

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Columbia, South Carolina

Report on Audit of Financial Statements

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

THOMAS L. WAGNER, JR., CPA
STATE AUDITOR

(803) 253-4160
FAX (803) 343-0723

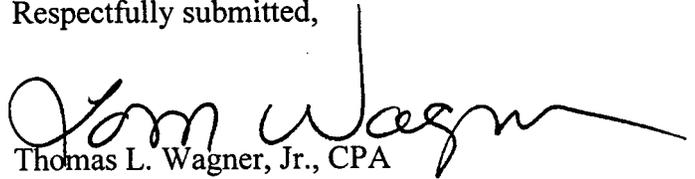
December 15, 2005

The Honorable Mark Sanford, Governor
and
Members of the Board of Trustees
University of South Carolina
Columbia, South Carolina

This report on the audit of the financial statements of the University of South Carolina Department of Athletics - Columbia Campus for the fiscal year ended June 30, 2005, was issued by Rowell, Craven & Short, PA, 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,



Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/trb

Table of Contents

INDEPENDENT AUDITORS' REPORT.....1-2

MANAGEMENT'S DISCUSSION AND ANALYSIS.....3-6

FINANCIAL STATEMENTS:

Statement of Net Assets.....7-8

Statement of Revenues, Expenses, Transfers, and Changes in Net Assets.....9

Statement of Cash Flows.....10-11

Notes to Financial Statements.....12-25

OTHER SUPPLEMENTARY INFORMATION:

Schedule of Revenues.....26-27

Schedule of Revenues, Expenditures, Transfers
and Changes in Fund Balance – Debt Service Fund.....28

Schedule of Expenditures and Transfers.....29-30

Schedule of Expenditures – Men’s Olympic Sports.....31-32

Schedule of Expenditures – Women’s Olympic Sports.....33-34

Schedule of Expenditures – Student Athletic Support Services.....35-36

Schedule of Expenditures – Administrative Support Services.....37-38

Schedule of Endowment Fund Assets.....39-41

Schedule of Changes in Endowment Fund Balances.....42-44

Schedule of Gamecock Club and Athletics Department
Revenues and Expenditures and Transfers.....45-46

Schedule of Gamecock Club Expenditures – Budget to Actual.....47

OTHER INFORMATION (UNAUDITED):

Schedule of Revenues – Undesignated/Departmentally Designated Funds.....48-49

Table of Contents, Continued

Schedule of Expenditures and Transfers – Undesignated/Departmentally Designated Funds.....50

Schedule of Changes in Fund Balances –Undesignated/Departmentally Designated Funds.....51

Schedule of Expenditures and Transfers – Departmentally Designated Funds.....52

Schedule of Revenue, Expenditures and Transfers - Colonial Center.....53

INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL.....54

LETTER OF COMMENT.....55



7540 Matthews-Mint Hill Road
Charlotte, NC 28227
Phone: 704-545-9771
Fax: 704-545-0946
www.rowellcravenshort.com

INDEPENDENT AUDITORS' REPORT

Mr. Thomas L. Wagner, Jr., CPA
State Auditor
State of South Carolina
Columbia, South Carolina

We have audited the accompanying statement of net assets of the University of South Carolina Department of Athletics - Columbia Campus (the Department) as of June 30, 2005, and the related statements of revenues, expenses, transfers, and changes in net assets and cash flows for the year then ended, which collectively comprise the Athletic Department's basic financial statements. These financial statements are the responsibility of the management of the University of South Carolina Department of Athletics - Columbia Campus. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 opinions.

As discussed in Note 1, the financial statements of the Department are intended to present the financial position, changes in financial position, and cash flows of only that portion of the activities of the University of South Carolina that is applicable to its Department of Athletics - Columbia Campus.

As discussed in Notes 1, 6 and 13, certain assets and the related liabilities from which the Department derives benefits are not recorded by the Department but are instead recorded in the University's endowment and plant funds.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University of South Carolina Department of Athletics - Columbia Campus as of June 30, 2005, and the respective changes in financial position, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department's basic financial statements. The supplementary information included in the accompanying schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information included in the accompanying schedules has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The information presented in the Other Information section is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied to the audit of the financial statements, and accordingly, we express no opinion on it.

Rowell, Craven + Shont, P.A.

September 28, 2005
Charlotte, North Carolina

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Management's Discussion and Analysis

Overview of the Financial Statements and Financial Analysis

The University of South Carolina Department of Athletics is pleased to present its financial statements for fiscal year ended June 30, 2005. The emphasis of discussions about these statements will be on current year data. The Athletic Department is an auxiliary enterprise fund operation of the University and operates in harmony with the University's stated purposes and goals. The Department is committed to the intellectual, cultural, physical, and social development of the student-athletes of the University. The University is a member of the National Collegiate Athletic Association ("NCAA") and the Southeastern Conference ("SEC").

A requirement of the Management's Discussion and Analysis is that it should discuss the current year results in comparison with the prior year, with emphasis on the current year. This fact-based analysis should discuss the positive and negative aspects of the comparison with the prior year.

The report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) in Statement 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments and Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Colleges and Universities. Certain assets and the related liabilities from which the Department derives benefit have not been included in the accompanying financial statements but have instead been recorded in the University's Net Assets, Invested in capital assets, net of related debts. Current revenue and expenditures related to those assets specifically associated with the Department's operations have been recorded as revenues and expenditures of the Department. Accordingly, certain capital and related financing activities for asset acquisitions and debt retirement are included as operating activities and non-operating activities.

There are three basic financial statements presented: the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and, the Statement of Cash Flows. This discussion and analysis of the Department's financial statements provides an overview of its financial activities for the year.

Summary of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the Department as of the end of the year. The purpose of the Statement of Net Assets is to present to the readers of the financial statements a fiscal snapshot of the Department. The Statement of Net Assets presents end-of-year data concerning Assets (current and non-current), Liabilities (current and non-current), and Net Assets (Assets minus Liabilities). It is prepared using the accrual basis of accounting, whereby assets and revenues are recognized when the service is provided and expenses and liabilities are recognized when others provide the service to us, regardless of when cash is exchanged.

From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the operation of the Department. They are also able to determine how much the Department owes vendors and the amounts collected in advance ticket sales. Finally, the Statement of Net Assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditure by the Department.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Management's Discussion and Analysis, continued

Summary of Net Assets

	2005	2004
Current assets	\$ 15,351,287	\$ 15,586,666
Non current assets	7,000,000	7,500,000
Total assets	22,351,287	23,086,666
Current liabilities	14,259,210	11,800,414
Non current liabilities	3,701,150	4,240,241
Total liabilities	17,960,360	16,040,655
Net assets unrestricted	\$ 4,390,927	\$ 7,046,011

Summary of Revenues, Expenses and Changes in Net Assets

Total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the Statement of Revenues, Expenses, and Changes in Net Assets is to present the revenues received and expenses paid by the institution, both operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the Department.

Operating revenues are received for sales and services associated with athletic event admissions, SEC conference affiliation, student fees, and other fees and services provided to the supporters of Gamecocks Athletics. Operating expenses are those expenses paid for personnel, scholarships and grants, and game services and supplies. Non-operating revenues are revenues received for which goods and services are not provided. Gamecock Club gifts, investment income, endowment income, and interest related to Capital Assets, are all included in the non-operating section. The Statement of Revenues, Expenses and Changes in Net Assets reflect a positive increase in net assets for the current fiscal year.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Management's Discussion and Analysis, continued

Changes in Net Assets

Revenues:	<u>2005</u>	<u>2004</u>
Operating revenues	\$ 33,435,746	\$ 35,700,398
Nonoperating revenues	<u>12,791,736</u>	<u>11,513,347</u>
Total revenues	<u>46,227,482</u>	<u>47,213,745</u>
Expenses:		
Operating Expenses	46,413,001	41,870,941
Non-operating Expenses	74,274	87,232
Transfers, net	<u>2,395,291</u>	<u>4,769,602</u>
Total expenses and transfers	<u>48,882,566</u>	<u>46,727,775</u>
Increase (decrease) in net assets	(2,655,084)	485,970
Net assets, beginning of year	<u>7,046,011</u>	<u>6,560,041</u>
Net assets, end of year	<u>\$ 4,390,927</u>	<u>\$ 7,046,011</u>

Summary of Cash Flows

The final statement presented is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the Department during the year. The statement is divided into sections. One section presents the operating cash flows and shows the net cash used by the operating activities of the Department. Another section presents cash flows from investing activities. Other sections show the interest received on investment and endowment funds, cash flows from non-capital financing activities, and net transfers to the University and reflects the non-capital financing activity amounts. The last section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets.

