

THE COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA

OMB CIRCULAR A-133 REPORTS

(With Independent Auditors' Report Thereon)

YEAR ENDED JUNE 30, 2006

State of South Carolina



Office of the State Auditor

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November 11, 2006

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

The Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* and the Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards of the College of Charleston for the fiscal year ended June 30, 2006, were issued by Cherry, Bekaert & Holland, L.L.P., Certified Public Accountants, under contract with the South Carolina Office of State Auditor. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with the basic financial statements of the College of Charleston for the fiscal year ended June 30, 2006, issued by Cherry, Bekaert & Holland, L.L.P., Certified Public Accountants, dated September 5, 2006.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard H. Gilbert Jr.", written in a cursive style.

Richard H. Gilbert, Jr., CPA
Deputy State Auditor

RHGjr/trb

THE COLLEGE OF CHARLESTON

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THE COLLEGE OF CHARLESTON
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Federal Grantor/Program Title | Federal CFDA Number | Pass-Through Grantors Number | Total Expenditures |
|---|---------------------------|------------------------------------|-----------------------|
| U.S Department of Agriculture | | | |
| Evaluation of Resistance to Root-Knot Nematodes in Pepper Pls and Rhizoctonia in Vigna Pis | 10.001 | 58-6659-1-211 | \$ 8,568 |
| New Isoxazoles and Pyrazoles with Agricultural Biological Potential | 10.206 | 2003-35504-12853 | 1,898 |
| Hydrology of Depressional and Dendritic Drainage Patterns in Lower Coastal Plain Landscapes | 10.652 | SRS 01-CA-11330135513 | 13,317 |
| Characterization of Soil Gas Emissions and Soil Properties in Managed Forested Wetland of the Southeastern United States | 10.652 | SRS 02-CA-11330135-286 | 4,162 |
| Effects of Bedding, Weed Control and Fertilization on Soil Carbon and Nitrogen Cycling in Intensively Managed Coastal Plain Loblolly Pine Plantations | 10.652 | SRS 03-DG-11330137-274 | 25,139 |
| Monitoring Runoff in a First-order Intensively Managed Forested Watershed, Sumter County, South Carolina | 10.652 | SRS 04-CA-11330135-198 | 3,621 |
| Development of Computer Algorithms in C++ and FORTRAN to Conduct Uncertainty Analysis of Ecological Models | 10.652 | SRS 04-CA-11330135-223 | 3,306 |
| Comparison of the Effects of Prescribed Fire on the National Forests in SC. | 10.652 | SRS 05-CA-11330135-205 | 7,428 |
| Qualifying Genotype x Silviculture Interaction Impacts on Productivity and Carbon Dequestration by Manipulating Soil Organic Matter, N Supply and Demand | 10.652 | SRS 06-DG-11330137-032 | 9,292 |
| An Integrated Assessment of Prescribed Fire Effects and Monitoring - Sumter and Francis Marion National Forests, SC | 10.652 | 03-PA-11081209-070 | 34,474 |
| Total U.S. Department of Agriculture | | | <u>111,205</u> |
| National Oceanic Atmospheric Administration | | | |
| Interdisciplinary Synthesis of Information About the ACE Basin to Create a Land Use Management Plan Tool | 11.420 | NA04NOS4200154 | (67) |
| Management of National Marine Fisheries Charleston Laboratory Library, Yr 9 | 11.426 | R7-CASU-06-0042 | 111,423 |
| South Atlantic Bight Regional Exploration: Education Through Exploration | 11.473 | NA170C1482 | 1,087 |
| Physiological and Genomic Approaches to Understanding Responses in the Florida Red Tide Dinoflagellate, Karenia Brevis, to Iron Limitation and Oxidative Stress | 11.478 | NA03NOS4780198 | 30,601 |
| Marine Organisms as Vectors of Human Disease Pathogens | 11.xxx | MOA-2004-167/1258 | 220,967 |
| Total National Oceanic Atmospheric Administration | | | <u>364,011</u> |
| U.S Department of Defense | | | |
| Critical Infrastructure Protection Center (CIPC) Analytical and Engineering Technical Support | 12.xxx | N65236-05-P-2254 | 16,941 |
| Critical Infrastructure Protection Center (CIPC) Analytical and Engineering Technical Support | 12.xxx | N65236-06-P-0959 | 18,307 |
| Relative Abelian Extensions Over Real Quadratic Fields and Stark's Conjecture | 12.901 | H98230-05-1-0249 | 18,354 |
| Total U.S. Department of Defense | | | <u>53,602</u> |
| U.S Department of Housing and Urban Development | | | |
| Passed through North Charleston Housing Authority Evaluation of HOPE VI | 14.866 | SC16URD0571101 | 29,686 |
| Total U.S. Department of Housing and Urban Development | | | <u>29,686</u> |
| U.S Department of the Interior | | | |
| Health of Amaranthus Pumilus Populations: Range-wide Surveys and Webworm Control | 15.615 | 1448-40181-02-J-031 | 6,482 |
| Passed through Virginia Department of Game and Inland Fisheries Population Genetic Survey of the Freshwater Snail Genus Goniobasis | 15.632 | 2006-9308 | 8,004 |
| Shallow Shear Wave Velocity Structure of the Charleston Historical District, SC: Comparison of Surficial and Borehole Results | 15.807 | 05HQGRO072 | 28,669 |
| Passed through University of Memphis Seismic Refraction and SCPT Data Collection and Maintenance of ANSS Strong Motion Stations in Charleston, South Carolina | 15.808 | 04HQAG0009 Mod 0003 | 4,000 |
| Total U.S. Department of the Interior | | | <u>47,155</u> |
| U.S. Department of Justice | | | |

