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Independent accountant's report on applying agreed-upon procedures for the year ended June 30, 2016

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**College of Charleston
Intercollegiate Athletics Program**

NCAA Report

*Independent Accountant's
Report on Application of Agreed-Upon Procedures*

For the year ended June 30, 2016

College of Charleston Intercollegiate Athletics Program

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**Independent Accountant's Report on
Application of Agreed-Upon Procedures**

Members of the Board of Trustees
College of Charleston
Charleston, South Carolina

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and management of the College of Charleston (the "College"), solely to assist management in its evaluation of compliance with the National Collegiate Athletic Association ("NCAA") Bylaw 3.2.4.15 for the fiscal year ended June 30, 2016. The College's management is responsible for the accompanying Statement of Revenues and Expenses (the "Statement") of the College's Intercollegiate Athletics Program and for the College's compliance with the NCAA's requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties listed in this 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 we performed and the associated findings are as follows:

1. We compared and agreed each operating revenue category reported in the Statement for the year ended June 30, 2016 to supporting schedules provided by the College. If a specific reporting category was less than 0.5% of the total revenues, no procedures were required for that specific category.

We found no exceptions as a result of these procedures.

2. We selected a sample of five operating revenue receipts obtained from the above operating revenue supporting schedules. We compared and agreed each selection to supporting documentation such as invoices.

We found no exceptions as a result of these procedures.

3. We compared each major revenue account over 10% of the total revenues to prior period amounts and budget estimates. We inquired of management and obtained and documented an explanation for any variations over the lesser of \$1,000,000 or 10%.

Management has informed us of the following revenue accounts with variations that exceeded the threshold:

- Donations and Memberships

- We compared tickets sold during the reporting period, complimentary tickets provided for the year ended June 30, 2016, and unsold tickets to the related revenue reported by the College in the Statement and the related attendance figures and recalculated totals.

We noted variances between the ticket sales reported in the Statement versus the ticket sales reported in the supporting sales reports as listed below.

	Ticket sales per Sales Reports	Ticket sales per Statement	Variance
Men's Basketball	\$ 520,990	\$ 521,718	\$ (728)
Men's Other Sports	43,721	42,827	894
Women's Basketball	3,784	3,715	69
Women's Other Sports	13,084	13,335	(251)

- We compared and agreed student fees reported by the College in the Statement for the year ended June 30, 2016 to student enrollments during the same reporting period and recalculated totals.

We noted a variance of \$29,222 (0.22% of reported student fees) between the student fees we recalculated using estimated student enrollment information compared to the student fees reported in the Statement.

- We inquired of management the College's methodology for allocating student fees to intercollegiate athletics programs.

Per management, the Intercollegiate Athletics Program does not receive a direct student fee. However, the College directs a set monetary amount of each student's tuition per semester (\$623) towards the Intercollegiate Athletics Program.

- We obtained cost allocation detail and other corroborative supporting documentation from the College detailing indirect institutional support recorded by the institution for the year ended June 30, 2016 and recalculated totals. We compared the total indirect institutional support in the supporting documentation provided by the College to the corresponding amount in the Statement.

We found no exceptions as a result of these procedures.

- We were instructed to select a sample of three settlement reports for away games for the year ended June 30, 2016. We compared ticket sales proceeds from the settlement reports selected to the College's general ledger.

Management informed us there was only one away game for which they received a settlement report. We found no exceptions as a result of these procedures.

- We obtained a detail schedule of the revenues derived from guaranteed contests for the year ended June 30, 2016. If the revenue derived from guaranteed contracts was greater than 0.5% of total revenues, we were instructed to select one contractual agreement and compare and agree the guaranteed contests revenues to the Statement.

The revenue derived from guaranteed contests reporting category was less than 0.5% of total revenues; therefore, no procedures were required for that specific category.