Capital Asset and Debt Support

The Department engaged in several capital construction projects in the fiscal year ended June 30, 2005. The Department funded \$2,436,000 toward construction projects and repairs and maintenance, of that \$301,000 was spent on the field house and soccer complex, approximately \$200,000 toward the basketball practice facility, \$345,000 toward various repairs and improvements to Williams-Brice Stadium, \$780,000 toward various components of the Charles Crews Football Facility, and \$556,000 toward Colonial Center construction. In addition the Department continues to fund debt service payments for additions made to Williams-Brice Stadium and for construction of the Colonial Center. As mentioned above these payments are not reflected within the Department Statement of Revenues, Expenses, and Changes in Net Assets, but rather they are included in the University's statements. Additional contributions to debt service amounts, funded by the Department, in excess of the bond fee collected on football and men and women's basketball tickets totaled \$886,000 for fiscal year 2004/05.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Management's Discussion and Analysis, continued

Economic Outlook

The Department is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during the fiscal year beyond those unknown variations having a global effect on all types of business operations. The Department's overall financial position remains strong. The Department will maintain a constant review over resources to maintain its ability to react to internal and external issues.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Statement of Net Assets
For the year ended June 30, 2005*

Assets

Current assets:

Cash and cash equivalents	\$ 8,732,887
Accounts and notes receivable, net of allowance of \$14,520	1,766,198
Accrued investment income receivable	1,326,873
Pledges receivable, net of allowance of \$150,000	2,761,759
Prepaid expenses	263,570
Advance to other funds, current portion	<u>500,000</u>

Total current assets 15,351,287

Noncurrent assets:

Notes receivable	3,000,000
Advance to other funds, noncurrent portion	<u>4,000,000</u>

Total noncurrent assets 7,000,000

Total assets 22,351,287

Liabilities

Current liabilities:

Accounts payable	1,017,322
Accrued payroll and other liabilities	55,697
Accrued compensated absences, current portion	477,255
Other liabilities	37,513

Deferred revenues:

Football ticket sales	11,706,624
Arena suites	549,167
Other	415,632

Total current liabilities 14,259,210

Noncurrent liabilities:

Accrued compensated absences	436,151
Deferred revenues	3,264,999

Total noncurrent liabilities 3,701,150

Total liabilities 17,960,360

Net Assets

Unrestricted	4,390,927
--------------	-----------

Total net assets \$ 4,390,927

The accompanying notes are an integral part of the financial statements.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Statement of Revenues, Expenses, and Changes in Net Assets
For the year ended June 30, 2005*

Revenues:

Operating revenues:	
Student fees	\$ 574,387
Sales and services of auxiliary enterprises	32,658,908
Other fees and operating revenues	<u>202,451</u>
Total operating revenues	<u><u>33,435,746</u></u>

Expenses:

Operating expenses:	
Compensation and employee benefits	15,485,042
Service and supplies	22,985,649
Utilities	833,791
Scholarships and fellowships	<u>7,108,519</u>
Total operating expenses	<u><u>46,413,001</u></u>
Operating loss	<u><u>(12,977,255)</u></u>

Nonoperating revenues (expenses)	
Gifts	12,342,128
Investment income	329,334
Endowment income	120,274
Interest on capital asset related debt	<u>(74,274)</u>
	<u><u>12,717,462</u></u>

Loss before other revenues, expenses gains or losses	<u>(259,793)</u>
Transfers to the University	2,140,291
Transfers to auxiliary and other	500,000
Transfers from the University	<u>(245,000)</u>
Total transfers	<u><u>2,395,291</u></u>

Decrease in net assets	(2,655,084)
Net assets, beginning of year	<u>7,046,011</u>
Net assets, end of year	<u><u>\$ 4,390,927</u></u>

The accompanying notes are an integral part of the financial statements.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Statement of Cash Flows
For the year ended June 30, 2005*

Cash flows from operating activities:

Admissions revenues	\$	11,172,374
Guarantees		1,157,349
Student athletic fees		574,387
Premium seating revenue		2,348,112
Southeastern Conference revenue		8,961,132
Colonial Center events revenue		5,002,293
Other revenues from sales and service		4,220,099
Deferred revenues received, net of recognized revenues		2,574,190
Payments to employees		(15,485,042)
Payments to suppliers and vendors		(21,927,310)
Grants awarded		(7,108,519)
Guarantees paid to teams		(1,966,398)

Net cash used by operating activities (10,477,333)

Cash flows from noncapital financing activities:

Gifts, Gamecock Club		12,338,118
Other gifts		4,010
Transfers to the University, net		(1,895,291)
Transfer to auxiliary enterprises and other		(500,000)

Net cash provided by financing activities: 9,946,837

Cash flows from capital and related financing activities:

Principal paid on debt		(2,625,000)
Interest paid on debt		(1,199,353)
Other		(42,879)
Transfers for debt service		886,000
Assessments and fees for debt service		2,801,182

Net cash required by capital financing activities (180,050)

Cash flows from investing activities:

Investment income		329,334
Endowment income		120,274
Increase in endowment investments		1,167,386

Net cash provided by investing activities 1,616,994

The accompanying notes are an integral part of the financial statements.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Statement of Cash Flows, continued
For the year ended June 30, 2005*

Net increase in cash and cash equivalents	906,448
Cash and cash equivalents, beginning of year	<u>7,826,439</u>
Cash and cash equivalents, end of year	<u><u>\$ 8,732,887</u></u>
Reconciliation of net operating loss to net cash used in operating activities:	
Adjustments to reconcile operating loss to net cash used by operating activities	
Operating loss	\$ (12,977,255)
Changes in current assets and liabilities	
Accounts receivable, net	928,402
Pledges receivable, net	246,654
Prepaid expenses	(33,225)
Accounts payable	(150,745)
Accrued payroll and other liabilities	(200)
Accrued compensated absences	(59,751)
Other liabilities	19,996
Deferred revenues	<u>1,548,791</u>
Net cash used by operating activities	<u><u>\$ (10,477,333)</u></u>
Non-cash transactions:	
Gifts in kind	<u><u>\$ 206,400</u></u>

The accompanying notes are an integral part of the financial statements.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

The following are the significant accounting policies used in preparing the accompanying financial statements of the University of South Carolina (the University) Department of Athletics – Columbia Campus (the Department).

Reporting Entity – The core of the financial reporting entity is the primary government which has a separately elected governing body. An organization other than a primary government may serve as a nucleus for a reporting entity when it issues separate financial statements. That organization is referred to herein as a primary entity. Both the University and the Department serve as primary entities. The University, a State supported institution of higher education, is subject to the laws of the State and the policies and procedures specified by the State for State agencies and institutions. The University is part of the primary government of the State of South Carolina and its funds are included in the State’s Comprehensive Annual Financial Report.

The Department is an auxiliary enterprise fund of the University and includes the intercollegiate athletics programs of the University – Columbia Campus only. Accordingly, the Department treats as expenses certain payments made to retire capital lease obligations which are recorded in the University’s plant funds. Certain stadium admissions taxes and seat assessment and student athletic fees are recorded as revenue by the University. The Department is combined with the other University auxiliary enterprises and included in the University’s accounts as follows: revenue and expenses are reported separately as unrestricted funds and assets, liabilities and net assets are combined with other unrestricted funds for reporting purposes.

Within the Department and an integral part thereof is the Gamecock Club (the Club). The Club is a tax-exempt organization under provisions of the Internal Revenue Code 501(c)(3), is governed by a Board of Directors and organized to support the intercollegiate athletics programs of the Columbia Campus of the University. Expenditures are made in accordance with the Gamecock Club constitution and by-laws which state that the Club’s purpose is to provide funds for athletic scholarships, operating expenses of the Club, and projects and other needs consistent with the policy of promoting the athletic affairs of the University. The Gamecock Club’s Board of Directors forwards its budget proposal recommendations to the Intercollegiate Activities Committee of the University’s Board of Trustees. Adherence to line items of the budget by the Gamecock Club is not required by the University’s Board.

Basis of Accounting – For financial reporting purposes, the Department is considered a special-purpose government engaged only in business-type activities. Accordingly, the Department’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.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, continued:

Financial Statements – The financial statement presentation for the Department meets the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34. The financial statement presentation presents a comprehensive perspective of the Department’s net assets, revenues, expenses, changes in net assets, and cash flows.

Endowment Income – Income earned on these funds is recorded as endowment income by the Department; however, endowment principal is not included in the assets of the Department. The endowment principal has been reported as a restricted net asset on the University’s financial statement.

Prepaid Items – Expenditures for services paid for in the current or prior fiscal years and benefiting more than one accounting period are allocated among accounting periods.

Deferred Revenues – Deferred revenues consist of receipts collected in advance which amounts have not yet been earned primarily for football ticket sales. Other deferred revenues consist primarily of advance collections for special seating areas for athletic events. Amounts are recognized as revenue when the event has occurred.

Budget – The Department’s operating budget is approved by the University’s Intercollegiate Activities Committee of the Board of Trustees and the University’s full Board of Trustees.

Fund Accounting – In order to ensure observance of limitations and restrictions placed on the use of resources available to the Department, the accounts are maintained in accordance with the principles of 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 fund; however, in the accompanying financial statements, the various funds comprising the Department have been combined because they had similar characteristics.

Other University Funds – Certain assets and liabilities from which the Department derives a benefit have not been included in the accompanying statement of net assets but have instead been recorded in the University’s endowment and plant funds. Current revenues, expenses and transfers related to those assets and liabilities specifically associated with the Department’s operations have been recorded as revenues and expenses in the accompanying financial statements of the Department.

Cash and Cash Equivalents – The amounts shown in the financial statements as “cash and cash equivalents” represent petty cash, cash on deposit with the State Treasurer, and cash invested in various instruments by the State Treasurer as part of the State’s cash management pool.

