

**University of South Carolina - Columbia
Department of Athletics**

***Independent Accountant's Report On
Applying Agreed-Upon Procedures***

For the year ended June 30, 2019

University of South Carolina - Columbia
Department of Athletics
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Independent Accountant's Report on Applying Agreed-Upon Procedures

The Audit and Compliance Committee
University of South Carolina - Columbia
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the Audit and Compliance Committee and management of the University of South Carolina - Columbia (the University), Department of Athletics (the Department), solely to assist the Department's management in its evaluation of compliance with National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2019. The Department's management is responsible for the accompanying Statement of Revenues, Expenses and Transfers and for the Department's compliance with the NCAA's requirements. The sufficiency of the procedures is solely the responsibility of the parties specified in 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.

Per your instructions, this report includes only those exceptions exceeding \$100,000 unless otherwise specified below. The procedures and associated findings are as follows:

AGREED-UPON PROCEDURE #1

We obtained from the Department's management the Statement of Revenues, Expenses and Transfers (the Statement).

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #2

We compared and agreed each revenue category reported in the Statement for the year ended June 30, 2019 to supporting schedules provided by the Department. If a specific reporting category was less than 4.0% of the total revenues, no procedures were required for the specific category.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #3

We compared each major revenue category over 10% of total revenues to the prior period amounts (fiscal year 2018) and budget estimates. We inquired of management to obtain explanations for variances greater than 10%.

Findings:

Per management, budgets are not prepared on a basis consistent with NCAA definitions for the revenue reporting categories. As such, we did not compare each major revenue reporting category to budget estimates. Explanations for variances greater than 10% from the prior year are as follows:

Contributions - Decreased by approximately \$6,300,000, or 17%. Per management, the decrease is primarily attributable to a decrease of approximately \$4,300,000 in gifts received from the University of South Carolina Educational Foundation due to less capital projects, expenditures and special projects being undertaken by the Department. The decrease was offset, in part, by the decrease reflected in the direct facilities and administrative support expense reporting category. The remainder of the decrease was attributable to a decrease of approximately \$1,800,000 in gifts received from the Gamecock Club of the University of South Carolina as the result of decreased membership dues from the prior year.

AGREED-UPON PROCEDURE #4

We compared tickets sold, complimentary tickets provided, and unsold tickets for football and men's basketball per the Department's ticketing system's Event Audit Reports for the year ended June 30, 2019 to the related revenue reported by the Department in the Statement and recalculated.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #5

We planned to obtain the Department's calculation of student athletic fees and perform the following procedures:

- a. Recalculate student athletic fees by multiplying total student enrollment by athletic fee per student.
- b. Compare student enrollment used in the calculation to the University's official enrollment data obtained from the Institutional Assessment and Compliance (IAC) for the Fall 2018 and Spring 2019 semesters.
- c. Compare the total of the University's calculation for student athletic fees to the Statement.
- d. Obtain documentation of the University's methodology for allocating student fees to the Department and compare allocation to supporting documents such as seat manifests, ticket sales reports and student fee totals.

Findings:

Per management, student activity/ticket fees are reported in admissions/ticket sales revenue on the Statement and were less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #6

We planned to obtain a schedule of the direct state or other governmental support recorded by the Department during the year ended June 30, 2019 and compare to State appropriations, institutional authorizations and/or other corroborative supporting documentation and recalculate totals.

Findings:

Per management, the Department received no direct state or other governmental support during the year ended June 30, 2019.

AGREED-UPON PROCEDURE #7

We planned to compare the direct institutional support recorded by the Department during the year ended June 30, 2019 with institutional supporting budget transfers documentation and/or other corroborative supporting documentation and recalculate totals.

Findings:

Per management, direct institutional support was less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #8

We planned to compare the transfers back to the University with permanent transfers back to the University from the Department and recalculate totals.

Findings:

Per management, transfers back to the University were less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #9

We planned to obtain a schedule of the Department's indirect institutional support for the year ended June 30, 2019, as prepared by the University's Facilities Department, and compare the total of the schedule to the corresponding amount on the Statement and recalculate totals.

Findings:

Per management, the Department received no indirect facilities support revenue during the year ended June 30, 2019.

