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Statement of Revenues and Expenditures

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**THE COLLEGE OF CHARLESTON
DEPARTMENT OF ATHLETICS**

Statement of Revenues and Expenditures

(with Independent Accountants' Report on Applying
Agreed-Upon Procedures thereon)

For the Year Ended June 30, 2006

State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
COLUMBIA, S.C. 29201

RICHARD H. GILBERT, JR., CPA
DEPUTY STATE AUDITOR

(803) 253-4160
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December 15, 2006

The Honorable Mark Sanford, Governor
and
Members of the Board of Trustees
College of Charleston
Charleston, South Carolina

This report on the audit of the statement of revenues and expenditures and other information of the Department of Athletics of the College of Charleston for the fiscal year ended June 30, 2006, was issued by Cherry, Bekaert & Holland, L.L.P., Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard H. Gilbert, Jr.", written in a cursive style.

Richard H. Gilbert, Jr., CPA
Deputy State Auditor

RHGjr/cwc

**THE COLLEGE OF CHARLESTON
DEPARTMENT OF ATHLETICS**

For the Year Ended June 30, 2006

Table of Contents

Independent Accountants' Report on Applying Agreed-Upon Procedures	1-5
Statement of Revenues and Expenditures	6
Notes to Statement of Revenues and Expenditures	7-9



Independent Accountants' Report on Applying Agreed-Upon Procedures

Mr. Richard H. Gilbert Jr., CPA
Deputy State Auditor
State of South Carolina
1401 Main Street, Suite 1200
Columbia, South Carolina

The College of Charleston
66 George Street
Charleston, South Carolina

We have performed the procedures enumerated below, which were agreed to by the South Carolina Office of the State Auditor and the management of The College of Charleston (The College) solely to assist you in evaluating whether the Statement of Revenues and Expenditures of the Intercollegiate Athletic Program of The College of Charleston is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1 for the year ended June 30, 2006 and to assist you in your evaluation of the effectiveness of The College's internal control over financial reporting as of June 30, 2006. Management of The College is responsible for compliance with NCAA Bylaw 6.2.3.1 and for maintaining effective internal control over financial reporting. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specific users of 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.

Procedures Related to the Statement of Revenues and Expenditures

1. We obtained the Statement of Revenues and Expenditures for the year ended June 30, 2006, as prepared by management and shown in Attachment A herein. We recalculated the mathematical accuracy of the amounts on the schedule and compared the amounts to The College's general ledger.

We found such amounts to be in agreement.

2. We scanned The College's general ledger for individual contributions that constituted more than ten percent of the contributions restricted for scholarship revenue included in Attachment A.

We found one individual contribution that constituted more than ten percent of the contribution revenue included in Attachment A. The contribution was from The College of Charleston Cougar Club.

3. For Contributions Restricted for Scholarships, we compared the amount per the general ledger to the corresponding amount in Attachment A.

We found Attachment A and the general ledger were in agreement.

4. For student activity fee revenue, we compared the amount per the general ledger to the corresponding amount in Attachment A.

We found Attachment A and the general ledger were in agreement.

5. For guarantee revenue, we obtained a detail of the revenue reported and compared the amount per the detail to the corresponding amount in Attachment A. We agreed the individual contractual obligations to a copy of the signed contract.

We found Attachment A and the detail to be in agreement; we also found such amounts to be in agreement with the supporting contracts.

6. For NCAA and Southern Conference (SOCON) distribution revenue, we obtained a detail of the revenue reported and compared the amount per the detail to the corresponding amount in Attachment A. We agreed the individual conference distributions to the remittance advices accompanying the distributions.

We found Attachment A and the detail to be in agreement, and we found such amounts to be in agreement with the accompanying remittance advices.

7. We compared the amount of grants and support to the College of Charleston reported by The College of Charleston Cougar Club in their financial statements for the year ended June 30, 2006 with the amount reported by The College of Charleston in Note 4 to the Statement of Revenues and Expenditures – Department of Athletics for the year ended June 30, 2006.