Most State agencies including the University participate in the cash management pool. Because the cash management pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. The State Treasurer administers the cash management pool. The pool includes some long-term investments such as obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements, and certain corporate bonds. For credit risk information pertaining to the cash management pool, see the deposits disclosure in Note 2.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies (Continued):

Cash and Cash Equivalents (Continued) – The State’s cash management pool consists of a general deposit account and several special deposit accounts. The State records each fund’s equity interest in the general deposit account; however, all earnings on that account are credited to the General Fund of the State. Investments in the pool are recorded at fair value. Interest earned by the University’s special deposit accounts is retained by the University. Interest earned is allocated based on the percentage of the University’s accumulated daily interest receivable to the total undistributed interest received by the pool.

Compensated Absences – Generally all permanent full-time State employees and certain part-time employees scheduled to work at least one-half of the agency’s workweek are entitled to accrue and carry forward at calendar year-end maximums of 180 days sick leave and 45 days annual vacation leave, except that faculty members do not accrue annual leave. Upon termination of State employment, employees are entitled to be paid for accumulated unused annual vacation leave up to the maximum, but are not entitled to any payment for unused sick leave. The compensated absences liability includes accrued annual leave earned for which the employees are entitled to paid time off or payment at termination. The University calculates the compensated absences liability based on recorded balances of unused leave for which the employer expects to compensate employees through paid time off or cash payments. The liability is inventoried at fiscal year-end current salary costs and the cost of the salary-related benefit payments. The liability and expenses incurred are recorded at year end as accrued compensated absences 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.

Noncurrent Liabilities – Noncurrent liabilities include estimated amounts for accrued compensated absences that will not be paid within the next fiscal year and deferred revenues that will not be recognized the next fiscal year.

Net Assets – The Department’s net assets are classified as follows:

Unrestricted Net Assets – Unrestricted net assets represent resources derived from student fees, roles and services of auxiliary enterprises. These resources are used for transactions relating to the general operations of the Department and to meet current expenses of the Department.

Income Taxes – The University and its Department of Athletics are a part of the primary government of the State of South Carolina and are consequently exempt from Federal and State income taxes.

An annual tax return of an organization exempt from income tax is filed to report the operations of the Gamecock Club of the University.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Pledges Receivable – Pledges to the Gamecock Club are recorded as revenue at the time of the pledge.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies (Continued):

Classification of Revenues – The Department has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues – Operating revenues generally result from exchange transactions to provide goods or services related to the Department's principal on-going operations.

Non-operating revenues – Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues would include gifts and contributions and investment income.

2. Deposits and Investments:

The deposits and investments of the Department are under the control of the State Treasurer who, by law, has sole authority for investing State funds.

The following schedule reconciles deposits within the footnotes to the statement of net asset amounts.

<u>Balance Sheet</u>		<u>Footnotes</u>	
Cash and Cash Equivalents	\$ 8,732,887	Cash on Hand	\$ 511,449
		Deposits held by State Treasurer	8,221,438
	<u>\$ 8,732,887</u>		<u>8,221,438</u>
			<u>\$ 8,732,887</u>

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, 2005, all State Treasurer bank balances were fully insured or collateralized with securities held by the State or by its agents in the State's name.

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 the credit risk of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Notes to Financial Statements, Continued

3. Notes Receivable:

The University has an agreement with the University of South Carolina Educational Foundation, a related party, as authorized by South Carolina Code of Laws, Section 59-101-410. In accordance with this section, the University may lend certain of its endowment funds and auxiliary funds to the University of South Carolina Educational Foundation. Under the terms of the agreement, the University will earn interest at a monthly rate as determined by the South Carolina State Treasurer. Notes receivable of \$3,000,000 and accrued interest receivable of \$1,268,683 were outstanding as of June 30, 2005.

4. Endowment Income:

Endowment and similar funds on which income earned is available to the Department are as follows at June 30, 2005:

Endowments	\$ 3,069,592
Quasi-endowment	<u>3,378,371</u>
Total	<u><u>\$ 6,447,963</u></u>

Endowment funds are subject to the restrictions of donors requiring that the principal be invested in perpetuity and the income only be used. Quasi-endowment funds are funds, which the University Board of Trustees, rather than the donor, has determined are to be retained and invested.

5. NCAA Legislation:

The National Collegiate Athletic Association has adopted legislation that required all expenditures for or on behalf of an institution's intercollegiate athletics program, including those by outside organizations, to be included in the statement of revenues, expenditures and transfers of the institution's athletics department.

The USC Lettermens Association has been identified as an outside organization under NCAA legislation. The USC Lettermens Association has a fiscal year end of June 30. The following information received from the USC Lettermens Association reflects its activity for the year ended June 30, 2005.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Notes to Financial Statements, Continued

5. NCAA Legislation (continued):

<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Contributions to or on Behalf of Program</u>	<u>Ending Cash Balance</u>
\$ 50,865	\$ 52,848	\$ 52,848	\$ 50,865

The USC Lettermens Association expenditures of \$52,848 consists of expenditures made by the USC Lettermens Association on behalf of the Gamecock Club primarily for maintenance of football and basketball lounges, sports banquets and cookouts, senior awards, raffles and tickets. This amount is included in the revenue and expenditures in the accompanying financial statements

6. Remittances and Transfers to the University:

The Department collects, as a bond seat assessment, a debt service tax on each football and basketball ticket sold and remits such taxes to the University. The taxes are to be used by the University to fund the cost of the related debt service. The University accounts for these taxes in the University's plant fund. Such amounts collected by the Department and remitted to the University for debt service, totaled \$1,997,196, and is not included in admissions revenue in the accompanying financial statements.

The Department also collects a State admission tax on tickets sold, which it remits to the State upon collection and an academic scholarship fee of \$5 (\$4.76 net of tax) per ticket for tickets sold to the USC-Clemson football game, every even-numbered fiscal year, when the game is hosted by the University. The Department remits this academic scholarship fee to the University upon collection. There were no scholarship fees collected in the fiscal year 2005 since the game was hosted by Clemson University.

Beginning in the fiscal year 1999-2000, an additional \$5.00 (\$4.76 net of tax) is charged for the USC-Clemson football game. For the fiscal year ended June 30, 2005 and beyond, all monies generated from the additional charge will accrue to the University for scholarships.

The University Board of Trustees adopted a bond resolution during the year ended June 30, 2004, which, among other things, provided for the University to maintain a special student fee in amount sufficient to make the debt service payments on Department-related debt. The University accounts for these fees in the University's plant fund. The total amount collected by the University was \$735,954 for the year ended June 30, 2005. The University's plant fund earned interest on these debt service funds of \$68,032 for the year ended June 30, 2005. Student athletic fees revenue is reported net of the special student fee in the accompanying financial statements.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Notes to Financial Statements, Continued

6. Remittances and Transfers to the University (continued):

In addition to the above remittances, the Department made certain transfers to the University as detailed in the financial statements.

Beginning with the 1994-1995 fiscal year, the Department was obligated to remit approximately \$650,000 to the University to pay for various University services, which benefit the Department. The \$650,000 is included in general administration expenditures.

7. Gamecock Club (The Club):

Specific provisions govern the use of excess revenue over expenditures for the Club. Revenue and expenditures for the Club amounted to \$12,933,863 and \$12,619,830 respectively, and are included in the accompanying financial statements. Such revenues include \$12,131,718 of contributions by Club members and \$802,145 from other sources, principally gifts-in-kind income and endowment and investment income. At June 30, 2005, pledges totaling \$2,911,759 due by December 31, 2005 are outstanding but not delinquent. The \$150,000 allowance for uncollectible pledges is based on previous collection history and is considered to be a reasonable estimate.

8. Pension Plans:

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and 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. Furthermore, the Division and the four pension plans are included in the CAFR of the State of South Carolina.

The majority of employees of the Athletic Department are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees.

Under the SCRS, employees are eligible for a full service retirement annuity upon reaching age 65 or completion of 28 years credited service regardless of age. The benefit formula for full benefits effective since July 1, 1989, for the SCRS is 1.82 percent of an employee's average final compensation multiplied by the number of years of credited service. Early retirement options with reduced benefits are available as early as age 55. Employees are vested for a deferred annuity after five years service and qualify for a survivor's benefit upon completion of 15 years credited service (five years effective January 1, 2003). Disability annuity benefits are payable to employees totally and permanently disabled provided they have a minimum of five years credited service (this requirement does not apply if the disability is the result of a job-related injury). A group-life insurance benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Notes to Financial Statements, Continued

8. Pension Plans (continued):

Since July 1, 1988, employees participating in the SCRS have been required to contribute 6 percent of all compensation. Effective July 1, 2004, the employer contribution rate became 10.80 percent, which included a 3.25 percent surcharge to fund retiree health and dental insurance coverage. The Athletic Department's actual contributions to the SCRS for the three most recent fiscal years ending June 30, 2005, 2004 and 2003 were \$339,900, \$326,200 and \$296,200 respectively, and equaled the required contributions of 7.55 percent (excluding the surcharge) for each year. Also, the Athletic Department paid employer group-life insurance contributions of \$6,800 in the current fiscal year at the rate of .15 percent of compensation.