AGREED-UPON PROCEDURE #10

We planned to select two settlement statements (one football and one basketball) for away games from a schedule provided by the Department. For each of these settlement statements, we planned to compare the settlement revenue on the schedule to amounts specified in contracts provided by the Department.

Findings:

Per management, guarantee revenue was less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #11

We obtained a schedule of contributions for the year ended June 30, 2019 and identified any contributions in excess of 10% of total contributions. For contributions in excess of 10% of total contributions, we compared the amounts to supporting documentation and recalculated totals.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #12

We planned to obtain from the Department a schedule of in-kind gifts recorded by the Department for the year ended June 30, 2019 and recalculate totals and compare amounts in the schedule to amounts reported in the Statement.

Findings:

Per management, in-kind gifts were less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #13

We obtained from the Department a report detailing all compensation and benefits provided by a third party recorded by the Department for the year ended June 30, 2019. We haphazardly selected three coaches from the report and, for each coach selected, compared the compensation and benefits provided by a third party on the schedule provided by the Department to amounts specified in the related contracts. We footed and cross-footed the schedule of compensation and benefits provided by a third party and agreed the total to the Statement.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #14

We obtained a detail of broadcast, television, radio and internet rights revenue for the year ended June 30, 2019, compared the detail to amounts reported in the Statement and recalculated totals. We then judgmentally selected two contracts from the detail. For each contract selected, we compared the amounts reflected in the contracts provided to the corresponding revenue amounts in the Statement.

Findings:

Per management, all broadcast, television, radio and internet rights revenue is received through a distribution from the Southeastern Conference. We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #15

We planned to obtain the revenue distribution agreements from the NCAA and compare to the corresponding revenue amounts in the Statement.

Findings:

Per management, NCAA revenue was less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #16

We obtained the revenue distribution agreements from the Southeastern Conference and compared to the corresponding revenue amounts in the Statement.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #17

We planned to obtain a schedule of program, concession, novelty sales and parking revenue recorded by the Department for the year ended June 30, 2019 and compare the total of the schedule to the corresponding revenue amounts in the Statement and recalculate totals.

Findings:

Per management, program, concession, novelty sales and parking revenue was less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #18

We obtained a detail of contracts for royalties, licensing, advertisements, and sponsorships for the year ended June 30, 2019, compared the detail to amounts reported in the Statement and recalculated totals. We then judgmentally selected two contracts from the detail. For each contract selected, we compared the amounts reflected in the contracts to the corresponding revenue amounts in the Statement.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #19

We planned to obtain sports camp contract(s) between the Department and the person(s) conducting Department sport camps or clinics during the year ended June 30, 2019 and inquire of management the Department's methodology of recording revenues from sport camps.

Findings:

Per management, sports camp revenue was less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #20

For the sports camp contract(s) identified in procedure #19, we planned to obtain a schedule of sports camp participants and haphazardly select a sample of three individual camp participant cash receipts from the schedule of sports camp participants and agree each selection to the Department's general ledger and/or the Statement and recalculate totals.

Findings:

Per management, sports camp revenue was less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #21

We planned to obtain agreements related to the Department's revenues from post-season bowl participation and compare the amounts reported in the agreements to the corresponding revenue amounts in the Statement.

Findings:

Per management, bowl revenue was less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #22

We compared and agreed each expense category reported in the Statement for the year ended June 30, 2019 to supporting schedules provided by the Department. If a specific reporting category was less than 4.0% of the total expenses, no procedures were required for the specific category.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #23

We compared each major expense category over 10% of total expenses to the prior period amounts (fiscal year 2018) and budget estimates. We inquired of management to obtain explanations for variances greater than 10%.

Findings:

Per management, budgets are not prepared on a basis consistent with NCAA definitions for expense reporting categories. As such, we did not compare each major expense reporting category to budget estimates. Explanations for variances greater than 10% from the prior year are as follows:

Athletic student financial aid - Increased by approximately \$3,000,000, or 18%. Per management, the increase is primarily attributable to the Department assuming management of the Dodie Athletics Cafeteria (Cafeteria) during the current year which was previously managed by a third party. As a result, the cost of providing meals, which is included in room and board fees, to student athletes increased from the prior year. The remainder of the difference is primarily attributable to tuition and fee increases from the prior year.

