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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES JUNE 30, 2013

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**College of Charleston
Intercollegiate Athletics Program**

NCAA Report

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

For the year ended June 30, 2013



**Independent Accountant's Report on
Applying 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 determining if the College was in compliance with National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.16 for the year ended June 30, 2013. The College is responsible for its Statement of Revenues and Expenses of the College's Intercollegiate Athletics Program for the year ended June 30, 2013. 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 specified 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 obtained from management the Statement of Revenues and Expenses of the College's Intercollegiate Athletics Program (the Statement) for the year ended June 30, 2013, as shown on Attachment A of this report. We recalculated the mathematical accuracy of the amounts on the Statement, traced those amounts to management's worksheets and agreed the amounts on management's worksheets to the related series of accounts in the College's general ledger.
2. We scanned the College's schedule of contributions for individual contributions that constituted more than 10% of contributions received. The College of Charleston Cougar Club contributed amounts totaling \$1,953,038.
3. We compared actual revenues and expenses in the Statement for the year ended June 30, 2013 to the prior year amounts (fiscal year 2012). We identified actual variances of greater than 10% and \$40,000 from the prior year amounts and obtained explanations for variances from management. Below are explanations provided by management for the overall variances by program. We performed no additional procedures related to management's explanations.

Revenue:

Ticket Sales (Men's Basketball) – This revenue increased by \$107,221, or 16%, compared to fiscal year 2012. The increase is attributable to ticket sales for the ESPN tournament. The College of Charleston basketball team is only allowed to participate once every four years and did not participate in the prior year.

Guarantees (Men's Basketball) – This revenue decreased \$200,253, or 68%, compared to fiscal year 2012. The decrease is attributable to participation in a tournament in the Bahamas in fiscal year 2012. The team did not play in a similar tournament during fiscal year 2013.

Revenue, Continued:

Donations and Memberships (Non-program Specific) – This revenue increased \$1,443,038 or 283%, compared to fiscal year 2012. The Statement of Revenues and Expenses includes revenues received from the College of Charleston Cougar Club that were not included in the 2012 Statement of Revenues and Expenses. These revenues were used to fund other expenses.

SOCON Distribution (Non-program Specific) – This revenue increased \$53,110, or 103%, compared to fiscal year 2012. The College of Charleston received the conference distribution earlier than expected because they are joining a new conference (The Colonial Athletic Association).

Facility Naming Rights (Non-program Specific) – This revenue decreased \$600,000, or 100%, compared to fiscal year 2012. This decrease is entirely attributed to revenue received for naming rights for the basketball arena in fiscal year 2012 that was not received in fiscal year 2013.

Other Revenue (Men's Other Sports) – This revenue decreased \$41,555, or 72%, compared to fiscal year 2012. This is attributable to a reduction in entry fees for the Ocean Course tournament at Kiawah to encourage participation.

Other Revenue (Women's Other Sports) - This revenue increased \$46,468, or 17%, compared to fiscal year 2012. The increase is attributable to the College hosting one additional women's golf tournament.

Expense:

Personal Services (Men's Basketball) – This expense increased by \$123,401, or 21%, compared to fiscal year 2012. The increase is attributable to fiscal year 2013 being the first full year where a new salary increase was in effect for the new men's basketball staff.

Contractual Services – This expense increased \$600,746, or 18%, compared to fiscal year 2012. Approximately \$121,000 of the increase in expenses is related to men's basketball for the increased net revenues repaid to ESPN per the contract agreement. Travel costs for women's basketball increased approximately \$90,000 due to their appearance in the CBI basketball tournament which did not occur in fiscal year 2012. Non-program specific services increased approximately \$449,000 due to numerous increased maintenance, laundry, and marketing costs.

Supplies – This expense increased \$400,374 or 43%, compared to fiscal year 2012. This increase was partly attributable to new Nike apparel and equipment. In addition, the baseball team received new uniforms and new nets. The swimming teams received new timing software. Women's golf received new golf bags. In addition, new padding, a new scoreboard, and new cameras were purchased.

Scholarships – This expense increased by \$483,171 or 13%, compared to fiscal year 2012 due to increased attendance, in addition to new rules which allow for basketball players to remain at the College during the summer.

Fixed Charges – This expense increased by \$793,134, or 238% due to a conference membership exit fee paid to the Southern Conference for \$600,000. In addition, there were guarantees to several schools that did not occur in the prior year.

Expense, Continued:

Travel (Men's Basketball) – This expense decreased \$43,600, or 40%, compared to fiscal year 2012. This decrease is the result of a basketball tournament which took place in the Bahamas in fiscal year 2012 and which was not attended in fiscal year 2013.

