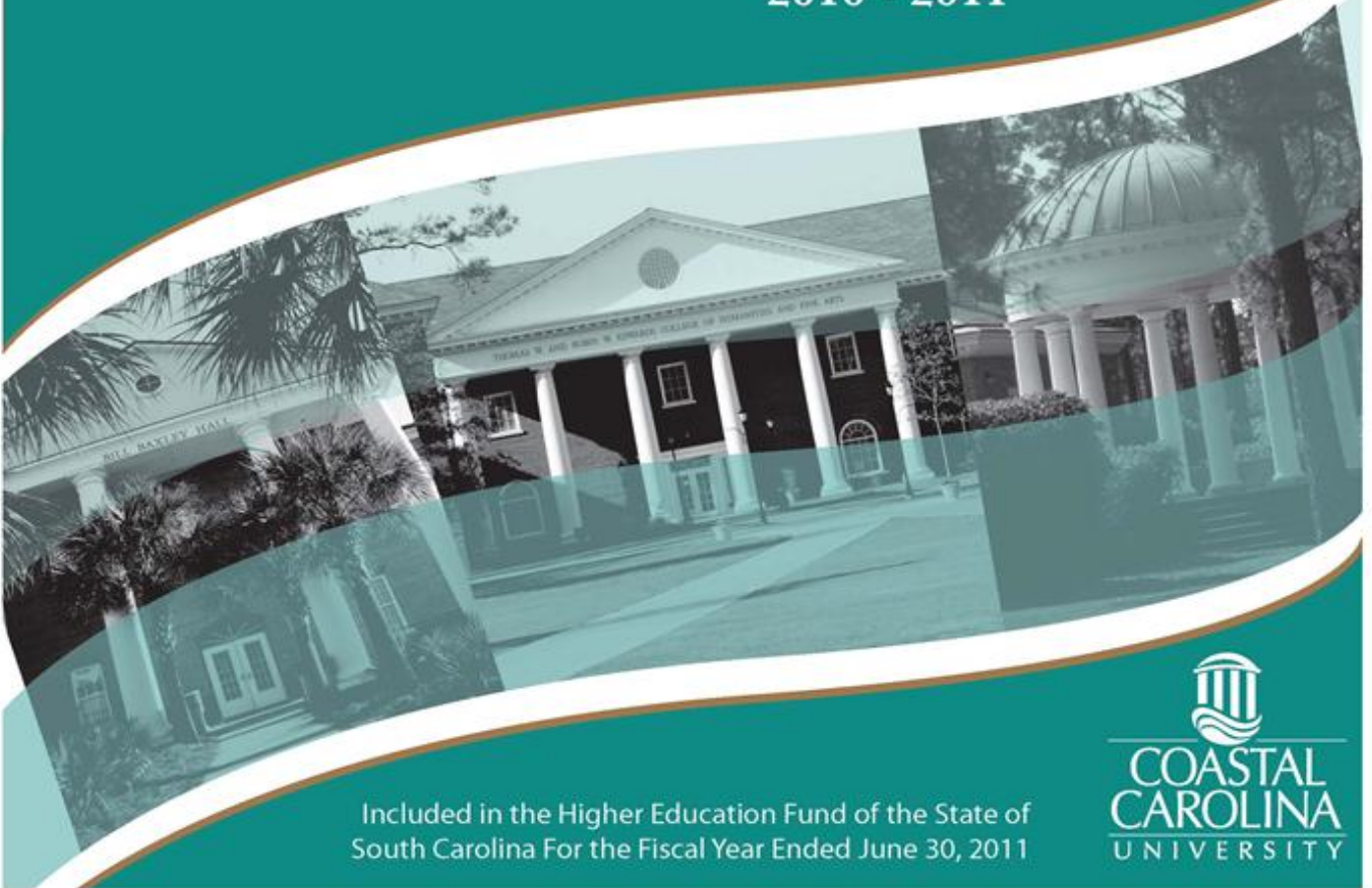


Comprehensive
Annual Financial Report
2010 - 2011



Included in the Higher Education Fund of the State of
South Carolina For the Fiscal Year Ended June 30, 2011





Comprehensive Annual Financial Report

Included in the Higher Education Fund, an Enterprise Fund of the State of South Carolina

For the Fiscal Year Ended June 30, 2011

Prepared by the

Office of the Vice President for Finance and Administration

COASTAL CAROLINA UNIVERSITY
FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
President’s Letter.....	3
Letter of Transmittal.....	5
GFOA Certificate of Achievement.....	13
Trustees	14
Administrative Officers.....	15
Finance and Administration	16
Organizational Chart	18
 FINANCIAL SECTION	
Independent Auditor's Report on the Financial Statements	27
Management’s Discussion and Analysis	29
Basic Financial Statements	
Statement of Net Assets	36
Statement of Revenues, Expenses and Changes in Net Assets	37
Statement of Cash Flows.....	38
Component Unit – Coastal Educational Foundation	
Statement of Financial Position	39
Statement of Activity and Change in Net Assets	40
Component Unit – CCU Student Housing Foundation	
Consolidated Statement of Financial Position	41
Consolidated Statement of Activity and Change in Net Assets	42
Notes to Financial Statements.....	43
Supplementary Schedules Required by the Office of the South Carolina Comptroller General	
Schedule of Information on Business-Type Activities Required for the Government-Wide	
Statement of Activities in the State Comprehensive Annual Financial Report (CAFR)	67
Schedule Reconciling State Appropriation per the Financial Statements to the State	
Appropriation Recorded in State Accounting Records	68
Schedule of Tuition Fees for the Year Ended June 30, 2011.....	69
 STATISTICAL SECTION	
Financial Trends	73
Schedule 1-Net Assets by Component.....	74
Schedule 2-Major Revenue Sources	75
Schedule 3-Expenses by Function	76
Schedule 4-Expenses by Use	77
Schedule 5-Other Changes in Net Assets	78

Continued

	Page
Revenue Capacity	79
Schedule 6-Applications, Enrollment, and Degrees Awarded.....	80
Schedule 7-Undergraduate Annual Tuition and Fees at all South Carolina Public Four-Year Institutions.....	81
Debt Capacity	83
Schedule 8-Ratios of Outstanding Debt.....	84
Schedule 9-Debt Service Coverage on Revenue Bonds	85
Schedule 10-Debt Service Coverage on General Obligation Bonds.....	86
Demographic and Economic Information	87
Schedule 11-South Carolina Employment by Industry	88
Schedule 12-Top 10 Employers, Horry and Georgetown Counties, South Carolina.....	89
Schedule 13-State and Regional Population, Income, and Unemployment History.....	90
Operating Information	91
Schedule 14-S.A.T. Scores, New Freshmen	92
Schedule 15-Average Faculty Salaries by Rank.....	93
Schedule 16-Faculty, Staff and Administrative Statistics.....	94
Schedule 17-Capital Asset Information.....	95
 SINGLE AUDIT SECTION	
Schedule of Federal Financial Assistance for the Year Ended June 30, 2011	98
Notes to Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2011	102
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.....	103
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	105
Summary Schedule of Prior Audit Findings	107
Schedule of Findings and Questioned Costs	108

COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

INTRODUCTORY SECTION



Atheneum Porch

November 3, 2011

Dear Coastal Carolina University Community:

As my fifth year as President of Coastal Carolina University begins, I reflect on our many proud achievements that demonstrate our commitment to the many students, especially South Carolina residents, who have selected this University. For example:

- Coastal Carolina University has earned three national distinctions this year, displaying the high quality education and high value our students receive. With the recent release of the 2012 "U.S. News Best Regional Universities Rankings," the University is rated in the first-tier of institutions in the South region with an overall ranking of 59 of 127. When compared to other public institutions in the region, the University is ranked 26 of 70 or in the top 37 percentile. The *U.S. News* reports follow recent inclusions in "America's Best Colleges," compiled by *Forbes Magazine* and the Center for College Affordability and Productivity, and *G.I. Jobs Magazine's* list of "Military-Friendly Schools for 2011."
- To reflect the growing breadth of the academic program, Coastal Carolina University now offers fifty-five baccalaureate areas of study, including Nursing (BSN completion program) and Health Administration, the University's first completely online degree program which began in Fall 2011. The University also offers seven master's degree programs in the areas of Business Administration (MBA), Accountancy (MAcc), Coastal Marine and Wetland Studies, Education, and Writing. Since 2007-2008, nineteen new baccalaureate and four new graduate programs have been added.
- The number of degrees conferred continues to grow; in the past academic year 1,499 degrees were awarded (1,379 undergraduate, 120 graduate), an increase of 118 degrees from the previous year. Since the 2007-2008 academic year, the number of degrees awarded has risen 29 percent, while the headcount enrollment has increased 10.6 percent through the same period.
- Through strong faculty support, the University has enhanced the transfer process for students who possess associate's degrees, providing greater access to the University, especially for South Carolinians.

As part of Coastal Carolina University's 87.1 percent increase in headcount in the last decade, the University has experienced a 68.9 percent increase in the enrollment of South Carolina students. From Fall 2000 to Fall 2010, the University's enrollment accounted for 4,053 students, or 60.6 percent, of the total enrollment increase among the public comprehensive institutions in South Carolina. In the same period, the University's in-state enrollment increase of 1,902 students accounted for 51.9 percent, the highest percentage of the total net increase of in-state students among South Carolina's public comprehensive universities.

With our state appropriations diminishing to a mere 5.38 percent of the current operating budget – which is among the lowest percentages in the state – the University has become increasingly reliant on tuition. Although tuition increases are a growing challenge for students and their families, our in-state tuition is fifth among the state’s 12 public universities.

Regardless of the economic climate and the challenges ahead, Coastal Carolina University is a vibrant place where tradition, integrity and excellence guide our progress. I am pleased to submit this Comprehensive Annual Financial Report, which reflects the growing quality and solid foundation of Coastal Carolina University.

Sincerely,

/s/ David A. DeCenzo

David A. DeCenzo
President



LETTER OF TRANSMITTAL

November 15, 2011

To the President and
Members of the Board of Trustees:

We are pleased to present to you the Comprehensive Annual Financial Report of Coastal Carolina University for the fiscal year ended June 30, 2011.

This report consists of management's representations concerning the finances of Coastal Carolina University. Consequently, management accepts full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the University has established a comprehensive internal control framework that is designed both to protect the University's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the University's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the University's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The University's financial statements have been audited by Cline Brandt Kochenower & Co., P.A., certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the University for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the University's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The University's MD&A can be found immediately following the report of the independent auditor.

Profile of the University

Coastal Carolina University was founded in 1954 by a group of Horry County citizens who lent their vision and support to bringing higher education to the local area. Initially a two-year college, the new school was supported by private funds and was operated under the auspices of the College of Charleston. A referendum in 1958 resulted in a county property tax millage being made available for the support of the college, and Coastal Carolina University entered into an agreement in 1959 with the University of South Carolina to become a campus of the University System. In 1963, with the support of the Coastal Educational Foundation, Inc. and the Horry County Higher Education Commission, the college moved to its current location upon completion of the Edward M. Singleton Administration Building.

Coastal Carolina College became a four-year institution in 1974, awarding baccalaureate degrees in several areas. During the 1980's, Coastal Carolina College experienced dramatic growth with the enrollment doubling in size from approximately 2,000 to 4,000 students.

In 1991, the Coastal Educational Foundation, Inc. and the Horry County Higher Education Commission voted to seek legislative approval to establish an independent Coastal Carolina University. The University of South Carolina President and Board of Trustees agreed to the proposed independence for Coastal Carolina University. In the 1993 session, the South Carolina legislature established Coastal Carolina University as an independent state-supported institution effective July 1, 1993. The University, for the first time, had acquired its own Board of Trustees which met July 1, 1993, and named Ronald R. Ingle as the University's first president. Dr. David A. DeCenzo became the second president of Coastal Carolina University on May 7, 2007.

The University currently comprises 72 main buildings on 630 acres including the University's main campus, east campus, and The General James Hackler Golf Course at Coastal Carolina University, a public 18-hole golf facility located adjacent to the campus. The University offers courses at the Waccamaw Center for Higher Education in Litchfield and the Myrtle Beach Education Center. Additionally, Waties Island, 1,105 acres of pristine barrier island on the Atlantic coast, provides a natural laboratory for extensive study in marine science and wetlands biology.

Also, the University maintains residence halls to accommodate 3,289 students in three general locations: main campus (1,210 beds) and University Place I and II (987 beds). In January 2010, the Coastal Carolina University Student Housing Foundation purchased Campus Edge, now called University Place III (1,092 beds), which is contiguous to University Place I and II.

The University continues to strive for excellence, and with that goal in mind has implemented the following efficiency measures this year.

- The Office of Procurement and Business Services issuance of the RFP for and award of the University food services contract was accomplished in a manner beneficial to the University and its students.
- A depreciation module which tracks acquisition dates and accumulated depreciation automatically in the accounting system was implemented by the Department of

Financial Services. The outcome of this modification is to deliver reliable General Ledger information without the possibility of human error for financial reporting purposes.

- Financial reporting software was installed which gives accounting personnel the capability of running fast, accurate reports that can be used to drill down to the most elemental part of an account to answer questions or can be downloaded into Excel spreadsheets to create usable reports.
- The initial development of the automated position description/performance management system was completed by the Office of Human Resources and Equal Opportunity, as was the new online system for requesting and tracking temporary positions. This is expected to increase efficiency and timeliness of reporting, and to reduce paper use. Revisions were made to online policies and procedures to increase ease of access and understanding.
- The new policy for expanded coverage of the University Neighborhood Overlay Zone executed by the Department of Public Safety has been extremely successful, as has the institution of the “Chauncey Patrol,” a student-worker unit assigned to provide safe transit from one University location to another or to their vehicles for faculty, staff, students, and/or visitors. Both of these efforts have resulted in increased safety within and around the University as well as reduced the need for additional security staff with a growing student population.
- Progress was made by the Department of Facilities Planning and Management in data entry of equipment for the preventive maintenance program with the input of information regarding the equipment in 8 additional buildings. Proactive measures will greatly increase the efficiency of our equipment maintenance program in that problems will be prevented.
- Sidewalk and infrastructure improvements were accomplished in a timely manner, improving traffic flow and increasing pedestrian safety.
- The Financial Services Department’s implementation of online tuition payments and the utilization of e-checks in Student Accounts increased accuracy, enabled staff to accomplish more in less time, and improved customer service, as did the online acceptance of remote credit card payments for athletic events.

Economic Environment

Coastal Carolina University’s financial profile fits more closely with that of a private institution than with a typical public institution. As the percent of resources from state funding has fallen dramatically over the past few years, it has been necessary to increase tuition to continue to provide quality educational programs. However, University administration and the Board of Trustees are mindful of the impact on families and closely monitor inflation. For many years, Coastal Carolina University has ranked among the lowest in the state for in-state tuition charges. In Fall 2011, Coastal Carolina University implemented a tuition increase which resulted in a rate of \$9,760. This rate remains lower than the average rate of \$9,877,

charged by South Carolina Public Universities. Out-of-state students, on the other hand, have been charged an amount that exceeds their educational costs to ensure that out-of-state students do not constitute a drain on state resources.

Should Coastal Carolina University find it necessary to increase tuition at a future date, every effort will be made to ensure that the increase is at or less than the current Higher Education Price Index (HEPI) plus growth.

The University has made it easier for students with a two-year, Associate of Arts or Associate of Science degree from an accredited technical or community college to be admitted into the University's four-year degree program by waiving core requirements. This change is expected to reduce the time it takes for some transfer students to complete a baccalaureate degree at the University. Waiver of the core requirements does not apply to students with technical associate degrees.

In addition, the Residential Bridge Program is a joint venture between the University and Horry Georgetown Technical College that is designed to help each participant succeed academically in his/her first year at HGTC and then to transfer to Coastal Carolina University. The Bridge Program gives invited students the opportunity to live in University housing, while taking the majority of their classes on the HGTC campus located adjacent to the University. In the Fall 2011 semester, there are 129 HGTC students participating in this program.

The University operates four auxiliary enterprises which have helped to build and sustain cash reserves in tight economic times. They consist of the bookstore (outsourced to Follett), housing (operated by the University), vending (outsourced to Coca-Cola and Total Vending), and food service (outsourced to Aramark).

Quail Creek Golf Course, was renamed the General James Hackler Golf Course at Coastal Carolina University, and was acquired to serve as a lab for the University's professional golf management course of study. The golf course, one of only 20 programs nationwide accredited by the PGA of America, is an asset as it attracts students to the University who are interested in the professional golf management program – 249 were enrolled for the Fall 2011 semester. It is open to the public when not reserved for PGM student use.

The rating, as determined by Moody's, for the University's Revenue Bonds was upgraded to A2 from A3 in 2009. This can be contributed to on-going improvements in the financial condition and oversight of Coastal Carolina University.

The University is also fortunate to receive appropriations from both Horry County and Georgetown County. This gives the University flexibility to take on specific projects in the interest of the citizens of each of those counties, which also benefits the entire University community.

Long-Term Financial Planning

When Dr. David A. DeCenzo became president of Coastal Carolina University in May 2007, he pledged to begin a process through which the campus community would work together to define its future as an institution modeled on the ideals of excellence and integrity, while appreciating the University's traditions.

The University continues to implement its strategic plan, *Tradition, Integrity, Excellence: Building a Comprehensive University*. The Strategic Management Committee is charged on an annual basis with evaluating the goals and objectives contained in the strategic plan. The President serves as the Committee Chair, and the Chief Operating Officer of the University is currently serving as the Committee Coordinator of Strategic Planning. There are 31 University stakeholders from the campus community who serve as its members.

The Committee meets four times a year with the charge to:

- Review progress of the strategic plan and identify and evaluate appropriateness of key strategies, goals and objectives with the mission of the University.
- Review the vision and mission of the institution to identify whether, and how, it should be changed and recommend to the Coastal Carolina University President changes in or challenges to the University vision, mission, strategic priorities or goals and/or changes in the process of timing of the implementation of a plan.
- Develop a “Progress on the Plan” report that will incorporate all institutional assessment reports.
- Coordinate action on strategic initiatives across and between layers within the institution.
- Coordinate with other agencies, as appropriate, to provide required information on strategic planning.

Basics of the Strategic Plan are:

Key Strategies

1. Meeting the Educational Needs of Students and Community - Expand degree and non-degree program offerings and formats while maintaining quality in all programs.
2. Ensuring Student Success - Increase retention and graduation rates by supporting programs and services that enrich the student learning and living environment and broaden the diversity of students seeking Coastal Carolina University as their choice for educational advancement.
3. Highly Qualified Faculty and Staff Success - Develop programs and services that support a successful, satisfying, safe, healthy, and productive work life for Coastal Carolina University faculty and staff.
4. Ensuring Financial Viability and Managed Growth – Ensure responsible financial management practices which are based on a clear commitment to enrollment growth and consistent with the mission of the University.

Supporting Strategies

1. Improved Communication - Enhance communication within the University.

2. Stronger Assessment and Accountability - Implement and maintain an environment of institutional effectiveness that is based on a culture of assessment, results in continuous improvement, and supports the University in effectively accomplishing its mission.
3. Increased Technological Support - Manage technology tools, systems, skills, and applications to deliver effectively on the key strategies.

The University updated their Master Plan in FY 2011. This plan provides a strong base and clear direction to institutional development. Details of the Campus Master Plan are available on the University's website www.coastal.edu/masterplan.

Relevant Financial Policies

In addition to being guided by its own Strategic Plan, the University is a part of state government in South Carolina and, as such, follows state law and policies regarding procurement, construction, human resource practices, contract and grant funding, and other operating practices. A budget is submitted annually to the Governor's Office, which is built on a robust internal budget process. University budget policies are built on the strategic plan, the campus Master Plan and current enrollment data. When borrowing funds for capital projects is necessary, the University accomplishes this by working through staff in the State Treasurer's Office.

Major Initiatives

More than \$150 million in major capital projects in various phases of planning or construction are currently underway, making this the University's most ambitious building schedule in its 57-year history and changing the face of the campus for generations to come.

Presently under construction is an annex adding labs and offices to the rapidly expanding College of Science; a library commons intended to increase information and technology resources; a very much anticipated student convocation recreation center; an academic classroom building containing much needed classroom and office space for faculty; and a Central Energy Facility serving multiple buildings, as a cost-saving strategy. In the design phase are long overdue renovations for the Smith Science Building, Atheneum Hall, and Baseball and Softball Stadium Improvements, as well as construction of a new building for Public Safety and parking lot additions in strategic locations throughout campus.

The acquisition and modification of space to accommodate programs and services is one of Coastal Carolina University's highest budget priorities. In spite of all of the stopgap measures for providing space, the addition to academic and support space barely begins to address the 87.1 percent growth in the number of students over the past ten years.

One innovative method of funding construction on campus is a 1 cent local-option sales tax which is split between Horry County Schools, Horry Georgetown Technical College, and Coastal Carolina University. The funding is restricted to capital projects and land acquisitions. The tax was effective March 1, 2009. As of June 30, 2011, Coastal Carolina University has received \$15.8 million of allocations from the local-options sales tax, and estimates a total of \$127.7 million to be allocated during the course of the sales tax collection.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Coastal Carolina University for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. This was the eighth year that the University received this prestigious award. In order to be awarded a Certificate of Achievement, the University published an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report is the result of dedicated teamwork by the staff in the departments of Finance and Administration, Institutional Research and Assessment, Information Technology Services, and Printing Services. A good report depends as much on data integrity at the level of each transaction as it does on statistical analysis and spreadsheet preparation. We appreciate the hard work and good humor of staff members and their adherence to quality professional standards. Significant credit is also due to the President, the Chief Operating Officer and the Board of Trustees for their leadership, dedication and vision, and for their encouragement of each member of the University community to strive for excellence. The staff especially appreciates the breadth of experience and thorough review completed by the University's external auditors, Cline Brandt Kochenower & Co., P.A.

