

COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

FOR THE YEAR ENDED JUNE 30, 2006

**PREPARED BY
THE OFFICE OF THE CONTROLLER
COLLEGE OF CHARLESTON**

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CHARLESTON, SOUTH CAROLINA**



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**COLLEGE OF CHARLESTON
COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2006**

INTRODUCTORY SECTION

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COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



INTRODUCTORY SECTION



College of Charleston

66 George St.
Charleston, South Carolina 29424-0001

November 3, 2006

Office of the President



Dear College of Charleston Family and Friends,

It is my pleasure to present this report of the financial performance of the College of Charleston for the fiscal year ended June 30, 2006. The College continues to maintain fiscal stability as evidenced by the results of its operations. We appreciate the dedication of the faculty and staff to improve efficiency and accountability. Their efforts directly contributed to maintaining fiscal soundness and providing the resources required to pursue our goal of preeminence in higher education.

During 2006, we continued to transform our physical campus to support the vision for academic excellence. With plans to provide 440 freshman beds, 198 upperclassmen one-bedroom apartments, and a cafeteria, the groundbreaking and construction of the George Street Residence Project headlined the news. The Lightsey Center was renovated to incorporate the Student Services Center which offers financial aid, advising and registration services in one convenient location. Substantial progress was made on the construction of the new School of Education facilities which encompasses an innovative Curriculum Lab, state-of-the-art classrooms, meeting spaces, and seminar rooms. And finally, we are starting construction of the addition to the School of the Arts building and the Carolina First Center-Arena.

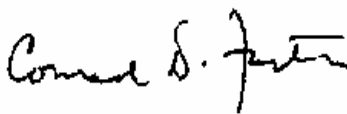
This year and once again, the College ranks as one of the nation's best institutions for undergraduate education by the *Princeton Review 2006 Edition*, the *Fiske Guide*

to Colleges 2006 Edition, and the *U.S. News & World Report's of America's Best Colleges 2006 Edition* as well as *Best Buys in College Education* and *Kiplinger's Personal Finance*. As a member of the National Merit Scholarship Program, an invitation extended to only those schools that have a three-year history of being chosen by at least four National Merit finalists, we are one of only 200 institutions of higher education in the country to qualify for this honor. And as we expand and improve our academic and co-curricular offerings, the caliber of students and faculty continues to increase, along with our nationwide reputation for excellence. We have seven National Merit Scholars accepted as freshman for Fall '06 compared to only three last year at this same time.

Attracting and securing the resources necessary to maintain and advance our vision in the future remain a major challenge for this institution. To that end, the development of the next phase of our strategic plan and re-adoption of a more participative, formal budgeting process are underway. Thus far we have succeeded in our efforts to increase fundraising, and we will continue to explore all available avenues of philanthropy and private giving. As we pursue these new opportunities, our operations will stay streamlined; our programs will maintain focus; and the outstanding quality of our student experience will remain uncompromised.

In conclusion, I embrace the philosophy that the success of all units within the College should be measured in terms of their contribution toward achievement of our academic goals. While I am President, I will place our academic goals at the heart of our institutional culture. I appreciate the hard work and support of the people across the College of Charleston Community and look forward to even more progress and opportunities in the future – for our students, faculty, staff and our state.

With best wishes,

A handwritten signature in black ink, appearing to read "Conrad S. Festa". The signature is fluid and cursive, with a large, stylized "F" and "S".

Conrad Festa,
President



LETTER OF TRANSMITTAL

November 3, 2006

**To President Festa,
Members of the Board of Trustees, and
Citizens of South Carolina**

We take pleasure in presenting to you the Comprehensive Annual Financial Report for the College of Charleston for the year ended June 30, 2006. The audit report appears in the Financial Section and expresses an unqualified opinion on the College's financial statements.

INTRODUCTION

Management Responsibility

This Comprehensive Annual Financial Report contains the financial statements for the year ended June 30, 2006, as well as other information useful to those we serve and to whom we are accountable. *Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, is assumed by the College of Charleston.* We believe that, to the best of our knowledge, the data contained herein is accurate in all material respects and is reported in a manner designed to present fairly the College's financial position as well as revenues, expenses, changes in net assets, and cash flows.

This letter of transmittal should be read in conjunction with the Management's Discussion and Analysis (pages 22–32), which focuses on current activities, accounting changes and currently known facts.

The financial statements reflect reporting standards issued by the Governmental Accounting Standards Board. This Annual Report includes all disclosures necessary for the reader to gain an understanding of the College's financial operations for the year ended June 30, 2006.

Explanation of Sections

The ***Introductory Section*** includes a message from the President, this transmittal letter, a listing of the members of the Board of Trustees, the Business and Finance Officers, and an organizational chart of the institution. In addition, the College has received the Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association (GFOA) of the United States and Canada for fiscal year ended June 30, 2005. This introduction will acquaint the reader with the organization, structure and scope of the College's operations.

The ***Financial Section*** presents management's discussion and analysis which, when read in conjunction with the financial statements and the notes to the financial statements, will provide a more complete picture of the financial health of the institution. The financial statements may be used to make reasonable comparisons of the College's financial position as it relates to other public higher educational institutions. In addition to the financial statements and accompanying notes, this section includes the report of the independent auditors.

