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THE COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA

OMB CIRCULAR A-133 REPORTS

(With Independent Auditors' Report Thereon)

YEAR ENDED JUNE 30, 2004

THE COLLEGE OF CHARLESTON

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State of South Carolina



Office of the State Auditor

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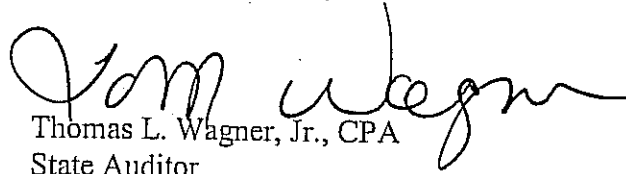
January 10, 2005

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

The report on the audit of the basic financial statements and the additional reports required by OMB Circular A-133 of the College of Charleston for the fiscal year ended June 30, 2004, was issued by Cherry, Bekaert, & Holland, LLP, Certified Public Accountants, under contract with the South Carolina Office of State Auditor.

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

Respectfully submitted,


Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/trb

THE COLLEGE OF CHARLESTON
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Expenditures
U.S Department of Agriculture			
Evaluation of Resistance to Root-Knot Nematodes in Pepper Pls and Rhizoctonia in Vigna Pls	10.001	58-6659-1-211	\$ 21,106
New Isoxazoles and Pyrazoles with Agricultural Biological Potential	10.206	2003-35504-12853	37,104
Hydrology of Depressional and Dendritic Drainage Patterns in Lower Coastal Plain Landscapes	10.652	SRS 01-CA-11330135513	15,153
Characterization of Soil Gas Emissions and Soil Properties in Managed Forested Wetland of the Southeastern United States	10.652	SRS 02-CA-11330135-286	6,655
Effects of Bedding, Weed Control and Fertilization on Soil Carbon and Nitrogen Cycling in Intensively Managed Coastal Plain Loblolly Pine Plantations	10.652	SRS 03-DG-11330137-274	1,129
Development of a Windows-Based Watershed-Scale Forest Hydrologic Model: DRINWAT	10.652	SRS 03-CA-11330135-284	6,392
An Integrated Assessment of Prescribed Fire Effects and Monitoring - Sumter and Francis Marion National Forests, SC	10.652	03-PA-11081209-070	38,407
Amphibian Inventory and Monitoring in the Francis Marion National Forest	10.999	01-PA-11081209-45	1,318
Monitor Flatwoods Salamander in the Francis Marion National Forest	10.999	01-PA-11081209-44	3,324
Total U.S. Department of Agriculture			<u>130,588</u>
U.S Department of Defense			
Twisted Monster Lie Algebras and Generalized Moonshine	12.901	MDA904-02-1-0073	15,431
Passed through SC Department of Natural Resources Video Data Web-Based Educational Resource Development: Fish Watch Program	12.300	N00014-02-1-0972	9,973
Total U.S. Department of Defense			<u>25,404</u>
U.S Department of Housing and Urban Development			
Passed through North Charleston Housing Authority Evaluation of HOPE VI	14.866	SC16URD0571101	36,287
Case Management Services for North Park HOPE VI Development	14.866	SC16URD0571101	111,066
Total U.S. Department of Housing and Urban Development			<u>147,353</u>
U.S Department of Justice			
Passed through Greenville County Commission on Alcohol and Drug Abuse C of C Coalition for Change	16.727	2001-AH-FX-0045	22,019
Total U.S. Department of Justice			<u>22,019</u>
U.S Department of the Interior			
Health of Amaranthus Pumilus Populations: Range-wide Surveys and webworm control	15.615	1448-40181-02-J-031	6,155
Passed through University of Memphis Siting of Advanced National Seismic System Seismometers in Charleston, South Carolina	15.807	01HQAG0010	3,979
Passed through University of South Carolina Native Plant and Butterfly Habitat Garden on the College of Charleston Campus Highlighting Species Important to African-American Culture	15.XXX	2002-0273-000	8,931
Total U.S. Department of the Interior			<u>19,065</u>
National Aeronautics Space Administration			
Exploring the Solar System	43.001	NAG5-10633	23,259
An Artificial Intelligence Classification Tool and Its Application to Gamma Ray Bursts	43.001	NAG5-10625	6,827
S.C Space Grant Consortium	43.001	NGT5-40099	271,600
South Carolina NASA EPSCoR Program	43.001	NCC5-575	345,499
Southeast Regional Clearing House: A Coalition of Space Grant Consortia (SERCH)	43.001	NCC5-607	299,936
Line Profiles and Variability in Ultra Rapid Rotators	43.001	NNG04GC79G	5,899
FUSE Observation of the "Standard Star" VEGA	43.001	NNG04GE58G	6,097
Circumstellar Gas of Nearby A-Type Stars	43.001	NNG04GK80G	243