Other – This expense increased \$1,028,038 or 100%, compared to fiscal year 2012. The Statement of Revenues and Expenses includes expenses paid by the College of Charleston Cougar Club on behalf of the College of Charleston's Intercollegiate Athletics Program. These expenses were not included in the 2012 Statement of Revenues and Expenses.

4. For student activity revenue, we compared the amount per the College's general ledger to the corresponding amount on the Statement. In addition, we compared the reported student activity fees to a recalculation, provided by management, of student enrollment figures and the related fee charged to students. We recalculated management's computation for the student activity fee revenue to within 0.56% of the recorded amount.
5. For guarantees revenue, we obtained a detail schedule of the revenue reported and compared the amounts per the detail to the corresponding amount in the Statement. We compared the individual amounts in the detail to the amounts in the supporting documentation provided.
6. For NCAA and Southern Conference (SOCON) distribution revenue, we obtained the detail of the revenue reported and compared the amount per the detail to the corresponding amount on the Statement. We agreed the individual conference distributions to the remittance advices accompanying the distributions.
7. We compared the amount of expenses paid on behalf of the College's Intercollegiate Athletics Program reported in the College of Charleston Cougar Club's financial statements, for the year ended June 30, 2013, to the amount reported in Note 5.
8. We obtained a schedule of athletic department salaries, including departmental staff from management, and agreed those amounts to the appropriate general ledger salary accounts.
9. Twenty-five cash receipts for the year ended June 30, 2013 were judgmentally selected from the College's general ledger related to the Intercollegiate Athletics Program. Each of the cash receipts listed below was compared to supporting documentation (e.g. deposit records, invoices, etc.).

Sample	Document #	Receipt #	Date	Cash/Check Amount	Credit Card Amount
1	F0006626	249139	07/19/2012	\$ 51,857.00	\$ -
2	F0006886	251776	08/01/2012	4,000.00	-
3	F0008852	252323	08/04/2012	164,764.00	-
4	F0008282	253679	08/08/2012	141.95	-
5	F0008729	254000	08/09/2012	-	3,960.00
6	F0008525	258498	08/16/2012	-	4,120.00
7	F0008373	258495	08/16/2012	240.00	-
8	F0007205	260651	08/17/2012	76,754.00	-
9	F0007989	261211	08/18/2012	-	880.00
10	F0008525	261903	08/21/2012	5,192.00	-
11	F0008465	268079	09/11/2012	6,996.00	-
12	F0008401	271507	09/20/2012	73,000.00-	-

Expense, Continued:

Sample	Document #	Receipt #	Date	Cash/Check Amount	Credit Card Amount
13	F0008465	273884	10/02/2012	960.00	-
14	F0007054	274621	10/05/2012	2,640.00	-
15	F0009052	274806	10/06/2012	100,000.00	-
16	F0007530	281283	11/03/2012	90.00	-
17	F0008802	282501	11/10/2012	45,850.00	-
18	F0007907	284246	11/15/2012	960.00	-
19	F0008209	297202	12/20/2012	95,000.00	-
20	F0007530	308391	01/16/2013	400.00	-
21	F0009371	310692	01/23/2013	-	135.00
22	F0007878	317072	02/07/2013	120.00	-
23	F0008852	319154	02/13/2013	27,385.00	-
24	F0007606	319185	02/13/2013	300.00	-
25	F0008705	325152	02/27/2013	-	20.00

10. We obtained from management a listing of athletic department staff employed during the year. We judgmentally selected three men and three women coaches and agreed the financial terms and conditions of each employee to the related salaries and benefits recorded by the College. We traced such salaries to the personal services expense for each applicable program and amount on the Statement.
11. We obtained from management a listing of athletic department staff employed during the year. We judgmentally selected three support/administrative staff members and agreed the financial terms and conditions of each employee to the related salaries and benefits recorded by the College. We traced such salaries to the personal services expense for each applicable program and amount on the Statement.
12. Twenty-five cash disbursements for the Intercollegiate Athletics Program for the year ended June 30, 2013 were judgmentally selected. For each of the twenty-five disbursements listed below, we compared the disbursed amount and payee information to supporting documentation provided (e.g. invoice, check).