Respectfully submitted,

/s/ Stacie A. Bowie

Stacie A. Bowie
Vice President for
Finance and Administration

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Coastal Carolina University
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

COASTAL CAROLINA UNIVERSITY
BOARD OF TRUSTEES
2011-2012

Nikki Haley, Governor	Ex Officio Chairman
Natasha M. Hanna	First Congressional District – Seat One
Larry L. Biddle	First Congressional District – Seat Two
Oran P. Smith	Second Congressional District – Seat Three
Robert G. Templeton	Second Congressional District – Seat Four
William S. Biggs	Third Congressional District – Seat Five
William L. Lyles, Jr.	Third Congressional District – Seat Six
William E. Turner III	Fourth Congressional District – Seat Seven
D. Wyatt Henderson	Fourth Congressional District – Seat Eight
Samuel J. Swad	Fifth Congressional District – Seat Nine
Robert D. Brown	Fifth Congressional District – Seat Ten
Gary W. Brown	Sixth Congressional District – Seat Eleven
J. Wayne George	Sixth Congressional District – Seat Twelve
Eugene C. Spivey	At-Large – Seat Thirteen
William H. Alford, Chair	At-Large – Seat Fourteen
Daniel W. R. Moore, Sr.	At-Large – Seat Fifteen
Carlos C. Johnson	Gubernatorial Designee
Samuel H. Frink	Gubernatorial Appointee
Gene Anderson	Trustee Emeritus
Payne H. Barnette, Jr.	Trustee Emeritus
Fred F. DuBard, Jr.	Trustee Emeritus
Cathy B. Harvin	Trustee Emerita
Dean P. Hudson	Trustee Emeritus
James J. Johnson	Trustee Emeritus
Clark R. Parker	Trustee Emeritus
Juli S. Powers	Trustee Emerita
Keith S. Smith	Trustee Emeritus

**COASTAL CAROLINA UNIVERSITY
ADMINISTRATIVE OFFICERS
2011-2012**

David A. DeCenzo, Ph. D.	President
Edgar L. Dyer, J.D.	Executive Vice President, Chief Operating Officer
Robert J. Sheehan, Ph. D.	Provost, Senior Vice President, Academic & Student Affairs
Stacie A. Bowie, M.B.A.	Vice President, Finance and Administration, Chief Financial Officer
Judy W. Vogt, Ed. D.	Vice President, Enrollment Services
Haven L. Hart, M. Ed.	Vice President, Student Affairs, Dean of Students
B. Lawson Holland, B.A.	Interim Vice President, Office for Philanthropy
Hunter R. Yurachek, M.S.A.	Director, Athletics
Deborah K. Conner, Ph. D.	Associate Vice President, University Relations
Timothy E. Meacham, J. D.	University Counsel
Lori G. Church, C.P.A., C.I.A.	University Controller
John Beard, Ph. D.	Associate Provost, Assessment & Accreditation
Sallie D. Clarkson, M.L.S.	Associate Provost, Administrative & Academic Student Services
Robert F. Young, Ph. D.	Interim Director, Grants, Professor
James O. Luken, Ph. D.	Director, Graduate Studies
Edward Jadallah, Ph. D.	Dean, Spadoni College of Education
James R. Byington, Ph. D.	Dean, Wall College of Business
Daniel Ennis, Ph. D.	Interim Dean, Edwards College of Humanities & Fine Arts
Michael H. Roberts, Ph. D.	Dean, College of Sciences and Vice President, Research and Emerging Initiatives
Barbara A. Burd, Ph. D.	Dean, Library Services
Nelljean M. Rice, Ph. D.	Dean, University College
Abdallah S. Haddad, M.Ed.	Executive Director, Information Technology Services
Christine L. Mee, M.Ed.	Executive Director, Institutional Research, Assessment, and Analysis
Daniel M. Lawless, M.S.	University Registrar

**COASTAL CAROLINA UNIVERSITY
FINANCE AND ADMINISTRATION
EMPLOYEES CONTRIBUTING TO FINANCIAL REPORT
2011-2012**

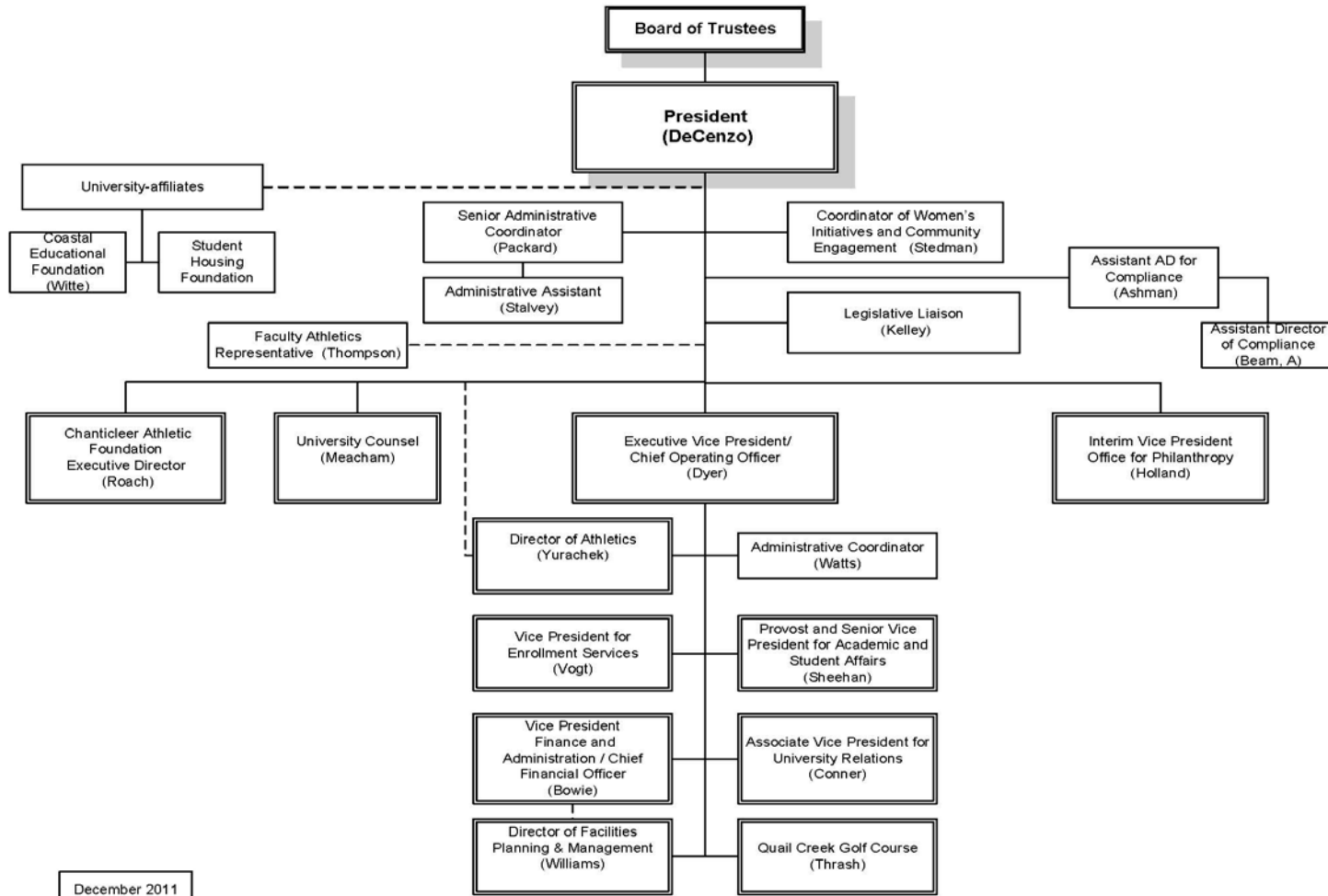
Stacie A. Bowie	Vice President for Finance & Administration, Chief Financial Officer
JoAnna Dalton	Administrative Coordinator
Sharon Sluys	Executive Budget Analyst
Lori Church	University Controller
Mirinda Chestnut	Administrative Specialist
Heather Brady	Senior Accountant
Gregory Thompson	Staff Accountant
Lill Heit	Accountant, University Receivables
Sheila Singleton	Accountant, University Receivables, V.A. Coordinator
Kim Warne	Interim Director, Student Accounts
Danny Martin	Manager, Student Accounts
Lisa Dent	Special Project Coordinator, Student Accounts
Patty Lee	Collections, Student Accounts
Annette Johnson	Cash Receipt Supervisor, Student Accounts
Joni Lucarelli	Cash Receipt Auditor, Student Accounts
Tammy McAllister	Student Accounts Specialist, Student Accounts
Sherrell Richardson	Cashier, Student Accounts
Carolyn Singleton	Installment Payment Plan/Perkins Loan Coordinator, Student Accounts
Tukonya Vereen	Student Accounts Specialist, Student Accounts
Scott Gallimore	CINO Card Specialist
Larry Peak	Director, Grants/Tax Accounting
Tammy Holt	Grants Accountant
Lila Taylor	Supervisor, Accounts Payable
Virginia Altman	Accounts Payable Technician/Travel
Brenda Rabon	Accounts Payable Technician/Athletics
Lynn Silver	Accounts Payable Clerk
Dean Hudson	Director, Procurement and Business Services
June Barfield	Procurement Specialist
Suzanne Beverly	Supply Manager, Campus Supply/Inventory
John McKee	Supply Specialist Temporary, Campus Supply/Delivery
John Stokes	Supply Specialist Temporary, Campus Supply/Delivery
Caren Riedinger	Procurement Specialist
Annette Roberts	Procurement Specialist
Robin Strickland	Procurement Specialist
Vickie Williams	Procurement Specialist
Outsourced	Aramark Food Services, Follett Bookstore, Coca-Cola Bottling Co., Total Vending.
Julianne Cooke	Director of Finance, Coastal Educational Foundation
Robyn Diven	Donor Relations and Gift Specialist
Michele Strang	Staff Accountant
Jennifer Bullard	Staff Accountant, Coastal Housing Foundation
Lauren Barker	Accountant/Fiscal Analyst, Athletics

**COASTAL CAROLINA UNIVERSITY
FINANCE AND ADMINISTRATION
EMPLOYEES CONTRIBUTING TO FINANCIAL REPORT
2011-2012**

Pat West Exec Director,
David Moyer
Jill Conway
Vicky Rabon
Dana Booth

Human Resource & Organizational Development
Director, Payroll
Senior Payroll Accountant
Senior Payroll Accountant
Accounting Clerk, Payroll

**COASTAL CAROLINA UNIVERSITY
ORGANIZATIONAL CHART
2011-2012**



December 2011

COASTAL CAROLINA UNIVERSITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FINANCIAL SECTION



Thomas W. and Robin W. Edwards Building

COASTAL CAROLINA UNIVERSITY

Independent Auditors' Report
Financial Statements and Schedules
For the Year Ended June 30, 2011

COASTAL CAROLINA UNIVERSITY

TABLE OF CONTENTS

FINANCIAL SECTION	Page
Independent Auditor’s Report on the Financial Statements	27
Management’s Discussion and Analysis	29
Statement of Net Assets	36
Statement of Revenues, Expenses and Changes in Net Assets	37
Statement of Cash Flows	38
Component Unit – Coastal Educational Foundation Statement of Financial Position.....	39
Component Unit – Coastal Educational Foundation Statement of Activity and Change in Net Assets	40
Component Unit – CCU Student Housing Foundation Consolidated Statement of Financial Position.....	41
Component Unit – CCU Student Housing Foundation Consolidated Statement of Activity and Change in Net Assets.....	42
Notes to Financial Statements.....	43
Other Financial Information	
Supplementary Schedules Required by the Office of the South Carolina Comptroller General	
Schedule of Information on Business-Type Activities Required for the Government-Wide Statement of Activities in the State CAFR	67
Schedule Reconciling State Appropriation per the Financial Statements to State Appropriation Recorded in State Accounting Records.....	68
Schedule of Tuition Fees for the Year Ended June 30, 2011.....	69

FINANCIAL INFORMATION

Independent Auditors' Report

To the Honorable Nikki R. Haley,
Governor of the State of South Carolina
And the Board of Trustees of
Coastal Carolina University
Conway, South Carolina

We have audited the accompanying financial statements of the business-type activities of Coastal Carolina University, a department of the State of South Carolina, as of and for the years ended June 30, 2011, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of The Coastal Educational Foundation and Coastal Carolina University Student Housing Foundation. The Coastal Educational Foundation and Coastal Carolina University Student Housing Foundation reflect 100% of total assets, 100% of net assets, and 100% of total revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for The Coastal Educational Foundation and Coastal Carolina University Student Housing Foundation is based on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Coastal Educational Foundation and Coastal Carolina University Student Housing Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the University are intended to present the financial position, changes in net assets and cash flows, where applicable, of only that part of the business type activities that are attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of South Carolina, as of June 30, 2011, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of Coastal Carolina University and its discretely presented component unit, as of June 30, 2011, and the changes in financial position, and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2011 on our consideration of Coastal Carolina University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant and agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Coastal Carolina University's financial statements as a whole. The accompanying schedule of expenditures of federal awards listed in the Single Audit section of the table of contents is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and is also not a required part of the financial statements of Coastal Carolina University. The other financial information and schedule of expenditures of federal awards as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



September 23, 2011



Coastal Carolina University Management's Discussion and Analysis

Coastal Carolina University is pleased to present its financial report for the year ended June 30, 2011. This section, Management's Discussion and Analysis, will describe each of the statements, present a condensed, comparative version of each one, and offer financial highlights for the year.

Using the Annual Financial Report

The University's financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities. During fiscal year 2004, the University implemented GASB Statement No. 39; Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14, and incorporated one non-governmental component unit, the Coastal Educational Foundation. In fiscal year 2005, the CCU Student Housing Foundation was determined to be a second component unit, primarily due to its close relationship to the growth plans of the institution.

The basic financial statements prescribed by GASB No. 35 (the Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows) are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Statement of Net Assets includes all assets and liabilities of the University. Over time, increases or decreases in net assets (the difference between assets and liabilities) are one indicator of the improvement or erosion of the University's financial health when considered with non-financial facts such as enrollment levels and the condition of facilities.

The Statement of Revenues, Expenses and Changes in Net Assets presents the revenues earned and the expenses incurred during the year. Activities are reported as either operating or non-operating. A public university's dependency on state aid and gifts usually produces an operating deficit because the financial reporting model classifies state appropriations and gifts as non-operating revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The Statement of Cash Flows presents information related to cash inflows and outflows which are classified into operating, non-capital financing, capital financing and related investing activities, and helps measure the ability to meet financial obligations as they mature.

Financial Highlights

In FY2011, financial focus and activity continued to revolve around the state appropriation and operating budget. An additional 18% or \$2.1 million was cut from state appropriations. Since fiscal year 2008, the reductions have totaled 44% or \$7.8 million. In planning for future reductions from the State of South Carolina, the University began planning a \$4 million reduction in operating expenses including a small reduction in force, the termination of temporary employment contracts as well as general expense reductions such as hiring delays. These reductions, implemented in June/July 2010, have allowed the University to absorb the FY2011 appropriations reductions and assisted in the preparation to absorb the discontinuance of the stimulus funding which amounted to \$2.3 million in FY2010 and FY2011. The University continued its efforts to reduce spending, increase efficiencies, and generate additional revenues in order to combat the continued declining economy.

In FY2008, the University worked with legislators to amend a law allowing higher education to participate in the revenue from sales tax. As a result of this amendment, Coastal Carolina University and Horry Georgetown Technical College were eligible to participate in a 1% sales tax referendum in conjunction with Horry County Public Schools. The 1% sales tax referendum was on the ballot in the November 2008 election and passed. The University receives 13.3% of the tax collected for a period of fifteen years which began March 1, 2009. Through June 2011 collections, the penny tax has provided more than \$15 million which is restricted to fund campus construction and land acquisitions. Over the fifteen year period the collections should result in an estimated \$115 to \$120 million.

In fiscal year 2010, the University issued \$54 million in general obligation bonds through the State of South Carolina for the construction of a student convocation/recreation center, a 24/7 information commons expansion to the library and a science center annex. Progress has continued on the completion of those structures.

Managing undergraduate enrollment growth continued to be one of the principal planning issues at the University in fiscal year 2011. The undergraduate full-time equivalency (FTE) enrollment for the fall of 2010 was 8,073, representing a 5.0% increase over the previous fall, and a 100% increase since the fall of 2000 (4,027). Total full-time equivalency (FTE) enrollment for fall of 2010 was 8,302, representing a 5.5% growth over the previous fall and a 102.4% growth since fall of 2000 (4,102). This growth is achieved while maintaining quality with the average SAT score for fall 2010 for new freshman at 1008, which is above the South Carolina average (979) for high school students. The average ACT composite score for Coastal Carolina University freshmen (20) was one point less than that of the nation (21) and was on par with that of the statewide average (20) for fall 2010. The average high school GPA for Fall of 2010 for new freshman is 3.34 which is slightly above the average for the freshmen class of 2009 at 3.32 and on par with the national average GPA score of 3.34. In the fall of 2010, the University implemented an in-state tuition increase of

4.9% and an out-of-state increase of 8.0%. This put the University's in-state rate slightly below the average rate of higher education offered by South Carolina public institutions with a similar mission and as a result of the tuition increase and enrollment growth, net revenue generated by tuition and fees increased by 13%.

Overall, Coastal Carolina University had the good fortune to have increased student enrollment and the ability to retain these students through both semesters in the midst of national economic uncertainty, while seeing a trend throughout higher education of many students returning to their parent's home and their home state for financial reasons. Because of this good fortune, the University was able to handle the large budget cuts imposed by the state and was able to continue moving forward with its overall goals and strategy.

Statement of Net Assets

Total Assets – increase of \$32.3 million

Total assets increased by \$32.3 million. The increase of \$6.1 million in current assets is mainly due to the increase in unrestricted cash of \$21.6 million, decrease in restricted cash of \$14.5 million and a decrease in accounts receivable of \$1 million. Other assets (unamortized bond discount, restricted cash, and loans to students) decreased by \$127 thousand during the current fiscal year. The net increase in cash compared to the prior fiscal year is due to cash provided from operating activities of \$5.4 million, non-capital financing activities including state and local appropriations, state grants and gifts of \$27.9 million, and a net decrease of \$29.5 million from capital financing activities. Cash provided by interest income totaled \$3.3 million. Net capital assets increased by approximately \$26.2 million mostly due to current construction in progress. In addition, the University purchased a building and .83 acres of land to house the Human Resources departments and a golf course and driving range to enhance the Professional Golf Management Program. The University also received 3.06 acres as a gift from the Coastal Educational Foundation for the purpose of building the new Academic Classroom Building currently under construction.

Total Liabilities – increase of \$2.8 million

Liabilities increased by \$2.8 million. Current liabilities increased by \$6.4 million of which \$4 million is the increase in deferred revenues for grants and contracts and \$1.5 million is an increase in the accrued payroll liability. Non-current liabilities decreased by \$3.6 million due to the decrease of \$3.9 million in long-term bonds payable and then an increase of \$180 thousand in accrued compensated absences, a decrease of \$32 thousand in other liabilities, an increase of \$14 thousand in the Federal loan program liability and an increase in notes payable of \$54 thousand.

Net Assets – increase of \$29.5 million

Net assets increased by \$29.5 million. This was comprised of an increase in capital assets net of related debt of \$20.5 million due to the increase in capital assets of 26.2 million. Restricted expendable assets decreased by \$832 thousand, due mainly to a decrease in Institutional Capital Projects funds of \$3.6 million and an increase in 1% sales tax referendum funds of \$2.6 million. Unrestricted net assets increased by \$9.8 million, largely due to an increase in tuition revenue of \$9 million.

Condensed Summary of Net Assets				
Assets	2011	2010	Increase/ (Decrease)	Per Cent Change
Current assets	\$ 145,106,448	\$ 138,965,107	\$ 6,141,340	4%
Capital assets, net	134,096,991	107,839,401	26,257,590	24%
Other assets	<u>2,965,071</u>	<u>3,092,117</u>	<u>(127,046)</u>	-4%
Total Assets	<u>282,168,510</u>	<u>249,896,625</u>	<u>32,271,885</u>	13%
Liabilities				
Current liabilities	24,405,635	18,033,672	6,371,963	35%
Non-current liabilities	<u>89,468,107</u>	<u>93,039,672</u>	<u>(3,571,565)</u>	-4%
Total Liabilities	<u>113,873,742</u>	<u>111,073,344</u>	<u>2,800,398</u>	3%
Net Assets				
Invested in capital assets, net of debt	92,076,002	71,619,921	20,456,081	29%
Restricted - non-expendable	100,000	100,000	-	0%
Restricted - expendable	32,445,453	33,277,562	(832,109)	-3%
Unrestricted	<u>43,673,313</u>	<u>33,825,798</u>	<u>9,847,515</u>	29%
Total Net Assets	<u>\$ 168,294,768</u>	<u>\$ 138,823,281</u>	<u>\$ 29,471,487</u>	21%

Statement of Revenues, Expenses and Changes in Net Assets

Total Revenues – increase of \$9.1 million

A \$9.1 million increase in total revenue was comprised entirely of growth in operating revenue of \$10.6 million and a decrease of \$1.5 million in non-operating revenue. The majority of operating revenues, (student tuition and fees, grants and contracts, and sales and service revenues) have all experienced increases from the prior year.

The largest increase due to operations was a \$9.7 million increase in student tuition and fees, representing a 12% increase from the previous year. The full-time in-state student population grew approximately 4% and the rate students pay for in-state tuition was increased by 4.9%. Grants and contracts increased by approximately 7% due to a \$1million increase in federal grants.

The decreases in non-operating revenue are due to decreases in state and local appropriations of \$2.3 million and decreases in gifts and non-operating grants of almost \$900 thousand mostly due to the declining economy. Capital appropriations continue to increase slightly due primarily to the passage of the one penny sales tax referendum. Horry County now levies an additional one percent sales tax which is split between the local school district, Horry Georgetown Technical College and Coastal Carolina University at a rate of 80%, 6.7% and 13.3%. This sales tax is restricted to funding capital improvements.