THE COLLEGE OF CHARLESTON
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

Federal Grantor/Program Title	Federal CFDA Number (Continued)	Pass-Through Grantor's Number	Total Expenditures
Passed through Space Telescope Science Institute Projected Rotational Velocities of O-Type Stars at Low Metallicity	43.001	HST-AR-0994501-A	32,161
Passed through Center for Marine Conservation Detecting Changes and Connectivity Among Wilder Caribbean Coral Reefs	43.001	NAG8-1413	1,456
Passed through University of Alabama in Huntsville BATSE SB Catalog	43.001	NCC8-200	909
Passed through Clemson University Space Durable Multifunctional Fluoropolymers and Nanocomposites	43.001	NCC5-575	8,671
Passed through American Astronomical Society Development of an Automated and Remote 0.5m Telescope at Eteleman Observatory at University of the Virgin Islands	43.001	NAG5-8474	4,278
Passed through SC Research Authority NASA EPSCoR Management	43.999	NCC5-643	755
Welland Research	43.999	NCC5-643	4,421
Total National Aeronautics Space Administration			1,012,011
National Foundation on the Arts and the Humanities Processing the Jewish Archives, 1750 to the Present	45.149	PA-23691-01	3,718
The Material World of Tidewater, the Lowcountry, and the Caribbean	45.161	RZ-20860-02	1,085
Rethinking "Asia" in the Undergraduate Humanities Curriculum at the College of Charleston	45.162	ED-22298-02	723
Passed through SC Humanities Council A History of the Woman's Baptist Educational and Missionary Convention of SC	45.129	SO-21740-01	2,395
The American South: Colony or Empire?	45.129	SO-50048-04	900
For Every Person There is a Name (DVD Production and Distribution)	45.129	SO-50048-04	158
Total National Foundation on the Arts and Humanities			8,979
National Science Foundation Regioselective Syntheses of Heterocycles and their Applications	47.049	CHE-0212699	42,490
Guiding Gamma-Ray Burst Classification with the KDD Process	47.049	AST-0098499	35,140
Integrable Dynamics of Knotted Vortex Filaments	47.049	DMS-0204557	55,129
Nonstandard Analysis in Additive Number Theory	47.049	DMS-0070407	2,203
Four College Photoelectric Telescope for Astronomical Research	47.049	AST-007-1260	73,958
In-Situ Determination of Iron Limitation in The Peruvian Upwelling	47.050	OCE-9907931	132
Collaborative Research: Continuous Nutrient Input Effects on Algal Community Structure Using Shipboard Chemostats	47.050	OCE-0094415	4,130
SGER: DMSP-Lyase Activity and CO2 Limitation in Marine Phytoplankton	47.050	OCE-0236500	13,549
Collaborative Research: Potential Climate Change Impacts on Algal Dynamics and Biogeochemistry in the Bering Sea	47.050	OCE-0327620	137,836
The Transects Program: Pathways to Ocean Research Using a Collaborative Team Approach	47.050	GEO-0331155	27,423
Effects of Projectin Mutations on Myofibrillogenesis in Drosophilla	47.074	MCB-9996318	(2)
Research Experience In Physiology, Cell and Molecular Biology of Marine Organisms	47.074	DBI-9876926	1,846
Nonequilibrium Determinants of Microbial Community Structure in Intertidal Sediments: Role of Deposit Feeding	47.074	DEB-0108615	46,186
Molecular Biology Core Facility For Grice Marine Laboratory	47.074	DBI-0122336	10,742
Coordinate Induction of Sink Strength and Polyphenol Metabolism in Trees	47.074	IBN-0114458	1,406
Hypercapnic Hypoxia Impacts Shrimp Immune Defenses Against Bacteria Pathogens	47.074	IBN-0212921	112,861
Research Experience In Physiology, Cell and Molecular Biology of Marine Organisms	47.074	DBI-0244007	63,256
Media and Mobilization - The Case of Radio and Southern Textile Worker Mobilization, 1929-1934	47.075	SES-0136837	11,233