Sample	Document/ Voucher #	Date	Amount
1	63264	07/20/2012	\$ 325.00
2	64917	08/22/2012	135.00
3	65104	08/24/2012	250.00
4	66931	09/24/2012	350.00
5	68992	10/22/2012	129.39
6	69732	10/26/2012	451.63
7	69817	11/02/2012	100.00
8	71747	11/28/2012	113.37
9	73185	12/14/2012	408.62
10	71827	01/03/2013	750.00
11	75349	01/30/2013	675.00
12	75802	02/01/2013	145.00
13	76343	02/11/2013	1,115.00
14	79261	03/15/2013	943.95

Expense, Continued:

<u>Sample</u>	<u>Document/ Voucher #</u>	<u>Date</u>	<u>Amount</u>
15	80045	03/25/2013	100.00
16	80955	04/03/2013	301.71
17	74438	01/16/2013	6,338.07
18	77357	03/01/2013	320.00
19	81198	04/08/2013	349.96
20	83441	05/08/2013	1,884.90
21	75612	01/31/2013	190,364.20
22	66356	09/12/2012	101,500.00
23	74761	01/23/2013	76,858.48
24	62613	07/06/2012	69,418.00
25	72534	12/07/2012	60,000.00

13. We obtained from management the squad list which detailed scholarships provided for each sports team. We judgmentally selected three students from the squad list and traced the awarded scholarship(s) for each student to each student's account.
14. We obtained from management the name of each outside organization not under the College's accounting control that has as its principal purpose generating resources on behalf of the College's Intercollegiate Athletics Program. We were informed the College had one such organization, the College of Charleston Cougar Club.
15. We obtained a listing of ticket sales revenue and agreed to the College's general ledger without exception.
16. We obtained from management the method for allocating indirect costs to the athletic department as discussed in Note 1 to the Statement. No additional procedures were performed.
17. We obtained the royalties revenue detail and compared the total amount per the detail to the corresponding amount in the Statement. We compared all royalty payments received to details supporting each receipt.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the Statement of Revenues and Expenses of the College of Charleston's Intercollegiate Athletics Program for the year ended June 30, 2013. 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.

Elliott Davis, LLC

Greenville, South Carolina
December 2, 2013

College of Charleston
Intercollegiate Athletics Program

Statement of Revenues and Expenses

For the year ended June 30, 2013 (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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,127,256	\$ 11,127,256
Commissions	-	-	-	-	-	39,537	39,537
Ticket Sales	757,420	43,258	2,608	3,484	-	-	806,770
Donations and Memberships	90,311	158,218	20,296	166,319	77,697	1,440,197	1,953,038
NCAA Distribution	-	-	-	10,010	-	268,903	278,913
SOCON Distribution	-	-	-	-	-	104,467	104,467
Rental Income	-	-	-	-	-	50,792	50,792
Royalties	-	-	-	-	-	81,867	81,867
Guarantees	95,000	6,500	49,500	-	-	-	151,000
Other	-	16,505	-	314,317	-	67,965	398,787
Total Revenues	\$ 942,731	\$ 224,481	\$ 72,404	\$ 494,130	\$ 77,697	\$ 13,180,984	\$ 14,992,427
Expenses:							
Personnel Services	\$ 709,322	\$ 633,510	\$ 321,067	\$ 698,523	\$ 35,437	\$ 1,150,317	\$ 3,548,176
Fringe Benefits	163,246	202,491	91,239	209,002	15,311	224,513	905,802
Contractual Services	630,859	411,562	217,270	739,980	144,061	1,830,675	3,974,407
Supplies	121,017	231,282	73,455	237,188	3,244	668,488	1,334,674
Scholarships	561,560	1,137,863	548,858	2,004,717	-	-	4,252,998
Fixed Charges	136,670	104,245	1,308	118,689	1,480	763,689	1,126,081
Travel	64,742	55,981	46,666	55,367	-	32,346	255,102
Other	90,311	158,218	20,296	166,319	77,697	515,197	1,028,038
Total Expenses	\$ 2,477,727	\$ 2,935,152	\$ 1,320,159	\$ 4,229,785	\$ 277,230	\$ 5,185,225	\$ 16,425,278
Excess (Deficiency) of Revenues over Expenses	\$ (1,534,996)	\$ (2,710,671)	\$ (1,247,755)	\$ (3,735,655)	\$ (199,533)	\$ 7,995,759	\$ (1,432,851)

College of Charleston

Intercollegiate Athletics Program

Notes to the Statement of Revenues and Expenses

For the year ended June 30, 2013 (unaudited and prepared by management)

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 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 of Revenues and Expenses 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 \$445,942 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, 2013, the Board of Trustees of the College of Charleston approved a student fee of \$524 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

For the year ended June 30, 2013 (unaudited and prepared by management)

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, to 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 Department's annual Statement of Revenues and Expenses. 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 Expenses.

Note 3. Capital Expenses

The College of Charleston expended approximately \$117,922 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. Contributions

For the year ended June 30, 2013, contributions from individual donors to the Intercollegiate Athletics Program in excess of 10% of all contributions to the department were as follows:

<u>Donor</u>	<u>Amount</u>
College of Charleston Cougar Club	\$1,953,038