The South-Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement plan. Generally all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to the System as a condition of employment. This plan provides annuity benefits as well as disability and group-life insurance benefits to eligible employees and retirees. 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 covered under PORS are eligible for a monthly pension payable at age 55 with a minimum of five years service or 25 years credited service regardless of age. In addition, employees who have five years of credited service prior to age 55 can retire; yet defer receipt of benefits until they reach age 55. A member is vested for a deferred annuity with five years service. The benefit formula for full benefits effective since July 1, 1989, for the PORS is 2.14 percent of the employee's average final salary multiplied by the number of years of credited service. Disability annuity benefits and the group-life insurance benefits for PORS members are similar to those for SCRS participants. Accidental death benefits provide a monthly pension of 50 percent of the member's budgeted compensation at the time of death.

Since July 1, 1988, the employees participating in the PORS have been required to contribute 6.5 percent of all compensation. Effective July 1, 2004, the employer contribution rate became 13.55 percent, which, as for the SCRS, included the 3.25 percent surcharge. The Athletic Department's actual contributions to the PORS for the years ending June 30, 2005, 2004, and 2003, were \$17,600, \$21,000, and \$15,600 respectively, and equaled the required contributions of 10.3 percent (excluding the surcharge) for each year. Also, the Athletic Department paid employer group-life insurance contributions of \$300 and accidental death insurance contributions of \$300 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

The amounts paid by the Athletic Department for pension, group-life insurance, and accidental death benefits are reported as employer contributions expenditures within the applicable current funds' functional expenditure categories to which the related salaries are charged.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Notes to Financial Statements, Continued

8. Pension Plans (continued):

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 to SCRS (and PORS) are actuarially determined. The surcharges to fund retiree health and dental insurance are not part of the actuarially established rates. Annual benefits, payable monthly for life, are based on length of service and on average final compensation (an annualized average of the employee's highest 12 consecutive quarters of compensation).

The Systems do not make separate measurements of assets and pension liabilities for individual employers. Under Title 9 of the South Carolina Code of Laws, the Athletic Department's liability under the plans is limited to the amount of contributions (stated as a percentage of covered payroll) established by the State Budget and Control Board. Therefore, the Athletic Department's liability under the pension plans is limited to the contribution requirements for the applicable year from amounts appropriated therefore in the South Carolina Appropriation Act and amounts from other applicable revenue sources. Accordingly, the Athletic Department recognizes no contingent liability for unfunded costs associated with participation in the plans.

At retirement, employees participating in the SCRS or PORS may receive additional service credit (at a rate of 20 days equals one month of service) for up to 90 days for accumulated unused sick leave.

Certain State 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 limited to faculty and administrative staff of the State's four-year 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 ninety days of employment.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 7.55 percent, plus the retiree surcharge of 3.25 percent from the employer in fiscal year 2005.

Certain of the Athletic Department's employees have elected to be covered under optional retirement plans. For the fiscal year, total contribution requirements to ORP were \$405,500 (excluding the surcharge) from the Athletic Department as employer and \$322,300 from its employees as plan members. In addition, the University paid \$8,100 for group life insurance coverage for these employees. All amounts were remitted directly to the respective annuity policy providers. The obligation for payment of benefits resides with the insurance companies.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Notes to Financial Statements, Continued

9. 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 the Athletic Department are eligible to receive these benefits. The State provides post-employment health and dental benefits to employees who retire from State service or who terminated with at least 20 years of State service who meet one or more of the eligibility requirements, such as age, length of service, and hire date. Generally those who retire must have at least 10 years of retirement service credit to qualify for State-funded benefits. Benefits are effective at date of retirement when the employee is eligible for retirement benefits.

These benefits are provided through annual appropriations by the General Assembly to the Athletic Department 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 sources of the Athletic Department 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. Currently, approximately 21,400 State retirees meet these eligibility requirements.

The Athletic Department recorded employer contributions expenditures within the functional expenditure categories for these insurance benefits for active employees in the amount of \$555,200 for the year ended June 30, 2005. As discussed in Note 8, the Athletic Department paid \$326,400 applicable to the 3.25 percent surcharge included with the employer contributions for retirement benefits. These amounts were remitted to the South Carolina Retirement Systems for distribution to the Office of Insurance Services for retiree health and dental insurance benefits.

Information regarding the cost of insurance benefits applicable to Athletic Department retirees is not available. By State law, the Athletic Department 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.

10. Deferred Compensation Plans:

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the Department 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.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Notes to Financial Statements, Continued

11. Retirement Incentive

Section 59-103-150 of the South Carolina Code of Laws allows the University's Board of Trustees to implement an early retirement plan for its faculty. Two objectives of this law were to help institutions of higher education reallocate resources and effect cost-saving measures. The University did not implement such a plan.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows active members of the South Carolina Retirement System who are 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 retirements benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not make SCRS contributions, do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits.

12. Leases

The Department leases parking spaces for home football games under the following long-term operating leases:

Lease dated March 1, 1995, amended February 13, 1997, with The South Carolina Educational Television Commission (ETV) for 174 parking spaces during the home football games at \$125 per space per year. The expenditure for the year ended June 30, 2005 was \$21,750 under this lease. The lease extends automatically for one year periods unless either party notifies of intent not to renew.

Lease dated August 6, 1986 with the State Agricultural and Mechanical Society for use of the State fairgrounds for parking during home football games. The agreement provides for the payment of \$8,500 per home game except those played during the State Fair when no payment shall be made. There are usually six or seven home games and can be as many as two games during the State Fair. The annual cost would range from \$34,000 for four home games to \$59,500 for seven home games. The expenditure for the year ended June 30, 2005 was \$42,500 under this lease.

The charges are included in Gamecock Club expenditures for game services.

The Department leases space for the equestrian program under the following long term operating lease:

Lease dated May 18, 2004 with One Wood Farm for the exclusive lease of the equestrian facility in Blythewood. The three year agreement provides for the payment of \$6,000 per month for the first year, and \$6,200 per month for the subsequent years. The expenditure for the year ended June 30, 2005 was \$66,000 under this lease.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Notes to Financial Statements, Continued

13. Commitments:

The Department committed to repay \$1,000,000 to the endowment funds of the University. The Department receives the earnings on certain endowment funds. These funds were advances by the endowment fund to the plant fund of the University to pay for a scoreboard and message board in the football stadium. \$130,000 was repaid by the Department during 2005 and is included in general administration expenditures. The balance of the advances at June 30, 2005 was \$130,000.

14. Transactions with State Entities:

The Department had significant transactions with the State of South Carolina and various State agencies.

Services received at no cost from State agencies include maintenance of certain accounting records by the Comptroller General; banking services from the State Treasurer; and legal services from the Attorney General.

Other services received at no cost from the various offices of the State Budget and Control Board include retirement plans administration, insurance plans administration, audit services, personnel management, assistance in the preparation of the State Budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

The Department had financial transactions with various State agencies during the fiscal year. Payments were made to divisions of the State Budget and Control board for retirement and insurance plans contributions, surplus property disposal fees, insurance coverage, and telephone and interagency mail services. Payments were also made to other agencies for unemployment and workers' compensation coverage for employees. The amounts of 2005 expenditures applicable to these transactions are not readily available.

The Department provided no services free of charge to other State agencies during the fiscal year.

15. Risk Management:

Insurance Coverage – The Department is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks except business interruption insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There were no significant reductions in insurance coverage from coverage in the prior year. Settled claims have not exceeded this coverage in any of the past three years. The Department pays insurance premiums to certain other State agencies and commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accord with insurance policy and benefit program limits.

State management 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 risks for the following:

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Notes to Financial Statements, Continued

15. Risk Management, Continued:

- a) Claims of State employees for unemployment compensation benefits (Employment Security Commission);
- b) Claims of covered employees for workers' compensation benefits for job-related illnesses or injuries (State Accident Fund);
- c) Claims of covered public employees for health and dental insurance benefits (Office of Insurance Services); and
- d) Claims of covered public employees for long-term disability and group-life insurance benefits (Retirement Systems.)

Employees elect health coverage through either a health maintenance organization or through the State's self-insured plan. All of the other coverage's listed above are through the applicable State self-insured plan except dependent and optional life premiums are remitted to commercial carriers.

The Department and other entities pay premiums to the State's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risks of loss, and pays claims incurred for covered losses related to the following University assets, activities, and/or events:

- a) Theft of, damage to, or destruction of assets;
- b) Real property, its contents, and other equipment;
- c) Motor vehicles;
- d) Torts;
- e) Natural disasters; and
- f) Medical malpractice claims against covered hospitals, employees, third-and fourth-year medical students, and student health practitioners at student health services.

The IRF is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in the areas of property, boiler and machinery, automobile liability, and medical professional liability insurance. Also, the IRF purchases reinsurance for catastrophic property and medical professional liability insurance. Reinsurance permits partial recovery of losses from reinsurers, but the IRF remains primarily liable. The IRF's rates are determined actuarially.

State agencies and other entities are the primary participants in the State's Health and Disability Insurance Fund and IRF.

The Department obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation up to \$500,000.

The Department has recorded insurance premium expenditures in the applicable functional expenditure categories.