THE COLLEGE OF CHARLESTON
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Expenditures
	(Continued)		
Incorporating HCI into the Undergraduate Curriculum: A Community Building Initiative	47.076	DUE-0226080	12,339
Workforce Scholarship Project in Computer Sciences and Mathematics	47.076	DUE-0123032	107,154
Iron and Light Effects on Phaeocystis Antarctica Isolates from the Ross Sea	47.078	OPP-0230513	67,418
Passed through University of South Carolina Molecular Dynamics Simulations of Thin-Film Growth by INBD	47.041	CMS-0103118	31
Passed through SC Sea Grant Consortium Southeast Center for Ocean Science Education Excellence (COSEE) Curriculum	47.050	OCE-0215402	27,821
Passed through University of Alabama - Tuscaloosa Phylogeny of Physid Snails and (Basommatophora: Physidae) Evolution of Reproductive Isolation	47.074	DEB-0128964	39,340
Passed through State Department of Education Charleston Mathematics and Science Hub, 2002-2003	47.076	ESR-9810313	162
Passed through Claflin University SC Computer Science, English and Math Scholarships (SC-CSEMS)	47.076	DUE 0094797	3,125
Passed through Franklin and Marshall College Process Oriented Guided Inquiry Learning	47.076	DUE-0231120	2,869
Passed through Medical University of South Carolina GK-12 Lowcountry Science Partners for Inquiry Teaching and Learning	47.076	DGE-0139313	180,680
Passed through South Carolina State University SCAMP Phase 1	47.076	HRD-0217602	40,145
Passed through Bigelow Laboratory for Ocean Sciences Complex Molecular to Global Interactions and Feedbacks in the Marine DMS Cycle	47.078	OPP-0221748	76,606
Total National Science Foundation			1,197,208
U.S Department of Education			
Supplemental Educational Opportunity Grant	84.007	P007A03774	284,720
College Workstudy Program	84.033	P033A0403774	312,341
Federal Perkins Loan Program	84.038	P038A033774	2,399,417
Federal Pell Grant Program	84.063		(9,258)
Federal Pell Grant Program	84.063	P063P030378	4,642,720
William D. Ford Direct Loan Program	84.268		24,180,100
Total Federal Student Aid Cluster			31,810,040
Upward Bound	84.047A	P047A990206	(2,053)
Upward Bound	84.047A	P047A030218-04	429,583
SC International Business Development Alliance	84.153A	P153A010094	40,775
Engaging Students and Faculty in International Business Education	84.153A	P153A030012	53,033
English Language Acquisition: National Professional Development Program	84.195N	T195N020087	204,284
Passed through South Carolina Department of Education SC Project Create: Centers for the Re-Education and Advancement of Teachers in Special Education	84.027	H027AO20081A	30,472
South Carolina State Improvement Grant	84.323A	H323A020005	12,449
Passed through SC Commission on Higher Education Higher Education Coaching Team Assistance	84.281B	S281B010040	7,920
GEAR UP - Saturday Academic & Summer Institute	84.334A	P334A990172-01	83,282
Total U. S. Department of Education			32,669,765