Support staff/administrative salaries, benefits, and bonuses paid by the Department and related entities - Increased by approximately \$2,800,000 or 12%. Per management, the increase is mostly attributable to assuming management of the Cafeteria as described above and the associated increased cost of related support staff. The remainder of the increase is mostly related to new hires and current year raises.

Direct facilities and administrative support - Decreased by approximately \$4,200,000, or 21%. Per management, the decrease is primarily attributable to a decrease in capital projects, expenditures and special projects being undertaken by the Department. Additionally, utilities decreased by approximately \$451,000 due to decreased electrical rates.

AGREED-UPON PROCEDURE #24

We planned to haphazardly select two settlement reports for guarantees for visiting teams from a schedule provided by the Department. For each of these guarantees, we planned to compare the guarantees expense on the schedule to the amounts specified in game contracts.

Findings:

Per management, guarantees expense was less than 4% of total expenses; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #25

We planned to obtain a copy of the Department's team recruiting expense policies and compare it to related policies documented in the NCAA Division I Manual. In addition, we planned to obtain a general ledger detail of recruiting expenses for the year ended June 30, 2019 and compare it to the amount reported in the Statement and recalculate totals.

Findings:

Per management, recruiting expense was less than 4% of total expenses; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #26

We obtained a copy of the Department's team travel expense policies and compared it to related policies documented in the NCAA Division I Manual. In addition, we obtained a general ledger detail of travel expenses for the year ended June 30, 2019 and compared it to the amount reported in the Statement and recalculated totals.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #27

We obtained a schedule of athletic facilities debt service, leases and rentals recorded by the Department for the year ended June 30, 2019. From the schedule provided, we selected the two highest facility payments and haphazardly selected one additional facility payment and compared amounts reported in the schedule to supporting debt/rental agreements. In addition, we compared amounts on the schedule to the Department's general ledger and recalculated totals.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #28

We obtained from management a repayment schedule of all outstanding intercollegiate athletics debt during the year ended June 30, 2019 and recalculated annual maturities, consisting of principal and interest, provided in the schedule. We compared the total maturities and total outstanding athletic related debt to supporting documentation and the Department's general ledger.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #29

We compared the total outstanding University related debt to supporting documentation and the University's audited financial statements, if available, or the University's general ledger.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #30

We obtained a schedule of all athletics dedicated endowments maintained by the Department, the University and affiliated Organizations for the year ended June 30, 2019 and compared the total fair market value of the athletics dedicated endowments to supporting documentation, the Department's general ledger, and audited financial statements, if available.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #31

We obtained from management a schedule of all University endowments for the year ended June 30, 2019. We then compared the total fair market value of the University's endowments to supporting documentation, the University's general ledger, or audited financial statements, if available.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #32

We obtained from management a schedule of athletics related capital expenditures made by the Department, the University and affiliated organizations for the year ended June 30, 2019. From the schedule we selected a sample of three transactions and compared the amounts reported in the schedule to supporting documentation. In addition, we compared amounts on the schedule to the Department's general ledger and recalculated totals.

Findings:

We found no exceptions as a result of these procedures.

For procedures 33-48, all exceptions will be reported regardless of dollar amount.

AGREED-UPON PROCEDURE #33

We randomly selected a sample of five receipts for the year ended June 30, 2019 from a detail of cash receipts provided by the Department. For each receipt selected, we performed the following procedures:

- a. Compared the receipt to the daily cash receipts report,
- b. Compared the daily cash receipts report to the validated deposit slip, and
- c. Compared the receipt to posting in the general ledger.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #34

We planned to obtain for the year ended June 30, 2019 a detail of Department endowments and a detail of endowment expenses. From the detail of Department endowments, we planned to haphazardly select two endowments and perform the following procedures:

- a. Haphazardly select three transactions from the detail of endowment expenses and obtain the related invoice.
- b. Compare the description of goods or services reflected in the invoices obtained in procedure "a" to stipulations noted in the selected endowment's agreement.