THE COLLEGE OF CHARLESTON
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Federal Grantor/Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Total Expenditures |
|--|---------------------------|-------------------------------------|-----------------------|
| Passed through Greenville County Commission on Alcohol and Drug Abuse | | | |
| C of C Coalition for Change, 2004-2005 | 16.727 | 2001-AH-FX-0045 | (16) |
| Total U.S. Department of Justice | | | (16) |
| National Aeronautics Space Administration | | | |
| S.O Space Grant Consortium, Year 9 - Year 12 | 43.001 | NGT5-40099 | 18,586 |
| S.O Space Grant Consortium, Year 13 and 14 | 43.001 | NNG05G168G | 359,997 |
| Southeast Regional Clearing House: A Coalition of Space Grant Consortia | 43.001 | NCC5-607 | 413,376 |
| South Carolina NASA EPSCoR Program, Year 1 - Year 4 | 43.001 | NCC5-575 | 524,210 |
| Circumstellar Gas of Nearby A-Type Stars | 43.001 | NNG04GK8OG | 4,734 |
| Passed through the Jet Propulsion Laboratory | | | |
| Moonrise Phase A E/PO | 43.001 | NM0710902 | 2,554 |
| Passed through Brown University | | | |
| Moon Minerology Mapper | 43.001 | NNM05AB26C | 14,582 |
| Total National Aeronautics Space Administration | | | 1,338,039 |
| National Foundation on the Arts and the Humanities | | | |
| Crazyhorse Literary Journal Expansion | 45.024 | 05-5200-7026 | 5,000 |
| Passed through SC Humanities Council | | | |
| Strom Stories | 45.129 | 5-1063-1/BC | 1,600 |
| Charleston Jazz Initiative | 45.129 | SO-50048-04 | 3,858 |
| Passed through the Museum for African Art | | | |
| Transcendent Traditions: Baskets of Con-Tinents | 45.130 | NONE | 33,637 |
| Total National Foundation on the Arts and Humanities | | | 44,095 |
| National Science Foundation | | | |
| Regioselective Syntheses of Heterocycles and their Applications | 47.049 | CHE-0212699 | 41,473 |
| Guiding Gamma-Ray Burst Classification with the KDD Process | 47.049 | AST-0098499 | 18,179 |
| Integrable Dynamics of Knotted Vortex Filaments | 47.049 | DMS-0204557 | 17,340 |
| Collaborative Proposal: Southeastern Applied Mathematics Days | 47.049 | DMS-0407843 | 4,914 |
| A Gamma-Ray Burst Counterpart and Afterglow Observing | | | |
| Campaign at the College of Charleston | 47.049 | AST-0407320 | 58,123 |
| Existence and Stability of Coherent Structures With Applications to Elasticity | 47.049 | AST-0098499 | 21,316 |
| Inverse Problems for Finite and Infinite Sets, and Nonstandard Methods | 47.049 | DMS-0500671 | 18,268 |
| An Automatic Telescope for Stellar Research and Training of Undergraduates | 47.049 | AST-0507551 | 11,472 |
| Collaborative Research Using High Mass Binaries to Resolve the Mass Discrepancy: | | | |
| Taking Things to the Extreme | 47.049 | AST-0506541 | 11,244 |
| Southeast Geometry Conference 2006-2008 | 47.049 | DMS-0606684 | 5,442 |
| The Evolution of Feeding Tolerance for Chemically-Rich Seaweeds among | | | |
| Herbivore Populations: A Tropical -Temperate Contrast | 47.050 | OCE-0550245 | 19,593 |
| Collaborative Research: US/EC Collaboration on Potential Climate | | | |
| Change Impacts on Algal Community Structure and Biogeochemistry | | | |
| During the North Atlantic Spring Bloom | 47.050 | OCE-0422890 | 120,730 |
| Physiological Ecology of Intertidal Development: Linking Embryo Performance | | | |
| and Adult Reproductive Ecology | 47.050 | OCE-0621467 | 34,917 |
| Collaborative Research: Potential Climate Change Impacts on | | | |
| Algal Dynamics and Biogeochemistry in the Bering Sea | 47.050 | OCE-0327620 | .197 |
| The Transects Program: Pathways to Ocean Research Using | | | |
| a Collaborative Team Approach | 47.050 | GE0-0331155 | 31,923 |
| Career: Updating Problems in Informational Retrieval and a Mathematical Dissection Lat | 47.070 | CCF-0546622 | 25,498 |
| Nonequilibrium Determinants of Microbial Community Structure in | | | |
| Intertidal Sediments: Role of Deposit Feeding | 47.074 | DEB-0108615 | 9,232 |
| Molecular Biology Core Facility For Grice Marine Laboratory | 47.074 | DBI-0122336 | 8,867 |
| Development of Shared Resources for Fundulus Genomics | 47.074 | 10B-0539158 | 33,854 |
| Research Experiences in Experimental Marine Biology | 47.074 | DBI-0552828 | 27,039 |
| Hypercapnic Hypoxia Impacts Shrimp Immune Defenses | | | |
| Against Bacteria Pathogens | 47.074 | IBN-0212921 | 132,308 |
| Research Experience in Physiology, Cell and Molecular Biology | 47.074 | DBI-0244007 | |
| of Marine Organisms | | | 36,581 |

