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Statement of Revenues and Expenditures

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**THE COLLEGE OF CHARLESTON
DEPARTMENT OF ATHLETICS**

Statement of Revenues and Expenses

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

For the Year Ended June 30, 2005

State of South Carolina



Office of the State Auditor

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

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STATE AUDITOR

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January 17, 2006

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

This report on the audit of the statement of revenues and expenditures and other information of the Department of Athletics of the College of Charleston for the fiscal year ended June 30, 2005, was issued by Cherry, Bekaert & Holland, L.L.P., Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Tom Wagner".

Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/cwc

**THE COLLEGE OF CHARLESTON
DEPARTMENT OF ATHLETICS**

For the Year Ended June 30, 2005

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Independent Accountants' Report on Applying Agreed-Upon Procedures

Mr. Thomas L. Wagner Jr., CPA
State Auditor
State of South Carolina
1401 Main Street, Suite 1200
Columbia, South Carolina

The College of Charleston
66 George Street
Charleston, South Carolina

We have performed the procedures enumerated below, which were agreed to by the South Carolina Office of the State Auditor and the management of The College of Charleston (The College) solely to assist you in evaluating whether the Statement of Revenues and Expenses of the Intercollegiate Athletic Program of The College of Charleston is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1 for the year ended June 30, 2005 and to assist you in your evaluation of the effectiveness of The College's internal control over financial reporting as of June 30, 2005. Management of The College is responsible for compliance with NCAA Bylaw 6.2.3.1 and for maintaining effective internal control over financial reporting. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specific users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures Related to the Statement of Revenues and Expenses

1. We obtained the Statement of Revenues and Expenses for the year ended June 30, 2005, as prepared by management and shown in Attachment A herein. We recalculated the mathematical accuracy of the amounts on the schedule and compared the amounts to The College's general ledger.

No exceptions were noted.

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

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

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

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

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

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

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

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

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

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

7. We compared the amount of grants and support to the College of Charleston reported by The College of Charleston Cougar Club in their financial statements for the year ended June 30, 2005 with the amount reported by The College of Charleston in Note 4 to the Statement of Revenues and Expenses – Department of Athletics for the year ended June 30, 2005.

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

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

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

Procedures Related to Internal Control Over Financial Reporting

9. Twenty cash receipts for the year ended June 30, 2005 were haphazardly selected from The College's general ledger. Each cash receipt was compared to validated deposit slips. The cash receipts selected were as follows:

<u>Receipt Number</u>	<u>Date</u>	<u>Amount</u>
1. CR20662	December 21, 2004	\$ 8,035.00
2. CR20698	December 23, 2004	1,341.00
3. CR21907	March 2, 2005	712.17
4. CR21689	February 21, 2005	1,010.00
5. CR23578	May 11, 2005	296.00
6. CR17712	July 13, 2004	300.00
7. CR18974	September 24, 2004	302.00
8. CR20139	November 29, 2004	2,000.00
9. CR20506	December 14, 2004	108.00
10. CR23529	May 9, 2005	154.00
11. CR21707	February 22, 2005	3,712.17
12. CR23261	April 28, 2005	1,198.08
13. CR18290	August 18, 2004	27,501.00
14. CR18291	August 18, 2004	93,401.00
15. CR19332	October 13, 2004	5,000.00
16. CR18776	September 15, 2004	8,851.76
17. CR18495	September 11, 2004	278.00
18. CR19783	November 5, 2004	23,700.00
19. CR22239	March 16, 2005	22,600.00
20. CR18703	September 13, 2004	22,056.00

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

10. We haphazardly selected ten employees paid from the Intercollegiate Athletic Program for the year ended June 30, 2005. For each of these employees we compared the disbursed amount to the authorized amount per pay period. To determine the authorized amount per pay period we divided the approved annual salary as listed on either the signed employee contract or most recent salary adjustment form by the number of pay periods in a year. The employees selected were as follows:

Nancy Wilson	George Wood
Jamie Futrell	Temple Elmore
Jerry Baker	John Pawlowski
Laura Lageman	Ralph Lundy
Sean Ryan	Tom Herrion

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

11. We haphazardly selected twenty-five cash disbursements for the Intercollegiate Athletic Program for the year ended June 30, 2005. For each of these twenty-five disbursements, we compared the disbursed amount and payee information to supporting documentation (i.e. receipts, invoices and acknowledgement of receipt). The items selected were as follows:

<u>Description</u>	<u>Number</u>	<u>Amount</u>
1. Federal Express	546562	\$ 79.46
2. NABC	556921	150.00
3. Brian Forte	559123	1,209.25
4. Larry Rose	566056	1,200.00
5. Mellow Mushroom	569512	1,136.27
6. Tom Herrion	570229	832.75
7. Pat Skerry	555409	487.44
8. Dell Marketing LP	555976	2,986.97
9. Follett Educational Group	553767	4,115.88
10. Phil Whitesell	554298	38.94
11. AAA Travel Agency	550556	481.40
12. Patriot's Point Links	568542	2,199.81
13. Laura Lageman	566626	4,608.00
14. George K. Wood	572559	800.00
15. Rob Reinstette	572693	15,260.00
16. The Sportsman Shop	565668	20,076.61
17. Robert Wren	571527	100.00
18. Angel Stanton	570062	100.00
19. Great American Bus	567647	2,492.20
20. Valerie Linley	569697	448.00
21. The Sportsman Shop	554575	5,713.77
22. Debra Trusty	553635	450.00
23. Gayle Hughes	555312	180.00
24. Jr. Varsity Swim Shop	553811	987.07
25. Gregory Electric Company	568310	6,900.00

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

12. We compared the amounts reported on the Statement of Revenues and Expenses in Attachment A for the year ended June 30, 2005 with the amounts reported on the Statement of Revenues and Expenses for the year ended June 30, 2004 and with the budgeted amounts for the year ended June 30, 2005.
13. We requested from management a list of outside organizations not under the accounting control of The College of Charleston that have as one of their primary purposes the generation of resources for, or on behalf of, The College of Charleston's Intercollegiate Athletic Program of the promotion of this program. We also requested from management financial statements of identified outside organizations for the year ended June 30, 2005.

Management informed us The College of Charleston Cougar Club was the only outside organization not under the accounting control of The College of Charleston that had as one of its primary purposes the generation of resources for, or on behalf of, The College of Charleston's Intercollegiate Athletic Program. Management furnished us copies of audited financial statements of The College of Charleston Cougar Club for the year ended June 30, 2005.

14. We confirmed directly with the responsible officials of The College of Charleston Cougar Club the amount of contribution revenue and ticket sale revenue remitted to The College of Charleston for the year ended June 30, 2005. We compared the amount of contribution revenue and ticket sale revenue confirmed by The College of Charleston Cougar Club with the amount recorded on The College of Charleston's general ledger for the year ended June 30, 2005.

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

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

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

We were not engaged to and did not perform an audit, the objective of which would be the expression of an opinion on the Statement of Revenues and Expenses of the Intercollegiate Athletic Program of The College of Charleston or on compliance with NCAA Bylaw 6.2.3.1 or on the effectiveness of The College of Charleston Intercollegiate Athletic Department's internal control over financial reporting for the year ended June 30, 2005. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the State Auditor and management of The College of Charleston and is not intended to be, and should not be, used by anyone other than these specified parties.

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

November 30, 2005
Beaufort, South Carolina

COLLEGE OF CHARLESTON
DEPARTMENT OF ATHLETICS
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2005
(UNAUDITED)

Attachment A

Categories	Men's		Women's		Coed	Non-program Specific	Total
	Basketball	Other Sports	Basketball	Other Sports			
Revenues:							
Student Activity Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,320,166	\$ 5,320,166
Commissions	-	-	-	-	-	13,051	13,051
Ticket Sales	227,683	16,378	1,334	2,678	-	-	248,073
NCAA Distribution	-	-	-	-	-	131,663	131,663
NIT/SOCAN Distribution	1,000	7,390	2,000	-	-	-	10,390
Contributions Restricted for Scholarships	-	-	-	-	-	319,000	319,000
Rental Income	-	-	-	-	-	10,812	10,812
Royalties	-	-	-	-	-	34,097	34,097
Guarantees	-	2,000	-	-	-	-	2,000
Entry Fees	-	-	-	-	-	-	83,180
Other	25,569	29,209	3	31,080	11,142	20,806	117,809
Total Revenues	\$ 254,252	\$ 54,977	\$ 3,337	\$ 116,938	\$ 11,142	\$ 5,849,595	\$ 6,290,241
Expenses:							
Personal Services	\$ 341,435	\$ 421,353	\$ 194,647	\$ 412,013	\$ 27,000	\$ 384,211	\$ 1,780,659
Fringe Benefits	102,100	106,360	43,133	114,964	10,740	84,011	461,308
Contractual Services	150,991	200,723	81,120	320,850	141,139	292,870	1,187,693
Supplies	28,763	93,112	17,350	110,589	26,913	81,883	358,610
Scholarship	339,017	572,416	271,963	1,006,528	-	4,430	2,194,354
Fixed Charges	54,552	18,531	12,369	30,378	150	125,467	241,447
Equipment	-	994	-	994	-	-	1,988
Travel	39,279	22,912	21,721	46,780	-	12,437	143,129
Total Expenses	\$ 1,056,137	\$ 1,436,401	\$ 642,303	\$ 2,043,096	\$ 205,942	\$ 985,309	\$ 6,369,188
Excess(Deficiency) of Revenues over Expenses	\$ (801,885)	\$ (1,381,424)	\$ (638,966)	\$ (1,926,158)	\$ (194,800)	\$ 4,864,286	\$ (78,947)