(Continued)

THE COLLEGE OF CHARLESTON
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Expenditures
National Oceanic Atmospheric Administration			
Passed through SC Sea Grant Consortium			
Coastal Erosion Study-Outreach and Education	11.417	00HQAG0208	554
COASTeam Aquatic Workshops - A School-Wide Approach to Integrating Marine and Aquatic Concepts into the K-5 Curriculum	11.417	NA16RG2250, Am,3	20,043
Geologic Framework of the Grand Strand Region	11.417	00HQAG0208 Mod 2	23,002
COASTeam Aquatic Workshops - Participant Support Costs	11.417	NA16RG2250	411
Philometrid Nematode Parasites of the Southern Flounder in SC: Pathology, Abundance and Potential Impact on Mariculture	11.417	NA16RG2250	1,380
Restoring Sweetgrass in the Coastal Maritime Grasslands and Savannas	11.417	NA86RG0052, Am,9	1,685
Changes in the Geological Framework of South Carolina's Grand Strand: Regional Stratigraphy, Onshore-Offshore Correlation, Data Integration, and Final Synthesis	11.417	00HQAG028 Am 3	1,731
Tidal Creek Water Quality, Freshwater Inflow and Benthic Community Studies for the SC-GA-LU-CES Program	11.417	NA96OP0113 Am 4	40,924
Maintaining a SC Sea Grant Marine Education Program	11.417	NA16RG2250	5,875
Using Diamondback Terrapins as Surrogate and Sentinel Species for Monitoring Mercury Contaminants in Coastal and Estuarine Systems	11.417	NA16RG2250 Am7	20,903
Developing & Implementing a Southeast Marine Science Curriculum and Leadership Training Program: COASTEAM Leadership Institute	11.417	NA16RG2250 Am 7	16,769
Creation of a Long-Term Hydrology and Geochemistry Education and Research Site - Dixie Plantation	11.417	NA16RG2250 Am 3	3,108
Management Of National Marine Fisheries Charleston Laboratory Library	11.426	674-W00085	233,782
Passed through Pacific Shellfish Institute			
Mortality Of Pacific Oysters, Crassostrea Gigas: Identification and Evaluation Of Multiple Environmental Stressors and Methods to Reduce Associated Mortalities	11.417	NA96RG1668	11,413
Passed through the University of South Carolina			
Urbanization and Southeastern Estuarine Systems Public Outreach and Information Dissemination	11.417	NA03NDS4260163	23,794
Urbanization and Southeastern Estuarine Systems Public Outreach and Information Dissemination	11.417	NA160A2562	14,173
Passed through University of Maine			
Genetic Identification of Deepwater Octocorals off the Northeast Coast of the United States	11.430	NA06RU0140	5,825
Genetic Identification of Deepwater Octocorals off the Northeast Coast of the United States	11.430	NA06RU0140	5,402
Passed through University of Connecticut			
Mountains in the Sea - Exploring the New England Seamount Chain	11.460	NAGL-03-11A	9,663
Passed through SC Department of Natural Resources			
Atlantic Croaker, Micropogonias Undulatus, Along the Middle Atlantic Coast and Southeast of the United States	11.433	NA17FF2885	22,301
Charleston Bump 2003 - Science Resource Development	11.460	NA030AR4600097	6,348
Southeastern Regional Taxonomic Center	11.472	NA16FL1490	45
Southeastern Regional Taxonomic Center	11.472	NA16FL1490	49,879
Educational Module Development from Charleston Bump Research	11.472	NA03NMF4720321	3,679
Hormone Analyses for the 2003 Sample Set	11.472	NA07FL0499	6,554
South Atlantic Bight Regional Exploration: Education Through Exploration			
Physiological and Genomic Approaches to Understanding Responses in the Florida Red Tide Dinoflagellate, Karenia Brevis, to Iron Limitation and Oxidative Stress	11.478	NA03NOS4780198	30,724
Evaluation of Contaminants in Sea Turtles	11.999	BC-02-00579	585
Characterization of Stressors on Grass Shrimp and Corals	11.999	40EUNC200113	863
Analysis of Blood Samples From Turtles Collected During the Eastern Tropical Pacific SPAM/STAR Cruises (98,99,00) for Testosterone	11.999	40JGNF300163	1,426
Sex Determination Using Testosterone in Sea Turtles	11.999	40ETNF200104	4,000
North Carolina Sea Turtle Blood Analyses for Sex Determination	11.999	WC1330-03-SE-0678	2,812
Production Of Carysfort Reef Posters And CD Roms	11.999	None	113
Total National Oceanic Atmospheric Administration			659,327