THE COLLEGE OF CHARLESTON
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Federal Grantor/Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Total Expenditures |
|---|---------------------------|-------------------------------------|-----------------------|
| Incorporating HCI into the Undergraduate Curriculum: | | | |
| A Community Building Initiative | 47.076 | DUE-0226080 | 2,112 |
| Workforce Scholarship Project in Computer Sciences and Mathematics | 47.076 | DUE-0123032 | 34,454 |
| Gk-12 Lowcountry Science Partners for Inquiry and Learning | 47.076 | DGE-0618322 | 45,539 |
| Civic Engagement in Non-Majors Introductory Biology: Connecting Problem-Based Learning and Scientific Inquiry | 47.076 | DUE-0410720 | 41,684 |
| Collaborative Research: Iron and Light Effects on Phaeocystis Antarctica Isolates from the Ross Sea | 47.078 | OPP-0230513 | 84,688 |
| Collaborative Research: Interactive Effects of Iron, Light and Carbon Dioxide on Phytoplankton Community Dynamics in the Ross Sea | 47.078 | OPP-0338097 | 88,236 |
| Passed through University of Alabama - Tuscaloosa Phylogeny of Physid Snails and (Basommatophora: Physidae) Evolution of Reproductive Isolation | 47.074 | DEB-0128964 | 21,068 |
| Passed through Davidson College Drosophila as a Model for Batten Disease | 47.076 | DUE-0426266 | 5,819 |
| Passed through Franklin and Marshall College Process Oriented Guided Inquiry Learning | 47.076 | DUE-0231120 | 4,696 |
| Passed through Medical University of South Carolina GK-12 Lowcountry Science Partners for Inquiry Teaching and Learning | 47.076 | DGE-0139313 | 4,901 |
| Passed through South Carolina State University SCAMP Phase 1, Year 2 & Year 3 | 47.076 | HRD-0217602 | 39,747 |
| Passed through Bigelow Laboratory for Ocean Sciences Complex Molecular to Global Interactions and Feedbacks in the Marine DMS Cycle | 47.078 | OPP-0221748 | 64,529 |
| Total National Science Foundation | | | <u>1,123,783</u> |
| U.S. Department of Energy Passed through University of Alabama Effects Elevated Atmospheric Co2 Enrichment and N. Fertilization | 81.049 | DE-FCO2-03ER63613 | 51,980 |
| Passed through Duke University Root Dynamics in a CO2-Enriched Temperate Forest | 81.xxx | DE-FG02-95ER62083 | 60,209 |
| Total U.S. Department of Energy | | | <u>112,189</u> |
| U.S Department of Education | | | |
| Supplemental Educational Opportunity Grant 2005-2006 | 84.007 | P007A053774 | 341,873 |
| Federal College Workstudy Program 2005-2006 | 84.033 | P033A053774 | 278,809 |
| Federal College Workstudy Program 2006-2007 | 84.033 | P033A063774 | 7,062 |
| Federal Perkins Loan Program | 84.038 | P038A043774 | 2,333,187 |
| Pell Grant Program | 84.063 | P063PO40378 | 3,836,561 |
| Federal Direct Student Loans | 84.268 | | 39,414,059 |
| Total Federal Student Aid Cluster | | | <u>46,211,551</u> |
| Upward Bound Program | 84.047A | PO47A030218-06 | 440,647 |
| Engaging Students and Faculty in International Business Education | 84.153A | P153A030012 | 28,266 |
| International Business Education in Emerging Markets | 84.153A | P153A050096 | 47,251 |
| English Language Acquisition: National Professional Development Program | 84.195N | T195NO20087 | 206,414 |
| Passed through the University of North Carolina at Wilmington U.S. - Brazil Business School Consortium | 64.116M | P116M04003 | 11,405 |
| Passed through the University of Central Arkansas Alliance for International Management and Trade: Customs, Tariffs, Ethics and Governance | 84.116N | P116N040001 | 7,221 |
| Passed through South Carolina Department of Education South Carolina State Improvement Grant, Year 2 | 84.323A | H323A020005 | (126) |
| Passed through SC Commission on Higher Education GEAR UP Institute 2004-2005 | 84.334A | P334A990172 | 16,620 |
| GEAR UP Institute 2005-2006 | 84.334A | P334A990172 | 28,792 |

