Gas Charges	J0014446	23.51
JP Long Dist Phone Svcs Mar 2014	J0014569	0.56
JTB 0414 SalesTx Athletics pd 0514	J0014799	22.89
211039 replace CB	J0015090	2,916.66
DN SFC w soccer tickets	J0015259	80.00
DN EOY correct org and account	J0015776	(1,665.00)

We found no exceptions as a result of this procedure.

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Student Aid:

Sport	Student	G/L Awarded Amount Traced to Student Account Detail	G/L Awarded Amount Traced to Approved Award Letter
Baseball	Kaden Hepler	Y	Y
Mens' Basketball	Brandon Vega	Y	Y
Men's Golf	Taylor Dickson	Y	Y
Men's Soccer	Cody Winter	Y	Y
Men's CC/Track	Avery Scott	Y	Y
Men's CC/Track	Jordan Jackson	Y	Y
Women's Basketball	Brianna Boyd	Y	Y
Women's Golf	Lucinda Walker	Y	Y
Women's Soccer	Ashley Herndon	Y	Y
Softball	Megan Winningham	Y	Y
Women's Tennis	Tijana Uzelac	Y	Y
Women's CC/Track	Ashlee Eady	Y	Y
Volleyball	Emma Weakland	Y	Y
Women's Lacrosse	Abigail Blevins	Y	Y
Athletic Business	Mallory Zappitelli	Y	Y

We found no exceptions as a result of this procedure.

11. We obtained from management a listing of all expenditures made directly by the respective outside organizations as referred to in procedure 2 (not under the University's accounting control) 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, expenditures, and transfers. 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.

12. We requested a listing of all expenditures made directly by other external parties (e.g. related parties, foundations, individuals, business, or other organizations) for or on behalf of the University's Intercollegiate Athletics program or the Program's employees to determine if they were included as revenues in the Program's statement of revenues, expenditures, and transfers.

We found no exceptions as a result of this procedure.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on compliance with NCAA Bylaw 6.2.3.1 or the expression of an opinion on The Statement of Revenues, Expenditures and Transfers of the Intercollegiate Athletics Program of Winthrop University for the year ended June 30, 2014 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.

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Intercollegiate Athletics Program

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

Carla A. /c — VZSA

January 14, 2015

WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
Statement of Revenues, Expenditures and Transfers
For the Year Ended June 30, 2014
(Unaudited)

REVENUES	Men's Basketball	Women's Basketball	Other Sports	Nonprogram Specific	Total
Ticket Sales	\$ 79,685	7,977	42,265	-	\$ 129,927
Student Fees	230,977	208,989	976,468	4,399,951	5,816,385
Guarantees	165,000	25,000	21,500	-	211,500
Contributions	12,743	6,068	81,647	245,622	346,080
Direct Institutional Support	207,576	157,880	1,730,338	1,712,588	3,808,382
Indirect Facilities and Administrative Support	-	-	-	1,150,902	1,150,902
NCAA / Conference Distributions	-	-	-	484,830	484,830
Program Sales, Concessions, Novelty Sales, and Parking	-	-	1,279	17,778	19,057
Royalties, Licensing, Advertisements and Sponsorships	126,870	-	600	83,481	210,951
Sports Camp Revenues	-	-	-	2,051	2,051
Endowment and Investment Income	18,332	11,004	84,589	142,440	256,365
Other	760	1,705	36,815	73,580	112,860
Total Revenues	\$ 841,943	418,623	2,975,501	8,313,223	\$ 12,549,290
EXPENDITURES	Men's Basketball	Women's Basketball	Other Sports	Nonprogram Specific	Total
Athletic Student Aid	\$ 505,682	482,987	3,306,950	206,392	\$ 4,502,011
Guarantees	9,070	-	15,978	-	25,048
Coaching Salaries Benefits and Bonuses	528,961	338,231	1,408,049	-	2,275,241
Support Staff / Administrative Salaries, Benefits, and Bonuses	83,602	60,472	63,857	1,605,074	1,813,005
Severance Payments	-	-	-	-	-
Recruiting	29,822	33,910	69,075	-	132,807
Team Travel	104,597	74,751	537,590	-	716,938
Equipment, Uniforms and Supplies	52,438	48,960	279,059	144,148	524,605
Game Expenses	65,621	28,529	102,924	12,535	209,609
Fund Raising, Marketing and Promotion	4,734	6,420	9,914	-	21,068
Spirit Groups	-	-	-	26,122	26,122
Indirect Facilities and Administrative Support	-	-	-	1,150,902	1,150,902
Medical Expenses and Medical Insurance	4,971	4,950	39,782	209,852	259,555
Memberships and Dues	490	800	6,844	18,296	26,430
Other Operating Expenses	(23,760)	35,799	136,707	469,658	618,404
Total Expenditures	\$ 1,366,228	1,115,809	5,976,729	3,842,979	\$ 12,301,745
Excess (Deficiencies) of Revenue Over (Under) Expenses	\$ (524,285)	(697,186)	(3,001,228)	4,470,244	\$ 247,545

SEE ACCOMPANYING NOTES TO STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS

WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
Notes to the Statement of Revenues, Expenditures and Transfers
June 30, 2014
(Unaudited)

NOTE 1-CONTRIBUTIONS

Winthrop Foundation	\$ <u>81,331</u>
	<u><u>\$ 81,331</u></u>

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. Winthrop 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 the 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 and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred. The total estimated book value of plant and equipment, net of depreciation, for Athletics is \$17,756,599 compared to the institution total of \$120,167,596.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The University has selected a useful life of 25 to 50 years for buildings, renovations and land improvements. The useful life for machinery, equipment and vehicles varies between 2 and 25 years depending on the asset. A full year of depreciation is taken the year the asset is placed in service and no depreciation is taken in the year of disposition.

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, 2014, there were no material capitalized interest costs incurred.

<u>Athletic Facilities</u>	<u>Basketball</u>	<u>Other</u>	<u>Total</u>
Additions	\$ 6,204	66,823	73,027
Deletions	6,385	-	6,385

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INTERCOLLEGIATE ATHLETICS PROGRAM
Notes to the Statement of Revenues, Expenditures and Transfers
June 30, 2014
(Unaudited)

NOTE 3- INTERCOLLEGIATE ATHLETICS - RELATED DEBT

Intercollegiate Athletics Debt				
Annual Maturities				
	2003	2004	2001	1981
	Institution	Institution	Ath Fac	Ath Fac
	<u>Bonds (a)</u>	<u>Bonds (b)</u>	<u>Rev Bonds</u>	<u>Note Payable</u>
2015	\$ -	-	158,556	-
2016	-	-	153,048	-
2017	-	-	147,540	-
2018	-	-	142,032	-
2019	-	-	136,524	-
2020-2024	-	-	256,524	-
2025-2029	-	-	-	-
Total	<u>\$ -</u>	<u>-</u>	<u>994,224</u>	<u>-</u>

- (a) Sixty-nine percent of the bond series was used for Athletics
(b) Forty-four percent of the bond series was used for Athletics.