In management's opinion, claims losses in excess of insurance coverage, if any, are unlikely and, if incurred, would be insignificant to the Department's financial position. Furthermore, there is no evidence of asset impairment or other information to indicate that a loss expenditure and liability should be recorded; and, therefore, no loss accrual has been recorded.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

Notes to Financial Statements, Continued

16. Installment Notes Payable:

University note payable secured by stadium message board dated October, 1999, payable in annual installments of \$75,203, matures November, 2006 with interest at 5.359%	\$ 139,126
University note payable secured by aircraft, dated July, 2001, payable in monthly interest only payment of \$6,458 through June, 2003 and monthly principal payments of \$10,417 plus interest in 2004 through 2011, matures June 2011 with interest at 7.75%	750,000
University note payable secured by fitness equipment, dated October, 2004, payable in annual installments of \$36,153, matures October, 2007, with interest at 2.86%.	<u>102,540</u>
Total Installment Notes Payable	<u><u>\$ 991,666</u></u>

The scheduled maturities of the combined installments notes payable are as follows:

	Principal	Interest	Total
2006	\$ 225,969	\$ 64,074	\$ 232,443
2007	230,549	49,806	280,355
2008	160,148	35,315	195,463
2009	125,000	24,404	149,404
2010	125,000	18,840	143,840
2011	<u>125,000</u>	<u>1,861</u>	<u>126,861</u>
	<u><u>\$ 991,666</u></u>	<u><u>\$ 194,300</u></u>	<u><u>\$ 1,128,366</u></u>

17. Afflicted Entities:

During the fiscal year 2005 a donor made a contribution to the USC Development Foundation. The contribution is to be used for the good of women's sports at USC. The contribution was used to improve facilities the Athletic Department leases for its women's equestrian team (see note 12). Funds can be spent from the account at the request of the donor or the Athletic Department but must be approved by Development Foundation, the Athletic Department and the donor.

18. Life Income Fund:

During the fiscal year ended June 30, 2005 the Department received a substantial gift from a donor. The gift has been recorded in the Endowment Fund as a life income fund. The terms of the agreement provide that upon the death of the donor the fund is to be used for the construction of the South End Zone Project or the repayment of monies advanced for the construction of the project. In return, the Department agrees to name the facility for the donor's family. The value of the fund at June 30, 2005 totaled \$950,831.

OTHER SUPPLEMENTARY INFORMATION

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Revenues
For the year ended June 30, 2005*

Revenues:

Admissions

Football, net of \$1,165,188 for bond seat assessment and \$444,922 for admission taxes	\$ 8,894,253
Men's basketball, net of \$728,776 for bond seat assessment and \$86,506 for admission taxes	1,731,819
Olympic sports, net of \$17,789 for bond seat assessment and \$29,463 for admission taxes	546,302

Totals

11,172,374

Guarantees

Football	1,050,000
Men's basketball	90,000
Olympic sports	17,349

Totals

1,157,349

Student Athletic Fees

574,387

Gamecock Club

Regular members contributions	12,106,408
Junior members contributions	25,310
Buffet revenue	43,188
Credit card revenue	165,000
Gifts in kind	206,400

Total Gamecock Club

12,546,306

Investment income

329,334

Endowment income

120,274

Premium seating

Club seats	564,733
Suite seats	665,804
Zone seats	961,075
Arena founders seats	156,500

Total premium seating

2,348,112

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Revenues, Continued
For the year ended June 30, 2005*

Southeastern Conference share	<u>8,961,132</u>
Gifts (Designated Funds)	<u>4,010</u>
Other	
Football radio and television rights	1,310,659
Basketball radio and television rights	670,623
Programs, souvenirs and concessions	782,691
Mailing fees	101,398
Royalties	189,558
Corporate sponsorship	251,000
Miscellaneous	<u>705,982</u>
Totals	<u>4,011,911</u>
Colonial Center non athletic events revenues	<u>5,002,293</u>
Total revenues	<u><u>\$ 46,227,482</u></u>

This schedule excludes USC Lettermens Association revenues

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Revenues, Expenditures, Transfers
and Changes in Fund Balance –
Debt Service Fund (1)
For the year ended June 30, 2005*

Revenues:	
Student fees	\$ 735,954
Seat assessment (Williams Brice Stadium and Colonial Center)	1,997,196
Investment income	<u>68,032</u>
Total revenues	<u>2,801,182</u>
 Expenditures:	
Principal	2,625,000
Interest	1,199,353
Other	<u>42,879</u>
Total expenditures	<u>3,867,232</u>
 Transfers:	
For debt service	<u>886,000</u>
Total transfers	<u>886,000</u>
Excess of expenditures over revenues and transfers	(180,050)
 Fund balances, beginning of year	 <u>180,159</u>
 Fund balances, end of year	 <u><u>\$ 109</u></u>

(1) These funds for Department-related liability transactions are recorded in the University's Retirement of Indebtedness Plant Fund.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Expenditures and Transfers
For the year ended June 30, 2005*

	<u>Football</u>	<u>Men's Basketball</u>	<u>Men's Olympic Sports</u>	<u>Women's Olympic Sports</u>	<u>Student Athletic Support Services</u>
Expenditures:					
Personnel	\$ 2,908,800	\$ 710,304	\$ 1,363,018	\$ 2,166,053	\$ 1,961,660
Grants	2,238,212	434,887	1,419,493	2,861,822	43,139
Team travel	474,045	536,225	648,966	1,018,356	36,517
General travel	64,695	27,133	32,049	52,722	39,509
Recruiting	251,858	120,937	121,609	225,804	-
Game services	350,322	134,123	88,528	153,083	4,992
Other services	33,790	286	27,611	38,002	329,310
Supplies and uniforms	253,119	94,048	187,436	227,353	225,772
General administration	589,486	133,579	109,220	417,230	503,550
Guarantees	1,650,000	252,500	21,598	42,300	-
Total expenditure:	8,814,327	2,444,022	4,019,528	7,202,725	3,144,449
Transfers	-	-	-	-	-
Total expenditures and transfers	<u>\$ 8,814,327</u>	<u>\$ 2,444,022</u>	<u>\$ 4,019,528</u>	<u>\$ 7,202,725</u>	<u>\$ 3,144,449</u>

This section excludes USC Lettermens Association revenues

Administrative Support Services	Gamecock Club	Facilities	Administration	Colonial Center Non-Athletic Events	Total
\$ 2,478,578	\$ 478,794	\$ 1,057,537	\$ 960,853	\$ 1,399,445	\$ 15,485,042
521	-	4,595	105,850	-	7,108,519
2,837	18,546	-	2,722	-	2,738,214
71,947	8,625	3,652	305,375	35,710	641,417
194	-	-	-	-	720,402
914,206	213,222	-	219,088	-	2,077,564
73,457	129,991	330,733	116,592	1,157,028	2,236,800
176,225	1,999	4,030	226,938	1,405	1,398,325
1,395,493	1,442,450	1,444,852	5,078,765	999,969	12,114,594
-	-	-	-	-	1,966,398
5,113,458	2,293,627	2,845,399	7,016,183	3,593,557	46,487,275
-	-	-	2,140,291	255,000	2,395,291
<u>\$ 5,113,458</u>	<u>\$ 2,293,627</u>	<u>\$ 2,845,399</u>	<u>\$ 9,156,474</u>	<u>\$ 3,848,557</u>	<u>\$ 48,882,566</u>

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Expenditures – Men’s Olympic Sports
For the year ended June 30, 2005*

Expenditures:	<u>Baseball</u>	<u>Golf</u>
Personnel	\$ 506,761	\$ 168,723
Grants	314,942	67,441
Team travel	248,968	49,582
General travel	5,005	7,007
Recruiting	38,739	4,355
Game services	33,442	-
Other services	2,777	1,297
Supplies and uniforms	85,016	18,604
General administration	49,251	15,251
Guarantees	<u>12,598</u>	<u>-</u>
Total expenditures	<u><u>\$ 1,297,499</u></u>	<u><u>\$ 332,260</u></u>

<u>Soccer</u>	<u>Swimming</u>	<u>Tennis</u>	<u>In and Outdoor Track and Cross Country</u>	<u>Totals</u>
\$ 181,323	\$ 138,046	\$ 132,625	\$ 235,540	\$ 1,363,018
234,732	292,726	154,248	355,404	1,419,493
39,190	54,390	78,046	178,790	648,966
4,458	3,829	3,784	7,966	32,049
20,713	24,269	8,247	25,286	121,609
18,094	223	34,692	2,077	88,528
493	572	3,199	19,273	27,611
9,498	19,280	35,935	19,103	187,436
11,057	5,417	12,110	16,134	109,220
9,000	-	-	-	21,598
<u>\$ 528,558</u>	<u>\$ 538,752</u>	<u>\$ 462,886</u>	<u>\$ 859,573</u>	<u>\$ 4,019,528</u>

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Expenditures – Women’s Olympic Sports
For the year ended June 30, 2005*

Expenditures:	<u>Basketball</u>	<u>Softball</u>	<u>Volleyball</u>	<u>Swimming</u>
Personnel	\$ 617,402	\$ 199,062	\$ 287,856	\$ 190,635
Grants	384,074	312,182	368,236	404,240
Team travel	301,565	78,544	90,873	75,110
General travel	15,992	360	7,347	5,290
Recruiting	67,508	12,589	19,569	33,515
Game services	91,067	13,178	14,836	307
Other services	1,196	773	552	789
Supplies and uniforms	29,824	8,582	28,341	26,624
General administration	81,517	12,258	51,121	7,481
Guarantees	42,000	300	-	-
Total expenditures	<u>\$ 1,632,145</u>	<u>\$ 637,828</u>	<u>\$ 868,731</u>	<u>\$ 743,991</u>