10. We obtained a listing of any contributions of moneys, goods or services received directly by the Intercollegiate Athletics Program from any affiliated or outside organization, agency or group of individuals (two or more) and selected each contribution that constituted 10% or more of all contributions received for intercollegiate athletics for the year ended June 30, 2016. For each selection, we compared the contribution to supporting documentation such as deposit slips, bank statements, or audited financials from affiliated entities.

Management informed us that all contributions to the Intercollegiate Athletics Program were from the College of Charleston Cougar Club (“Cougar Club”), an affiliated entity. We agreed total contributions revenue recorded in the Statement to the amount recorded as support to the College of Charleston per the audited financial statements for the Cougar Club. We noted no exceptions as a result of these procedures. See also Notes 4 and 5 in attachment A.

11. We compared the in-kind revenues recorded by the College during the year ended June 30, 2016 with a schedule of in-kind donations and recalculated totals.

Management informed us that there were no in-kind revenues recorded by the College during the year.

12. We obtained the summary of revenues from affiliated and outside organizations (the “Summary”) for the year ended June 30, 2016 from the College and selected a sample of three funds from the Summary. For each selection, we compared and agreed to supporting documentation, the College’s general ledger, and/or the Summary and recalculated totals.

We found no exceptions as a result of these procedures.

13. We compared the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and other corroborative supporting documents and recalculated totals.

We found no exceptions as a result of these procedures.

14. We obtained agreements related to the College’s conference distributions and participation in revenues from tournaments for the year ended June 30, 2016.

We found no exceptions as a result of these procedures.

15. We compared and agreed the related conference distribution revenues to the College’s general ledger and/or the Statement and recalculated totals.

We found no exceptions as a result of these procedures.

16. We obtained a detail of royalties revenue and agreements related to the College’s participation in revenues from royalties for the year ended June 30, 2016. We compared and agreed the related royalties revenues to the College’s general ledger and/or the Statement and recalculated totals.

We found no exceptions as a result of these procedures.

17. We obtained a general ledger detail of other revenue for the year ended June 30, 2016 and compared the total amount per the detail to the corresponding amount in the Statement and to any other corroborative supporting documents and recalculated totals.

We found no exceptions as a result of these procedures.

18. We compared and agreed each expense category reported in the Statement for the year ended June 30, 2016 to supporting schedules provided by the College. If a specific reporting category was less than 0.5% of the total expenses, no procedures are required for that specific category.

We found no exceptions as a result of these procedures.

19. We selected a sample of five operating expenses obtained from the above operating expense supporting schedules. We compared and agreed each selection to supporting documentation such as invoices and receipts for purchases made by procurement cards.

We found no exceptions as a result of these procedures.

20. We compared each major expense over 10% of the total expenses to prior period amounts and budget estimates. We inquired of management and obtained an explanation for any variations over the lesser of \$1,000,000 or 10%.

Management has informed us of the following revenue accounts with variations that exceeded the threshold:

- Contractual Services

21. We selected 10% of the total student-athletes for institutions who have used NCAA's Compliance Assistant (CA) software to prepare athletic aid detail from the listing of College student aid recipients during the year ended June 30, 2016.

We found no exceptions as a result of these procedures.

22. We obtained individual student account detail for each student selected in procedure #21 and compared total aid allocated from the related aid award letter to the student's account.

We found no exceptions as a result of these procedures.

23. For each student selected in procedure #21, we compared the student's information to their information reported in the NCAA's CA software 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 squad list as the numerator and the full grant amount which was the total cost for tuition, fees, books, room and board for an academic year as the denominator. If using the NCAA CA software, that equivalency value was calculated for you on the squad list labeled "Rev. Dist. Equivalent Award".
- A student-athlete could only be included in one sport. Note: NCAA CA software placed an asterisk by the student athlete within the sport that was not countable towards grants-in-aid revenue distribution per sport hierarchy listed in the Division I manual.