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

**THE COLLEGE OF CHARLESTON
DEPARTMENT OF ATHLETICS**

Notes to Statement of Revenues and Expenses
June 30, 2005
(Unaudited)

Note 1 – Summary of Significant Accounting Policies

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

Basis of Presentation – The accompanying statement presents the recorded amounts of revenues and expenses of the College of Charleston's Department of Athletics. It is not intended to be a complete presentation of the revenues and expenses of the College of Charleston or the College of Charleston's Department of Athletics. The statement of revenues and expenses has been prepared using the accrual basis of accounting. However, no provision has been made for depreciation of physical plant assets. Revenue is recognized when earned and expenses when supplies or services are received. Indirect costs, including general administrative costs, including general administrative costs, maintenance, and other related costs, are allocated to the Department of Athletics as a percentage of Athletics' salaries to total College salaries. These costs of \$173,563 were recorded as contractual services non-program specific.

Contributions – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts that are restricted by the donor are reported as deferred revenue until such time as the restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished).

Student Activity Fees – For the year ended June 30, 2005, the Board of Trustees of the College of Charleston approved a student fee of \$263 per full time student to support intercollegiate athletics. The fee is prorated for part-time students. The Department of Athletics recognized \$ 5,320,166 in student athletic fees for the year ended June 30, 2005.

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

**THE COLLEGE OF CHARLESTON
DEPARTMENT OF ATHLETICS**

Notes to Statement of Revenues and Expenses
June 30, 2005
(Unaudited)

Note 2 – NCAA Legislation

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

In January 1987, the NCAA constitution was amended to exempt from the audit requirement those with operating budgets for intercollegiate athletics of less than \$300,000.

In January 1988, effective January 14, 1988, the constitution was again amended. This amendment removed the audit requirement from the NCAA constitution and incorporated its provision into three separate bylaws, which contain revisions specific to each membership division. In August 2004 the NCAA replaced the financial audit guidelines with a set of agreed-upon procedures.

As a Division 1 member of the NCAA, the College of Charleston is required to have agreed-upon procedures performed on the Department's annual statement of revenues and expenses completed by the end of the subsequent fiscal year. NCAA bylaws require all expenses for, or on behalf of the College's intercollegiate athletics program, including those by outside organizations, to be included on the Department's statement of revenues and expenses.

Note 3 – Outside Organizations

The Cougar Club is a 501 (C) (3) organization with its own charter and Board. The primary mission of the Cougar Club is to promote intercollegiate athletics at the College of Charleston. Season tickets to athletic games are available only through membership in the Cougar Club and entitle the purchaser to entrance at many athletic events. Net revenues from ticket sales, after the deduction of certain expenses, are remitted to the College annually. During the fiscal year 2005, \$226,284 was remitted to the College and is included in ticket sales revenue.

Contributions to the College from the Cougar Club are restricted for scholarships, however, they are non-program specific. During the year ended June 30, 2005, the Cougar Club contributed \$319,000 to the College of Charleston's department of athletics.

**THE COLLEGE OF CHARLESTON
DEPARTMENT OF ATHLETICS**

Notes to Statement of Revenues and Expenses
June 30, 2005
(Unaudited)

Note 4 – Contributions

For the year ended June 30, 2005 contributions from individual donors to the department of athletics in excess in ten percent of all contributions to the department were as follows:

<u>Donor</u>	<u>Amount</u>
College of Charleston Cougar Club	\$319,000

In addition to the amount above, which was given to directly to The College of Charleston for scholarships, The College of Charleston Cougar Club paid \$713,722 in expenses on behalf of The College of Charleston's department of athletics. The \$713,722 of expenses paid on behalf of The College of Charleston's department of athletics has not been included on the face of the Statement of Revenues and Expenses.