Total Expenses – increase of \$ 10.2 million

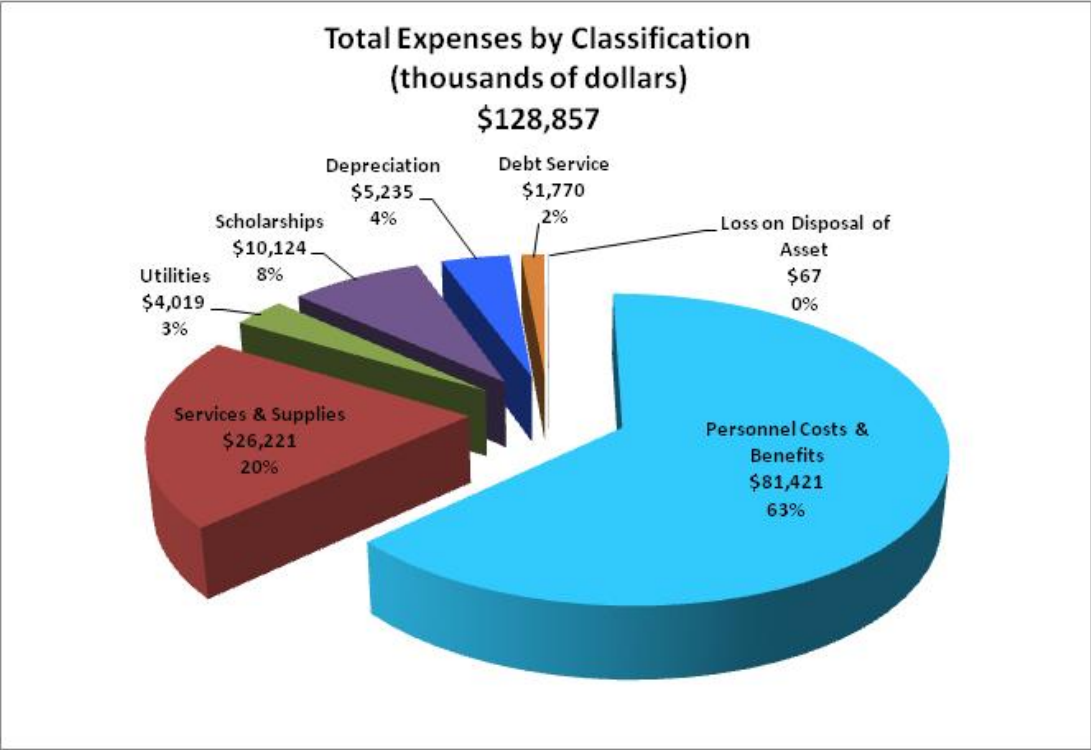
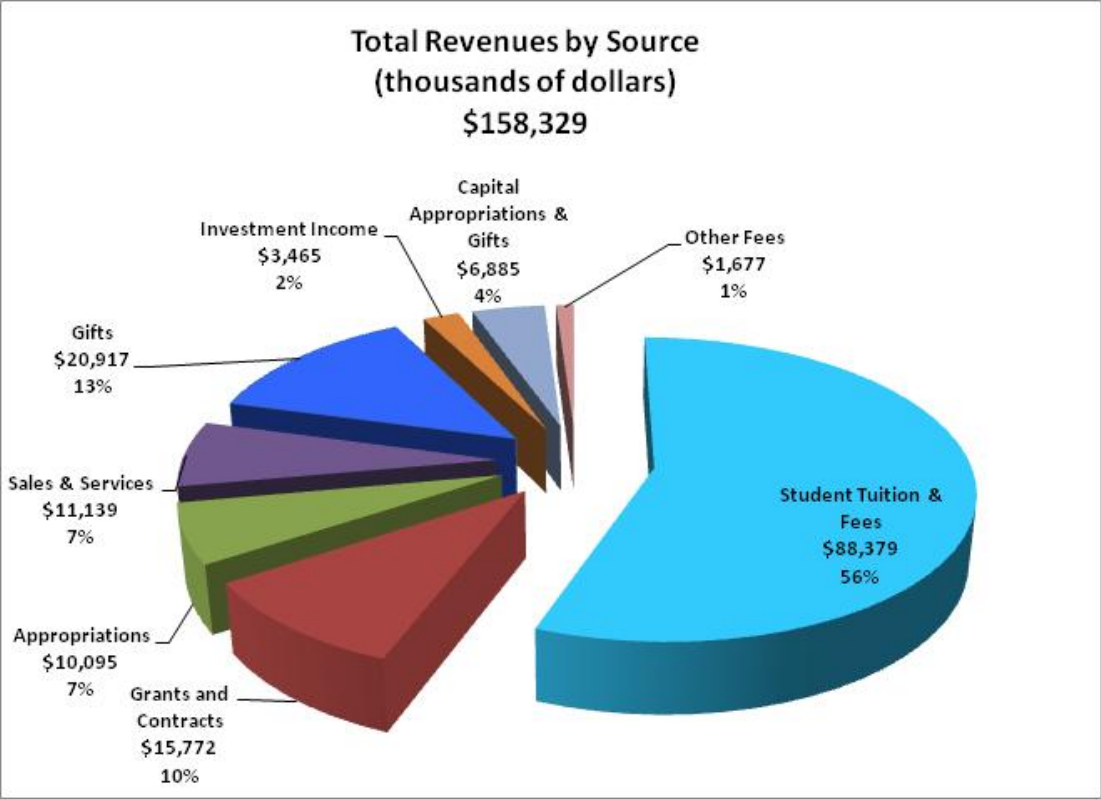
The total expense increase of \$10.2 million was almost entirely due to operations. Salaries and fringe benefits increased \$5.8 million mostly in the form of permanent faculty and other unclassified positions. The University will continue to convert temporary faculty to permanent faculty positions as the enrollment continues to

increase and the University works toward providing the best possible instruction in the form of permanent full-time faculty.

Services and supplies expenses increased approximately \$900 thousand due to increases in rentals and leases, insurance, non-employee travel, athletic recruiting and supplies. Utilities increased slightly by \$174 thousand due to the rate increase instituted by the electric provider. Depreciation expense increased by \$619 thousand due to the increase in capital assets accounts.

Scholarship expense increased by \$3.2 million due to increases in the scholarship expense for federal scholarships such as Pell, SEOG, ACG and SMART programs. Interest expense, unrelated to operations, decreased by approximately \$551 thousand as debt service interest charges decreased for both the tuition and revenue bonds.

Condensed Summary of Revenues, Expenses and Changes in Net Assets				
	<u>2011</u>	<u>2010</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
Revenues:				
Student tuition and fees	\$ 88,379,677	\$ 78,675,758	\$ 9,703,919	12%
Grants and contracts	15,772,215	14,808,697	963,518	7%
Sales and services	11,138,957	10,815,452	323,505	3%
Other operating revenues	<u>1,677,210</u>	<u>2,043,312</u>	<u>(366,102)</u>	-18%
Total operating revenues	<u>116,968,059</u>	<u>106,343,219</u>	<u>10,624,840</u>	10%
State appropriations	9,856,086	11,970,857	(2,114,771)	-18%
Local appropriations	238,313	434,395	(196,082)	-45%
Gifts and grants	20,917,116	21,814,521	(897,405)	-4%
Capital appropriations	6,884,907	6,665,565	219,342	3%
Investment income	<u>3,464,715</u>	<u>2,016,468</u>	<u>1,448,247</u>	72%
Total nonoperating revenues	<u>41,361,137</u>	<u>42,901,806</u>	<u>(1,540,669)</u>	-4%
Total Revenues	<u>158,329,196</u>	<u>149,245,025</u>	<u>9,084,171</u>	6%
Expenses:				
Personnel costs and benefits	81,420,498	75,630,433	5,790,065	8%
Services and supplies	26,221,253	25,321,514	899,739	4%
Utilities	4,019,195	3,844,951	174,244	5%
Scholarships	10,124,210	6,900,239	3,223,971	47%
Depreciation	<u>5,235,188</u>	<u>4,615,762</u>	<u>619,426</u>	13%
Total operating expenses	<u>127,020,344</u>	<u>116,312,899</u>	<u>10,707,445</u>	9%
Interest expense	1,770,271	2,321,273	(551,002)	-24%
Loss on disposal of asset	<u>67,094</u>	<u>10,256</u>	<u>56,838</u>	
Total Expenses	<u>128,857,709</u>	<u>118,644,428</u>	<u>10,213,281</u>	9%
Change in Net Assets	<u>29,471,487</u>	<u>30,600,597</u>	<u>(1,129,110)</u>	-4%
Net Assets, beginning of year	<u>138,823,281</u>	<u>108,222,684</u>	<u>30,600,597</u>	28%
Net Assets, end of year	<u>\$ 168,294,768</u>	<u>\$ 138,823,281</u>	<u>\$ 29,471,487</u>	21%



Capital Assets and Debt

Capital assets at June 30, 2011, consisted of \$10.3 million in land, \$26.7 million construction in progress, and \$97.1 million in land improvements, buildings, equipment, vehicles, and intangible assets, net of accumulated depreciation. In FY11, the Coastal Educational Foundation donated 3.06 acres of land to the University for an estimated FMV of \$417,833. The Quail Creek Golf Course was a combination gift/purchase of \$2.7 million for land intended for use in the Wall College of Business's Professional Golf Management Program which added 188.18 acres. A land acquisition associated with the purchase of a building to house the Human Resources Department added .83 acres at a cost of \$560,000.

The construction in progress is comprised mainly of the student recreation/convocation center, the Hicks Dining Hall addition, the Bryan Information Commons addition, the Swain Science Hall Annex, and various parking lot additions and land improvement projects on-going at the University. Please see Note 6 to the financial statements for further details of capital asset activity.

Debt on capital assets is approximately \$88.4 million, comprised of \$3.9 million current liabilities and \$84.5 million in long-term liabilities. Detail of bonds payable and long-term liabilities of the University are found in Notes 10 and 11

Economic Outlook

Fall 2011 full-time undergraduate in-state enrollment increased 2.3% and out of state increased by 5.4%. Enrollment figures are preliminary. In an effort to move forward with building construction and renovation projects, in FY2008, tuition was increased to facilitate the bonding capacity while balancing the growth needed for operations. Currently, \$525 per student is set aside for future debt service. In the prior fiscal year, the University began spending the funds generated by the \$54 million bond issuance to construct academic and student services facilities. The first project scheduled to be completed will be the student recreation/convocation center in Spring 2012. The 24/7 information commons addition to the library, and an annex to the science building will be completed thereafter. The tuition increase for FY2011 was 3.9% and 6.4% for in state and out of state students respectively. An additional 65 FTE positions were added to the budget for FY11 and 49 positions were added for FY12 for both faculty and staff support positions. The university strives to manage its growth from both a faculty and a student services perspective.

COASTAL CAROLINA UNIVERSITY

Statement of Net Assets

June 30, 2011

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 60,561,386
Accounts and pledges receivable, net of provision for doubtful accounts	6,721,626
Due from component units	1,206,729
Inventories	526,871
Prepaid expenses	448,137
RESTRICTED CURRENT ASSETS	
Cash and cash equivalents	75,641,699
Total current assets	145,106,448
NONCURRENT ASSETS	
Capital assets, net of accumulated depreciation	
Land	10,305,132
Construction in progress	26,646,272
Buildings and improvements	94,636,896
Equipment, vehicles and intangible assets	2,508,691
Other assets	1,416,897
RESTRICTED NONCURRENT ASSETS	
Cash and cash equivalents	267,159
Student loans receivable, net	1,281,015
Total non-current assets	137,062,062
TOTAL ASSETS	282,168,510
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	3,960,694
Accrued payroll and related liabilities	7,751,008
Deferred revenue	6,830,507
Funds held for others	235,033
Accrued compensated absences, current	231,438
Bonds payable, current	3,950,000
Notes payable, current	54,166
CURRENT LIABILITIES PAYABLE FROM RESTRICTED CURRENT ASSETS	
Interest payable	732,234
Retainage payable	660,555
Total current liabilities	24,405,635
NON-CURRENT LIABILITIES:	
Accrued compensated absences	3,156,841
Bonds payable	84,485,000
Notes payable	54,166
Other liabilities	326,754
NON-CURRENT LIABILITIES PAYABLE FROM RESTRICTED NON-CURRENT ASSETS	
Federal loan program liability	1,445,346
Total non-current liabilities	89,468,107
TOTAL LIABILITIES	113,873,742
NET ASSETS	
Invested in capital assets, net of debt	92,076,002
Restricted for:	
Non-expendable/permanently restricted	100,000
Expendable for capital projects	30,037,039
Satisfaction of Debt Covenants (Net of Interest Payable)	2,408,414
Unrestricted	43,673,313
TOTAL NET ASSETS	\$ 168,294,768

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2011

Operating Revenues

Student tuition and fees, net of scholarship allowance of \$23,544,194	
\$7,320,182 is pledged for debt service on general obligation bonds	\$ 88,379,677
Government scholarships and contracts	15,772,215
Sales and services of educational departments	3,033,764
Sales and commissions of auxiliary enterprises, net of scholarship allowance of \$2,616,022	8,105,193
Other fees	1,677,210

Total Operating Revenues 116,968,059

Operating Expenses

Personnel costs and benefits	81,420,498
Services and supplies	26,221,253
Utilities	4,019,195
Scholarships	10,124,210
Depreciation	5,235,188

Total Operating Expenses 127,020,344

Operating Income (Loss) (10,052,285)

Non-Operating Revenue (Expenses)

State appropriations	9,856,086
Grant Revenue - Stabilization Funds	2,426,619
Pell Grant Revenues	13,506,926
Local appropriations	238,313
Grants and contracts	-
Gifts, including \$865,706 from Coastal Educational Foundation and \$411,253 from CCU Student Housing Foundation	2,188,866
Other miscellaneous revenue	125,106
Investment and endowment income	3,464,715
Interest on capital asset related debt	(1,770,271)
Gain (Loss) on disposal of assets	(67,094)

Net Non-Operating Revenues (Expenses) 29,969,266

Income (loss) before other revenues, expenses, gains and losses 19,916,981

Capital appropriations (Local)	6,884,907
Capital grants and gifts, including \$633,036 from Coastal Educational Foundation	2,669,599

Increase (Decrease) in Net Assets 29,471,487

Net Assets

Net Assets, beginning of year	138,823,281
Net Assets, end of year	\$ 168,294,768

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY

Statement of Cash Flows

For the Year Ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 90,911,393
Grants and contracts	15,420,597
Other operating cash receipts	4,055,731
Payments to employees	(79,639,357)
Payments to suppliers	(25,179,234)
Perkins loan collected	86,477
Funds held for others	<u>(219,756)</u>
Net cash used by operating activities	<u>5,435,852</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES	
State, county, and local appropriations	12,521,018
Gifts and grants	1,950,548
Cash received from Pell Grants	<u>13,506,926</u>
Net cash flow provided by noncapital financing activities	<u>27,978,492</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State capital appropriations	6,884,907
Gifts and grants for capital purposes	4,777,829
Purchase of capital assets	(31,559,873)
Principal and interest paid on capital debt and leases	<u>(9,657,361)</u>
Net cash used by capital activities	<u>(29,554,498)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	<u>3,317,138</u>
Net cash flows used by investing activities	<u>3,317,138</u>
Net change in cash	7,176,985
Cash beginning of year	<u>129,293,259</u>
Cash end of year	<u>\$ 136,470,244</u>
Reconciliation of net operating loss to net cash used by operating activities:	
Operating loss	\$ (10,052,285)
Adjustments for non-cash items used by operating activities:	
Depreciation expense	5,235,188
Non-cash transaction	343,579
Change in asset and liabilities:	
Receivables net	(521,887)
Grants and contracts receivable	(585,992)
Payroll Lag Receivable	201,473
Student loans receivable	89,903
Prepaid expenses	114,710
Inventories	(76,322)
Accounts and retainages payable	6,167,176
Accrued vacation payable	196,223
Notes payable	108,332
Deferred revenue	4,435,509
Deposits held for others	(233,711)
Perkins loan federal share	13,955
Net cash used by operating activities	<u>\$ 5,435,852</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY
Component Unit
Coastal Educational Foundation
Statement of Financial Position
June 30, 2011

	2011
ASSETS	
Cash and cash equivalents	\$ 990,161
Accounts and pledges receivable, net of allowance of \$1,229,549 and \$531,659 for 2011 and 2010, respectively	1,192,996
Investments	23,485,776
Real estate held for investment	1,234,634
Cash value of life insurance	28,313
Property and equipment, net	5,393,578
Total assets	\$ 32,325,458
 LIABILITIES AND NET ASSETS	
Accounts payable	\$ 730,056
Accrued expenses	2,362
Notes payable	370,212
Total liabilities	1,102,630
 Net assets	
Unrestricted	6,658,143
Temporarily restricted	10,417,449
Permanently restricted	
Permanent endowments	13,647,236
Land required to be permanently used in programs	500,000
Total net assets	31,222,828
Total liabilities and net assets	\$ 32,325,458

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY
Component Unit
Coastal Educational Foundation
Statement of Activity and Change in Net Assets
For the Year Ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue, gains (losses) and other support				
Contributions	\$ 402,732	\$ 1,062,424	\$ 111,966	\$ 1,577,122
Endowed and other investment income				
Interest income	2,652	-	-	2,652
Realized investment income (losses)	406,775	6,460	(94)	413,141
Net appreciation in fair value of investments	1,304,588	1,877,349	866,951	4,048,888
Net depreciation in fair value of property	-	(16,500)	(2,760)	(19,260)
Change in cash value of life insurance	(2,586)	2,294	1,569	1,277
Lease income	349,506	5,400	-	354,906
Royalty income	-	11,864	-	11,864
Miscellaneous income	4,832	18,790	-	23,622
Fundraising income	-	128,014	-	128,014
Gain on transfer of land to the University	411,587	-	-	411,587
Net assets released from restrictions	<u>2,122,073</u>	<u>(2,122,073)</u>	<u>-</u>	<u>-</u>
 Total revenues, gains and other support	 <u>5,002,159</u>	 <u>974,022</u>	 <u>977,632</u>	 <u>6,953,813</u>
Expenses				
Program services				
Scholarships	343,586	-	-	343,586
University support	706,306	-	-	706,306
Facilities development and physical plant	953,516	-	-	953,516
College of Education	16,539	-	-	16,539
College of Humanities	113,475	-	-	113,475
College of Science	58,801	-	-	58,801
College of Business	341,289	-	-	341,289
General and administrative	367,716	-	-	367,716
Bad debt expense	769,408	-	-	769,408
Fundraising expenses	<u>72,948</u>	<u>-</u>	<u>-</u>	<u>72,948</u>
				-
Total expenses	<u>3,743,584</u>	<u>-</u>	<u>-</u>	<u>3,743,584</u>
 Change in net assets	 1,258,575	 974,022	 977,632	 3,210,229
 NET ASSETS, BEGINNING OF YEAR	 5,809,099	 9,595,156	 12,608,344	 28,012,599
 Transfers	 <u>(409,531)</u>	 <u>(151,729)</u>	 <u>561,260</u>	 <u>-</u>
 NET ASSETS, END OF YEAR	 <u>\$ 6,658,143</u>	 <u>\$10,417,449</u>	 <u>\$ 14,147,236</u>	 <u>\$31,222,828</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY

Component Unit

CCU Student Housing Foundation

Statement of Financial Position

June 30, 2011

	<u>2011</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,413,337
Cash and cash equivalents, restricted	855,222
Investments	2,137,927
Investments, restricted	7,745,939
Bond issuance costs, net	61,296
Prepaid insurance	90,604
Total current assets	<u>12,304,325</u>
Fixed assets, net	68,446,365
Non-current assets:	
Long-term portion of bond issuance costs, net	1,567,069
Other assets	9,800
Total Assets	<u>\$ 82,327,559</u>
Liabilities and Net Assets (Deficit)	
Current liabilities:	
Accounts payable	\$ 487,951
Due to Coastal Carolina University	445,683
Accrued interest	1,231,922
Mortgage payable	250,821
Bonds payable, current	1,220,000
Other accrued liabilities	153,459
Total current liabilities	<u>3,789,836</u>
Non-current liabilities:	
Long-term portion of revenue bonds payable, net	84,966,083
Long-term portion of mortgage payable	2,109,889
Total Liabilities	<u>90,865,808</u>
Net assets (deficit)	
Unrestricted deficit	<u>(8,538,249)</u>
Total net assets (deficit)	<u>(8,538,249)</u>
Total liabilities and net assets (deficit)	<u>\$ 82,327,559</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY
Component Unit
CCU Student Housing Foundation
Consolidated Statement of Activity and Change in Net Assets
For the Year Ended June 30, 2011

	2011
Revenues Gains And Other Support	
Housing fees	\$ 11,618,546
Interest Income	80,202
Other Revenue	164,814
lease Income	8,402
Investment Income	(5,204)
Vending commissions	1,328
	\$ 11,868,088
 Expenses	
Student Housing Expenses	4,198,420
Amortization	61,297
Depreciation	1,971,506
Interest and fianancing fees	4,959,706
Support of CCU	467,253
Management and general	450,359
	\$ 12,108,541
 Change in net deficit	 (240,453)
 Net Deficit, Beginning of Year	 (8,297,796)
	\$ (8,538,249)

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Coastal Carolina University is a public, mid-sized (9,000 students) comprehensive liberal arts institution offering baccalaureate degrees in the traditional liberal arts and sciences, interdisciplinary studies, and professional schools, along with master's degrees in several specialized areas. The campus primarily serves its immediate five-county area and the state, while honoring its commitment to the citizens of Horry County who founded the University and continues to provide funding. Recognizing its responsibility to ensure a student population that is diverse both culturally and geographically, the institution also aggressively recruits statewide, out-of-state, and internationally.