Findings:

Per management, revenues derived from the endowment and investment income reporting category were less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #35

We planned to obtain the general ledger details for the following expense categories:

- a. Equipment, uniforms and supplies,
- b. Game expenses,
- c. Fundraising, marketing and promotion,
- d. Sports camp expenses,
- e. Spirit groups,
- f. Direct facilities and administrative support,
- g. Medical expenses and insurance,
- h. Memberships and dues,
- i. Student athlete meals (non-travel),
- j. Bowl expenses,
- k. Other operating expenses
- l. Conference realignment expenses, and
- m. Transfers to University

For each category that is greater than 4% of total expenses, we compared the general ledger detail to the total expenses reported and haphazardly selected a sample of two transactions. For each transaction selected, we compared the amount reported in the general ledger to a supporting invoice.

Findings:

Per management, equipment, uniforms and supplies, fundraising, marketing and promotion, sports camp expenses, spirit groups, medical expenses and insurance, memberships and dues, student athlete meals (non-travel), bowl expenses, and other operating expenses were each less than 4% of total expenses; therefore, no procedures were required for these specific categories. Management also stated there were no conference realignment expenses. The remaining expense categories noted above in this procedure were tested and we had no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #36

We obtained a squad/eligibility list for each sponsored sport and randomly selected a sample of 40 student athletes (10% of total student athletes who received financial aid during the year ended June 30, 2019 or a maximum of 40). For each student athlete selected, we performed the following procedures:

- a. Obtained the individual student account detail from the Banner software system (the University's student information system) and compared total aid to the University's NCAA Compliance Assistance Software (CA).
- b. Compared the student's information per Banner to the information reported in CA using the following criteria:
 - The equivalency value for each student-athlete in all sports, including head-count sports, were converted to a full-time equivalency value. The full-time equivalency value was calculated using the athletic grant amount reported on the Calculation of Revenue Distribution Equivalencies Report (CRDE) from CA as the numerator and the full grant amount which was the total cost for tuition, fees, course-related books, room and board for an academic year as the denominator. If using the CA, that equivalency value was calculated on the CRDE report labeled "Revenue Distribution Equivalent Award".
 - Grants-in-aid was calculated by using the revenue distribution equivalencies by sport and in aggregate. (Athletic grant amount divided by the full grant amount).

- Other expenses related to attendance (also known as gap money or cost of attendance) were not included in grants-in-aid revenue distribution equivalencies. Only tuition, fees, room, board and course-related books were countable for grants-in-aid revenue distribution per Bylaw 20.02.07.
- Full grant amounts were entered as a full year of tuition, not a semester or quarter.
- Student-athletes were only counted once and did not receive a revenue distribution equivalency greater than 1.00.
- Athletic grants were valid for revenue distribution purposes only in sports in which the NCAA conducts championship competitions, emerging sports for women and football were included in the calculations.
- Grants-in-aid was valid for revenue distribution purposes in NCAA sports that did not meet the minimum contests and participants' requirements of Bylaw 20.9.6.3.
- Grants awarded to student-athletes listed on the CRDE as "Exhausted Eligibility (fifth -year)" or "Medical" received credit in the grants-in-aid component.
- The athletics aid equivalency did not exceed maximum equivalency limits set by Bylaw 15.5.3.1.
- If a sport was discontinued and the grant(s) were still being honored by the University, the grant(s) were included in student-athlete aid for revenue distribution purposes.
- All equivalency calculations were rounded to two decimal places.
- If a student selected received a Pell Grant, the value of the grant was not included in the calculation of equivalencies or the total dollar amount of student athletic aid expense for the University.
- If a student selected received a Pell Grant, the student's grant was included in the total number and total value of Pell Grants reported for Revenue Distribution purposes in the NCAA Membership Financial Reporting System.
-

Findings:

We found no exceptions as a result of procedure “b”. The results of performing procedure “a” are as follows:

Student Athlete	Student Account Detail	Per NCAA Software*	Difference
Student Athlete 1	\$ 32,199	\$ 31,594	\$ 605
Student Athlete 2	54,333	52,276	2,057 ¹
Student Athlete 3	43,528	42,253	1,275 ¹
Student Athlete 4	42,107	41,842	265
Student Athlete 5	16,281	15,216	1,065 ¹
Student Athlete 6	21,025	20,760	265
Student Athlete 7	26,728	25,336	1,392 ²
Student Athlete 8	27,121	26,160	961
Student Athlete 9	51,315	51,050	265
Student Athlete 10	53,481	52,276	1,205 ¹