<u>Tennis</u>	<u>Golf</u>	<u>In and Outdoor Track and Cross Country</u>	<u>Soccer</u>	<u>Equestrian</u>	<u>Totals</u>
\$ 117,294	\$ 148,638	\$ 353,310	\$ 161,163	\$ 90,693	\$ 2,166,053
234,020	133,841	533,106	260,673	231,450	2,861,822
69,994	41,880	268,185	53,879	38,326	1,018,356
1,956	5,116	11,950	2,615	2,096	52,722
6,137	8,558	37,928	23,243	16,757	225,804
7,849	4,463	3,116	11,261	7,006	153,083
4,687	147	28,910	-	948	38,002
37,996	20,472	28,654	21,866	24,994	227,353
13,406	12,483	24,200	7,753	207,011	417,230
-	-	-	-	-	42,300
<u>\$ 493,339</u>	<u>\$ 375,598</u>	<u>\$ 1,289,359</u>	<u>\$ 542,453</u>	<u>\$ 619,281</u>	<u>\$ 7,202,725</u>

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Expenditures and Transfers – Student Athletic Support Services
For the year ended June 30, 2005*

	<u>Athletic Training Room</u>	<u>Academic Support Services</u>
Expenditures:		
Personnel	\$ 468,280	\$ 828,577
Grants	2,594	-
Team travel	-	-
General travel	19,575	11,925
Recruiting	-	-
Game services	1,818	2,336
Other services	319,831	1,866
Supplies and uniforms	183,808	2,081
General administration	335,830	55,139
Guarantees	-	-
	<u>1,331,736</u>	<u>901,924</u>
Total expenditures	1,331,736	901,924
Transfers	<u>-</u>	<u>-</u>
	<u>\$ 1,331,736</u>	<u>\$ 901,924</u>
Total expenditures and transfers	<u>\$ 1,331,736</u>	<u>\$ 901,924</u>

Strength Conditioning Program	Cheerleading	Wellness Program Testing	Totals
\$ 537,582	\$ 52,284	\$ 74,937	\$ 1,961,660
3,445	37,100	-	43,139
-	36,517	-	36,517
5,610	799	1,600	39,509
-	-	-	-
492	346	-	4,992
1,433	3,003	3,177	329,310
7,342	32,541	-	225,772
50,584	5,810	56,187	503,550
-	-	-	-
<u>606,488</u>	<u>168,400</u>	<u>135,901</u>	<u>3,144,449</u>
-	-	-	-
<u>\$ 606,488</u>	<u>\$ 168,400</u>	<u>\$ 135,901</u>	<u>\$ 3,144,449</u>

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Expenditures and Transfers – Administrative Support Services
For the year ended June 30, 2005*

Expenditures:	<u>Sports Information</u>	<u>Business Office</u>	<u>Ticket Office</u>	<u>Game Management</u>	<u>NCAA Compliance</u>
Personnel	\$ 384,174	\$ 394,840	\$ 361,096	\$ 522,996	\$ 193,708
Grants	521	-	-	-	-
Team travel	-	-	-	2,837	-
General travel	21,754	1,782	13,529	6,598	8,819
Recruiting	-	-	-	194	-
Game services	-	-	-	738,355	235
Other services	972	290	973	46,033	-
Supplies and uniforms	49,455	21	37,702	27,320	977
General administration	185,949	13,134	371,755	626,611	19,463
Guarantees	-	-	-	-	-
Total expenditures	642,825	410,067	785,055	1,970,944	223,202
Transfers:	-	-	-	-	-
Total expenditures and transfers	<u>\$ 642,825</u>	<u>\$ 410,067</u>	<u>\$ 785,055</u>	<u>\$ 1,970,944</u>	<u>\$ 223,202</u>

Olympic Sports Adminstration	Concession	Video Support	Marketing Promotions Advertising	Premium Seating	Total
\$ 387,092	\$ -	\$ 200,177	\$ 34,495	\$ -	\$ 2,478,578
-	-	-	-	-	521
-	-	-	-	-	2,837
13,586	-	5,461	391	27	71,947
-	-	-	-	-	194
8,767	-	-	226	166,623	914,206
-	700	6,466	-	18,023	73,457
34,968	-	25,457	325	-	176,225
17,110	10,230	25,950	69,120	56,171	1,395,493
-	-	-	-	-	-
461,523	10,930	263,511	104,557	240,844	5,113,458
-	-	-	-	-	-
<u>\$ 461,523</u>	<u>\$ 10,930</u>	<u>\$ 263,511</u>	<u>\$ 104,557</u>	<u>\$ 240,844</u>	<u>\$ 5,113,458</u>

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Endowment Fund Assets (1)
For the year ended June 30, 2005*

Endowments:	Cash and Cash Equivalents	Fund held in Trust by Others	Real Estate	Total
Robert Bond	\$ 25,000	\$	\$	\$ 25,000
Chester Wingate	25,000			25,000
Elliot Close	26,172			26,172
B.T. Bootle	19,983			19,983
Joseph Rosen	7,285		39,417	46,702
Harvey Rosen	25,785		20,916	46,701
Peter & Peggy Oliver	3,000		28,500	31,500
Donald Russell, Jr.	30,000			30,000
W.G. Moorer	25,000			25,000
Rebecca Rosen Nurick	7,285		39,417	46,702
Ernest A. Brooks	253,361	587,185		840,546
Kathryn C. Inabinet	25,000			25,000
Jerry E. Spann	12,187			12,187
Roy E. Hudgens	25,000			25,000
Hubert R. Kelly	25,000			25,000
Stuart C. Hope	25,000			25,000
Thomas Glazebrook	25,000			25,000
G. Thomas Snyder, Jr.	40,000			40,000
Kyle Snyder	40,000			40,000
Jack W. Markusen	40,000			40,000
S.E. Carter, Jr.	40,000			40,000
David E. & Susan C. Connelly	25,050			25,050
Leonard Browder	25,000			25,000
Robert Ringer	25,000			25,000
Atlas Electric Co./G.H. Timmons	28,000			28,000
Marshall Martin, Jr.	25,050			25,050
Aquarian Pools/W.M. Muller	25,000			25,000
Clyde & Jean Branham	25,000			25,000
Carol Mosack	40,000			40,000
Martha E. Barbour	2,500			2,500
Cherokee County Gamecock Club	25,000			25,000
E.L. Pooser, Jr.	25,000			25,000
Terry A. Snyder	25,500			25,500
Ham & Larae Godwin-Beale	25,000			25,000
J. Graham Shaw	25,969			25,969
D. Larry Salley	15,000			15,000
Lisa & Mark Campbell	25,000			25,000
W.E. Stillwell, Jr.	40,000			40,000
Raett & Amy Richardson	25,002			25,002
Darryl R. Davids	43,000			43,000

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Endowment Fund Assets (1), Continued
For the year ended June 30, 2005*

	Cash and Cash Equivalents	Fund held in Trust by Others	Real Estate	Total
Endowments, Continued:				
R. Thomas Moore	25,000			25,000
Canteen of Dixie	25,000			25,000
Philip J. Babb	10,000			10,000
Charles F. Crews	40,000			40,000
Dr. & Mrs. David R. Beckham, Jr.	25,000			25,000
Samuel H. Vickers	25,000			25,000
F.R. Bush	25,000			25,000
James T. Martin	25,000			25,000
A. Brian McIntyre	25,000			25,000
M. Graham Proffitt, III	25,000			25,000
David W. Moon	25,000			25,000
Sam L. Thomas	25,000			25,000
Mary R. Ellis	40,000			40,000
Mary Felder Clay	25,000			25,000
Mr. & Mrs. William Morris	25,000			25,000
Edward O. Caughman	25,000			25,000
Dr. & Mrs. James Stands	40,000			40,000
James & Sherrie Hall	25,000			25,000
James E. Brown	40,000			40,000
Thomas L. Taylor, Jr.	25,000			25,000
T.R. McConnell	40,000			40,000
Mr. & Mrs. Bill Dukes	25,000			25,000
Mortimer Smith	27,449			27,449
Ervin Hickman	25,000			25,000
David Curry	25,000			25,000
Mitchell Bailey	25,000			25,000
Harvey Capell	24,000			24,000
William Hutchinson	1,350			1,350
Bruce Volk	2,000			2,000
William Moore	40,000			40,000
Ethan & Shannon M. Nord	175,000			175,000
James W. Maner, Jr.	159,229			159,229
	<hr/>	<hr/>	<hr/>	<hr/>
Total endowments	2,354,157	587,185	128,250	3,069,592

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Endowment Fund Assets (1), Continued
For the year ended June 30, 2005*

	<u>Cash and Cash Equivalents</u>	<u>Fund held in Trust by Others</u>	<u>Real Estate</u>	<u>Total</u>
Quasi-endowments:				
General	44,221			44,221
Peggy Shaw	-		6,500	6,500
P.F. Laborde, Jr.	11,919			11,919
Rex Enright	2,765			2,765
Mike Johnson	12,272			12,272
Pat McGuire	4,832			4,832
J.D. Parler	4,953			4,953
Doc Ellisor	614			614
Rut L. Osborne	34			34
Frank McGuire	8,655			8,655
Gamecock Club	46,433			46,433
Pizza Hut	16,000			16,000
D.L. Kingsbury	5,500			5,500
F.J. Collins, Jr.	25,000			25,000
Joe Morrison	17,154			17,154
Gamecock Club Insurance	59,229	2,161,459		2,220,688
Athletic Life Income Fund-Crews	-	950,831		950,831
	<u>259,581</u>	<u>3,112,290</u>	<u>6,500</u>	<u>3,378,371</u>
Total quasi-endowments				
	<u>\$ 2,613,738</u>	<u>\$ 3,699,475</u>	<u>\$ 134,750</u>	<u>\$ 6,447,963</u>
Totals				