The University is a part of the primary government of the State of South Carolina and its funds are reported in the State's higher education enterprise funds in the Comprehensive Annual Financial Report of the State of South Carolina. Generally, all State departments, agencies, colleges and universities are included in the State's reporting entity. These entities are financially accountable to and fiscally dependent on the State. Although the State-supported universities operate somewhat autonomously, they lack full corporate powers. In addition, the Governor and/or the General Assembly appoint their board members and budget a portion of their funds.

The University is governed by a board of 16 members, including 15 elected by the State Legislature and one member to be appointed from the State at large by the Governor. The Governor of the State, or his designee, is an ex officio member of the Board. Accordingly, as such, it administers, has jurisdiction over, and is responsible for the management of the University

Financial Statements Presentation: The financial statement presentation for the University conforms to the requirements of Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*. The University has also adopted GASB Statement No. 38, *Certain Financial Statement Note Disclosures* and Statement No. 39; *Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14*. The financial statement presentation provides a comprehensive, entity-wide perspective of the University's net assets, revenues, expenses and changes in net assets and cash flows as well as the net assets, revenues, expenses and changes in net assets of its separately audited component units.

Reporting Entity: The financial reporting entity, as defined by GASB Statement No. 14, *The Financial Reporting Entity*, consists of the primary government and all of its component units. Component units are legally separate organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete. Accordingly, the financial statements present the University as the primary government and two discretely presented component units, the Coastal Educational Foundation and the CCU Student Housing Foundation.

The Coastal Educational Foundation (the CEF) is a legally separate, tax-exempt entity which was chartered by the State of South Carolina in October 1954, for the purpose of soliciting, receiving, managing and distributing gifts for educational purposes in support of Coastal Carolina University. The CEF's activities are governed by its board of directors. The CEF's support comes primarily from contributions from alumni, local individuals and businesses. Although the University does not control the timing or amount of receipts from the CEF, the majority of resources and income thereon that it holds and invests is restricted to the activities of the University by donors. Because these restricted resources can only be used by, or for the benefit of, the University, the CEF is considered a component unit of the University.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Reporting Entity: Continued

The CCU Student Housing Foundation (the Foundation) is also a legally separate, tax-exempt entity which was chartered in 2002, to provide housing for Coastal students and to provide support for various other University programs. The Foundation is supported by housing fees paid by students. The Foundation's activities are governed by its board of directors. The Foundation is considered a component unit because its economic resources are held entirely for the benefit of the University

Both the CEF and the Foundation are not deemed to be governmental entities because a controlling majority of the membership is not appointed by the University, there is no potential for unilateral dissolution by the University, with the net assets reverting to the University, and neither has the power to enact and enforce a tax levy or the ability to issue directly debt that pays interest exempt from federal taxation. Also, both Foundations report their financial results under Financial Accounting Standards Board (FASB) statements, the most significant of which are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Statements of Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Because the Foundations are deemed not to be governmental entities and because they use a different reporting model, their balances and transactions are reported on separate financial statements.

Copies of the separately issued financial statements for the CEF and the CCU Student Housing Foundation can be obtained by sending a request to the following address: Executive Director, CEF, and Executive Director, Student Housing Foundation, Foundation Center, P.O. Box 261954, Conway, South Carolina, 29528-6054.

Basis of Accounting: For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship and fellowship expenses. All significant intra-agency transactions have been eliminated.

The University applies all applicable GASB pronouncements and in accordance with GASB statement 20, the State of South Carolina has elected to apply only those Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, which are not in conflict with GASB standards.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the University and its component units consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State of South Carolina State Treasurer's Office are considered cash equivalents.

Accounts Receivable: Accounts receivable consists of tuition and fee charges to students, gift pledges and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also includes amounts due from the Federal government, state and local governments, component units, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Inventories and Prepaid Items: Inventories are carried at the lower of cost or market. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Items accounted for as University inventories include: maintenance supplies, housing supplies, office supplies, mail supplies, athletic supplies, and golf-course supplies. Items accounted for as prepaid items include: prepaid insurance, prepaid postage, prepaid magazine and periodical subscriptions, and advance payments for maintenance and service agreements

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 University follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The University capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000. Routine repairs, maintenance and library materials are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful life for buildings and improvements is 10-40 years; for land improvements is 10-15 years; and for vehicle, equipment and machines is 3-10 years. A full year of depreciation is taken the year the asset is placed in service and no depreciation is taken in the year of disposition.

Deferred Revenues: Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement. Also included in deferred revenue are grant funds received but not yet expended for their restricted purpose and amounts paid in advance for football tickets.

Funds Held for Others: Funds held for others result from the University acting as an agent, or fiduciary, for entities which have a relationship with the University's activities or from the University acting as an agent for certain student loans.

Compensated Absences: Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued vacation payable in the statement of net assets, and as a component of compensation and benefit expense in the statement of revenues, expenses, and changes in net assets.

Federal Perkins Loans Receivable and Related Liability: The loans receivable on the balance sheet are due to the University under the Federal Perkins Loan program. This program is funded primarily by the federal government with the University providing a required match. The amount reported as federal loan liability is the amount of cumulative federal contributions and a pro-rata share of net earnings on the loans under this program which would have to be repaid to the federal government if the University ceases to participate in the program.

Net Assets: The University's net assets are classified as follows:

Invested in capital assets, net of related debt: Assets invested in capital assets, net of related debt, represent the University's total investment in capital assets, net of outstanding debt obligations, related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Net Assets: Continued

Restricted net assets - expendable: Restricted expendable net assets include resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted net assets - nonexpendable: Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, as well as for repair and renovations to the physical plant, and may be used at the discretion of the governing board to meet current expenses for any purpose.

The University policy for applying expenses that can use both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources then to unrestricted resources

Classification of Revenue and Expense: The University classifies its revenues and expenses as either operating or non-operating. Operating revenues generally result from exchange transactions arising from the University's principal on-going activity, which is the provision of higher education.

Operating revenues include (1) student tuition and fees received in exchange for providing educational services, housing, and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients or eligibility criteria; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the University; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the University would not otherwise undertake. In past years, Higher Education institutions have treated Pell grants as federal operating grants. However, in accordance with Question 7.72.10 of GASB's Comprehensive Implementation Guide, the South Carolina Comptroller General's Office has revised its policy and is now requiring Pell grant activity to be reported as nonoperating revenues. Operating expenses result from providing the goods and services exchanged for the respective revenues.

All revenues and expenses not meeting the definition of operating revenues are reported as non-operating revenues and expenses. Such transactions generally arise from activities that have characteristics of non-exchange transactions. Examples include gifts and contributions, government appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

Scholarship Discounts and Allowances: Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenue, expenses, and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, State, or nongovernmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance. Scholarships for certain individuals that are required by state law or out-of-state fee differential abatements facilitated by intra-state agreements are recorded neither as tuition and fee revenue

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Scholarship Discounts and Allowances: Continued
nor as scholarship allowance.

Sales and Services of Educational and Other Activities: Revenues from sales and services of educational and other activities generally consist of amounts received from instructional, laboratory, research, and public service activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public. The University receives such revenues primarily from grant-related activities, rental of University space, travel-study courses, research and public service centers, and the physical education center.

Auxiliary Enterprises and Internal Service Activities: Auxiliary enterprise revenues primarily represent revenues generated by housing, bookstore, vending/canteen, and food service. Transactions between the University and its auxiliary enterprises activities have been eliminated.

Rebatable Arbitrage: Arbitrage involves the investment of proceeds from the sale of tax-exempt securities in a taxable investment that yields a higher rate of return, resulting in income in excess of interest costs. Federal law requires entities to rebate to the government such income on tax-exempt debt if the yield from these earnings exceeds the effective yield on the related tax-exempt debt issued. Governments are exempt from the rebate requirement if they meet certain temporary investment tests, if their bond proceeds are "available construction proceeds", or if they issue no more than \$5 million in total of all such debt in a calendar year. For this purpose, tax-exempt indebtedness includes bonds and certain capital leases and installment purchases. Potential rebate liability must be calculated annually, and the actual liability must be paid every five years or at maturity of the debt, whichever is earlier. The University has a rebatable arbitrage liability of at \$83,302.

Income Taxes: The University, as a political subdivision of the State of South Carolina, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. The Foundations are exempt from income tax under the provisions of Internal Revenue Code Section 501(c)(3). No provision for income taxes has been made.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenditures and affect disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2011

NOTE 2 – CASH AND CASH EQUIVALENTS, OTHER DEPOSITS AND INVESTMENTS

All deposits of the University are under the control of the State Treasurer, who by State law has sole authority for investing State funds

The following schedule reconciles Deposits to the Statement of Net Assets amounts:

STATEMENT OF NET ASSETS:	
Cash and Cash Equivalents - Current	\$ 60,561,386
Cash and Cash Equivalents - Restricted	
Debt Service	3,140,648
Capital Project	72,501,051
Other	167,159
Cash and Cash Equivalents - Endowment	<u>100,000</u>
Total	<u>\$ 136,470,244</u>
DEPOSITS:	
Cash on Hand	\$ 21,621,397
Deposits Held by State Treasurer	<u>114,848,847</u>
Total	<u>\$ 136,470,244</u>

Cash on Hand: At June 30, 2011, Coastal Carolina University had approximately \$167,159 with the State Treasurer for exclusive use by the Perkins Loan Program.

Deposits Held by State Treasurer: State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. At June 30, 2011, Coastal Carolina University had \$114,848,847 in Deposits Held by State Treasurer. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's deposits is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

With respect to investments in the State's internal cash management pool, all of the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agents in the State's name. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's deposits is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

NOTE 3 – RESTRICTED ASSETS

The purposes and amounts of University restricted assets at June 30, 2011 are as follows:

CURRENT	
Cash and Cash Equivalents	
Satisfaction of Debt Covenants	\$ 3,140,648
Capital Projects	<u>72,501,051</u>
Total Restricted Current Assets	75,641,699
NON-CURRENT	
Cash and Cash Equivalents	
Federal Perkins Loan Program	167,159
Endowments	100,000
Loans to Students	<u>1,281,015</u>
Total Restricted Non-Current Assets	1,548,174
Total Restricted Assets	<u>\$ 77,189,873</u>

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2011

NOTE 4 – ACCOUNTS RECEIVABLE

University current and non-current receivables for June 30, 2011 are as follows:

CURRENT ACCOUNTS RECEIVABLE		
Student Accounts Receivable	\$ 1,501,803	
Less Allowance for Uncollectible	<u>(839,082)</u>	
Student Accounts Receivable, Net	662,721	662,721
Third Party Receivables		45,674
Federal Grants and Contracts Receivable		1,452,960
State Grants and Contracts Receivable		265,738
Other Grants & Contracts Receivable		51,728
Chanticleer Athletic Foundation Receivable		343,003
Accrued Interest and Endowment Income Receivable		399,866
Coastal Educational Foundation Receivable		690,189
Student/Coastal Housing Foundation Receivable		516,540
Payroll Lag Receivable		1,507,084
Miscellaneous Loans Receivable		587,909
Stafford Loans Receivable		744,216
Other Receivables		<u>660,727</u>
Net Total Current Receivables		7,928,355
 NON-CURRENT ACCOUNTS RECEIVABLE		
Loans to Students		1,321,833
Less Allowance for Uncollectibles		<u>(40,818)</u>
Net Loans to Students		<u>\$1,281,015</u>

Allowances for uncollectible accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio.

NOTE 5 - LOANS RECEIVABLE AND FEDERAL LIABILITY

Student loans made through the Federal Perkins Loan Program of the University comprise all of the loans receivable as of June 30, 2011. The Perkins Loan program provides various repayment options and interest rates; students have the right to repay the loan over periods up to and including 10 years depending on the amount of the loan and loan cancellation privileges the student decides to exercise. These federal promissory notes generally do not expire. As the University determines that loans are uncollectible, the loans are allowed for on the books of the University. Depending on compliance with specific loan regulations, these loans can be assigned to the United States Department of Education. At June 30, 2011, the allowance for uncollectible student loans is valued at \$40,818. The funds contributed by the Federal Government are refundable in the event the University decides to no longer participate in the program. Although the University plans to consider participating in the Perkins Loan Program for the foreseeable future, the University has recorded a long-term liability in the amount of \$1,445,346, representing the Federal portion of the loan program at June 30, 2011. If at any time the University opted out of the Federal Perkins Loan Program, the total liability to the University would be based on the original Federal capital contribution and Federal share of cash available at the close of the program as well as other compliance issues. This amount calculated for just the Federal capital contribution and Federal

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2011

NOTE 5 - LOANS RECEIVABLE AND FEDERAL LIABILITY, Continued

share of cash available at June 30, 2011 totals \$1,553,703. The difference between the long term liability recorded and the liability for just the federal capital contribution and federal share of cash available at June 30, 2011 relates to the allowance and other expenses the federal government considers unallowable. These amounts are estimates. The actual liability would be determined in accordance with federal regulations at the time of liquidation if liquidation ever were to occur.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the University for the year ended June 30, 2011 is summarized as follows:

	Beginning Balance July 1, 2010	Additions	Retirements	Transfers	Ending Balance June 30, 2011
Capital Assets Not Being Depreciated:					
Land	\$ 6,592,033	\$ 3,713,099	\$ -	\$ -	\$ 10,305,132
Construction in Progress	5,900,550	24,736,402	-	(3,990,680)	26,646,272
Total Capital Assets Not Being Depreciated	<u>12,492,583</u>	<u>28,449,501</u>	<u>-</u>	<u>(3,990,680)</u>	<u>36,951,404</u>
Capital Assets Being Depreciated:					
Land Improvements	5,628,202	-	-	801,653	6,429,855
Buildings and Improvements	121,522,887	2,387,999	-	3,189,027	127,099,913
Equipment	8,131,595	662,514	(170,803)	-	8,623,306
Intangible Assets	273,777	-	-	-	273,777
Vehicles	1,505,209	89,735	(63,939)	-	1,531,005
Total Capital Assets Being Depreciated	<u>137,061,670</u>	<u>3,140,248</u>	<u>(234,742)</u>	<u>3,990,680</u>	<u>143,957,856</u>
Less Accumulated Depreciation For:					
Land Improvements	(2,426,466)	(642,700)	-	-	(3,069,166)
Buildings and Improvements	(32,504,245)	(3,319,460)	-	-	(35,823,705)
Equipment	(5,576,854)	(1,064,232)	101,719	-	(6,539,367)
Intangible Assets	(273,777)	-	-	-	(273,777)
Vehicles	(933,510)	(208,796)	36,052	-	(1,106,254)
Total Accumulated Depreciation	<u>(41,714,852)</u>	<u>(5,235,188)</u>	<u>137,771</u>	<u>-</u>	<u>(46,812,269)</u>
Capital Assets Being Depreciated, Net	<u>95,346,818</u>	<u>(2,094,940)</u>	<u>(96,971)</u>	<u>3,990,680</u>	<u>97,145,587</u>
Capital assets, net	<u>\$ 107,839,401</u>	<u>\$ 26,354,561</u>	<u>\$ (96,971)</u>	<u>\$ -</u>	<u>\$ 134,096,991</u>

Major outlays for capital assets and improvements are capitalized as they are constructed. Interest incurred during the construction progress may be capitalized or expensed depending on, among other things, whether the source of funding specifies that it may be used only for the acquisition of specified qualifying assets. In certain cases, the amount of interest earned on unexpended debt proceeds was expensed. During the year ended June 30, 2011, the University capitalized interest expense in the amount of \$1,851,394 associated with the Institutional Bonds issued in 2010.

Construction: Coastal Carolina University continues building at an unprecedented pace, adding \$24,736,402 to Construction in Progress in the current fiscal year. Larger projects consist of the Student Recreation/Convocation Center, the Bryan Information Commons, and the Hicks Dining Hall addition, a

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2011

NOTE 6 - CAPITAL ASSETS, Continued

Construction: Continued

parking lot on University Boulevard., the Swain Hall Science Annex, and on-going renovations to the Lib Jackson Student Center.

Acquisitions: The University purchased a building for \$810,239 and .83 acres of land for \$560,000 located at 95 University Blvd., to house the Human Resources and Payroll Departments. This transaction was recorded at cost.

The University also completed the purchase of the Quail Creek Golf Course on August 4, 2010. The University acquired the property to serve as a lab in support of the Professional Golf Management Program. This property added 188.18 acres to the University land. The purchase price of the golf course and driving range was based on the appraisal of \$3,645,000 and \$375,000 respectively, (\$4,020,000). The University paid \$3,012,363 for the golf course and driving range. The remainder of \$1,007,636, which was the fair market value at the date of the gift, was gifted by the former owner of the golf course to the University.

A parcel of land consisting of 3.06 acres was deeded to the University from the Coastal Educational Foundation for the purpose of building the new Academic Classroom Building currently under construction. This gift was recognized at fair market value.

NOTE 7 - ENDOWMENTS

The University holds one permanent endowment of \$100,000. The cash and cash equivalents are recorded in non-current assets, restricted cash. The endowment had a fair market value of \$108,345 at June 30, 2011. If a donor has not provided specific instructions otherwise, section 34-6-20 of the South Carolina Code of laws permits the Board of Trustees to authorize for expenditure the net appreciation (realized and unrealized) over historical dollar value of the endowment funds. The income earned on the endowment is spent for the purpose for which it was established, faculty research support. It is the University's policy to authorize and spend investment income only at the budgeted amount of 5% of the most recent June 30 fair market value.

NOTE 8 - DEFERRED REVENUE

Deferred revenue for the University at year-end is comprised of tuition prepayments of \$1,263,397, University Place Housing Security Deposits of \$2,498, grant and contract funds of \$5,088,610, housing prepayments of \$389,969, advance football tickets sales of \$82,766 and auxiliary gift certificates of \$3,267.

NOTE 9 - LEASE OBLIGATIONS

Operating Leases: The University leases classroom and office facilities from external parties under terms of non-cancelable operating leases having terms in excess of one year. Previously, the University leased a golf course; however, the course was purchased on August 4, 2010. Total payments for such leases were \$546,951 for the year ended June 30, 2011. Future minimum lease payments under terms of these leases are as follows:

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2011

NOTE 9 – LEASE OBLIGATIONS, Continued

Operating Leases: Continued

Year Ending June 30	Principal
2012	414,610
2013	100,001
2014	50,000
Total	\$ 564,611

The University also leases a parking lot, three activity fields, and classroom, office and clinic facilities from third parties in accordance with operating leases with fixed annual payments and terms of one year or less. Payments for such space during the fiscal year ending June 30, 2011 were \$305,267.

Capital Leases: The University has entered into one capital lease in order to finance the acquisition of various pieces of equipment. The lease is payable in semi-annual installments of \$55,983, including interest of 3.09% through fiscal year 2012. This lease agreement qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of its future minimum lease payments as of the inception date. The carrying value of leased assets as of June 30, 2011 is fully depreciated and there are no future lease obligations.

NOTE 10 – BONDS PAYABLE

For the University, bonds payable consisted of the following at June 30, 2011:

	Balance at Inception	Interest Rates	Maturity Dates	Balance June 30, 2011
Revenue Bonds				
Series 1999S	\$ 24,545,000	4.875% to 5.3%	6/1/2026	\$ 6,360,000
Series 2004 Refunded	13,895,000	4.09%	6/1/2018	2,215,000
Series 2006 Refunded	13,175,000	3.75% to 4.25%	6/1/2026	11,625,000
Total Revenue Bonds				20,200,000
State Institution				
General Obligation 2002	\$ 8,750,000	3.25% to 4.625%	9/1/2022	6,265,000
General Obligation 2006	11,300,000	4.25% to 6.00%	10/1/2026	10,015,000
General Obligation 2010	54,000,000	3.52%	4/1/2030	51,955,000
Total State Institutional Bonds				68,235,000
Total Bonds Payable				\$ 88,435,000

Revenue bonds are payable from and secured by a pledge of net revenues derived by the University from the operation of the facilities constructed with the bond proceeds, and by a pledge of additional funds, which are all available funds and academic fees of the University except for those which are not (i) otherwise designated or restricted; (ii) funds derived from State appropriations; and (iii) tuition funds pledged to the

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2011

NOTE 10 – BONDS PAYABLE, Continued

repayment of State institution bonds, if any. The University has also secured insurance contracts for its revenue bonds which guarantee payment of principal and interest in the case such required payment has not been made, for a period equal to the final maturity of the bonds. Certain of the bonds payable are callable at the option of the University.

State institution bonds are general obligation bonds backed by the full faith, credit, and taxing power of the State. Tuition revenue is pledged in the amount of \$525 per full time student in-state student, \$525 per full time out-of-state student and \$10 per graduate credit hour. The legal debt margin for general obligation bonds is that the maximum amount of annual debt service shall not exceed ninety percent of the sums received from tuition and fees for the preceding fiscal year. Tuition bonds fees for the preceding year were \$7,092,913 which results in a legal annual debt service of June 30, 2011 of \$6,383,622.