THE COLLEGE OF CHARLESTON
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Federal Grantor/Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Total Expenditures |
|---|---------------------------|-------------------------------------|-------------------------|
| Passed through the University of South Carolina Diverse Pathways in Teacher Preparation: A Collaborative Approach for South Carolina 2 and 4 Year Colleges Total U. S. Department of Education | 84.336B | P336B040014 | 56,098 <hr/> 844,588 |
| Passed through South Carolina Department of Education Mathematics and Science Partnership | 84.3668 | 06 MS 303-01 | 2,000 |
| The Physical Science Companion Course 2006 (Smft 697-090) | 84.366B | 06 MS 303-02 | 10,217 |
| Middle Level Enhancement | 84.367A | S367A040038A | 1,565 <hr/> 13,782 |
| Passed through Florence School District Three Dance/Theatre Summer Institute | 84.351C | NONE | 18,567 <hr/> 18,567 |
| National Oceanic Atmospheric Administration Passed through SC Sea Grant Consortium Creation of a Long Term Hydrology and Geochemistry Education and Research Site: Dixie Plantation | 11.417 | NA16RG2250, Am 3 | 386 |
| Using Diamondback Terrapins as Surrogate and Sentinel Species for Monitoring Mercury Contaminants in Coastal and Estuarine Systems | 11.417 | NA16RG2250 | 36,292 |
| Using Diamondback Terrapins as Surrogate and Sentinel Species for Monitoring Mercury Contaminants in Coastal and Estuarine Systems, Year 2 | 11.417 | NA060AR4170015 | 14,509 |
| Developing & Implementing a Southeast Marine Science Curriculum and Leadership Training Program: COASTTEAM Leadership Institute | 11.417 | NA16RG2250 Am 7 | 212 |
| Developing & Implementing a Southeast Marine Science Curriculum and Leadership Training Program: COASTTEAM Leadership Institute, Year 2 | 11.417 | NA16RG2250 | 5,747 |
| Behavioral Ecology of Spotted Seatrout (cynoscion nebulosus) at Spawning Aggregations in Charleston Harbor | 11.417 | NA16RG2250 | 2,189 |
| Study of a Newly Reported Parasitic Nematode of the Southern Flounder Paralichthys lethostigma in South Carolina Estuarine Systems | 11.417 | NA16RG2250 | 2,635 |
| Tidal Creek Water Quality, Freshwater Inflow Materials Loading, and Benthic Community Studies for the SC-GA-LU-CES Program, Year 2 | 11.417 | NA04NOS4260210 | 36,695 |
| Integration and Synthesis of Study Components from the LU-CES (Seed Proposal) | 11.417 | NA04NOS4260210 | 10,708 |
| Genetic Estimates of Larval Sources of Gag Grouper in the Southeastern United States | 11.417 | NA060AR4170015 | 14,680 |
| Patterns and Processes of Establishment Success of Beach Vitex | 11.417 | NA060AR4170015 | 8,657 |
| Integration and Relevance of the Land Use-Coastal Ecosystem Study | 11.417 | NA04NOS4260210 | 19,244 |
| Passed through Coastal Carolina University Expanding the Rising Tide Project: Changing How Researchers, Educators and Students Work Together, Year 1 & 2 | 11.417 | NA16RG2250,AM.7 | 13,469 |
| Passed through the University of South Carolina Urbanization and Southeastern Estuarine Systems Public Outreach and Information Dissemination | 11.417 | NA04NOS4260209 | 1,162 |
| Urbanization and Southeastern Estuarine Systems Public Outreach and Information Dissemination | 11.417 | NA04NOS4261154 | 22,323 |
| Passed through South Carolina Department of Health and Environmental Control Promoting Wetlands Buffers and Native Species Restoration and Use, Year 2 | 11.419 | NA04NOS4190057 | 5,244 |
| Passed through the University of Central Florida Southeast Florida Coral Biomarker Local Action Study | 11.419 | NA03NOS4190209 | (653) |
| Passed through SC Department of Natural Resources Atlantic Croaker, Micropogonias undulatus, Along the Middle Atlantic Coast and Southeast of the United States | 11.433 | NA17FF2885 | 8,594 |
| Edisto Beach Causeway Removal Sedimentation Study | 11.463 | NA03NOS4630167 | 4,865 |
| Passed through the University Corporation of Atmospheric Research Interactive Hurricane Surge Warnings | 11.467 | NA17WD2383 | 1,318 |
| Passed through SC Department of Natural Resources Southeastern Regional Taxonomic Center (SERTC), Years 1-4 | 11.472 | NA16FL1490 | 20,728 |
| Hormone Analyses for the 2004 Samples | 11.472 | NA03NMF4720281 | 680 |
| Southeastern Regional Taxonomic Center (SERTC), Year 5 | 11.472 | NA05NMF4721145 | 11,593 |
| Examination of Local Movement and Migratory Behavior of Sea Turtles During Spring and Summer Along the Atlantic Coast off the Southeastern US | 11.472 | NA03NMF4720281 | 12,451 |