THE COLLEGE OF CHARLESTON
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u> (Continued)	<u>Pass-Through Grantor's Number</u>	<u>Total Expenditures</u>
Environmental Protection Agency Passed Through Florida Dept of Environmental Protection Florida Keys Coral Monitoring	66.454	X994649-94-2	<u>(862)</u>
U.S. Department of Health and Human Services Is There Class IV Ribonucleotide Reductase	93.390	1 R15 GM067690-01	24,515
Passed Through the University of South Carolina South Carolina Biomedical Research Infrastructure Network	93.389	5 P20RR16461-04	158,160
South Carolina Biomedical Research Infrastructure Network	93.389	5 P20RR16461-03	49,920
Directed Ortho - Alkylation of Chiral 4.4 Disubstituted Aromatic Oxazolines	93.389	5 P20RR16461-03	3,531
Study of the Protein Interactions Involved in Sarcomeric Assembly in Drosophila Melanogaster	93.389	5 P20RR16461-03	6,745
Resolution of Structural Anomalies An Undergraduate Research Project	93.389	5 P20RR16461-03	12,899
Transmission of Non-Genetically Inherited Traits: The Role of Learning in Population Changes in Behavior	93.389	5 P20RR16461-03	10,059
Mechanistic Studies into the Role of the Bioplerin Cofactor in Nitric Oxide Synthase	93.389	5 P20RR16461-03	28,872
The Pre-Invention of Flowers by Splachnaceae Mosses: Odor Driven Shifts in Spore Dispersal by Distinct Fly Guilds	93.389	5 P20 RR16461	12,309
Network Seminar Awards Program	93.389	5 P20 RR16461-04	471
Passed Through the Medical University of South Carolina Light Dosimetry Modeling for Esophageal Photodynamic Therapy	93.389	1 P20RR16461-01	42,640
Protein-Protein Interactions Among the Vaccinia Virus Late Transcription Factors	93.389	5 P20RR16461-03	35,899
Molecular Mechanism of Heavy Metal Accumulation by Acanthocephala	93.389	5 P20RR16461-03	43,173
Total U.S. Department of Health and Human Services			<u>429,193</u>
Total Federal Assistance Expended			<u>\$ 36,320,070</u>

(Concluded)

See accompanying notes to the schedule of expenditures of federal awards

THE COLLEGE of CHARLESTON
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The College of Charleston and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Summary of Significant Accounting Policies for Federal Award Expenditures

Expenditures for student financial aid programs include the federal share of student's Federal Supplemental Educational Opportunity Grant program grants and Federal Work Study program earnings, certain other federal financial aid for students and administrative costs allowances, where applicable.

Note 3 - Federal Perkins Loan Program (CFDA Number 84.038)

The Federal Perkins Loan Program is administered directly by the College of Charleston and balances and transactions are included in the loan fund of the College of Charleston's financial statements. The balance of loans outstanding under the Federal Perkins Loan program was \$2,296,475 as of June 30, 2004.

Note 4 - Matching

Under the Federal Work Study program, the College of Charleston matched \$45,345 for the year ended June 30, 2004 in addition to the federal share of expenditures in the accompanying schedule of expenditures of federal awards.