Findings, Continued:

Student Athlete 11	15,657	15,184	473
Student Athlete 12	26,911	26,138	773
Student Athlete 13	13,425	13,160	265
Student Athlete 14	10,625	10,360	265
Student Athlete 15	9,465	9,200	265
Student Athlete 16	55,111	52,276	2,835 ¹
Student Athlete 17	9,665	9,400	265
Student Athlete 18	5,465	5,200	265
Student Athlete 19	56,557	52,276	4,281 ¹
Student Athlete 20	1,065	800	265
Student Athlete 21	54,013	52,276	1,737 ¹
Student Athlete 22	29,201	28,086	1,115 ¹
Student Athlete 23	17,976	16,001	1,975 ¹
Student Athlete 24	35,284	34,405	879
Student Athlete 25	55,571	52,276	3,295 ¹
Student Athlete 26	53,741	52,276	1,465 ¹
Student Athlete 27	26,871	26,138	733
Student Athlete 28	44,822	43,781	1,041 ¹
Student Athlete 29	16,065	15,800	265
Student Athlete 30	39,507	39,242	265
Student Athlete 31	55,351	52,276	3,075 ¹
Student Athlete 32	28,065	27,000	1,065 ¹
Student Athlete 33	15,797	15,184	613
Student Athlete 34	31,807	31,542	265
Student Athlete 35	44,080	42,659	1,421 ³
Student Athlete 36	29,347	29,082	265
Student Athlete 37	52,801	52,276	525
Student Athlete 38	54,791	52,276	2,515 ¹
Student Athlete 39	49,726	48,117	1,609 ³
Student Athlete 40	16,450	15,797	653

*Per NCAA Bylaw 15, an institution with several official on-campus housing rates listed in its catalog may use the average of the room cost for all students living on campus or the actual cost. In addition, the NCAA requires the institution to use an \$800 figure for its books equivalency computation even though the institution may pay less than, equal to or greater than \$800 for each student-athlete's actual books cost. The amounts listed in the student's account detail are based on the official book number used by the University of South Carolina Office of Student Financial Aid and Scholarships.

Findings, Continued:

Differences greater than \$1,000 were further explained by management. Management's explanations are as follows:

¹ Per management, this student had additional course fees for the fall and/or spring semesters that were recorded on the student's account detail and not in the NCAA software. The remainder of the difference is related to the set fee for books noted above.

² Per management, this student had additional course fees for the fall and/or spring semesters that were recorded on the student's account detail and not in the NCAA software.

³ Per management, this student had additional course fees and health center fees for the fall and/or spring semesters that were recorded on the student's account detail and not in the NCAA software. The remainder of the difference is related to the set fee for books noted above.

AGREED-UPON PROCEDURE #37

We recalculated the totals on the squad/eligibility lists obtained in procedure #36 for each sport and overall.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #38

We obtained a listing of coaches employed by the Department for the year ended June 30, 2019. From this listing, we haphazardly selected one coach from each of football and men and women's basketball as well as one additional coach. For each of the selected coaches, we compared the recorded salary expense, including salary, benefits, and bonuses paid by the Department per payroll summary registers to their employment contract.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #39

We obtained a listing of coaches who received other compensation and benefits paid by a third-party during the year ended June 30, 2019. From this listing, we haphazardly selected one coach from each of football and men and women's basketball and compared the compensation and benefits paid by the third-party to amounts specified in each respective employee contract.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #40

We obtained a listing of support staff/administrative employees who were employed by the Department for the year ended June 30, 2019. From this listing, we haphazardly selected three support/administrative staff and compared their recorded salary, benefits and bonuses, if any, per payroll summary registers to their employment contract.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #41

We planned to obtain a listing of support staff/administrative salaries, benefits and bonuses paid by a third-party during the year ended June 30, 2019. From this listing, we planned to haphazardly select two support/administrative staff and compare the compensation and benefits paid by the third-party to amounts specified in each respective employee contract.