We found the amount reported by The College of Charleston Cougar Club and The Statement of Revenues and Expenditures – Department of Athletics to be in agreement.

8. For personal services expense and fringe benefits expense we obtained a detail listing and compared the amounts per the detail to the corresponding amounts reported in the Statement of Revenues and Expenditures in Attachment A and in the general ledger.

We found Attachment A and the general ledger to be in agreement with the detail.

Procedures Related to Internal Control Over Financial Reporting

9. Twenty cash receipts for the year ended June 30, 2006 were haphazardly selected from The College’s general ledger. Each cash receipt was compared to validated deposit slips. The cash receipts selected were as follows:

<u>Receipt Number</u>	<u>Date</u>	<u>Amount</u>
1. CR28356	January 26, 2006	\$ 4,261.67
2. CR27901	January 3, 2006	1,298.00
3. CR25936	September 5, 2005	740.00
4. CR29225	March 7, 2006	5,260.00
5. CR28712	February 13, 2006	599.00
6. CR30718	May 22, 2006	3,193.00
7. CR27914	January 4, 2006	283.24
8. CR28136	January 17, 2006	8,000.00
9. CR28712	February 13, 2006	610.00
10. CR28173	January 18, 2006	12,112.50
11. CR27056	November 4, 2005	750.00
12. CR30093	April 20, 2006	1,500.00
13. CR29410	March 16, 2006	93.00
14. CR28741	February 14, 2006	250.00
15. CR29956	April 12, 2006	2,200.98
16. CR27914	January 4, 2006	103,348.00
17. CR27436	November 29, 2005	10,123.45
18. CR26664	October 13, 2005	8,580.00
19. CR26689	October 14, 2005	95.00
20. CR29412	March 16, 2006	32,950.00

We found such amounts from the transactions recorded in the general ledger to be in agreement with the validated deposit slips.

10. We haphazardly selected ten employees paid from the Intercollegiate Athletic Program for the year ended June 30, 2006. For each of these employees we compared the disbursed amount to the authorized amount per pay period. To determine the authorized amount per pay period we divided the approved annual salary as listed on either the signed employee contract or most recent salary adjustment form by the number of pay periods in a year. The employees selected were as follows:

Mark David Byington	Angelo A. Anastopulo
James Edwin Futrell	Sherry L. Dunbar
Laura L. Lageman	Mark S. McEntire
Ralph D. Polson, Jr.	Amy L. Schuckert
Philip H. Whitesell	Bruce A. Zimmerman

We found the disbursed amounts to be in agreement with the authorized amounts.

11. We haphazardly selected twenty-five cash disbursements for the Intercollegiate Athletic Program for the year ended June 30, 2006. For each of these twenty-five disbursements, we compared the disbursed amount and payee information to supporting documentation (i.e. receipts, invoices and acknowledgement of receipt). The items selected were as follows:

<u>Description</u>	<u>Check Number</u>	<u>Disbursement Amount</u>
1. Seabonay Beach Resort	582495	\$ 1,757.90
2. S&S Charter, LLC	583419	475.00
3. Jr. Varsity Swim Shop	582557	4,001.20
4. Timothy Santoro	579820	4,412.80
5. AAA Travel Agency	580029	6,333.58
6. Emory Equestrian	582430	360.00
7. Bob Story	582250	2,720.00
8. Lancaster Tours	692704	933.80
9. Enterprise Rent-A-Car	579375	820.64
10. Federal Express	597381	14.43
11. Sea Island Stages	584254	325.00
12. Sleep Inn Mt. Pleasant	589609	66.85
13. Shelly Hoerner	590226	7,647.20
14. Kim Fritts	585574	561.30
15. Anaconda Sports	586827	97.81
16. The NCAA News	576912	135.00
17. WG Sports Photos	580245	9,450.00
18. Xerox Corporation	591854	672.41
19. Above the Rim, Inc.	581044	125.00
20. Professional Printer	589305	3,573.00
21. Temple Elmore	575311	1,145.79
22. University of Miami	590318	500.00
23. J.O Wise	584261	255.00
24. Kickin' Chicken	593353	212.82
25. Universal Tennis Academy	584972	969.04

We found the disbursement amounts to be in agreement with the supporting documentation.