(1) These funds for Department-related endowment balances are recorded in the University's endowment and similar funds.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Changes in Endowment Fund Balances (1)
For the year ended June 30, 2005*

Endowments:	Fund Balance July 1, 2004	Contributions	Other Income (2)	Fund Balance June 30, 2005
Robert Bond	\$ 25,000	\$	\$	\$ 25,000
Chester Wingate	25,000			25,000
Elliot Close	26,172			26,172
B.T. Bootle	19,983			19,983
Joseph Rosen	46,702			46,702
Harvey Rosen	46,701			46,701
Peter & Peggy Oliver	31,500			31,500
Donald Russell, Jr.	30,000			30,000
W.G. Moorer	25,000			25,000
Rebecca Rosen Nurick	46,702			46,702
Ernest A. Brooks	834,595		5,951	840,546
Kathryn C. Inabinet	25,000			25,000
Jerry E. Spann	12,187			12,187
Roy E. Hudgens	25,000			25,000
Hubert R. Kelly	25,000			25,000
Stuart C. Hope	25,000			25,000
Thomas Glazebrook	25,000			25,000
G. Thomas Snyder, Jr.	40,000			40,000
Kyle Snyder	40,000			40,000
Jack W. Markusen	40,000			40,000
S.E. Carter, Jr.	40,000			40,000
David E. & Susan C. Connelly	25,050			25,050
Leonard Browder	25,000			25,000
Robert Ringer	25,000			25,000
Atlas Electric Co./G.H. Timmons	28,000			28,000
Marshall Martin, Jr.	25,050			25,050
Aquarian Pools/W.M. Muller	25,000			25,000
Clyde & Jean Branham	25,000			25,000
Carl Mosack	40,000			40,000
Martha E. Barbour	2,500			2,500
Cherokee County Gamecock Club	25,000			25,000
E.L. Pooser, Jr.	25,000			25,000
Terry A. Snyder	25,500			25,500
Ham & Larae Godwin-Beale	25,000			25,000
J. Graham Shaw	25,969			25,969
D. Larry Salley	15,000			15,000
Lisa & Mark Campbell	25,000			25,000
W.E. Stillwell, Jr.	40,000			40,000
Raett & Amy Richardson	25,002			25,002
Darryl R. Davids	43,000			43,000
R. Thomas Moore	25,000			25,000

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Changes in Endowment Fund Balances (1), Continued
For the year ended June 30, 2005*

Endowments, Continued:	Fund Balance July 1, 2004	Contributions	Other Income (2)	Fund Balance June 30, 2005
Canteen of Dixie	25,000			25,000
Philip J. Babb	10,000			10,000
Charles F. Crews	40,000			40,000
Dr. & Mrs. David R. Beckham, Jr.	25,000			25,000
Samuel H. Vickers	25,000			25,000
F.R. Bush	25,000			25,000
James T. Martin	25,000			25,000
A. Brian McIntyre	25,000			25,000
M. Graham Proffitt, III	25,000			25,000
David W. Moon	25,000			25,000
Sam L. Thomas	25,000			25,000
Mary R. Ellis	40,000			40,000
Mary Felder Clay	25,000			25,000
Mr. & Mrs. William Morris	25,000			25,000
Edward O. Caughman	25,000			25,000
Dr. & Mrs. James Stands	40,000			40,000
James & Sherrie Hall	25,000			25,000
James E. Brown	40,000			40,000
Thomas L. Taylor, Jr.	25,000			25,000
T.R. McConnell	40,000			40,000
Mr. & Mrs. Bill Dukes	25,000			25,000
Mortimer Smith	27,449			27,449
Ervin Hickman	25,000			25,000
David Curry	25,000			25,000
Mitchell Bailey	25,000			25,000
Harvey Capell	24,000			24,000
William Hutchinson	1,350			1,350
Bruce Volk	2,000			2,000
William Moore	40,000			40,000
Ethan W. & Shannon M. Nord	175,000			175,000
James Maner, Jr.		159,229		159,229
Total endowments	2,904,412	159,229	5,951	3,069,592

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Changes in Endowment Fund Balances (1), Continued
For the year ended June 30, 2005*

	<u>Fund Balance July 1, 2004</u>	<u>Contributions</u>	<u>Other Income (2)</u>	<u>Fund Balance June 30, 2005</u>
Quasi-endowments:				
General	44,221			44,221
Peggy Shaw	6,500			6,500
P.F. Laborde, Jr.	11,919			11,919
Rex Enright	2,765			2,765
Mike Johnson	12,272			12,272
Pat McGuire	4,832			4,832
J.D. Parler	4,953			4,953
Doc Ellisor	614			614
Rut L. Osborne	34			34
Frank McGuire	8,655			8,655
Gamecock Club	46,198		235	46,433
Pizza Hut	16,000			16,000
D.L. Kingsbury	5,500			5,500
F.J. Collins, Jr.	25,000			25,000
Joe Morrison	17,154			17,154
Gamecock Club Insurance	2,169,548		51,140	2,220,688
Athletic Life Income Fund		950,831		950,831
	<u>2,376,165</u>	<u>950,831</u>	<u>51,375</u>	<u>3,378,371</u>
Total quasi-endowment:				
	<u>\$ 5,280,577</u>	<u>\$ 1,110,060</u>	<u>\$ 57,326</u>	<u>\$ 6,447,963</u>

(1) These funds for Department-related endowment fund balances are recorded in the University's endowment and similar funds.

(2) Includes gain or (loss) on sale of assets and increase in cash surrender value of life insurance.

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Gamecock Club and Athletics Department
Revenues and Expenditures and Transfers
For the year ended June 30, 2005*

	<u>Gamecock Club</u>	<u>Athletics Department</u>	<u>Total</u>
Revenues:			
Admission and guarantees	\$	\$ 12,329,723	\$ 12,329,723
Student athletic fees		574,387	574,387
Gamecock Club contributions	12,131,718	-	12,131,718
Investment income	159,678	159,677	319,355
Endowment income	120,274		120,274
Corporate sponsorship		251,000	251,000
Programs, souvenirs and concessions		792,670	792,670
Radio and television rights		1,981,282	1,981,282
Mailing fees		101,398	101,398
Royalties		189,558	189,558
Southeastern Conference		8,961,132	8,961,132
Premium seating		2,348,112	2,348,112
Gifts in kind	206,400	4,010	210,410
Other revenue	315,793	598,377	914,170
Colonial Center non-athletic events		5,002,293	5,002,293
	<u>12,933,863</u>	<u>33,293,619</u>	<u>46,227,482 (A)</u>
Expenditures:			
Personnel	1,545,100	12,540,497	14,085,597
Grants	7,043,780	64,739	7,108,519
Team travel	18,546	2,719,668	2,738,214
General travel	329,595	276,112	605,707
Recruiting	720,402	-	720,402
Game services	192,910	1,884,654	2,077,564
Other services	453,950	625,822	1,079,772
Supplies and uniforms	187,273	1,209,647	1,396,920
General administration	2,128,274	8,986,351	11,114,625
Guarantees		1,966,398	1,966,398
Colonial Center non-athletic events		3,593,557	3,593,557
	<u>12,619,830</u>	<u>33,867,445</u>	<u>46,487,275 (B)</u>

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Gamecock Club and Athletics Department
Revenues and Expenditures and Transfers, Continued
For the year ended June 30, 2005*

	<u>Gamecock Club</u>	<u>Athletics Department</u>	<u>Total</u>
Transfers to the University	-	2,395,291	2,395,291
Total transfers	-	2,395,291	2,395,291
Total expenditures and transfers	12,619,830	36,262,736	48,882,566
Excess of revenues over (under) expenditures and transfers	<u>\$ 314,033</u>	<u>\$ (2,969,117)</u>	<u>\$ (2,655,084)</u>

(A) Excludes USC Lettermens Association revenues of \$52,848

(B) Excludes USC Lettermens Association expenditures of \$52,848

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Gamecock Club Expenditures – Budget to Actual
For the year ended June 30, 2005*

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Grant-in-aid:			
Tuition and fees	\$ 3,925,013	\$ 4,339,161	\$ (414,148)
Lodging	1,003,428	1,175,897	(172,469)
Meals	856,185	877,872	(21,687)
Books	282,900	280,752	2,148
Summer school	490,700	325,469	165,231
Vacation meals and lodging	125,200	109,368	15,832
Total Grant-in-aid	<u>6,683,426</u>	<u>7,108,519</u>	<u>(425,093)</u>
Recruiting:			
Coaches' recruiting	502,100	442,551	59,549
Prospects travel and maintenance	355,026	240,031	114,995
Brochures and printing	41,550	60,713	(19,163)
Operations:			
Club operations	1,853,871	2,218,500	(364,629)
Academic support services	876,503	901,972	(25,469)
Student wellness program	145,205	135,902	9,303
Junior Gamecock Club	19,750	29,308	(9,558)
Airplane operations	495,554	586,625	(91,071)
Sports medicine	755,200	860,935	(105,735)
Non-budgeted expenses	-	34,774	(34,774)
Total recruiting/operations	<u>5,044,759</u>	<u>5,511,311</u>	<u>(466,552)</u>
Total Grant-in-aid and recruiting/operations	<u>\$ 11,728,185</u>	<u>\$ 12,619,830</u>	<u>(891,645)</u>