Findings:

Per management, support staff/administrative salaries, benefits and bonuses paid by a third party were less than 4% of total expenses; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #42

We planned to obtain a listing of employees who received severance payments during the year ended June 30, 2019 and compare the related termination letters or employment contracts to the amount reported in the Statement.

Findings:

Per management, severance payments were less than 4% of total expenses; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #43

We compared the number of sponsored sports reported in the NCAA Membership Financial Reporting System to the Calculation of Revenue Distribution Equivalencies Report from the NCAA Compliance Assistant Software provided by the Department.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #44

We obtained the Department's "Sports Sponsorship and Demographics Forms Report" for the year ended June 30, 2019 and compared the number of countable sports reported by the Department to the minimum requirements set forth in NCAA Bylaw 20.9.6.3.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #45

We compared the total number of Division I student-athletes who, during the 2018-2019 academic year, received a Pell Grant award (i.e. Pell Grant recipients on Full Grant-in Aid, Pell Grant recipients on Partial Grants-in-Aid and Pell Grant recipients with no Grants-in-Aid) and the total value of those Pell Grants reported in the NCAA Membership Financial Reporting System to a report generated out of the Department's financial aid records, of all student-athlete Pell Grants.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #46

We requested the Department to identify all intercollegiate athletics-related affiliated and outside organizations.

Findings:

Per management, the Gamecock Club of the University of South Carolina (the Gamecock Club) is an affiliated organization whose primary mission is to promote intercollegiate athletics at the University.

AGREED-UPON PROCEDURE #47

For those organizations identified in procedure #46, we obtained the following, if available:

- a. Audited financial statements,
- b. Any additional reports regarding internal control matters, and
- c. Corrective actions taken in response to comments concerning internal control structure, if any.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #48

We compared and agreed the revenue and expenses included in the audited financial statements (obtained in procedure #47) to the Statement.

Findings:

We found no exceptions as a result of these procedures.

This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. We were not engaged to, and we did not, perform an audit or review, the objective of which would be the expression of an opinion on the specified areas, accounts, or items and on the effectiveness of internal control over financial reporting described in paragraph one and procedures described in this report. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Audit and Compliance Committee and management of the University of South Carolina - Columbia, Department of Athletics, and is not intended to be and should not be used by anyone other than these specified parties.

Elliott Davis, LLC

Columbia, South Carolina
January 10, 2020

Department of Athletics

Statement of Revenues, Expenses and Transfers (Unaudited)