12. We compared the amounts reported on the Statement of Revenues and Expenditures in Attachment A for the year ended June 30, 2006 with the amounts reported on the Statement of Revenues and Expenditures for the year ended June 30, 2005 and with the budgeted amounts for the year ended June 30, 2006.
13. We requested from management a list of outside organizations not under the accounting control of The College of Charleston that have as one of their primary purposes the generation of resources for, or on behalf of, The College of Charleston's Intercollegiate Athletic Program for the promotion of this program.

We also requested from management financial statements of identified outside organizations for the year ended June 30, 2006.

Management informed us The College of Charleston Cougar Club was the only outside organization not under the accounting control of The College of Charleston that had as one of its primary purposes the generation of resources for, or on behalf of, The College of Charleston's Intercollegiate Athletic Program. Management furnished us copies of audited financial statements of The College of Charleston Cougar Club for the year ended June 30, 2006.

14. We confirmed directly with the responsible officials of The College of Charleston Cougar Club the amount of contribution revenue and ticket sale revenue remitted to The College of Charleston for the year ended June 30, 2006. We compared the amount of contribution revenue and ticket sale revenue confirmed by The College of Charleston Cougar Club with the amount recorded on The College of Charleston's general ledger for the year ended June 30, 2006.

We found the amounts per the confirmation and the general ledger were in agreement.

15. We obtained from management the method for allocating indirect costs to the athletic department. We read Note 1 to the Statement of Revenues and Expenditures to determine if the method disclosed in Note 1 was consistent with the method described to us.

We found the method reported in Note 1 consistent with the explanation provided to us.

We were not engaged to and did not perform an audit, the objective of which would be the expression of an opinion on the Statement of Revenues and Expenditures of the Intercollegiate Athletic Program of The College of Charleston or on compliance with NCAA Bylaw 6.2.3.1 or on the effectiveness of The College of Charleston Intercollegiate Athletic Department's internal control over financial reporting for the year ended June 30, 2006. 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 State Auditor 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.

Cherry, Bekant & Holland, L.L.P.

November 27, 2006
Beaufort, South Carolina

**COLLEGE OF CHARLESTON
DEPARTMENT OF ATHLETICS
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006**

<u>Categories</u>	<u>Men's</u>		<u>Women's</u>		<u>Coed</u>	<u>Non-program Specific</u>	<u>Total</u>
	<u>Basketball</u>	<u>Other Sports</u>	<u>Basketball</u>	<u>Other Sports</u>			
Revenues:							
Student Activity Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,823,608	\$ 5,823,608
Commissions	-	-	-	-	-	11,919	11,919
Ticket Sales	213,066	21,167	1,494	2,276	-	-	238,003
NCAA Distribution	-	35,272	-	12,113	-	147,103	194,488
NIT/SOCON Distribution	-	5,807	-	-	-	833	6,640
Contributions Restricted for Scholarships	-	-	-	-	-	369,080	369,080
Rental Income	-	70	-	-	-	7,058	7,128
Royalties	-	-	-	-	-	40,002	40,002
Guarantees	50,000	-	8,000	2,510	-	-	60,510
Other	-	67,806	13,965	125,421	1,500	35,296	243,988
Total Revenues	\$ 263,066	\$ 130,122	\$ 23,459	\$ 142,320	\$ 1,500	\$ 6,434,899	\$ 6,995,366
Expenditures:							
Personal Services	\$ 1,095,120	\$ 492,100	\$ 197,441	\$ 462,122	\$ 32,000	\$ 445,141	\$ 2,723,924
Fringe Benefits	190,158	132,238	44,960	123,937	12,356	96,283	599,932
Contractual Services	134,023	294,435	104,968	408,577	137,775	280,453	1,360,231
Supplies	22,583	95,458	36,590	117,908	2,180	95,289	370,008
Scholarship	334,463	633,249	292,395	1,118,428	-	6,129	2,384,664
Fixed Charges	68,072	31,381	14,445	27,622	150	135,874	277,544
Travel	30,393	35,136	15,575	46,703	-	7,980	135,787
Total Expenditures	\$ 1,874,812	\$ 1,713,997	\$ 706,374	\$ 2,305,297	\$ 184,461	\$ 1,067,149	\$ 7,852,090
Excess(Deficiency) of Revenues over Expenditures	<u>\$ (1,611,746)</u>	<u>\$ (1,583,875)</u>	<u>\$ (682,915)</u>	<u>\$ (2,162,977)</u>	<u>\$ (182,961)</u>	<u>\$ 5,367,750</u>	<u>\$ (856,724)</u>