OTHER INFORMATION
(Unaudited)

Typical Department of Athletics Format as distributed during the fiscal year to the Board of Trustees

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Revenues – Undesignated/Departmentally Designated Funds
For the year ended June 30, 2005*

	<u>Undesignated</u>	<u>Departmentally Designated</u>	<u>Totals</u>
Revenues:			
Admissions:			
Football	\$ 8,894,253	\$ -	8,894,253
Basketball	1,731,819	-	1,731,819
Olympic sports	546,302	-	546,302
Totals	<u>11,172,374</u>	<u>-</u>	<u>11,172,374</u>
Guarantees:			
Football	1,050,000	-	1,050,000
Basketball	90,000	-	90,000
Olympic sports	17,349	-	17,349
Totals	<u>1,157,349</u>	<u>-</u>	<u>1,157,349</u>
Student athletic fees	<u>574,387</u>	<u>-</u>	<u>574,387</u>
Gamecock Club:			
Regular members contributions	12,106,408	-	12,106,408
Junior members contributions	25,310	-	25,310
Buffet revenue	43,188	-	43,188
Credit card revenue	165,000	-	165,000
Gifts in kind	206,400	-	206,400
Total Gamecock Club	<u>12,546,306</u>	<u>-</u>	<u>12,546,306</u>
Endowment income	<u>120,274</u>	<u>-</u>	<u>120,274</u>
Investment income	<u>319,355</u>	<u>-</u>	<u>319,355</u>

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Revenues – Undesignated/Departmentally Designated Funds, Continued
For the year ended June 30, 2005*

	<u>Undesignated</u>	<u>Departmentally Designated</u>	<u>Totals</u>
Premium seating:			
Club seats	564,733	-	564,733
Suite seats	665,804	-	665,804
Zone seats	961,075	-	961,075
Arena founders seats	156,500	-	156,500
Total premium seating	<u>2,348,112</u>	<u>-</u>	<u>2,348,112</u>
Southeastern Conference share	<u>8,961,132</u>	<u>-</u>	<u>8,961,132</u>
Gifts	<u>4,010</u>	<u>-</u>	<u>4,010</u>
Other:			
Football radio and television rights	1,310,659	-	1,310,659
Basketball radio and television rights	670,623	-	670,623
Programs, souvenirs and concessions	792,670	-	792,670
Mailing fees	101,398	-	101,398
Royalties	189,558	-	189,558
Corporate sponsorships	251,000	-	251,000
Miscellaneous	685,982	20,000	705,982
Totals	<u>4,001,890</u>	<u>20,000</u>	<u>4,021,890</u>
Colonial Center non-athletic events revenues	<u>5,002,293</u>	<u>-</u>	<u>5,002,293</u>
Outside sources:			
USC Lettermens Association	52,848		52,848
Total revenue	<u>\$ 46,260,330</u>	<u>\$ 20,000</u>	<u>\$ 46,280,330</u>

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Expenditures and Transfers –
Undesignated/Departmentally Designated Funds
For the year ended June 30, 2005*

	Undesignated	Departmentally Designated	Totals
Expenditures:			
Personnel	\$ 14,085,597	\$ -	\$ 14,085,597
Grants (Scholarships)	7,108,519	-	7,108,519
Team travel	2,738,214	-	2,738,214
General travel	604,089	1,618	605,707
Recruiting	720,402	-	720,402
Game services	2,077,564	-	2,077,564
Supplies and uniforms	1,176,234	220,686	1,396,920
General administration	9,464,077	1,650,548	11,114,625
Other services	966,706	113,066	1,079,772
Guarantees	1,966,398		1,966,398
	<u>40,907,800</u>	<u>1,985,918</u>	<u>42,893,718</u>
Colonial Center non-athletic events	3,593,557	-	3,593,557
Outside services:			
USC Lettermens Association	52,848	-	52,848
	<u>44,554,205</u>	<u>1,985,918</u>	<u>46,540,123</u>
Total expenditures			
	<u>44,554,205</u>	<u>1,985,918</u>	<u>46,540,123</u>
Transfers:			
University general scholarships	250,000	-	250,000
University band	347,108	72,547	419,655
Debt service	886,000	-	886,000
Colonial Center non-athletic events	255,000	-	255,000
Capital Projects	685,516	-	685,516
Other	1,620,000	(1,720,880)	(100,880)
	<u>4,043,624</u>	<u>(1,648,333)</u>	<u>2,395,291</u>
Total transfers			
	<u>4,043,624</u>	<u>(1,648,333)</u>	<u>2,395,291</u>
Total expenditures and transfers	<u>\$ 48,597,829</u>	<u>\$ 337,585</u>	<u>\$ 48,935,414</u>

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Changes in Fund Balances –
Undesignated/Departmentally Designated Funds
For the year ended June 30, 2005*

	<u>Undesignated</u>	<u>Departmentally Designated</u>	<u>Total</u>
Fund balances , beginning of year	\$ 6,710,507	\$ 335,504	\$ 7,046,011
Excess of revenues over (under) expenditures and transfers	<u>(2,337,499)</u>	<u>(317,585)</u>	<u>(2,655,084)</u>
Fund balances , at end of year	<u>\$ 4,373,008</u>	<u>\$ 17,919</u>	<u>\$ 4,390,927</u>

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS**

*Schedule of Expenditures and Transfers – Departmentally Designated Funds
For the year ended June 30, 2005*

	Reserve and Replacements	New Arena	Totals
Expenditures:			
Personnel	\$ -	\$ -	\$ -
Grants	-	-	-
Team travel	-	-	-
General travel	1,618	-	1,618
Recruiting	-	-	-
Game services	-	-	-
Other services	113,066	-	113,066
Supplies and uniforms	220,686	-	220,686
General administration	1,644,599	5,949	1,650,548
Guarantees	-	-	-
	1,979,969	5,949	1,985,918
Total expenditures	1,979,969	5,949	1,985,918
Transfers	(1,648,333)	-	(1,648,333)
	(1,648,333)	-	(1,648,333)
Total expenditures and transfers	\$ 331,636	\$ 5,949	\$ 337,585

**UNIVERSITY OF SOUTH CAROLINA
DEPARTMENT OF ATHLETICS – COLUMBIA CAMPUS
CAROLINA CENTER – NON-ATHLETIC EVENTS**

*Schedule of Revenue, Expenditures and Transfers
For the year ended June 30, 2005*

Revenues:

Ticket sales and rental charges	\$ 1,460,536
Arena suites	1,826,788
Concessions	592,190
Corporate sponsorships	1,015,932
Investment income	9,979
Other	96,868

Total revenue	<u>5,002,293</u>
----------------------	------------------

Expenditures:

Personnel	1,399,445
Travel	35,710
Event services	1,157,028
Supplies	1,405
General administration	999,969

Total expenditures	<u>3,593,557</u>
---------------------------	------------------

Excess of revenue over expenditures	<u>1,408,736</u>
--	------------------

Transfers:

Transfers to the University:	
Capital projects	500,000
Transfers from the University:	
Parking	(245,000)

Total net transfers	<u>255,000</u>
----------------------------	----------------

Excess of revenue over expenditures and transfers	<u><u>\$ 1,153,736</u></u>
--	----------------------------



7540 Matthews-Mint Hill Road
Charlotte, NC 28227
Phone: 704-545-9771
Fax: 704-545-0946
www.rowellcravenshort.com

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL

Mr. Thomas L. Wagner, Jr., CPA
State Auditor
State of South Carolina
Columbia, South Carolina

In planning and performing our audit of the financial statements of the University of South Carolina Department of Athletics – Columbia Campus for the year ended June 30, 2005, we considered its internal control 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.

A material weakness is a reportable 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.

Our consideration of internal control would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted no material weaknesses in the Department's system of internal control.

This report is intended solely for the information and use of the audit committee, management, and others within the organization.

A handwritten signature in black ink that reads 'Rowell, Craven & Short, P.A.' in a cursive script.

September 28, 2005
Charlotte, North Carolina

LETTER OF COMMENT

There were no material weaknesses noted in the Department's system of internal control and we have communicated to management that fact in an exit conference.

During the examination of the financial statements we noted some issues that need to be addressed:

- 1) Ticket accountability reports for football and basketball games were not properly prepared in some instances. Therefore, ticket sales were not always properly reconciled. It has been recommended that existing procedures for ticket accountability be more strictly adhered to.
- 2) It was found that in several instances there were no signed contracts on hand for guarantees to be paid to visiting universities for football games. Additionally, we found no contract in place for the guarantee to be paid to the University for an away football game. We recommended that contracts be signed for all guarantees and maintained within the Athletic Department.
- 3) Travel advances made to teams or coaches should be settled immediately after the event has concluded and not carried over for several months.

The above items were not material to the overall financial statements but were thought worthy of mention.