The scheduled maturities of the bonds payable by type are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
<u>Revenue Bonds</u>			
2012	1,155,000	895,518	2,050,518
2013	1,200,000	846,426	2,046,426
2014	1,255,000	794,911	2,049,911
2015	1,305,000	741,134	2,046,134
2016	1,360,000	685,198	2,045,198
2017-21	6,575,000	2,539,300	9,114,300
2022-26	<u>7,350,000</u>	<u>1,047,685</u>	<u>8,397,685</u>
\$	<u>20,200,000</u>	<u>7,550,172</u>	<u>27,750,172</u>

	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
<u>General Obligation Bonds</u>			
2012	2,795,000	2,522,126	5,317,126
2013	2,855,000	2,487,126	5,342,126
2014	2,920,000	2,369,976	5,289,976
2015	2,990,000	2,335,976	5,325,976
2016	3,075,000	2,260,576	5,335,576
2017-21	17,030,000	10,473,994	27,503,994
2022-26	20,805,000	8,491,841	29,296,841
2027-30	<u>15,765,000</u>	<u>5,158,875</u>	<u>20,923,875</u>
\$	<u>68,235,000</u>	<u>36,100,491</u>	<u>104,335,491</u>

In April of 2010 new General Obligation State Institution Bonds were issued by the State of South Carolina on behalf of the University in the amount of \$54,000,000. The bonds carry a Fitch rating of AAA, a Moody's Investors rating of Aaa and a S&P rating of AA+.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2011

NOTE 10 – BONDS PAYABLE, Continued

The proceeds received at closing totaled \$54,081,755.46, which consisted of the following:

Total Par Amount	\$54,000,000.00
Less Underwriter's Discount	(280,175.00)
Plus Issue Premium	291,612.20
Plus Accrued Interest	<u>70,318.26</u>
Total Proceeds	\$54,081,755.46

The purpose of the new bond issue is listed below as well as for the previous issues still outstanding:

- State Institution Bonds Series 2010A
 - i. Construct an approximately 18,000 square foot addition to the Kimbel Library.
 - ii. Construct an approximately 40,000 square foot annex to the Smith Science Building.
 - iii. Construct a new student recreation complex.

- State Institution Bonds Series 2006C
 - i. Fund various projects specifically including Science Facilities, other Academic Facilities, Physical Plant and Campus Infrastructure, and Student Life and Intramural Facilities.
 - a. Repairs and renovations to roofs and HVAC systems on academic facilities.
 - b. Construct a planned environmental research facility.
 - c. Convert the existing space in two warehouses to science laboratories.
 - d. Allow for electrical upgrades, parking lots, sidewalks, irrigation, expansion of fiber optics, security cameras, and wireless technology system throughout the campus.
 - e. Provide playing fields and weight rooms for intramural sports activities.

- State Institution Bonds Series 2002D
 - i. Renovate and construct certain academic and athletic facilities.

- Revenue Auxiliary Bonds 1999, 2004 & 2006 Series
 - i. Construction of Baxley Hall.
 - ii. Construction of the Commons Dining Hall.
 - iii. Expansion of student housing on main campus.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2011

NOTE 11—LONG-TERM LIABILITIES

Long-term liability activity for the University for the year ended June 30, 2011 was as follows:

	Balance			Balance		Due Within
	June 30, 2010	Additions	Reductions	June 30, 2011	One Year	
Bonds Payable						
General Obligation Bonds	\$ 70,980,000	-	2,745,000	68,235,000	2,795,000	
Revenue Bonds	21,305,000	-	1,105,000	20,200,000	1,155,000	
Total Bonds Payable	92,285,000	-	3,850,000	88,435,000	3,950,000	
Capital Lease Obligations	55,133	-	55,133	-	-	
ARRA-Energy Conservation Plan Note	-	108,332	-	108,332	54,166	
Federal Loan Program Liability	1,431,392	13,955	-	1,445,347	-	
Accrued Compensated Absences	3,192,055	219,497	23,273	3,388,279	231,438	
Total Other Liabilities	4,678,580	341,784	78,406	4,941,958	285,604	
Total Long-Term Liabilities	\$ 96,963,580	341,784	3,928,406	93,376,958	4,235,604	

Additional information regarding Capital Lease Obligations is included in Note 9. Additional information regarding Bonds Payable is included in Note 10.

NOTE 12 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2011 are summarized as follows:

Functional Classification	Personnel Costs and Benefits	Services and Supplies	Utilities	Scholarships	Depreciation	Total
Instruction	\$ 41,982,660	\$ 5,070,532	\$ 73,650	\$ -	\$ -	\$ 47,126,842
Research	993,605	969,014	6,812	-	-	1,969,431
Public Service	604,527	788,040	8,868	-	-	1,401,435
Academic Support	6,147,529	1,537,915	6,875	-	-	7,692,319
Student Services	12,015,369	6,964,077	111,156	-	-	19,090,602
Institutional Support	8,782,201	2,641,103	216,612	-	-	11,639,916
Plant Operation	9,248,339	5,295,084	2,975,520	-	-	17,518,943
Scholarships	397,311	-	-	10,124,210	-	10,521,521
Auxiliary Enterprises	1,248,957	2,955,488	619,702	-	-	4,824,147
Depreciation	-	-	-	-	5,235,188	5,235,188
Total Expenses	\$ 81,420,498	\$ 26,221,253	\$ 4,019,195	\$ 10,124,210	\$ 5,235,188	\$ 127,020,344

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2011

NOTE 13 – PENSION PLANS

The Retirement Division of the State Budget and Control Board administers two basic types of retirement plans—defined benefit plans and defined contribution plans under six separate retirement systems: the South Carolina Retirement System (SCRS); the Police Officers Retirement System (PORS); the General Assembly Retirement System (GARS); the Judges and Solicitors Retirement System (JSRS); the State Optional Retirement Program (State ORP); and the National Guard Retirement System (NGRS). Generally all State employees, except those specifically exempted by statute, are required to become members of SCRS, PORS, or ORP. The System also issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the Retirement Division, 202 Arbor Lake Drive, Columbia, South Carolina 29223. The financial statements of the Retirement Division may also be found on the State Auditor's website: www.osa.state.sc.us. Furthermore, the Division and the six retirement are included in the CAFR of the State of South Carolina.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined.

South Carolina Retirement System: SCRS is a traditional defined benefit plan for employees of Coastal Carolina University. The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, is a public employee retirement system. This plan provides retirement annuity benefits as well as disability, cost of living adjustment and group life benefits to eligible employees.

Employees participating in the SCRS are required to contribute 6.50 percent of all compensation. Effective July 1, 2010, the employer contribution rate became 13.14 percent, which included a 3.90 percent surcharge to fund retiree health and dental insurance coverage. The University's actual contributions to the SCRS for fiscal years ending June 30, 2011, 2010, and 2009, were \$4,053,588, \$3,855,590, and \$3,746,353, respectively, and equaled the required contributions (including the required surcharge) for each year. Also, Coastal Carolina University paid employer group-life insurance contributions of \$46,274 in the fiscal year at the rate of .15 percent of compensation.

Police Officers Retirement System: The South Carolina Police Officers Retirement System (PORS) is a cost-sharing defined benefit public employee retirement plan administered by the Retirement Division. Generally all benefits eligible employees who are Police Officers and Firefighters are required to participate in and contribute to the PORS System as a condition of employment. This plan provides annuity benefits as well as disability, cost of living adjustment and group life benefits to eligible employees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Employees participating in the PORS are required to contribute 6.50 percent of all compensation. Effective July 1, 2010, the employer contribution rate became 15.03 percent, which, as for the SCRS, included the 3.90 percent surcharge. The University's actual contributions to the PORS for fiscal years ending June 30, 2011, 2010, and 2009, were \$199,928, \$175,464, and \$131,008, respectively, and equaled the required contributions (including the required surcharge) for each year. Also, the University paid employer group-life insurance contributions of \$2,660 and accidental death insurance contributions of \$2,660 in the fiscal year for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2011

NOTE 13 – PENSION PLANS, Continued

Optional Retirement Program: Coastal Carolina University employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts, which are issued to, and become the property of, the participants. The State assumes no liability for this plan other than for payment of contributions to designated insurance companies.

ORP participation is available to all to faculty and staff of the State's higher education institutions who meet all eligibility requirements for membership in the SCRS. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership within their first thirty days of employment. An employee may irrevocably elect SCRS membership in any annual open enrollment period after the first but before the fifth anniversary of their initial enrollment. If a State ORP member does not make the election to transfer to SCRS within the allotted time, he will, by default, continue State ORP membership.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 9.24 percent plus the retiree surcharge of 3.90 percent from the employer in fiscal year 2010/2011.

Certain Coastal Carolina University's employees have elected to be covered under optional retirement plans. For the fiscal year 2010/2011, total contribution requirements to the ORP were \$3,901,119 (including the surcharge) from the University as employer and \$1,488,103, from its employees as plan members. 4.24 percent of all contributions plus the retiree surcharge of 3.90 percent were remitted to the Retirement Division of the State Budget and Control Board. 5.0 percent of employer contributions plus employee contributions of 6.5 percent (for a total of 11.50 percent) were remitted directly to the respective annuity policy providers. The obligation for payment of benefits resides with the insurance company.

State ORP participants are eligible for Group Life Insurance equal to the member's current annual earnable compensation paid following the active member's or retired member's (who has returned to covered employment) death provided they work for a covered employer.

Deferred Compensation Plans: Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of Coastal Carolina University have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

Teacher and Employee Retention Incentive: Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Employees who entered the TERI Program prior to July 1, 2005 do not make contributions to the South Carolina Retirement Systems. Employees who entered the TERI Program on or after July 1, 2005, do make contributions to the South Carolina Retirement Systems at the same rate as active employees. Coastal Carolina University must pay the employer share on all TERI participants at the same rate as on active employees. Teri participants do not earn additional service credit, are not eligible to purchase service, and are not eligible for disability retirement benefits. TERI participants are covered under the active membership Group Life Insurance Program.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2011

NOTE 13 – PENSION PLANS, Continued

Teacher and Employee Retention Incentive: Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Employees who entered the TERI Program prior to July 1, 2005 do not make contributions to the South Carolina Retirement Systems. Employees who entered the TERI Program on or after July 1, 2005, do make contributions to the South Carolina Retirement Systems at the same rate as active employees. Coastal Carolina University must pay the employer share on all TERI participants at the same rate as on active employees. Teri participants do not earn additional service credit, are not eligible to purchase service, and are not eligible for disability retirement benefits. TERI participants are covered under the active membership Group Life Insurance Program.

NOTE 14—POST-EMPLOYMENT AND OTHER EMPLOYEE BENEFITS

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State of South Carolina provides certain health care, dental, and life insurance benefits to certain active and retired State employees and certain surviving dependents of retirees. All permanent full-time and certain permanent part-time employees of Coastal Carolina University are eligible to receive these benefits. The State provides post-employment health and dental benefits to employees who retire from State service who meet eligibility requirements set forth by the Employee Insurance Program. Retirement benefits are effective dependent upon the date of retirement.

These benefits are provided through annual appropriations by the General Assembly to Coastal Carolina University for its active employees and to the State Budget and Control Board for all participating State retirees except the portions funded through the pension surcharge and provided from other applicable fund sources of the University for its active employees who are not funded by State General Fund appropriations. The State finances health and dental plan benefits on a pay-as-you-go basis.

Coastal Carolina University recorded compensation and benefit expenses for these insurance benefits for active employees in the amount of \$4,466,785 for the year ended June 30, 2011. As discussed in Note 13, the University paid \$2,147,859 applicable to the 3.90 percent surcharge included with the employer contributions for retirement benefits. These amounts were remitted to the South Carolina Retirement Systems for distribution to the Employee Insurance Program for retiree health and dental insurance benefits.

Information regarding the cost of insurance benefits applicable to Coastal Carolina University retirees is not available. By State law, the University has no liability for retirement benefits. Accordingly, the cost of providing these benefits for retirees is not included in the accompanying financial statements.

In addition, the State General Assembly periodically directs the Retirement Systems to pay supplemental (cost of living) increases to retirees. Such increases are primarily funded from Systems' earnings; however, a portion of the required amount is appropriated from the State General Fund annually for the SCRS and PORS benefits.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2011

NOTE 15 – RELATED PARTIES

There are several separately chartered legal entities which do not meet the criteria established by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizational are Component Units – an Amendment of GASB Statement No. 14*, to be treated as component units of the University. These entities include the Horry County Higher Education Commission, the Georgetown County Advisory Board for Coastal Carolina University, and the Chanticleer Athletic Foundation. While they are not financially accountable to the University, these organizations exist primarily to provide financial assistance and other support to the University and its educational program. The activities of these entities are not included in the University's financial statements. However, the University's statements for the year ended June 30, 2011, include significant transactions between them and the University which are as follows:

The Horry County Higher Education Commission: The Horry County Higher Education Commission was created by Act No. 114 in the 1959 session of the South Carolina General Assembly. The Commission is composed of sixteen members who are appointed by the Horry County Legislative Delegation. The Commission is responsible for providing resources to meet the goals and carry out the mission of Coastal Carolina University, and to expend funds, including proceeds of bonds issued by Horry County, to provide buildings and equipment for the University. The Commission receives an annual appropriation from Horry County to accomplish these objectives. During the year ended June 30, 2011, the Commission made grants to Coastal Carolina University totaling \$863,313. Of the total, \$163,313 was for scholarships, \$215,000 was for public service, academic enhancement, and staff development projects and \$485,000 was for intramural field additions to the University campus. The Commission leases its land and buildings to the University at a below-market rental rate under terms of annual leases. Rent paid by the University during the fiscal year 2011 was \$24,002, none of which was payable at year-end. Also, as required by the lease, the University insures the Commission's buildings and improvements. The University provides accounting and cash management services to the Commission at no charge, including management of the operating portion of its cash. At June 30, 2011, the Commission had net assets \$5,327,921.

Georgetown County Advisory Board for Coastal Carolina University: Georgetown County annually appropriates funds to support the mission of Coastal Carolina University in Georgetown County. The Georgetown County Advisory Board for Coastal Carolina University is responsible for the budgeting and distribution of these funds. During the year ending June 30, 2011, the University recognized \$75,000 in revenue from the Advisory Board, all of which is receivable at year end. Expenditures made on behalf of the University for scholarships and the development of facilities in Georgetown County were approximately \$77,921.

Chanticleer Athletic Foundation: The Athletic Foundation, formerly known as the Chanticleer Club, was organized solely to raise funds for Coastal Carolina University's athletics programs. During the year ended June 30, 2011, the Athletic Foundation donated \$611,354 to University athletic programs. At June 30, 2011, accounts receivable included \$343,003 of which \$8,897 is for management and accounting services provided by the University, \$46,317 is for ticket revenue collected by the Athletic Foundation on behalf of the University, \$285,436 is for support of University athletic programs, and \$2,353 is for expenses paid for by the University which must be reimbursed by CAF. Additionally, at June 30, 2011, the University has accounts payable of \$6,000 to the Athletic Foundation for revenue collected on behalf of the foundation. At June 30, 2011, the Athletic Foundation had net assets of \$5,663,293.

Transactions with the State of South Carolina: The University has significant transactions with the State of South Carolina and various State agencies. The University receives various business, banking and legal services at no cost, and purchases various goods and services from State agencies and component units. The amounts of such expenditures for 2011 are not readily available. At June 30, 2011, accounts

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2011

NOTE 15 – RELATED PARTIES, Continued

Transactions with the State of South Carolina: Continued

receivable included \$548,078 due from other State agencies primarily for Federal and State sponsored projects. There are no payments due to other State agencies. As part of a cooperative agreement with Horry Georgetown Technical College (HGTC) which is located adjacent to the University and its golf course, HGTC staff and turf management students maintained the golf course. The University reimbursed HGTC for \$641,851 for related costs incurred. HGTC also contracts with the University to provide security services to each of their campuses. HGTC currently owes the University \$115,060 for the current year for these services.

Transactions with Related Party Vendors: The University has identified 10 potential related party vendors with whom they have transacted business, during fiscal year ending June 30, 2011. These vendors and the total related transaction amounts are listed below:

Related Party Vendor Transactions
For Year Ended June 30, 2011

Vendor	Amounts
Alternatives News Magazine, Inc	\$ 2,095
Atlas Travel Agency	\$ 73,725
Charles H. Johns IV	\$ 3,208
Grand Strand Regional Medical Center	\$ 100,000
Grand Strand Tee Time Network	\$ 25,647
Litchfield Books	\$ 1,202
Palmetto Chevrolet Geo	\$ 10,480
Preston M. Roberts	\$ 518
S & R Turf Equipment, LLC	\$ 24,405
The Lowcountry Companion	\$ 1,552
Total	\$ 242,831

NOTE 16 – RISK MANAGEMENT

The University is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several State funds accumulate assets, and the State itself assumes substantially all the risk for the following claims of covered employees: unemployment compensation benefits; worker's compensation benefits for job-related illnesses or injuries; health and dental insurance benefits; long-term disability and group-life insurance benefits. Employees elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

The University and other entities pay premiums to the State's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2011

NOTE 16 – RISK MANAGEMENT, Continued

relating to the following activities: theft, damage to, or destruction of assets; real property, personal property, business interruption, equipment, motor vehicles, watercraft, torts (liability) and professional medical services.

The South Carolina Office of Insurance Reserve Fund is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The South Carolina Office of Insurance Reserve Fund rates are determined actuarially.

The University obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation and for officers' and directors' errors and omissions.

NOTE 17 – COMPONENT UNITS

The Coastal Educational Foundation: The Coastal Education Foundation (the CEF) is a separately chartered corporation organized exclusively to support Coastal Carolina University. As discussed in Note 1, the CEF has been included in the reporting entity as a component unit. Because CEF is deemed not to be a government entity and uses a different reporting model, its balances and transactions are reported on separate financial statements.

The CEF provides support directly to the University through funds embarked from private contributions to support University scholarships and various academic programs. These transfers for fiscal year 2011 were recorded by the University as non-operating gift revenues totaling \$865,706. Indirect support from CEF (payments made directly to others) totaled \$1,509,875 for fiscal year ending June 30, 2011. The CEF also made capital gifts to the University totaling \$633,036 which were recorded as capital grants in the Statement of Revenues, Expenditures, and Changes in Net Assets. Of these amounts, \$690,189 was receivable by the University and payable by the Foundation at year-end.

The University leases the Coastal Science Center and the Foundation Center from the CEF for \$349,500 per year. (See the discussion note 9.)

In further support of the University, the CEF owns parcels of real property on which portions of the University's campus is located. At June 30, 2011, the carrying value of this property was 5,393,578, net of \$552,753 accumulated depreciation. The Foundation does not charge rent for most of this property.

The CEF transferred parcels of land to the University to be utilized in campus expansion during the fiscal year ended June 30, 2011. This parcel of land had a fair market value at the date of contribution of \$415,633.

The University, in turn, provides operational and fundraising staff for which it does not charge the Foundation. The CEF has valued these services for their financial reporting at \$298,051 for the fiscal year ending June 30, 2011. The University paid rent of \$6 in fiscal year 2011 to the Foundation for three parcels of land: the soccer field, baseball fields, and student parking lot.

The CEF carries investments in marketable equity securities with readily determinable fair market values, and all debt securities, at fair value in the Statement of Financial Position. Investment income is considered unrestricted unless the donors have specified otherwise. Unrealized gains and losses are netted with realized gains and losses in the statement of activities. Donated investments are valued at fair market value at the date of donation. Investments in non-publicly traded securities of closely held entities with no readily

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2011

NOTE 17 – COMPONENT UNITS, Continued

The Coastal Educational Foundation, Continued

determinable market value is carried on the books at established fair value at the date of donation to the Foundation. Dividend income is considered unrestricted unless the donor has specified otherwise. Investments in non-publicly traded closely held partnerships with no readily determinable market value are carried on the books at established fair value at the date of donation or distribution to the Foundation and accounted for under the cost method of accounting for investments, except for certain liquidating distributions which reduce the value of the investment.

A summary of investments at fair value at June 30, 2011 follow:

<u>Commonfund Investments</u>	
Multi-Strategy Equity Funds	\$ 17,216,244
Multi-Strategy Bond Funds	<u>6,079,532</u>
Total Privately Managed Funds	23,295,776
Public Traded Securities	<u>0</u>
Total Privately Managed Funds	<u>0</u>
<u>Closely Held Investments</u>	
Common Stock	190,000
Total Closely Held Investments	<u>190,000</u>
Total Investments	<u>\$ 23,485,776</u>

During the year ended June 30, 2011, University Board members served as ex-officio members of the Coastal Educational Foundation Board.

CCU Student Housing Foundation: The CCU Student Housing Foundation (the Foundation) is a separately chartered not-for-profit corporation organized in 2002 to provide housing for students at the University, as well as to provide support for the various programs of the University. The CCU Housing Foundation, LLC, (the Company), a not-for-profit corporation organized in 2005, is the sole member and owner of the Foundation. The Company operates University Place, an apartment complex housing 2,100 students located approximately one half mile from the campus. As discussed in Note 1, the Foundation and the Company have been included in the reporting entity as a component unit. Since the Foundation and the Company are deemed not to be governmental entities and use a different reporting model, their balances and transactions are reported on separate financial statements.

At June 30, 2011, the Foundation's carrying value of the University Place housing complex was \$63,461,008 net of \$7,361,950 accumulated depreciation. The carrying value of the Foundation's land and buildings on expansion property was \$3,210,480 net of \$89,520 accumulated depreciation. The Company's carrying value of University Place furnishings and improvements was \$1,774,878 net of \$3,231,567 accumulated depreciation.

The Foundation and the Company combined held debt in the amount of \$88,546,793 at June 30, 2011, of

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2011

NOTE 17 – COMPONENT UNITS, Continued

The Coastal Educational Foundation, Continued

which \$86,186,083 is Revenue Bonds issued for financing University Place and \$2,360,710 is a mortgage on future expansion property. During fiscal year 2011, the Foundation paid mortgage interest of \$105,982. Interest on the Company's bonds is payable semi-annually and varies from four to five percent. The bonds mature in varying amounts through 2042. The Company's obligations under the bond agreements are collateralized by, among other things, a leasehold mortgage and assignment of rents and leases applicable to University Place. Annual debt service coverage ratio required by the bond agreement is 1.2:1. The Company paid debt service interest of \$4,959,474 for the fiscal year 2011.

During 2006, the University agreed to lease the two houses located on the expansion property, pending a decision about how the property will eventually be used. Lease revenue received by the Foundation was \$8,402 for the year.

As of July 15, 2007, the Foundation terminated the University as property manager and hired an unrelated property management company to manage University Place apartments. On August 8, 2009, the University was rehired to manage University Place.

The University collects rent for University Place through its student receivables system. Student rent and related fees are transferred to the Company each semester based on billings posted to student accounts receivable accounts regardless of whether the fees have been collected by the University.