For the year ended June 30, 2019

	Football	Men's Basketball	Women's Basketball	Other Sports	Non- Program Specific	Total
Revenues						
Admissions/ticket sales	\$ 20,077,639	\$ 1,763,479	\$ 618,634	\$ 1,292,855	\$ 4,953,777	\$ 28,706,384
Direct institutional support	1,381,722	301,533	287,091	2,650,128	37,517	4,657,991
Less transfers to University	-	-	-	-	(4,657,991)	(4,657,991)
Guarantees	-	-	-	5,000	-	5,000
Contributions	11,951,711	468,319	93,592	898,236	17,761,379	31,173,237
In-kind gifts	-	-	-	-	589,793	589,793
Compensation and benefits provided by a third party	4,900,000	2,350,000	850,000	175,000	362,813	8,637,813
NCAA distributions	-	2,163,760	87,749	144,380	300,000	2,695,889
Conference distributions	8,104,001	412,661	6,300	-	1,714,553	10,237,515
Broadcast television, radio and internet rights	12,696,333	3,461,385	-	-	15,603,540	31,761,258
Program, concession, novelty sales and parking	3,057,643	171,623	176,993	359,956	1,178,885	4,945,100
Royalties, licensing, advertisements and sponsorships	9,600	-	15,000	1,500,000	9,086,043	10,610,643
Sports camp revenues	-	-	-	-	66,731	66,731
Endowment and investment income	-	-	-	-	491,460	491,460
Bowl revenues	1,668,250	-	-	-	-	1,668,250
Other operating revenues	1,557,638	900	71,812	419,761	7,056,475	9,106,586
Total revenues	65,404,537	11,093,660	2,207,171	7,445,316	54,544,975	140,695,659
Expenses						
Athletic student financial aid	6,281,005	1,056,403	971,424	10,449,251	643,766	19,401,849
Guarantees	2,929,930	395,000	44,500	82,133	-	3,451,563
Coaching salaries, benefits, and bonuses paid by the Department and related entities	5,952,266	1,738,599	2,250,869	6,179,430	-	16,121,164
Coaching salaries, benefits, and bonuses paid by a third party	4,775,000	2,350,000	850,000	175,000	-	8,150,000
Support staff/administrative salaries, benefits, and bonuses paid by the Department and related entities	3,720,224	557,467	611,066	824,065	21,488,868	27,201,690
Support staff/administrative salaries, benefits and bonuses paid by a third party	125,000	-	-	-	362,813	487,813
Severance payments	204,020	-	-	78,253	-	282,273
Recruiting	931,666	223,325	214,032	735,182	24,543	2,128,748
Team travel	1,594,436	899,942	777,306	3,627,007	-	6,898,691
Equipment, uniforms and supplies	1,699,026	138,469	144,462	1,529,378	-	3,511,335
Game expenses	3,994,931	743,005	740,495	2,160,162	-	7,638,593
Fundraising, marketing and promotion	82,074	20,019	48,529	39,399	1,976,967	2,166,988
Sports camp expenses	-	-	-	-	139,564	139,564
Direct facilities and administrative support	456,570	291,239	56,090	1,555,582	13,359,016	15,718,497
Athletic facilities, debt service, leases and rentals	1,120,431	22,289	20,654	115,840	12,760,959	14,040,173
Spirit groups	-	-	-	-	398,568	398,568
Medical expenses and insurance	-	-	-	9,173	1,660,983	1,670,156
Memberships and dues	4,840	535	850	20,082	140,493	166,800
Student athlete meals (non-travel)	908,117	80,330	33,160	164,010	-	1,185,617
Bowl expenses	1,051,025	-	-	-	-	1,051,025
Bowl expenses - coaches compensation/bonus	310,270	-	-	-	-	310,270
Other operating expenses	465,948	45,342	69,949	355,238	3,821,878	4,758,355
Total expenses	36,606,779	8,561,964	6,833,386	28,099,185	56,778,418	136,879,732
Transfers to University	50,000	-	-	-	3,616,601	3,666,601
Excess (deficiencies) of revenues over (under) expenses and transfers	\$ 28,747,758	\$ 2,531,696	\$ (4,626,215)	\$ (20,653,869)	\$ (5,850,044)	\$ 149,326

Department of Athletics

Notes to Statement of Revenues, Expenses and Transfers (Unaudited)

Note 1. Summary of Significant Accounting Policies

The University of South Carolina - Columbia, Department of Athletics (the Department) is an auxiliary enterprise of the University of South Carolina - Columbia (the University) and as such is responsible for the Intercollegiate Athletic Program of the University. The Department's transactions are reported in the University's unrestricted current funds in the auxiliary enterprises subgroup.

Basis of Presentation - The accompanying Statement of Revenues, Expenses and Transfers (the Statement) presents the recorded amounts of revenues, expenses and transfers of the University of South Carolina - Columbia's Department of Athletics. It is not intended to be a complete presentation of the revenues, expenses and transfers of the University of South Carolina or the University of South Carolina - Columbia campus. The Statement has been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses when supplies or services are received.

Indirect costs, including general administrative costs, maintenance, and other related costs, are not allocated because the Department pays explicitly for Department services.

Contributions - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts that are restricted by the donor are reported as deferred revenue until such time as the restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished).

Student Activity/Ticket Fees - For the year ended June 30, 2019, the University provided revenue (funding) to the Department for estimated athletic event tickets provided to students. This revenue is calculated by the estimated undergraduate student head count and a guaranteed associated relief payment. The Department recognized student activity/ticket fees of approximately \$4,954,000 in Admission/Ticket Sales for the year ended June 30, 2019.

Athletic Student Aid - The Statement includes athletic financial assistance awards for students participating in athletic programs. Financial assistance awarded to athletic participants on the basis of other criteria, such as need or academic excellence, is not reflected in the Statement.