THE COLLEGE OF CHARLESTON
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Federal Grantor/Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Total Expenditures |
|--|---------------------------|-------------------------------------|-----------------------|
| Passed Through the University of North Carolina at Chapel Hill | | | |
| SLR2005: Modeling Estuarine Habitat Response to Rising Water Level | 11.478 | NA05NOS4781183 | 10,143 |
| Total National Oceanic Atmospheric Administration | | | <u>263,871</u> |
| U.S. Department of Health and Human Services | | | |
| Contextual Control of Second-Learned Associations | 93.242 | 7 R15 MH065249-02 | 12,430 |
| Is There Class IV Ribonucleotide Reductase | 93.390 | 1 R15 GM067690-01 | 19,163 |
| Insect Projectin: Roles in Sarcomere Assembly and Flight | 93.846 | 1R15 AR053137-01 | 37,142 |
| Studying Infantile NCL in Drosophila | 93.865 | 1 R15 HD052362-01 | 29,734 |
| Passed Through the University of South Carolina | | | |
| SC Idea Networks for Biomedical Research Excellence (SC-INBRE) | 93.389 | 2P20RR16461 | 551,556 |
| Total U.S. Department of Health and Human Services | | | <u>650,025</u> |
| Corporation for National and Community Service | | | |
| Passed through Campus Compact/Brown University | | | |
| South Carolina Campus Compact | 94.005 | 03LHHR1001 | 1,539 |
| | | | <u>1,539</u> |
| South Carolina Collaborative for Civic Engagement: Working Toward a Campus | 94.013 | GH05VSSSC 169 | 5,633 |
| | | | <u>5,633</u> |
| Total Federal Assistance Expended | | | <u>\$ 51,233,305</u> |