- All equivalency calculations were rounded to two decimal places. Note: The NCAA CA software and the on-line summary form was automatically rounded to two decimal places.
- The full grant amount should always be the full cost of tuition for an academic year, not semester. The “Period of Award” column on the NCAA CA squad list identified those student-athletes receiving aid for a particular semester.
- If a sport was discontinued and the grant(s) were still being honored by the College, the grant(s) were included in student-athlete aid for revenue distribution purposes.
- Student-athletes receiving athletic aid who had exhausted their athletic eligibility or are inactive due to medical reasons were included in the student-athlete aid total and correctly noted on the squad list.
- Only athletic aid awarded in sports in which the NCAA conducts championship competitions, emerging sports for women, and football was included in the calculations.

We found no exceptions as a result of these procedures.

24. We recalculated totals for each sport and overall included in #23.

We found no exceptions as a result of these procedures.

25. We obtained visiting College’s away-game settlement reports received by the College during the year ended June 30, 2016. We were instructed to select three away games and agree related expenses to the College’s general ledger and/or the Statement and recalculate totals.

Management informed us there was only one away game from which they received a settlement report. We found no exceptions as a result of these procedures.

26. We obtained two contractual agreements pertaining to expenses recorded by the College from guaranteed contests during the year ended June 30, 2016. We compared and agreed related amounts expensed by the College during the year to the College’s general ledger and/or the Statement and recalculated totals.

We found no exceptions as a result of these procedures.

27. We obtained a listing of coaches employed by the College and related entities for the year ended June 30, 2016. We selected a sample of three coaches’ contracts that included men’s and women’s basketball from the listing.

We found no exceptions as a result of these procedures.

28. We compared and agreed the financial terms and conditions of each coach selected in procedure #27 to the related coaching salaries, benefits, and bonuses recorded by the College and related entities in the Statement for the year ended June 30, 2016.

We found no exceptions as a result of these procedures.

29. We obtained payroll summary registers for the reporting year for each coach selected in procedure #27. We compared and agreed payroll summary registers from the year ended June 30, 2016 to the related coaching salaries, benefits and bonuses paid by the College and related entities expenses recorded by the College in the Statement for the year ended June 30, 2016.

We found no exceptions as a result of these procedures.

30. We compared and agreed the totals recorded to any employment contracts executed for the sample of three coaches selected in procedure #27 and recalculated totals.

We found no exceptions as a result of these procedures.

31. We selected a sample of three support staff/administrative personnel employed by the College and related entities for the year ended June 30, 2016.

We found no exceptions as a result of these procedures.

32. We obtained the summary payroll register for the year ended June 30, 2016 for each support staff/administrative personnel selected in procedure #31. We compared and agreed the related summary payroll register to the related support staff administrative salaries, benefits and bonuses paid by the College and related entities expenses recorded by the College in the Statement during the year ended June 30, 2016 and recalculated totals.

We found no exceptions as a result of these procedures.

33. We obtained the College's recruiting expense policies from management.

Management informed us that coaches and staff are to refer directly to the NCAA handbook for recruiting expense policies.

34. We compared and agreed the College's recruiting expense policies to existing institutional- and NCAA-related recruiting policies.

We found no exceptions as a result of these procedures.

35. We obtained general ledger detail for recruiting expenses and compared to the total expenses reported in the Statement and recalculated totals.

We found no exceptions as a result of these procedures.

36. We obtained and documented an understanding of the College's team travel policies.

We found no exceptions as a result of these procedures.

37. We compared and agreed the College's team travel policies to existing institutional- and NCAA-related team travel policies.

We found no exceptions as a result of these procedures.

38. We obtained general ledger detail for team travel expenses and compared to the total expenses reported in the Statement and recalculated totals.

We found no exceptions as a result of these procedures.

39. We obtained general ledger detailing total equipment, uniforms and supplies expenses and compared to the total expenses reported. We selected a sample of three transactions and obtained support of existence of transaction and accuracy of recording and recalculated totals.

We found no exceptions as a result of these procedures.

40. We obtained general ledger detailing total game expenses and compared to the total expenses reported. We selected a sample of three transactions and obtained support of existence of transaction and accuracy of recording and recalculated totals.

We found no exceptions as a result of these procedures.