Under the Federal Supplemental Education Opportunity Grant program, the College of Charleston matched \$125,526 in funds awarded to students for the year ended June 30, 2004 in addition to the federal share of expenditures in the accompanying schedule of expenditures of federal awards.

THE COLLEGE of CHARLESTON
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

Note 5 - Subrecipients

Of the federal expenditures presented in the schedule of expenditures of federal awards, the College of Charleston provided federal awards to sub recipients as follows:

<u>Federal granting agency</u>	<u>Federal CFDA number</u>	<u>Amount provided to subrecipients</u>
National Oceanic Atmospheric Administration	11.417	\$ 15,000
National Aeronautics and Space Administration	43.001	463,101
National Science Foundation	47.049	47,569
National Science Foundation	47.074	39,576
		<u>\$ 565,246</u>



**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***

The Office of the State Auditor
and
Members of the Board of Trustees
The College of Charleston
Charleston, South Carolina

We have audited the financial statements of the business type activity and the discretely presented component units of The College of Charleston, as of and for the year ended June 30, 2004, which collectively comprise The College of Charleston's basic financial statements and have issued our report thereon dated October 15, 2004. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The College of Charleston's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting its operation that we considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The College of Charleston's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the State Auditor, Board of Trustees, management, 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.

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

Beaufort, South Carolina
October 15, 2004



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The Office of the State Auditor
and
Members of the Board of Trustees
The College of Charleston
Charleston, South Carolina

Compliance

We have audited the compliance of The College of Charleston with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The College of Charleston's major federal programs are identified in the summary of auditor's 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 The College of Charleston's management. Our responsibility is to express an opinion on The College of Charleston'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 noncompliance 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 The College of Charleston'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 The College of Charleston's compliance with those requirements.

In our opinion, The College of Charleston complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of The College of Charleston 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 The College of Charleston's internal control over compliance with 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business type activity and the discreetly presented component units of The College of Charleston as of and for the year ended June 30, 2004, which collectively comprise The College of Charleston's basic financial statements and have issued our report thereon dated October 15, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements of The College of Charleston, taken as a whole. The accompanying schedule of expenditures of federal awards 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 not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information and use of the State Auditor, the Board of Trustees, management, 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.

Cherry, Bekaert & Holland, L.L.P.

Beaufort, South Carolina
October 15, 2004

THE COLLEGE OF CHARLESTON
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

I. Summary of auditor's results

- A. An unqualified opinion was issued on the basic financial statements of The College of Charleston.
- B. No reportable conditions relating to the audit of the financial statements are reported on internal control over financial reporting.
- C. Our audit of the financial statements disclosed no instances of noncompliance with laws, regulations and the provisions of contracts and grant agreements that are material to the financial statements.
- D. No reportable conditions relating to the audit of major federal award programs are reported in the report on compliance with requirements applicable to each major program and on internal control over compliance.
- E. The auditor's report on compliance for the major federal award programs for The College of Charleston expresses an unqualified opinion on all major federal programs.
- F. There are no findings related to internal control over major programs required to be reported under Section .510(a) of OMB Circular A-133.
- G. Major federal programs for The College of Charleston for the fiscal year ended June 30, 2004 are:

<u>CFDA Number</u>	<u>Program Title</u>
84.007	Supplemental Educational Opportunity Grant
84.033	Federal Work Study
84.038	Federal Perkins Loan Program
84.063	Pell Grant Program
84.268	William D. Ford Direct Loan Program
93.389	Research Infrastructure

- H. The threshold for determining major federal programs for The College of Charleston was \$300,000.
- I. The College of Charleston was assessed as a low risk auditee under Circular No. A-133.

II. Findings related to the audit of the financial statements of The College of Charleston

There were no findings related to the audit of the financial statements that are required to be reported.

III. Findings and questioned costs related to the audit of federal awards

No findings and questioned costs for federal awards were noted that are required to be reported under Section .510 (a) of OMB Circular A-133.