In accordance with terms of the bonds discussed above, the Foundation and its subsidiary have entered into a Support Agreement with the University. This agreement provides that the University will refer students to University Place and identify University Place as "Preferred Residential Housing" and will use its best efforts to see that the debt service ratio required by lenders is maintained. Furthermore, the agreement restricts the University's ability to operate or own any other off-campus student housing facility. The agreement requires the University to provide various services and programs to residents of University Place as it provides to students living in University owned housing. During the year ended June 30, 2011, the Company paid the University \$222,973 to provide technology services to residents of University Place. The University provided security and alarm monitoring, mail service, residence life activities and judicial oversight in the amount of \$205,448. Meal stipends for residence hall advisors assigned to University Place were also given.

The University received financial support from the CCU Student Housing Foundation for the fiscal year ended June 30, 2011 of \$467,253 of which \$56,000 was a salary supplement for the President of the University. The Foundation also provided a \$12,000 salary supplement for a University employee who assists the Foundation's Executive Director.

NOTE 18 – CONTINGENCIES AND LITIGATION

The University participates in certain Federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

The University is a defendant in various legal actions, some of which are uninsured, the outcome of which is not presently determinable. In the opinion of the University's counsel, the resolution of these matters, including the uninsured claims, will not have a material adverse effect on the University's financial position.

COASTAL CAROLINA UNIVERSITY
Notes to Financial Statements, Continued
For the Year Ended June 30, 2011

NOTE 19 – COMMITMENTS

Horry County One-Cent Sales Tax: In March 2009, Horry County began charging an additional one-cent sales tax on most all taxable goods and services that a consumer currently pays tax on at the time of purchase to fund facilities for education. Exempt from this sales tax are groceries, gas, and prescription drugs. The one-cent sales tax provides funding for Horry County schools, Coastal Carolina University, and Horry-Georgetown Technical College over the next 15 years. For the fiscal year ending June 30, 2011, Coastal Carolina University has received approximately \$6.9 million in revenue from this new tax. Since the inception of the one-cent sales tax, CCU has received more than \$15 million in revenue. CCU's proposed projects include construction, expansion and/or renovation of academic, classroom, faculty offices, libraries, and/or student activity/recreation buildings and related equipment and furnishings on its campuses within the county; acquisition of real property for such facilities to accommodate renovation, expansion and growth; and construction and equipping of facilities jointly owned and/or operated with other education institutions in the county.

Open Construction Contracts: As noted in Note 10, bonds for \$54 million were issued in April 2010 to construct several capital projects. As a result, construction contracts were signed in order to begin work on the projects. The following contractors have open construction contracts with the University as of June 30, 2011:

<u>Contractor</u>	<u>Project</u>	<u>PO Numbers</u>	<u>Contract Amount</u>	<u>Amount Spent</u>
Watson Tate Savory Architects	Swain Science Annex	B0007883	\$ 845,721	\$ 378,435
Stubbs Muldrow Herin Architects	Student Rec/Conv Center	B0007878	25,315	22,184
PC Construction	Student Rec/Conv Center	B0007938	23,949,961	15,023,501
Garvin Design Group	Student Rec/Conv Center	B0007864	634,515	387,827
Daktronics, Inc	Student Rec/Conv Center	P0033160	658,611	65,861
Control Management	Student Rec/Conv Center	P0033099	718,577	445,622
Sports Imports, Inc	Student Rec/Conv Center	P0033387	28,377	-
ACO Medical Supply, Inc	Student Rec/Conv Center	P0033336	10,512	-
CL Benton & Sons	Student Rec/Conv Center	P0033558	37,586	-
S &ME, Inc	Bryan Information Commons	P0033407	52,250	12,699
England Enterprises, Inc	Bryan Information Commons	P0033418	14,325	583
Chancel Builders, Inc	Bryan Information Commons	B0007989	4,005,699	273,505
			\$ 30,981,449	\$ 16,610,217

ARAMARK Food Service Commitment: In fiscal year 2011, the University entered into a 10-year agreement with ARAMARK to handle the management and operation of its food service program. ARAMARK made an investment of \$3.8 million for expansion and improvements to the University's dining services during fiscal year 2011 with an additional \$500,000 payment expected in fiscal year 2012. These investment amounts (\$4.3 million) will be amortized over the life of the contract and are covered by buy-back language included in the University's Request for Proposal. "Upon expiration or termination of this Contract by either party, for any reason, prior to the complete amortization of this capital investment, the University will reimburse the contractor for the unamortized balance of the Capital Investment as of the date of expiration or termination."

OTHER FINANCIAL INFORMATION

COASTAL CAROLINA UNIVERSITY
Schedule of Information on Business-Type Activities
Required for the Government-Wide
Statement of Activities in the State CAFR
For the Year Ended June 30, 2011

	Year Ended June 30		Increase (Decrease)
	<u>2011</u>	<u>2010</u>	
Charges for Services	\$ 116,968,059	\$ 106,343,219	10,624,840
Operating Grants and Contributions	21,950,545	16,853,063	5,097,482
Capital Grants and contributions	2,669,599	7,402,741	(4,733,142)
Less Expenses	<u>(128,857,709)</u>	<u>(118,644,428)</u>	<u>(10,213,281)</u>
Net Program Revenue (Expense)	<u>12,730,494</u>	<u>11,954,595</u>	<u>775,899</u>
General Revenues			
Earnings on Investments	-	-	-
Special Items	-	-	-
Extraordinary Items	-	-	-
Contributions to Permanent and Term Endowments	<u>-</u>	<u>-</u>	<u>-</u>
Transfers			
State Appropriations	9,856,086	11,970,857	(2,114,771)
Research Infrastructure Bond Proceeds	-	-	-
Other Transfers in from State Agencies	-	9,580	(9,580)
Local Sales Tax Allocation	<u>6,884,907</u>	<u>6,665,565</u>	<u>219,342</u>
Total General Revenue and Transfers	<u>16,740,993</u>	<u>18,646,002</u>	<u>(1,905,009)</u>
Change in Net Assets	29,471,487	30,600,597	(1,129,110)
Net Assets - Beginning	138,823,281	108,222,684	30,600,597
Net Assets - Ending	<u>\$ 168,294,768</u>	<u>\$ 138,823,281</u>	<u>29,471,487</u>

COASTAL CAROLINA UNIVERSITY
 Schedule of Reconciling State Appropriation per the Financial Statements
 to State Appropriation Recorded in State Accounting Records
 For the Year Ended June 30, 2011

Following is a reconciliation of the original base budget amount presented in the General Funds Column of Section 11 of Part IA of the 2010-2011 Appropriation Bill 4657 enacted by the South Carolina General Assembly to State Appropriations revenue reported in the financial statements for the year ended June 30, 2011.

Non-Capital Appropriations

Original Appropriations	\$ 9,128,710
Supplement Appropriation Addition	87,247
Technology Grant Program	634,362
South Carolina Endowment Incentive Act of 1997	<u>5,767</u>
Statement of Revenues, Expenses & Changes in Net Assets	<u>\$ 9,856,086</u>

American Recovery and Reinvestment Act (ARRA) Funds

Stabilization Fund (Section 2.A5, Part III, Bill 3560)	\$ 2,426,619
Statement of Revenues Expenses & Changes in Net Assets	<u>\$ 2,426,619</u>

COASTAL CAROLINA UNIVERSITY
Schedule of Tuition Fees
For the Year Ended June 30, 2011

South Carolina Code of Laws Section 59-107-90 requires that the maximum amount of annual debt service on State institution bonds for each institution shall not exceed ninety percent of the sums received from tuition fees (as defined by code Section 59-107-30) for the preceding year. The applicable amount for the year ended June 30, 2011 is as follows:

Amount of Tuition Fees as defined by Code Section 59-107-30 for the Fiscal Year Ended June 30, 2010	<u>\$ 7,092,913</u>
--	---------------------

Legal Annual Debt Service Limit at June 30, 2011	<u>\$ 6,383,622</u>
--	---------------------

COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

STATISTICAL SECTION



Bridge between Wall College of Business and Smith Science Building

This part of the University's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the University's overall financial health. Unless otherwise noted, the information in this section is derived from the comprehensive annual financial report of the relevant year. The University implemented GASB Statement No. 34 in 2002; certain schedules include information beginning in that year.

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the University's financial performance and well-being has changed over time.

Schedule 1
Coastal Carolina University
Net Assets by Component
Fiscal Years 2002 – 2011

	For the year ended June 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Net Assets										
Invested in capital assets, net of debt	\$ 92,076,002	\$ 71,619,921	\$ 59,953,874	\$ 57,318,311	\$ 46,314,833	\$ 57,050,243	\$ 54,822,552	\$ 53,844,656	\$ 48,759,779	\$ 49,347,474
Restricted - non-expendable	100,000	100,000	100,000	100,000	100,000	97,953	102,626	102,934	103,546	101,260
Restricted - expendable	32,445,453	33,277,562	21,751,075	19,439,071	15,203,375	3,119,736	637,981	1,238,953	5,282,000	42,477
Unrestricted	43,673,313	33,825,798	26,417,735	16,471,934	18,843,171	10,887,678	9,031,159	5,969,709	4,396,078	5,608,593
Total Net Assets	\$ 168,294,768	\$ 138,823,281	\$ 108,222,684	\$ 93,329,316	\$ 80,461,379	\$ 71,155,610	\$ 64,594,318	\$ 61,156,252	\$ 58,541,403	\$ 55,099,804

Schedule 2
Coastal Carolina University
Major Revenue Sources
Fiscal Years 2004 – 2011

For the year ended June 30
(dollars)

	2011	2010	2009	2008	2007	2006	2005	2004
Tuition, net of allowance	\$ 88,379,677	\$ 78,675,758	\$ 75,894,084	\$ 64,647,787	\$ 60,037,693	\$ 51,186,504	\$ 43,074,537	\$ 35,779,409
State grants to students	9,931,985	9,200,535	8,884,673	8,261,850	6,725,629	6,368,500	5,637,258	4,493,503
Federal grants to students	3,770,094	3,529,443	8,468,043	7,467,366	5,031,709	4,631,878	4,866,852	4,403,041
Other operating grants	2,070,136	2,078,719	1,808,138	1,948,524	2,578,763	2,643,014	2,104,181	2,736,269
Sales and services of educ activities	3,033,764	2,974,222	2,789,296	2,380,591	2,527,891	1,957,787	1,788,649	1,734,367
Auxiliary enterprises, net of allowance	8,105,193	7,841,230	7,227,340	7,193,288	7,018,449	6,538,216	5,305,441	5,149,927
Other fees	1,677,210	2,043,312	1,322,613	1,243,228	1,073,120	1,125,867	999,332	861,376
Total operating revenue	116,968,059	106,343,219	106,394,187	93,142,634	84,993,254	74,451,766	63,776,250	55,157,891
State appropriations	9,856,086	11,970,857	13,524,645	17,671,977	16,171,875	13,562,113	11,792,079	11,220,170
Local appropriations	238,313	434,395	209,658	233,670	315,079	338,539	214,889	218,067
Gifts, Grants, and Contracts*	18,247,517	14,411,780	1,484,956	2,525,354	1,412,749	2,074,663	2,503,349	3,047,176
Investment income	3,464,715	2,016,468	2,042,596	1,551,714	1,256,909	425,808	402,465	92,668
Total non-operating revenue	31,806,631	28,833,500	17,261,855	21,982,715	19,156,612	16,401,123	14,912,782	14,578,081
Total non-capital revenue	\$ 148,774,690	\$ 135,176,719	\$ 123,656,042	\$ 115,125,349	\$ 104,149,866	\$ 90,852,889	\$ 78,689,032	\$ 69,735,972
	(percentages of total)							
Tuition, net of allowance	59.4%	58.2%	61.4%	56.2%	57.6%	56.3%	54.7%	51.3%
State grants to students	6.7%	6.8%	7.2%	7.2%	6.5%	7.0%	7.2%	6.4%
Federal grants to students	2.5%	2.6%	6.8%	6.5%	4.8%	5.1%	6.2%	6.3%
Other operating grants	1.4%	1.5%	1.5%	1.7%	2.5%	2.9%	2.7%	3.9%
Sales and services of educ activities	2.0%	2.2%	2.3%	2.1%	2.4%	2.2%	2.3%	2.5%
Auxiliary enterprises, net of allowance	5.4%	5.8%	5.8%	6.2%	6.7%	7.2%	6.7%	7.4%
Other fees	1.1%	1.5%	1.1%	1.1%	1.0%	1.2%	1.3%	1.2%
Total operating revenue	78.6%	78.7%	86.0%	80.9%	81.6%	81.9%	81.0%	79.1%
State appropriations	6.6%	8.9%	10.9%	15.4%	15.5%	14.9%	15.0%	16.1%
Local appropriations	0.2%	0.3%	0.2%	0.2%	0.3%	0.4%	0.3%	0.3%
Gifts	12.3%	10.7%	1.2%	2.2%	1.4%	2.3%	3.2%	4.4%
Investment income	2.3%	1.5%	1.7%	1.3%	1.2%	0.5%	0.5%	0.1%
Total non-operating revenue	21.4%	21.3%	14.0%	19.1%	18.4%	18.1%	19.0%	20.9%
Total non-capital revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

* Includes \$13,506,926 in Pell Grant Revenue and \$2,426,619 in Stabilization Funding for FY11.

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2004-2011 are available.

Schedule 3
Coastal Carolina University
Expenses by Function
Fiscal Years 2002 – 2011

For the year ended June 30

(dollars)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	\$ 47,126,842	\$ 42,940,090	\$ 41,222,211	\$ 37,496,227	\$ 33,749,600	\$ 30,302,652	\$ 27,433,692	\$ 25,798,618	\$ 22,786,032	\$ 19,780,013
Research	1,969,431	2,450,264	1,534,647	1,365,651	991,703	1,130,243	689,398	966,347	743,184	757,827
Public Service	1,401,435	1,194,171	1,010,520	1,398,176	1,530,716	1,402,660	1,188,870	1,533,278	1,290,221	1,284,841
Academic Support	7,692,319	6,916,496	6,839,919	6,260,774	5,544,497	5,444,440	5,193,271	4,485,906	4,032,686	3,833,185
Student Services	19,090,602	18,010,372	17,282,683	16,636,251	13,663,750	12,499,087	10,836,863	9,341,425	8,053,622	6,499,506
Institutional Support	11,639,916	11,545,464	10,121,548	9,927,237	8,560,893	8,180,490	7,383,968	6,374,436	5,645,194	4,806,304
Plant Operation	17,518,943	16,713,037	15,346,465	13,433,372	14,423,873	12,700,415	9,488,335	7,330,871	6,266,252	5,317,545
Scholarships	10,521,521	7,270,964	7,717,421	6,807,605	6,220,738	5,555,772	5,639,316	5,001,247	4,630,717	3,229,858
Auxiliary Enterprises	4,824,147	4,656,279	5,215,065	4,943,921	5,355,666	4,384,077	3,336,934	3,509,497	2,695,134	2,398,956
Depreciation	5,235,188	4,615,762	4,096,014	3,703,908	3,267,991	3,190,958	2,922,724	2,768,983	2,318,304	2,176,237
Total operating expenses	127,020,344	116,312,899	110,386,493	101,973,122	93,309,427	84,790,794	74,113,371	67,110,608	58,461,346	50,084,272
Interest on capital debt	1,770,271	2,321,273	1,857,739	1,647,266	1,740,332	1,627,464	1,690,726	1,588,650	1,678,510	1,550,185
Other non-operating expenses	67,094	10,256	2,585	45,539	-	-	-	295,041	87,776	213,268
Total non-operating expenses	1,837,365	2,331,529	1,860,324	1,692,805	1,740,332	1,627,464	1,690,726	1,883,691	1,766,286	1,763,453
Total expenses	\$ 128,857,709	\$ 118,644,428	\$ 112,246,817	\$ 103,665,927	\$ 95,049,759	\$ 86,418,258	\$ 75,804,097	\$ 68,994,299	\$ 60,227,632	\$ 51,847,725

(percentages of total)

Instruction	36.6%	36.2%	36.7%	36.2%	35.5%	35.1%	36.2%	37.4%	37.8%	38.2%
Research	1.5%	2.1%	1.4%	1.3%	1.0%	1.3%	0.9%	1.4%	1.2%	1.5%
Public Service	1.1%	1.0%	0.9%	1.3%	1.6%	1.6%	1.6%	2.2%	2.1%	2.5%
Academic Support	6.0%	5.8%	6.1%	6.0%	5.8%	6.3%	6.9%	6.5%	6.7%	7.4%
Student Services	14.8%	15.2%	15.4%	16.0%	14.4%	14.5%	14.3%	13.5%	13.4%	12.5%
Institutional Support	9.0%	9.7%	9.0%	9.6%	9.0%	9.5%	9.7%	9.2%	9.4%	9.3%
Plant Operation	13.6%	14.1%	13.7%	13.0%	15.2%	14.7%	12.5%	10.6%	10.4%	10.3%
Scholarships	8.2%	6.1%	6.9%	6.6%	6.5%	6.4%	7.4%	7.2%	7.7%	6.2%
Auxiliary Enterprises	3.7%	3.9%	4.6%	4.8%	5.6%	5.1%	4.4%	5.1%	4.5%	4.6%
Depreciation	4.1%	3.9%	3.6%	3.6%	3.4%	3.7%	3.9%	4.0%	3.8%	4.2%
Total operating expenses	98.6%	98.0%	98.3%	98.4%	98.2%	98.1%	97.8%	97.3%	97.1%	96.6%
Interest on capital debt	1.4%	2.0%	1.7%	1.6%	1.8%	1.9%	2.2%	2.3%	2.8%	3.0%
Other non-operating expenses	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.1%	0.4%
Total non-operating expenses	1.4%	2.0%	1.7%	1.6%	1.8%	1.9%	2.2%	2.7%	2.9%	3.4%
Total expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Schedule 4
Coastal Carolina University
Expenses by Use
Fiscal Years 2002 – 2011

For the year ended June 30
(dollars)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Personnel costs and benefits	\$ 81,420,498	\$ 75,630,433	\$ 70,346,054	\$ 65,043,866	\$ 57,926,829	\$ 52,396,576	\$ 46,868,903	\$ 42,104,080	\$ 37,919,803	\$ 33,697,871
Services and supplies	26,221,253	25,321,514	25,146,483	23,150,973	22,859,221	20,422,732	16,433,595	15,184,331	11,750,783	9,472,102
Utilities	4,019,195	3,844,951	3,399,167	3,517,704	3,280,450	3,447,960	2,562,796	2,300,106	2,095,677	1,762,842
Scholarships	10,124,210	6,900,239	7,398,775	6,556,671	5,974,936	5,332,568	5,325,354	4,753,108	4,376,779	2,975,220
Depreciation	5,235,188	4,615,762	4,096,014	3,703,908	3,267,991	3,190,958	2,922,723	2,768,983	2,318,304	2,176,237
Total operating expenses	127,020,344	116,312,899	110,386,493	101,973,122	93,309,427	84,790,794	74,113,371	67,110,608	58,461,346	50,084,272
Interest on capital asset debt	1,770,271	2,321,273	1,857,739	1,647,266	1,740,332	1,627,464	1,690,726	1,588,650	1,678,510	1,550,185
Other non-operating expenses	67,094	10,256	2,585	45,539	-	-	-	295,041	87,776	213,268
Total non-operating expenses	1,837,365	2,331,529	1,860,324	1,692,805	1,740,332	1,627,464	1,690,726	1,883,691	1,766,286	1,763,453
Total expenses	\$ 128,857,709	\$ 118,644,428	\$ 112,246,817	\$ 103,665,927	\$ 95,049,759	\$ 86,418,258	\$ 75,804,097	\$ 68,994,299	\$ 60,227,632	\$ 51,847,725

(percentages of total)

Personnel costs and benefits	63.2%	63.7%	62.7%	62.7%	60.9%	60.6%	61.8%	61.0%	63.0%	65.0%
Services and supplies	20.3%	21.3%	22.4%	22.3%	24.0%	23.6%	21.7%	22.0%	19.5%	18.3%
Utilities	3.1%	3.2%	3.0%	3.4%	3.5%	4.0%	3.4%	3.3%	3.5%	3.4%
Scholarships	7.9%	5.8%	6.6%	6.3%	6.3%	6.2%	7.0%	6.9%	7.3%	5.7%
Depreciation	4.1%	3.9%	3.6%	3.6%	3.4%	3.7%	3.9%	4.0%	3.8%	4.2%
Total operating expenses	98.6%	98.0%	98.3%	98.4%	98.2%	98.1%	97.8%	97.3%	97.1%	96.6%
Interest on capital asset debt	1.4%	2.0%	1.7%	1.6%	1.8%	1.9%	2.2%	2.3%	2.8%	3.0%
Other non-operating expenses	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.1%	0.4%
Total non-operating expenses	1.4%	2.0%	1.7%	1.6%	1.8%	1.9%	2.2%	2.7%	2.9%	3.4%
Total expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Schedule 5
Coastal Carolina University
Other Changes in Net Assets
Fiscal Years 2002 – 2011

	For the year ended June 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Income before other changes in net assets	\$ 19,984,075	\$ 16,542,547	\$ 11,411,810	\$ 11,522,195	\$ 8,687,182	\$ 4,434,631	\$ 2,884,935	\$ 741,673	\$ (590,185)	\$ 1,245,372
Capital appropriations	6,884,907	6,665,565	1,959,902	145,000	168,307	1,246,339	-	178,719	3,821,281	158,039
Capital grants and gifts	2,669,599	7,402,741	1,524,241	833,356	-	193,939	-	-	151,733	176,746
Gain (Loss) on disposal of assets	(67,094)	(10,256)	(2,585)	(45,539)	649,901	686,383	553,131	1,694,457	58,770	1,080,879
Total change in net assets	\$ 29,471,487	\$ 30,600,597	\$ 14,893,368	\$ 12,455,012	\$ 9,505,390	\$ 6,561,292	\$ 3,438,066	\$ 2,614,849	\$ 3,441,599	\$ 2,661,036

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2011 are reported.