41. We obtained general ledger detailing total fund raising, marketing and promotion expenses and compared to the total expenses reported. We selected a sample of three transactions to obtain support of existence of transaction and accuracy of recording and recalculated totals.

We found no exceptions as a result of these procedures.

42. We obtained general ledger detailing spirit groups expenses and compared to the total expenses reported in the Statement. We selected a sample of three transactions to obtain support of existence of transaction and accuracy of recording and recalculated totals.

We found no exceptions as a result of these procedures.

43. We obtained a listing of debt service schedules, lease payments and rental fees for athletics facilities from the College and compared the total in the report provided by the College to the corresponding amount in the Statement. We compared a sample of three facility payments to additional supporting documentation, compared to the general ledger and recalculated totals.

We found no exceptions as a result of these procedures.

44. We obtained general ledger detailing total direct overhead and administrative expenses and compared to the total expenses reported. We selected a sample of three transactions to obtain support of existence of transaction and accuracy of recording and recalculated totals.

We found no exceptions as a result of these procedures.

45. We compared the indirect institutional support recorded by the College during the year ended June 30, 2016 with expense payments, cost allocation detail and other corroborative supporting documentation and recalculated totals.

We found no exceptions as a result of these procedures.

46. We obtained general ledger detailing total memberships and dues expenses and compared to the total expenses reported. We selected a sample of three transactions to obtain support of existence of transaction and accuracy of recording and recalculated totals.

We found no exceptions as a result of these procedures.

47. We obtained general ledger detailing other operating expenses and transfers to the College and compared to the total expenses reported. We selected a sample of three transactions to obtain support of existence of transaction and accuracy of recording and recalculated totals.

We found no exceptions as a result of these procedures.

48. We compared and agreed the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the College. The NCAA Membership Financial Reporting System populates the sports from the NCAA Membership Database as they are reported by the College. If there was a discrepancy in the sports sponsored between the NCAA membership Financial Reporting System and the squad lists, we inquired about the discrepancy and reported the justification in the Agreed-Upon Procedures report.

We found no exceptions as a result of these procedures.

49. We obtained the College's Sports Sponsorship and Demographics Forms Report for the reporting year. We obtained the countable sports reported by the College and compared amounts reported to the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and the number of participants in each contest that was counted toward meeting the minimum contest requirement. We inquired of management that sports countable for revenue distribution purposes were reported within the NCAA Membership Financial Reporting System.

We found no exceptions as a result of these procedures.

We were not engaged to and did not conduct an audit, 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 from page 1 through 8 of 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 Board of Trustees and management of the College of Charleston and is not intended to be and should not be used by anyone other than these specified parties.

Charleston, South Carolina
November 11, 2016



College of Charleston
Intercollegiate Athletics Program

Statement of Revenues and Expenses

For the year ended June 30, 2016 (unaudited and prepared by management)