Note 2. NCAA Legislation

In June 1985, the National Collegiate Athletics Association (NCAA) adopted legislation that required all expenses for, or on behalf of, an institution's intercollegiate athletics program, including those by outside organizations, to be included in the Statement of Revenues, Expenses and Transfers.

In January 1987, the NCAA constitution was amended to exempt from the audit requirement those with operating budgets for intercollegiate athletics of less than \$300,000.

In January 1988, the constitution was again amended. This amendment removed the audit requirement from the NCAA constitution and incorporated its provision into three separate bylaws, which contain revisions specific to each membership division. In August 2004, the NCAA replaced the financial audit guidelines with a set of agreed-upon procedures.

Department of Athletics**Notes to Statement of Revenues, Expenses and Transfers (Unaudited)**

Note 2. NCAA Legislation, Continued

As a Division I member of the NCAA, the Department is required to have agreed-upon procedures performed on the Statement each year. NCAA bylaws require all expenses for, or on behalf of, the University's Intercollegiate Athletics Program, including those by outside organizations, to be included on the Statement.

Note 3. Outside Organizations

The Gamecock Club of the University of South Carolina (the Gamecock Club) is a 501(C)(3) organization with its own charter and Board which has as its primary mission to promote intercollegiate athletics at the University through scholarship fundraising, general fundraising and awareness of the University's athletic program. During the year ended June 30, 2019, the Gamecock Club recognized approximately \$13,150,000 and \$709,000 of contributions and other revenues, respectively. The Gamecock Club gifted approximately \$12,350,000 to the Department to fund scholarships for student athletes, which is included in Contributions Revenues on the Statement, and expended approximately \$1,379,000 to support Gamecock Club operations during the current year.

Note 4. Admissions/Ticket Sales

The Department collected Fall 2019 football ticket sales on or before June 30, 2019 of approximately \$10,738,000. Recognition of these sales has been deferred until the year ended June 30, 2020. The Statement for the year ended June 30, 2019 reflects approximately \$10,085,000 in Fall 2018 football ticket sales which were collected on or before June 30, 2018.

Note 5. Revenue Concentration

The Department received significant revenue from the Southeastern Conference, the Gamecock Club, and the University of South Carolina Educational Foundation (the Foundation). These three revenue sources and amounts are included in the Statement. The Southeastern Conference provided revenue in distributions totaling approximately \$44,145,000. The Gamecock Club provided approximately \$12,350,000. The Foundation provided approximately \$4,776,000.

Note 6. Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The Department 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.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 55 years for buildings and improvements and land improvements; 2 to 25 years for machinery, equipment, and vehicles; and 3 to 10 years for intangibles. A full month of depreciation is taken the month the asset is placed in service and no depreciation is taken in the month of disposition.

The University capitalized approximately \$24,873,000 of expenditures related to Department facilities and equipment during the year ended June 30, 2019.

Department of Athletics

Notes to Statement of Revenues, Expenses and Transfers (Unaudited)

Note 7. Long-Term Debt

Athletic facilities revenue bonds are maintained by the University but are payable from a pledge of net revenues of the Department, gross receipts of a special admission fee to facilities and a special student fee as authorized by the University’s Board of Trustees. The scheduled maturities of the Department’s bonds payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 4,810,000	\$ 7,952,556	\$ 12,762,556
2021	4,845,000	7,715,406	12,560,406
2022	5,080,000	7,485,806	12,565,806
2023	5,315,000	7,244,806	12,559,806
2024-2028	31,340,000	32,121,031	63,461,031
2029-2033	38,055,000	24,195,556	62,250,556
2034-2038	41,360,000	15,383,588	56,743,588
2039-2043	29,175,000	6,203,250	35,378,250
2044-2047	<u>13,620,000</u>	<u>1,210,200</u>	<u>14,830,200</u>
	<u>\$ 173,600,000</u>	<u>\$ 109,512,200</u>	<u>\$ 283,112,200</u>

The University did not issue any long-term debt, on behalf of the Department, during the year ended June 30, 2019.

Note 8. Restricted Gifts

There were no significant additions to Department endowment funds held by the Gamecock Club or University during the year ended June 30, 2019.