Notes: State capital grants and appropriations

*Amounts received in 2002 and 2003 were for construction of the football stadium.

*The 2006 and 2007 amounts include \$1.35 million in state research infrastructure bond proceeds for complete renovation of the Kearns Hall classroom building.

*In 2009, 2010, and 2011 the University received \$1.48 million, \$6.66, and 6.88 million respectively from the Horry County 1 % Education Capital Improvement Tax.

*In 2010 SCDOT granted \$300,000 for University Blvd. road improvements.

Notes: Local and other capital grants and appropriations

*In 2002, almost \$900,000 of local gift funding was received from the Coastal Educational Foundation to furnish the new Humanities building and the new University Hall and Welcome Center.

*From 2004 to 2006 a total of over \$1,125,000 was received from the Horry County Higher Education Commission for upgrades to the building housing the Burroughs and Chapin Center for Marine and Wetlands Studies.

*In 2006, a grant was received from the Santee Cooper utility for \$216,400 for upgrades to the newly leased Coastal Science Center.

*From 2004 to 2006 a cumulative amount of over \$525,000 was received in pledge payments for naming rights at the football stadium.

*In 2007, over \$400,000 represents the donation of a bell tower constructed on campus, and the gift of related land, by the Coastal Educational Foundation.

*The 2009 amount for capital appropriations include \$482,480 of research infrastructure bond proceeds.

*In 2010 the Coastal Education Foundation gave \$1,750,000 for improvements to Adkins Field House and \$3,676,000 in land donations for building projects.

*In 2010 the Chanticleer Club gave a \$750,000 gift for an athletic training facility and \$491,600 for Adkins Field House improvements.

*In 2011 the Coastal Education Foundation gave \$187,400 for the purchase of Quail Creek Golf Course. The Coastal Education Foundation also donated 3.06 acres of land to the University with a fair market value of \$416,000.

*In 2011 Chestnut Holding, LLC sold Quail Creek Golf Course under market value, donating \$1,008,000 to the University.

*From 2009 to 2011 the Horry County Higher Education Commission donated over \$1,289,000 for the construction of intramural fields.

*In 2011 the Chanticleer Athletic Foundation donated \$174,000 for netting on the practice hitting facility and donated \$119,000 in improvements to the Adkins Field House.

REVENUE CAPACITY

These schedules and charts contain information to help the reader assess the factors affecting the University's ability to generate its operating revenue

Schedule 6
Coastal Carolina University
Applications, Enrollment, and Degrees Awarded
Last Ten Academic Years

	Academic Year Beginning in Fall											Ten Year Change
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	
ADMISSIONS - FRESHMEN												
Applications	9,639	8,706	7,514	6,618	6,218	5,427	5,041	4,527	3,603	3,094	2,533	74%
Applications accepted	7,170	6,438	5,215	4,524	4,238	4,016	3,661	3,208	2,580	2,296	1,813	75%
Accepted as a percentage of applications	74%	74%	69%	68%	68%	74%	73%	71%	72%	74%	72%	4%
Students enrolled	2,006	1,775	1,655	1,652	1,474	1,498	1,323	1,272	1,078	941	792	61%
Students enrolled as a percentage of accepted	28%	28%	32%	37%	35%	37%	36%	40%	42%	41%	44%	-56%
SAT scores - total	1008	1028	1030	1040	1047	1046	1041	1045	1044	1042	1026	-2%
ENROLLMENT												
Headcount enrollment												
Undergraduate	8,203	7,920	7,573	7,070	6,660	6,397	6,020	5,610	5,058	4,771	4,405	46%
Graduate	503	440	581	802	1,389	1,216	1,001	1,170	922	194	248	51%
Full time equivalent enrollment												
Undergraduate	8,073	7,665	7,372	6,890	6,398	6,140	5,807	5,390	4,796	4,428	4,027	50%
Graduate	229	200	238	288	546	436	334	405	299	59	75	67%
Residency for Fee Payment Purposes*												
Undergraduate, State Residents	5,796	5,365	5,147	4,825	4,623	4,519	4,319	4,128	3,804	3,541	3,347	42%
Undergraduate, Out of State Residents	2,407	2,555	2,426	2,245	2,037	1,878	1,701	1,482	1,254	1,230	1,058	56%
Headcount Total by Fee Payment Purposes	8,203	7,920	7,573	7,070	6,660	6,397	6,020	5,610	5,058	4,771	4,405	46%
Percent of Undergraduates paying as Residents	71%	68%	68%	68%	69%	71%	72%	74%	75%	74%	76%	-14%
Percent of Undergraduates paying as Non-residents	29%	32%	32%	32%	31%	29%	28%	26%	25%	26%	24%	30%
Required Tuition and Fees**												
Undergraduate, In State, Full Time	\$ 9,390	\$ 8,950	\$ 8,650	\$ 7,600	\$ 7,500	\$ 6,860	\$ 6,100	\$ 5,190	\$ 4,350	\$ 3,770	\$ 3,500	63%
Undergraduate, Out of State, Full Time	\$ 20,270	\$ 18,770	\$ 18,090	\$ 16,590	\$ 16,190	\$ 15,100	\$ 14,150	\$ 12,870	\$ 11,760	\$ 10,680	\$ 9,810	51%
Non-resident: Resident Fee Ratio	2.16	2.10	2.09	2.18	2.16	2.20	2.32	2.48	2.70	2.83	2.80	-32%
DEGREES AWARDED												
Bachelor's	1,289	1,222	1,076	1,004	931	887	768	801	690	657	619	48%
Master's	92	95	86	75	46	49	30	29	31	27	20	78%

* Scholarship recipients who are non-residents may receive a partial or full waiver of the out-of-state fee differential

** Does not include room and board

Source: CCU Office of Institutional Research & Assessment

Schedule 7
Coastal Carolina University
Undergraduate Annual Required Tuition and Fees at South Carolina Public Four-Year Institutions
Last Ten Academic Years

	Academic Year Beginning in Fall										Ten Year Change
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	
The Citadel	\$ 10,216	\$ 9,871	\$ 8,735	\$ 8,403	\$ 7,735	\$ 7,168	\$ 6,522	\$ 5,900	\$ 4,999	\$ 4,067	151.2%
Clemson University	12,304	11,854	11,078	10,378	9,870	9,400	8,886	7,840	6,934	5,834	110.9%
Coastal Carolina University	9,760	9,390	8,950	8,650	7,600	7,500	6,860	6,100	5,190	4,350	124.4%
College of Charleston	9,616	9,616	8,988	8,400	7,778	7,234	6,668	6,202	5,770	4,858	97.9%
Francis Marion University	8,802	8,480	7,960	7,682	7,038	6,512	5,984	5,540	5,082	4,340	102.8%
Lander University	9,504	9,144	8,760	8,380	7,728	7,162	6,668	5,866	5,400	4,704	102.0%
South Carolina State University	9,258	8,898	8,462	7,806	7,318	7,278	6,480	6,170	5,570	4,898	89.0%
University of South Carolina											
Columbia	10,168	9,786	9,156	8,838	8,346	7,808	7,314	6,416	5,778	5,024	102.4%
Aiken	8,700	8,374	7,900	7,532	7,006	6,670	6,128	5,622	5,084	4,374	98.9%
Beaufort	8,108	7,756	7,250	7,000	6,250	5,724	5,214	4,670	4,208	3,080	163.2%
Upstate	9,426	9,072	8,642	8,342	7,760	7,218	6,636	6,060	5,460	4,748	98.5%
Winthrop University	\$ 12,656	\$ 12,176	\$ 11,606	\$ 11,140	\$ 10,210	\$ 9,500	\$ 8,756	\$ 7,816	\$ 6,652	\$ 5,600	126.0%
Average Rate*	\$ 9,877	\$ 9,535	\$ 8,957	\$ 8,546	\$ 7,887	\$ 7,431	\$ 6,843	\$ 6,184	\$ 5,629	\$ 4,800	105.8%

* Averages for years FY 2002 and FY 2003 don't include USC Beaufort because it was not accredited as a Level II baccalaureate degree granting university until FY 2004

Source: S.C. Commission on Higher Education Statistical Abstract

Source: CHE Tuition & Required Fees for Academic Year 2011- 2012

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the University's current levels of outstanding debt and the University's ability to issue debt in the future.

Schedule 8
Coastal Carolina University
Ratios of Outstanding Debt
Fiscal Years 2002-2011

	For the year ended June 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Bonded Debt										
General obligation bonds	\$ 68,235,000	\$ 70,980,000	\$ 17,655,000	\$ 18,305,000	\$ 18,935,000	\$ 7,935,000	\$ 8,220,000	\$ 8,490,000	\$ 8,750,000	\$ -
Total general bonded debt	\$ 68,235,000	\$ 70,980,000	\$ 17,655,000	\$ 18,305,000	\$ 18,935,000	\$ 7,935,000	\$ 8,220,000	\$ 8,490,000	\$ 8,750,000	\$ -
Outstanding general bonded debt per full-time equivalent student	\$ 8,219	\$ 9,025	\$ 2,320	\$ 2,551	\$ 2,727	\$ 1,207	\$ 1,339	\$ 1,465	\$ 1,717	\$ -
Other Debt										
Revenue bonds	\$ 20,200,000	\$ 21,305,000	\$ 22,365,000	\$ 23,375,000	\$ 24,345,000	\$ 24,600,000	\$ 25,425,000	\$ 26,215,000	\$ 26,855,000	\$ 27,565,000
Capital lease obligations	\$ -	\$ 55,133	\$ 162,895	\$ 267,404	\$ 368,758	\$ 467,052	\$ 562,379	\$ 834,930	\$ 216,978	\$ 251,074
Total outstanding debt	\$ 88,435,000	\$ 92,340,133	\$ 40,182,895	\$ 41,947,404	\$ 43,648,758	\$ 33,002,052	\$ 34,207,379	\$ 35,539,930	\$ 35,821,978	\$ 27,816,074
Total outstanding debt per full-time equivalent student	\$ 10,652	\$ 11,741	\$ 5,280	\$ 5,845	\$ 6,286	\$ 5,019	\$ 5,570	\$ 6,133	\$ 7,031	\$ 6,199
Number of full time equivalent undergraduate and graduate students	8,302	7,865	7,610	7,177	6,944	6,576	6,141	5,795	5,095	4,487

Schedule 9
Coastal Carolina University
Debt Service Coverage on Revenue Bonds
Fiscal Years 2002-2011

REVENUE BONDS	For the year ended June 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues	\$97,578,690	\$87,849,888	\$83,732,262	\$70,857,695	\$70,209,074	\$59,884,941	\$50,441,023	\$44,878,156	\$35,566,512	\$30,940,831
Expenses	82,545,052	81,607,222	73,126,774	62,474,962	58,774,006	53,701,011	46,408,826	40,255,735	33,338,327	26,717,360
Net Revenues Available for Debt Service	<u>\$15,033,638</u>	<u>\$6,242,666</u>	<u>\$10,605,488</u>	<u>\$8,382,733</u>	<u>\$11,435,068</u>	<u>\$6,183,930</u>	<u>\$4,032,197</u>	<u>\$4,622,421</u>	<u>\$2,228,185</u>	<u>\$4,223,471</u>
Debt Service, Revenue Bonds	2,056,501	2,056,501	2,056,501	2,242,005	\$1,296,398	\$2,096,891	\$2,113,270	\$2,084,574	\$2,194,949	\$2,195,460
Coverage	7.31	3.04	5.16	3.74	8.82	2.95	1.91	2.22	1.02	1.92

Above revenues, expenses, and net revenues available for debt service have been determined in accordance with the requirements of the applicable bonds.

Schedule 10
Coastal Carolina University
Debt Service Coverage on General Obligation Bonds
Fiscal Years 2002-2011

GENERAL OBLIGATION BONDS	For the year ended June 30										
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Tuition Pledged for Debt Service	\$7,320,182	\$6,135,497	\$5,753,325	\$6,392,583	\$2,020,067	\$1,687,780	\$1,344,290	\$968,436	\$864,426	\$841,252	\$603,631
Debt Service, General Obligation Bonds	\$5,403,801	\$1,418,776	\$1,396,973	\$1,426,706	\$961,328	\$614,439	\$605,532	\$378,335	\$175,647	\$335,969	\$340,020
Coverage	1.35	4.32	4.12	4.48	2.10	2.75	2.22	2.56	4.92	2.50	1.78

DEMOGRAPHIC AND ECONOMIC INFORMATION

These charts offer demographic and economic indicators to help the reader understand the environment within which the University's financial activities take place and to help make comparisons over time and with other universities.

Schedule 11
Coastal Carolina University
South Carolina Employment by Industry
Calendar Year 2011 and Ten Years Earlier

<u>Sources</u>	<u>2001</u>		<u>2011</u>	
	<u>Number of Employees</u>	<u>Percent of Total</u>	<u>Number of Employees</u>	<u>Percent of Total</u>
Construction	114,200	6.27%	77,200	4.23%
Manufacturing	309,100	16.97%	219,100	12.00%
Trade, Transportation, and Utilities	353,800	19.42%	351,700	19.27%
Information	28,700	1.58%	25,500	1.40%
Financial Activities	89,900	4.93%	97,000	5.31%
Professional and Business Services	189,400	10.40%	222,300	12.18%
Education and Health Services	165,300	9.07%	216,500	11.86%
Leisure and Hospitality	195,200	10.71%	225,000	12.33%
Other Services	62,700	3.44%	68,400	3.75%
Government	313,600	17.21%	322,800	17.68%
	<u>1,821,900</u>	<u>100.00%</u>	<u>1,825,500</u>	<u>100.00%</u>

Source: United States Department of Labor Bureau of Labor Statistics

Schedule 12
Coastal Carolina University
Top 10 Employers - Calendar Year 2011 and Ten Years Earlier
Horry County, South Carolina

Year 2011

<u>Employer</u>	<u>Number of Employees</u>	<u>%</u>
Horry County School District	5,400	31.5%
Wal-Mart Associates, Inc.	2,276	13.3%
Horry County Government	2,076	12.1%
Coastal Carolina University	1,382	8.1%
Conway Hospital	1,325	7.7%
Grandstrand Regional Medical Center	1,134	6.6%
Food Lion	929	5.4%
Blue Cross / Blue Shield	900	5.2%
Loris Health Care System	900	5.2%
Myrtle Beach National	829	4.8%

Year 2001

<u>Employer</u>	<u>Number of Employees</u>	<u>%</u>
Horry County School District	3,900	30.1%
Wal-Mart Associates, Inc.	1,702	13.2%
Horry County Government	1,425	11.0%
Myrtle Beach National	1,000	7.7%
Blue Cross / Blue Shield	960	7.4%
Grandstrand Regional Medical Center	950	7.3%
Loris Health Care System	821	6.3%
City of Myrtle Beach	800	6.2%
Sands Oceanfront Resorts	780	6.0%
Kingston Plantation	600	4.6%

Source: Partners of Economic Development Corporation

Schedule 13
Coastal Carolina University
State and Regional
Population, Income and Employment History
Last Ten Academic Years

<u>Year</u>	<u>Population</u>			<u>Total Personal Income</u>			<u>Unemployment Rate (%)</u>		
	<u>South Carolina</u>	<u>Horry County</u>	<u>Georgetown County</u>	<u>South Carolina</u>	<u>Horry County</u>	<u>Georgetown County</u>	<u>South Carolina</u>	<u>Horry County</u>	<u>Georgetown County</u>
2010	4,625,364	269,291	60,158	150,495,805,000	n/a	n/a	11.0	10.5	10.8
2009	4,561,242	263,868	60,703	\$ 145,041,489,000	\$ 7,678,701,000	\$ 2,256,752,000	11.0	10.3	11.3
2008	4,479,800	257,380	60,731	146,334,933,000	\$ 7,603,947,000	\$ 2,230,074,000	11.6	10.9	12.5
2007	4,404,914	249,711	60,388	141,243,653,000	7,068,484,000	2,095,081,000	5.9	5.1	6.4
2006	4,324,799	239,496	59,912	134,203,912,000	6,754,139,000	1,995,556,000	6.4	5.5	7.0
2005	4,249,385	228,254	59,464	124,379,061,000	6,119,654,000	1,819,785,000	6.7	5.7	8.6
2004	4,196,799	217,890	59,141	117,229,951,000	5,616,186,000	1,700,895,000	6.8	5.9	9.5
2003	4,143,420	210,840	58,355	110,644,256,000	5,270,555,000	1,572,159,000	6.7	5.6	9.7
2002	4,102,211	206,110	57,679	106,984,582,000	5,011,034,000	1,518,970,000	5.9	5.1	8.2
2001	4,061,844	201,833	56,785	104,198,958,000	4,870,738,000	1,467,244,000	5.2	4.9	7.4

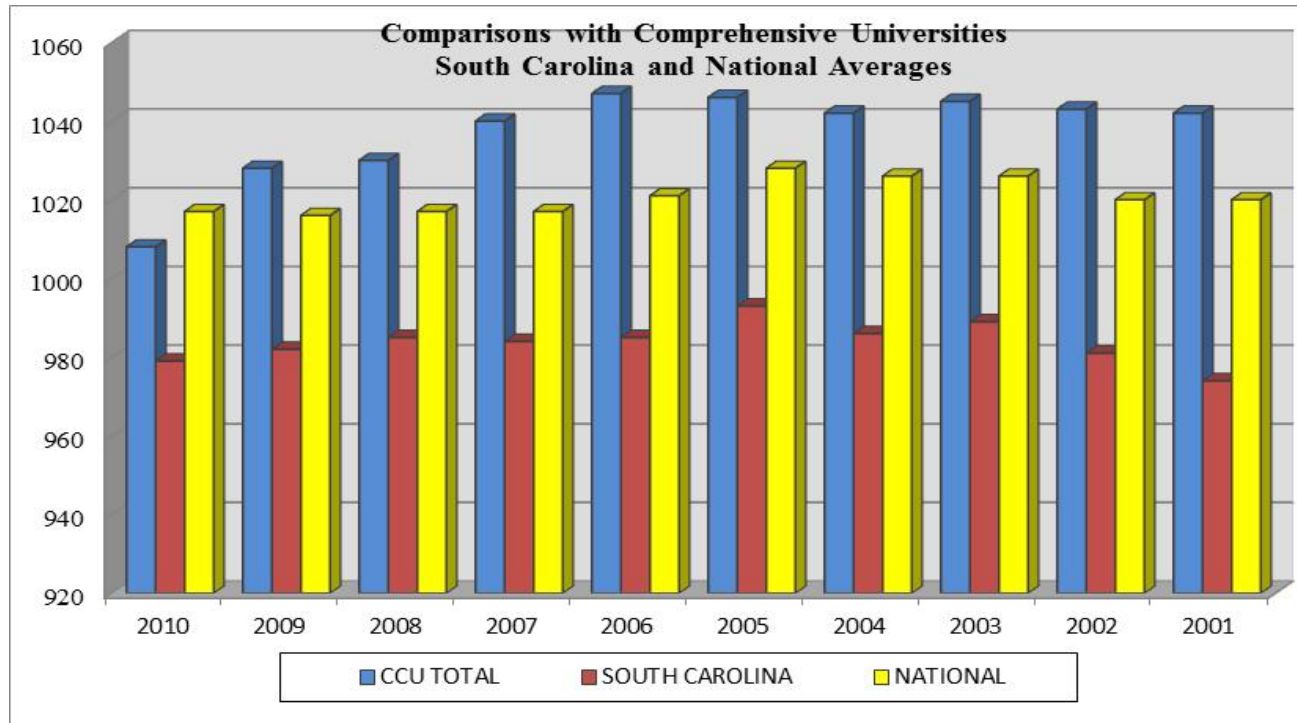
Source: South Carolina Department of Employment and Workforce Labor Market Information

OPERATING INFORMATION

These schedules contain information about the University's operations and resources to help the reader understand how the University's information relates to the services the University provides and the activities it performs.

Schedule 14
Coastal Carolina University
SAT Scores, New Freshmen
Last Ten Academic Years

	FALL SEMESTERS									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
CCU TOTAL	1008	1028	1030	1040	1047	1046	1042	1045	1043	1042
SOUTH CAROLINA	979	982	985	984	985	993	986	989	981	974
NATIONAL	1017	1016	1017	1017	1021	1028	1026	1026	1020	1020



Schedule 15
Coastal Carolina University
Average Faculty Salaries by Rank
Last Ten Academic Years

	Academic Year Beginning in Fall									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Coastal Carolina University										
Professor	\$82,640	\$83,036	\$82,159	\$78,667	\$73,231	\$71,845	\$68,471	\$62,559	\$63,186	\$61,614
Associate Professor	\$68,877	\$68,397	\$67,679	\$63,887	\$62,123	\$59,385	\$56,615	\$53,936	\$51,831	\$51,468
Assistant Professor	\$56,232	\$57,468	\$58,005	\$57,786	\$53,996	\$51,395	\$48,248	\$44,887	\$43,592	\$42,781
Instructor/Other	\$45,593	\$46,076	\$44,910	\$41,300	\$37,009	\$34,470	\$32,564	\$30,698	\$29,805	\$31,827
Average, all ranks	\$65,110	\$65,270	\$64,034	\$61,905	\$58,227	\$55,822	\$52,411	\$49,095	\$48,208	\$48,387
Average, percent of										
SC public universities	108.50%	108.90%	105.99%	103.40%	101.33%	99.11%	97.15%	96.62%	98.77%	99.10%
Average, percent of SREB*	n/a	112.92%	111.74%	110.42%	105.99%	104.44%	102.13%	99.67%	96.56%	97.41%
Average, percent of national**	n/a	91.29%	90.25%	91.67%	90.16%	81.55%	79.56%	78.18%	79.19%	81.28%
South Carolina Public Universities										
Professor	\$75,990	\$75,452	\$76,573	\$74,802	\$71,895	\$69,949	\$66,270	\$61,351	\$62,615	\$61,760
Associate Professor	\$62,428	\$62,158	\$64,009	\$63,124	\$60,936	\$59,267	\$56,901	\$53,415	\$51,443	\$50,243
Assistant Professor	\$54,100	\$54,175	\$54,199	\$53,825	\$51,282	\$49,373	\$46,761	\$44,468	\$43,728	\$42,936
Instructor/Other	\$44,848	\$44,866	\$44,357	\$44,159	\$41,942	\$40,443	\$40,350	\$37,059	\$35,448	\$35,470
Average, all ranks	\$60,009	\$59,937	\$60,416	\$59,868	\$57,462	\$56,326	\$53,949	\$50,814	\$48,809	\$48,827
Southern (SREB*) Average	n/a	\$57,804	\$57,308	\$56,062	\$54,937	\$53,449	\$51,318	\$49,260	\$49,927	\$49,674
National** (CUPA) Average	n/a	\$71,500	\$70,953	\$67,533	\$64,580	\$68,454	\$65,875	\$62,800	\$60,880	\$59,532

Source: United States Department of Education Integrated Post Secondary Educational Data Survey (IPEDS), converted to nine month basis.