See accompanying notes to the schedule of expenditures of federal awards

THE COLLEGE of CHARLESTON

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006**

Note 1 - Basis of Presentation

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

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

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

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

The Federal Perkins Loan Program is administered directly by the College of Charleston and balances and transactions are included in the loan fund of the College of Charleston's financial statements. The balance of loans outstanding under the Federal Perkins Loan program was \$2,227,428 as of June 30, 2006.

Note 4 - Matching

Under the Federal Work Study program, the College of Charleston matched \$72,522 for the year ended June 30, 2006 in addition to the federal share of expenditures in the accompanying schedule of expenditures of federal awards.

Under the Federal Supplemental Education Opportunity Grant program, the College of Charleston matched \$140,068 in funds awarded to students for the year ended June 30, 2006 in addition to the federal share of expenditures in the accompanying schedule of expenditures of federal awards.

THE COLLEGE of CHARLESTON
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Note 5 - Subrecipients

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

| <u>Federal granting agency</u> | <u>Federal CFDA number</u> | <u>Amount provided to subrecipients</u> |
|--|--------------------------------|---|
| National Oceanic Atmospheric Administration | 11.417 | \$ 14,400 |
| National Oceanic Atmospheric Administration | 11.XXX | 64,890 |
| National Aeronautics and Space Administration | 43.001 | 726,345 |
| National Science Foundation | 47.049 | 22,442 |
| | | <hr/> |
| | | \$ 828,077 |
| | | <hr/> <hr/> |



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the business type activity and the discretely presented component units of The College of Charleston, as of and for the year ended June 30, 2006, which collectively comprise The College of Charleston's basic financial statements and have issued our report thereon dated September 5, 2006. Our opinion on the financial statements insofar as it relates to the amounts for the discretely presented component units *is* based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of The Cougar Club and The College of Charleston Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The College of Charleston's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The College of Charleston's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of

financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Governor, State Auditor, Board of Trustees, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Beckett & Holland, L.L.P.

Beaufort, South Carolina
September 5, 2006



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

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

Compliance

We have audited the compliance of The College of Charleston with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. The College of Charleston's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of The College of Charleston's management. Our responsibility is to express an opinion on The College of Charleston's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The College of Charleston's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on The College of Charleston's compliance with those requirements. In our opinion, The College of Charleston complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of The College of Charleston is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered The College of Charleston's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business type activity and the discreetly presented component units of The College of Charleston as of and for the year ended June 30, 2006 and have issued our report thereon dated September 5, 2006. Our audit was performed for the purpose of forming an opinion on the financial statements which collectively comprise of The College of Charleston's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Governor, State Auditor, the Board of Trustees, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Beckett & Holland, L.L.P.

THE COLLEGE OF CHARLESTON
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

I. Summary of auditor's results

- A. An unqualified opinion was issued on the basic financial statements of The College of Charleston.
- B. No reportable conditions relating to the audit of the financial statements are reported on internal control over financial reporting.
- C. Our audit of the financial statements disclosed no instances of noncompliance with laws, regulations and the provisions of contracts and grant agreements that are material to the financial statements.
- D. No reportable conditions relating to the audit of major federal award programs are reported in the report on compliance with requirements applicable to each major program and on internal control over compliance.
- E. The auditor's report on compliance for the major federal award programs for The College of Charleston expresses an unqualified opinion on all major federal programs.
- F. There are no findings related to internal control over major programs required to be reported under Section .510(a) of OMB Circular A-133.
- G. Major federal programs for The College of Charleston for the fiscal year ended June 30, 2006 are:

| <u>CFDA Number</u> | <u>Program Title</u> |
|--------------------|---|
| 11.417 | National Oceanic Atmospheric Administration |
| 47.074 | National Science Grant |
| 93.389 | IDEA Networks of Biomedical Research Excellence |
| | Student Financial Aid Cluster: |
| 84.063 | Pell Grant Program |
| 84.007 | Supplemental Educational Opportunity Grant |
| 84.268 | Federal Direct Student Loans |
| 84.033 | Federal Work Study |
| 84.038 | Perkins Loan Program |

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

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

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

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

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