The accompanying notes are an integral part of this financial statement.

THE COLLEGE OF CHARLESTON
DEPARTMENT OF ATHLETICS

Notes to Statement of Revenues and Expenditures
June 30, 2006
(Unaudited)

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 athletic programs 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 presents the recorded amounts of revenues and expenditures of the College of Charleston’s Department of Athletics. It is not intended to be a complete presentation of the revenues and expenditures of the College of Charleston or the College of Charleston’s Department of Athletics. The statement of revenues and expenditures has been prepared using the accrual basis of accounting. However, no provision has been made for depreciation of physical plant 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 \$170,391 were recorded as non-program specific contractual 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 Fees – For the year ended June 30, 2006, the Board of Trustees of the College of Charleston approved a student fee of \$289 per full time student to support intercollegiate athletics. The fee is prorated for part-time students. The Department of Athletics recognized \$5,823,608 in student athletic fees for the year ended June 30, 2006.

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.

**THE COLLEGE OF CHARLESTON
DEPARTMENT OF ATHLETICS**

Notes to Statement of Revenues and Expenditures
June 30, 2006
(Unaudited)

Note 2 – NCAA Legislation

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

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, 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 1 member of the NCAA, the College of Charleston is required to have agreed-upon procedures performed on the Department's annual statement of revenues and expenditures completed 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, to be included on the Department's statement of revenues and expenditures.

Note 3 – Outside Organizations

The Cougar Club is a 501 (C) (3) organization with its own charter and Board. The primary mission of the Cougar Club is to promote intercollegiate athletics at the College of Charleston. Season tickets to athletic games are available only through membership in the Cougar Club and entitle the purchaser to entrance at many athletic events. Net revenues from ticket sales, after the deduction of certain expenses, are remitted to the College annually. During the fiscal year 2006, \$213,818 was remitted to the College and is included in ticket sales revenue.

Contributions to the College from the Cougar Club are restricted for scholarships, however, they are non-program specific. During the year ended June 30, 2006, the Cougar Club contributed \$369,080 to the College of Charleston's department of athletics.

**THE COLLEGE OF CHARLESTON
DEPARTMENT OF ATHLETICS**

Notes to Statement of Revenues and Expenditures
June 30, 2006
(Unaudited)

Note 4 – Contributions

For the year ended June 30, 2006 contributions from individual donors to the department of athletics in excess of ten percent of all contributions to the department were as follows:

<u>Donor</u>	<u>Amount</u>
College of Charleston Cougar Club	\$369,080

In addition to the amount above, which was given directly to The College of Charleston for scholarships, The College of Charleston Cougar Club paid \$469,830 in expenses on behalf of The College of Charleston's department of athletics. This amount has not been included on the face of the financial statements.