*Southern Regional Education Board

**College and University Professional Association

Schedule 16
Coastal Carolina University
Faculty, Staff and Administrative Statistics
Last Ten Academic Years

	For year ended June 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Full-time faculty	346	315	299	264	248	233	231	238	209	189
Part-time faculty	193	168	184	160	132	120	133	133	103	122
Total faculty	539	483	483	424	380	353	364	371	312	311
Full-time staff/administrators	652	619	606	561	541	532	459	408	393	368
Part-time staff/administrators	191	152	203	134	136	98	94	58	116	91
Total staff/administrators	843	771	809	695	677	630	553	466	509	459
Total full-time employees	998	934	905	825	789	765	690	646	602	557
Total employees	1382	1254	1292	1119	1057	983	917	837	821	770
Part-time faculty FTE (full time equivalent)	149.2	140.7	141.5	135.7	121.5	106.1	100.4	93.3	64.0	53.0
Total teaching faculty FTE	493.2	452.7	435.5	397.7	361.5	339.1	320.4	301.3	264.0	232.0
Ratios:										
Full-time faculty: Full-time staff/administrators	0.53	0.51	0.49	0.47	0.46	0.44	0.50	0.58	0.53	0.51
Total faculty: Total staff and administrators	0.64	0.63	0.60	0.61	0.56	0.56	0.66	0.80	0.61	0.68
Part-time faculty: Total faculty	0.36	0.35	0.38	0.38	0.35	0.34	0.37	0.36	0.33	0.39

Source: Institutional Research Fact Book

Schedule 17
Coastal Carolina University
Capital Asset Information
For the Year Ended June 30, 2011

	2011
Buildings – Assignable Area Square Feet	
Instruction	318,969
Research	997
Public Service	0
Academic Support	35,083
Student Services	89,323
Institutional Support	59,763
Plant Operation and Maintenance	29,822
Auxiliaries	298,581
Other	53,136
 Library	
Total physical volumes (excluding e-books)	140,703
 Dormitories - Number of beds	
Main Campus	1,210
University Place I and II	987
University Place III	1,092
 Athletic and Intramural Facilities	
Stadiums	4
Extramural and intramural fields	3
Track facility	1
Golf course	1
Pool	1
Gymnasiums	2
Fitness centers	2
Tennis courts	8
 Number of Buildings:	 72

**COASTAL CAROLINA UNIVERSITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

SINGLE AUDIT SECTION



E. Craig Wall Sr. College of Business Administration

COASTAL CAROLINA UNIVERSITY --SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2011

Account	Federal Grantor/Pass through Grantor/Program Title	CFDA NUMBER	Pass-through Grantor's Number	Res/Dev.	Budget	EXPENDITURES	AGENCY TOTAL
DEPARTMENT OF COMMERCE							
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION,							
Passed through South Carolina Sea Grant Consortium							
31-2058	Connections Between Bivalve Settlement, Growth and Survival and the Water Quality within Myrtle Beach Tidal Swash Estuaries	11.417	R41-D	YES	\$7,029.00	\$3,396.05	
31-2970	Long Bay Characterized by Pier-Based in Situ Sensors Temporal and Spatial Variability	11.417	R21-K	Yes	\$5,480.00	\$5,480.00	
31-2972	Evaluation of the SCSGEP's Rip Currents Awareness Program	11.420	P/M-2f-R31F	YES	\$750.00	\$633.10	
31-2769	Spatial and Temporal Variability in Rate of Mean High Water Rise Along the South Carolina Coast During the Past 6000 Years - Year 2	11.420	R479	YES	\$43,903.00	\$5,180.30	
31-2770	Beach Renourishment Activities and Potential Impacts on Critical Hard Bottom Habitats on the Shoreface of the Grand Strand	11.420	R481	YES	\$59,296.00	\$42,010.96	
31-3721	SC Sea Grant Extension Cooperative Agreement 2008-09	11.420		NO	\$33,370.00	\$32,123.12	
31-2771	Geochemical Characteristics of Submarine Groundwater Seeps on the South Carolina Continental Shelf	11.420	R470	YES	\$53,727.00	\$2,831.60	
31-2777	Submarine Groundwater Discharge to Long Bay, SC: Preliminary Assessment of Land Use Impact, Geological Controls and Nutrient Loads	11.420	M179	YES	\$75,640.00	\$60,759.88	
31-2752	Spatial and Temporal Variability in Rate of Mean High Water Rise Along the South Carolina Coast During the Past 6000 Years - Year 1	11.420	R379	Yes	\$42,403.00	\$5,594.13	
Passed thru University of South Carolina							
31-2977	Determining the Role of Estuarine Swashes on Water Quality Impairment Along the Grand Strand of SC: Impacts of Land Use and Stormwater Runoff	11.420	PO 31783 L	YES	\$119,570.00	\$91,816.75	
31-2963	Guidance for South Carolina on Near-Shore Adaptation Priorities	11.431	NA090AR4310154	YES	\$59,591.00	\$50,482.43	
31-2974	NOAA Prescott Grant	11.439	NA10NMF4390230	YES	\$96,437.00	\$35,922.45	
31-2962	State Marine Mammal Stranding Network	11.439	NA09NMF4390219	YES	\$99,790.00	\$36,452.70	
Passed thru Global Science & Technology, Inc.							
31-2704	National Mesonet Expansion	11.459	SA11-CCU01	YES	\$354,000.00	\$14,462.23	
31-2306	Mechanisms Controlling Hypoxia: Integrated Causal Modeling	11.478	NAOPNOS4780229	YES	\$26,387.00	\$19,136.53	
							<u>\$406,282.23</u>
DEPARTMENT OF DEFENSE							
31-2309	Waccamaw River Bathymetric Mapping	12.104	W81D4A02646149	YES	\$49,706.66	\$49,706.17	
Passed thru KTECK CORPORATION							
31-2965	A Forensic Assessment of the Pathology of Energy Flows through Natural Systems: Applying Topological Data Analysis to Climate Data Sets and Model Outputs	12.910	KSO9-0118	YES	\$261,689.00	\$10,359.42	
31-2299	2007 Myrtle Beach Renourishment Project: Beach, Nearshore Reef and Borrow Site Monitoring	12.999	W912HP-05-20001	YES	\$157,333.00	\$5,234.68	
31-2711	Regional Sediment Management Studies - Winyah and Charleston Approaches	12.999	W81D4A91839845	YES	\$409,947.00	\$62,754.29	
							<u>\$128,054.56</u>

COASTAL CAROLINA UNIVERSITY --SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2011

Account	Federal Grantor/Pass through Grantor/Program Title	CFDA NUMBER	Pass-through Grantor's Number	Res/Dev.	Budget	EXPENDITURES	AGENCY TOTAL
DEPARTMENT OF THE INTERIOR							
31-1516	Dream a Dream: Environmental Education and Stewardship (SC)	15.608	2010-0078-006	NO	\$10,000.00	\$9,955.25	
	Passed thru South Carolina Department of Natural Resources						
31-2961	Least Tern Reproductive Success on Rooftops	15.628	79090874	YES	\$32,000.00	\$8,473.44	
31-3722	USGS Sublease of Space at Coastal Carolina University	15.808	GO9AC00327	NO	\$14,484.00	\$6,540.00	
31-2055	Mapping Nearshore and Inner Shelf at Fire Island National Seashore	15.808	GO9AC00511	YES	\$60,180.00	\$2,241.92	
31-2050	NPS American Battlefield Protection Program	15.926	GA-2255-10-004	YES	\$60,000.00	\$17,882.75	
							<u>\$45,093.36</u>
DEPARTMENT OF JUSTICE							
31-3926	ARRA - COPS Universal Hiring Program 2009	16.710	2009RKWX0762	NO	\$138,807.00	\$37,939.01	
	Passed thru SC Department of Public Safety						
31-3933	ARRA - JAG Program: Ballistic Vest Upgrade	16.803	1GS09143	NO	\$9,800.00	(\$0.20)	
31-3934	ARRA - JAG Program: Tasers	16.738	1G07074	NO	\$27,200.00	\$0.43	
							<u>\$37,939.24</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION							
31-2742	The Roles of Gravity Waves in the Polar Atmosphere	43.001	C2566B1	YES	\$282,886.00	\$31,040.83	
	Passed through College of Charleston						
31-2912	South Carolina Space Grant Consortium Year 14	43.001	NNG05GI68G	YES	\$2,000.00	\$3,284.63	
							<u>\$34,325.46</u>
NATIONAL ENDOWMENT FOR THE ARTS							
	Passed thru South Arts						
31-3545	Southern Circuit Media Tour	45.024		NO	\$1,800.00	\$1,800.00	
	Passed thru South Carolina Humanities Council						
31-3546	Writing the South in Fact, Fiction, and Poetry	45.129	10-1363-1	NO	\$8,000.00	\$9,894.19	
							<u>\$11,694.19</u>
NATIONAL SCIENCE FOUNDATION							
	Passed thru Virginia Commonwealth University						
31-2308	Role of the Surface on the Electrical and Optical Properties of GaN and ZnO	47.049	PT10277SC102697	YES	\$7,800.00	\$7,391.32	
	Passed thru University of Georgia						
31-2310	Hydrogeological Characterization of the Duplin River: A Detailed Examination of a Subset of the GCE-LTER Site	47.050	OCE0620959	YES	\$19,101.00	\$17,182.76	
	Passed thru Brigham Young University						
31-1696	Center for Undergraduate Research in Mathematics (CURM) 2010-2011 Mini-Grant	47.050		NO	\$5,250.00	\$5,246.00	

COASTAL CAROLINA UNIVERSITY --SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2011

Account	Federal Grantor/Pass through Grantor/Program Title	CFDA NUMBER	Pass-through Grantor's Number	Res/Dev.	Budget	EXPENDITURES	AGENCY TOTAL
NATIONAL SCIENCE FOUNDATION Continued							
31-2976	Development and Testing of a Submersible, Remotely-Operated, Continuous Rn-222 Survey System	47.050	OCE-1029223	YES	\$181,605.00	\$65,301.44	
31-2967	Acquisition of Instrumentation for the Sediment Analysis Laboratory at Coastal Carolina University	47.050	EAR-0949366	YES	\$110,227.00	\$103,049.33	
31-2292	RUI:Gravity Waves and the Stratospheric Polar Vortex	47.050	ATM-0646672	YES	\$225,371.00	\$10,578.88	
31-2708	Acquisition of Marine Geophysical Instrumentation Suite for Seafloor Mapping and Bottom Boundary Layer Analysis	47.050	OCE-0722796	YES	\$535,770.00	\$14,014.73	
31-3829	Material Cycling Along the Egyptian Coastline: A Workshop to be Held at Alexandria, Egypt	47.050	OISE 0946596	NO	\$43,793.00	\$588.77	
31-2054	Collaborative Research: Defining Ecosystem Heterotrophic Response to Nutrient Concentrations and Ratios	47.074	DEB-0919054	YES	\$246,394.00	\$53,538.93	
31-2778	Collaborative Research: Regulation of CpNifS/CpSufE1-Mediated Iron-Sulfur Cluster Synthesis in Plant Plastids	47.074	MCB-0950648	YES	\$57,032.00	\$40,917.78	
31-2760	GK-12 Fellows Linking Marine and Wetland Research with Science Education in Coastal Carolina Schools	47.076	DGE-0742419	YES	\$387,564.00	\$449,508.26	
31-2733	Development of POGIL-IC modules for General Chemistry	47.079	OISE-0622810	YES	\$86,070.00	\$1,413.64	
31-2969	ARRA - Acquisition of a Small Computing Cluster for Geophysical Research	47.082	AGS-0958616	YES	\$104,604.00	\$102,359.25	
							\$871,091.09
US DEPARTMENT OF ENERGY							
31-2960	South Carolina Roadmap go Gigawatt-Scale Coastal Clean Energy Generation Passed thru South Carolina Energy Office	81.119	DEFGO8NT05560	YES	\$200,000.00	\$25,939.41	
31-3935	ARRA - Energy Conservation Plan	81.502	S09-0064	NO	\$433,327.00	\$344,257.61	
							\$370,197.02
US DEPARTMENT OF EDUCATION							
FEDERAL STUDENT AID, US DEPARTMENT OF EDUCATION							
31-8041	SEOG 10-11	84.007	PO07A077401	NO	\$0.00	\$314,541.00	
Office of Special Education and Rehabilitative Services Passed thru South Carolina Department of Education							
31-1148	Project CREATE - Amendment for Redistribution	84.027	10-CO-310-01	NO	\$15,629.00	\$4,331.18	
Federal Family Education Loans							
80-8201	STAFFORD EFT Loans - Subsidized	84.032	Period 2009	NO		\$392,534.00	
	STAFFORD EFT Loans - Unsubsidized	84.032	Period 2009	NO		\$377,458.00	
	STAFFORD EFT Loans - Subsidized	84.032	Period 2010	NO		\$19,909,480.00	
	STAFFORD EFT Loans - Unsubsidized	84.032	Period 2010	NO		\$20,804,002.00	
80-8202	PLUS EFT Loans	84.032	Period 2009	NO		\$76,059.00	
	PLUS EFT Loans	84.032	Period 2010	NO		\$14,573,634.00	
50-5230	PERKINS Loans (Balance Forward)	84.038	Period 2009	NO		\$1,425,511.30	
	PERKINS Loans (Current Year)		Period 2010	NO		\$79,000.00	

COASTAL CAROLINA UNIVERSITY --SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2011

Account	Federal Grantor/Pass through Grantor/Program Title	CFDA NUMBER	Pass-through Grantor's Number	Res/Dev.	Budget	EXPENDITURES	AGENCY TOTAL
US DEPARTMENT OF EDUCATION Continued							
31-8014	CWS America Reads	84.033		NO		\$30,069.93	
31-8051	CWS 10-11	84.033	PO33A097401	NO		\$223,806.23	
31-5221	Pell IL//CWS JLD 01	84.063	PO63PO72202	NO		\$28,615.84	
31-8029	Pell 08/09	84.063	PO63P082202	NO		\$5.00	
31-8020	Pell 09-10	84.063		NO		\$298,112.00	
31-8031	Pell 10-11	84.063		NO		\$13,208,809.12	
31-8091	ROTC 10-11	84.334		NO		\$0.00	
	Passed thru South Carolina Commission on Higher Education						
31-2158	Concept-Focused Inquiry (CFI): A Program for Mathematics and Science Teachers in Grades 6-8	84.367		YES	\$90,000.00	\$30,204.20	
31-8151	UGTCH 10-11	84.379		NO		\$203,000.00	
31-8161	GRTCH 10-11	84.379		NO		\$7,000.00	
31-8030	Yellow Ribbon Program			NO		\$228.50	
31-8071	Academic Competitiveness 10-11	84.375	P375A062202	NO	\$0.00	\$762,901.23	
31-8081	SMART Grant 10-11	84.376		NO		\$273,064.32	
	ARRA - State Fiscal Stabilization Fund (SFSF) - Education	84.394	S394A090052	NO	\$2,426,619.00	\$2,426,619.00	
							\$75,448,985.85
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
	Passed thru Shoreline Behavioral Health Services						
31-3165	Communities Putting Prevention to Work - Tobacco (Subaward to CCU)	93.724		NO	\$280,000.00	\$81,227.70	\$81,227.70
TOTAL FEDERAL EXPENDITURES					\$8,059,361.66	\$77,434,890.70	\$77,434,890.70

COASTAL CAROLINA UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2011

1. GENERAL

The accompanying Schedule of Federal Financial Assistance presents the activity of all federal award programs of Coastal Carolina University. The reporting entity is defined in Note 1 of the University's financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Federal Financial Assistance is presented using the accrual basis of accounting, which is described in Note 1 of the University's financial statements

3. LOAN PROGRAMS

The federal loan program we participated in from July 1, 2010 to June 30, 2011 is the William D. Ford Federal Direct, which is the umbrella name for the Federal Direct Stafford Student Loan Program and the Federal Direct Parent Loan for Undergraduate Students (PLUS) Program. The Federal Family Education Loan Program (FFELP) ended June 30, 2010, but the Ford title is still used as the umbrella title for all the federal loan programs. The loans are made directly from the federal government, therefore there is no loan balance recorded at the University. The totals of loans processed for the current fiscal year are:

Stafford Student Loan – Subsidized	\$ 20,302,014
Stafford Student Loan – Unsubsidized	21,181,460
PLUS Loans	<u>14,649,693</u>
Total	<u>\$ 56,133,167</u>

The Federal Perkins Loan Program is administered directly by the University and balances and transactions relating to the program are included in the University's financial statements. The balance of loans outstanding under the Federal Perkins Loan program was \$1,321,833 as of June 30, 2011. The expenditures for June 30, 2010 are calculated as follows:

June 30, 2010 Loan Balance	\$ 1,425,511
Current Year Loans Made	<u>79,000</u>
Total	<u>\$ 1,504,511</u>

Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control Over
Compliance in Accordance with OMB Circular A-133

To the Honorable Nikki R. Haley,
Governor of the State of South Carolina
And the Board of Trustees of
Coastal Carolina University
Conway, South Carolina

Compliance

We have audited the compliance of Coastal Carolina University, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Coastal Carolina University's major federal programs for the year ended June 30, 2011. Coastal Carolina University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Coastal Carolina University's management. Our responsibility is to express an opinion on Coastal Carolina University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Coastal Carolina University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Coastal Carolina University's compliance with those requirements.

In our opinion Coastal Carolina University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Coastal Carolina University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Coastal Carolina University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Coastal Carolina University's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business-type activities of Coastal Carolina University as of and for the year ended June 30, 2011, and have issued our report thereon dated September 23, 2011, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. OMB Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the audit committee, management, others within the organization and the federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.



September 23, 2011

Independent Auditors' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Based On An Audit Of Financial Statements Performed
In Accordance With Government Auditing Standards

To the Honorable Nikki R. Haley,
Governor of the State of South Carolina
And the Board of Trustees of
Coastal Carolina University
Conway, South Carolina

We have audited the financial statements of the business-type activities of Coastal Carolina University, a department of the State of South Carolina, as of and for the year ended June 30, 2011, which collectively comprise the University's basic financial statements and have issued our report thereon dated September 23, 2011. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Coastal Educational Foundation and Coastal Carolina University Student Housing Foundation as described in our report on Coastal Carolina University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The Coastal Educational Foundation and Coastal Carolina University Student Housing Foundation's financial statements were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Coastal Carolina University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coastal Carolina University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Coastal Carolina University's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Coastal Carolina University
Conway, South Carolina
Page Two

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Coastal Carolina University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the finance committee, management, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



September 23, 2011

COASTAL CAROLINA UNIVERSITY
Summary Schedule of Prior Audit Findings
June 30, 2011

Findings Relating to the Financial Statements:

There were no findings relating to the financial statements.

Findings and Questioned Costs Relating to Federal Awards:

There were no findings or questioned costs related to federal awards.

COASTAL CAROLINA UNIVERSITY
Schedule of Findings and Questioned Costs
June 30, 2011

Summary of Auditors' Results:

GAGAS

An unqualified opinion was issued on Coastal Carolina University's general purpose financial statements dated September 23, 2011.

There were no significant deficiencies or material weaknesses. No instances of noncompliance material to the financial statement were disclosed by the audit of their financial statements.

A-133

An unqualified opinion was also issued on compliance of major programs at Coastal Carolina University dated September 23, 2011. No significant deficiencies in the internal control over major programs were found. Our audit disclosed no audit findings that are required to be reported under OMB Circular A-133.

The major programs at Coastal Carolina University are the Student Financial Aid Cluster and ARRA-State Fiscal Stabilization Fund-State Education Grants CFDA #84.394 from the U.S. Department of Education and the ARRA – Energy Conservation Plan (CFDA #81.502) from U.S. Department of Energy. Type A or major programs are defined as those that expended \$300,000 or more. Coastal Carolina University's total federal awards expended for the year ended June 30, 2011 were between \$10 million and \$100 million.

Coastal Carolina University is considered to be a low risk auditee by the criteria listed in OMB Circular A-133.

Findings Relating to the Financial Statements:

There were no findings relating to the financial statements.

Findings and Questioned Costs Relating to Federal Awards:

There no were findings or questioned costs related to federal awards.

U.S. DEPARTMENT OF EDUCATION PROGRAMS

CFDA	84.007	Federal Supplemental Education Opportunity Grants (FSEOG)
CFDA	84.268	Federal Direct Loan Program
CFDA	84.032	Federal Family Education Loans (FFEL)
CFDA	84.033	Federal Work-Study Programs (FWS)
CFDA	84.038	Federal Perkins Loans (FPL) – Federal Capital Contributions
CFDA	84.063	Federal Pell Grant Program (PELL)
CFDA	84.375	Academic Competitiveness Grant (ACG)
CFDA	84.376	National Science and Mathematics Access to Retain Talent Grant (National SMART Grant)