Categories	Men's		Women's		Coed	Non-program Specific	Total
	Basketball	Other Sports	Basketball	Other Sports			
Revenues:							
Student Activity Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,115,643	\$ 13,115,643
Commissions	-	-	-	-	-	74,554	74,554
Ticket Sales	521,718	42,827	3,715	13,335	-	-	581,595
Donations and Memberships	135,358	222,185	42,727	221,930	177,869	934,328	1,734,397
NCAA Distribution	-	3,061	-	-	-	369,045	372,106
CAA Distribution	-	-	-	-	-	143,440	143,440
Rental Income	-	-	-	-	-	28,675	28,675
Royalties	-	-	-	-	-	100,066	100,066
Guarantees	-	-	7,800	1,350	-	-	9,150
Other	2,521	28,543	49	416,327	-	23,382	470,822
Total Revenues	<u>659,597</u>	<u>296,616</u>	<u>54,291</u>	<u>652,942</u>	<u>177,869</u>	<u>14,789,133</u>	<u>16,630,448</u>
Expenses:							
Personnel Services	645,467	666,519	369,579	741,958	36,946	1,016,043	3,476,512
Fringe Benefits	187,880	243,924	106,231	252,288	17,407	289,338	1,097,068
Contractual Services	514,021	425,230	225,934	883,357	152,040	1,681,744	3,882,326
Supplies	93,075	141,774	66,938	226,123	2,592	319,567	850,069
Scholarships	550,773	1,275,060	669,264	2,274,799	-	-	4,769,896
Fixed Charges	78,243	123,270	2,400	106,658	1,930	336,170	648,671
Travel	69,060	62,058	50,524	71,693	-	27,688	281,023
Other	135,358	222,185	42,727	221,930	177,869	381,328	1,181,397
Total Expenses	<u>2,273,877</u>	<u>3,160,020</u>	<u>1,533,597</u>	<u>4,778,806</u>	<u>388,784</u>	<u>4,051,878</u>	<u>16,186,962</u>
Excess (Deficiency) of							
Revenues over Expenses	<u>\$ (1,614,280)</u>	<u>\$ (2,863,404)</u>	<u>\$ (1,479,306)</u>	<u>\$ (4,125,864)</u>	<u>\$ (210,915)</u>	<u>\$ 10,737,255</u>	<u>\$ 443,486</u>

College of Charleston

Intercollegiate Athletics Program

Notes to the Statement of Revenues and Expenses (unaudited and prepared by management)

For the year ended June 30, 2016

Note 1. Summary of Significant Accounting Policies

The Department of Athletics is an auxiliary enterprise of the College of Charleston (the "College") and as such is responsible for the Intercollegiate Athletics Program of the College of Charleston. The Department of Athletics' transactions are reported in the College's unrestricted current funds in the auxiliary enterprises subgroup. The College's NCAA Division I membership became effective September 1, 1991.

Basis of presentation:

The accompanying Statement of Revenues and Expenses (the "Statement") presents the recorded amounts of revenues and expenses of the College of Charleston's Intercollegiate Athletics Program. It is not intended to be a complete presentation of the revenues and expenses of the College of Charleston or the College of Charleston's Intercollegiate Athletics Program. The Statement has been prepared using the accrual basis of accounting. However, no provision has been made for depreciation of capital assets. Revenue is recognized when earned and expenses when supplies or services are received. Indirect costs, including general administrative costs, maintenance and other related costs, are allocated to the Department of Athletics as a percentage of Athletics' salaries to total College salaries. These costs of \$587,141 were recorded as, and are a part of, contractual services non-program specific in Attachment A.

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).

Athletic student aid:

Attachment A 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.

Student activity fees:

For the year ended June 30, 2016, the Board of Trustees of the College of Charleston approved a student fee of \$623 per full time student per semester to support intercollegiate athletics. The fee is prorated for part-time students.

Fund accounting:

In order to ensure observance of limitations and restrictions placed on the use of resources available to the College's Department of Athletics, the accounts are maintained in accordance with fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. Separate accounts are maintained for each auxiliary enterprise.

College of Charleston

Intercollegiate Athletics Program

Notes to the Statement of Revenues and Expenses (unaudited and prepared by management)
For the year ended June 30, 2016

Note 2. NCAA Legislation

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

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 and effective January 14, 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.

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

Note 3. Capital Expenses

The College of Charleston expended approximately \$5,880 for capital items, related to facilities or equipment used by the Intercollegiate Athletics Program, which were funded and paid for by the College of Charleston. These capital expenses are not included as part of the Statement of Revenues and Expenses.

Note 4. Outside Organizations

The Cougar Club is a 501(c)(3) organization with its own charter and Board of Directors. The primary mission of the Cougar Club is to promote intercollegiate athletics at the College of Charleston.

Note 5. Donations and Memberships

For the year ended June 30, 2016, donations and memberships from individual donors to the Intercollegiate Athletics Program in excess of 10% of all donations and memberships to the department were as follows:

<u>Donor</u>	<u>Amount</u>
College of Charleston Cougar Club	\$ 1,734,397