The ***Statistical Section*** includes selected financial, statistical and demographic information. This information provides a broad overview of trends in the financial affairs of the College.

Profile of Government

Founded in 1770, and chartered in 1785, the College is the oldest institution of higher education in South Carolina and the thirteenth oldest in the United States. Today this thriving academic institution offers a world-class liberal arts education for nearly 10,000 undergraduate and graduate students.

The College of Charleston and its graduate school are considered to be part of the State of South Carolina primary entity. The funds of the College of Charleston are included in the Comprehensive Annual Financial Report of the State of South Carolina. The College of Charleston is a state-supported, coeducational institution of higher education. The Board of Trustees is the governing body for the College and is responsible for the administration and management of the College.

The College of Charleston is committed to attracting the most promising students both from South Carolina and other states. The average combined SAT scores of entering freshmen for Fall 2005 was 1213, far exceeding the state and national averages. Out-of-state and international students comprise 36% of the student enrollment with 52 states and US possessions and 75 foreign countries represented.

ECONOMIC CONDITION AND OUTLOOK

The 2005 Year-End Review of the South Carolina Employment Security Commission reported that South Carolina's economy continues to expand, posting healthy job gains over the year. The State's nonagricultural job count advanced 1.5 percent to 1.86 million in 2005, adding 27,400 jobs. All industries from professional/business

services, employment services, trade/transportation/utilities to education/health services, financial activities, government and leisure/hospitality added jobs over the year. Of the state's eight Metropolitan Statistical Areas (MSA), five experienced job growth. The Columbia MSA grew by 4,600 jobs, primarily in professional and business services, followed by Charleston MSA expanding by 4,500 jobs, led by growth in financial activities, and trade, transportation and utilities. South Carolina's unemployment rate for 2005 tied Alaska for the third highest at 6.8 percent holding steady throughout the year. Charleston recorded the lowest MSA annual average unemployment rate at 5.4% followed by Myrtle Beach at 5.5% and Columbia at 5.8%.

According to more recent publications,¹ overall, the South Carolina economy continues to expand and new job growth remains particularly brisk. The South Carolina Leading Index fell 0.6 percent in May, from 143.1 in April to stand at 142.2, the largest contributor being the 2.3 percent increase in the average weekly number of initial jobless claims for unemployment insurance. At the same time, residential construction activity increased for the second straight month in a row, rising 2.3 percent in May and is up more than 8 percent over last year's record setting pace and total employment rose again in May marking the eighth consecutive month in net job gains in South Carolina. As of August 2006, the unemployment rate fell to 6.5%; the rate is lower than it was at the end of 2005. Non-farm employers added 20,000 jobs to their payroll with practically all of the gain occurring in local government as schools continued re-staffing for the fall term. The overall job count was 42,800, or 2.3% above the year-ago level. Although recent dips in the leading index suggest that there may be some softening in the rate of growth, the state's economy is expected to continue to expand at least through the end of the coming year. Job growth has remained strong throughout the year, which lends favorable to lower jobless rates in the future.

MAJOR INITIATIVES

The College has entered its second phase of strategic planning following the successful implementation of the Fourth Century initiative – an offshoot of the Institutional Strategic Plan – that strengthened four key areas: faculty, academic programs, facilities, and the overall student experience and of Phase I of the Institutional Strategic Plan to become a nationally preeminent public liberal arts and sciences university for the 21st century. This second phase, designed to build upon the many successes of the Fourth Century Initiative and the College's first strategic plan as well as to make the institution's vision of national preeminence a reality, focuses on the following critically important quality enhancements. The next phase of planning focuses on four crucial areas: (1) academic programs (with particular emphasis on the general education program and majors and multi-disciplinary programs of distinction and distinctiveness); (2) co-curricular programs; (3) student success; and (4) diversity. Another goal will involve reconciling the planning and

¹ Workforce Trends Newslines, South Carolina Employment Security Commission
South Carolina Economic Indicators Division of Research, Moore School of Business University of South Carolina

assessment function with the budgetary requirements to address possible “pent up” fiscal needs.

Furthermore, a vast array of facilities is required to support the College of Charleston Campus Master Plan, a comprehensive study intended to guide campus growth. As the physical representation of the Fourth Century Initiative, the Master Plan will enable the College to become a preeminent liberal arts and sciences institution, where the facilities support the vision for academic excellence. It provides locations for projects that respond to immediate needs as well as those many years in the future. The plan responds to programmatic relationships, the creation of open spaces and pedestrian connections, landscape features, parking and transit needs as well as deferred maintenance, service and utility issues. To that end, the College has entered an agreement to purchase a \$56 million complex which comprises a(n) dormitory, apartment, cafeteria, and parking garage. Other planned amenities include a Science Facility, Simons Arts Center, Dixie Plantation, Patriot’s Point and the Carolina First Center Arena.

FINANCIAL INFORMATION

Internal Control

The management of the College is responsible for the establishment and maintenance of internal control policies and procedures designed to safeguard College assets. As part of this responsibility, the management ensures that its financial statements are prepared in conformity with generally accepted accounting principles, and that reasonable controls are in place to ensure the following:

- 1) That access to College assets is granted only with appropriate management authorization.
- 2) That transactions are executed in accordance with the general or specific authorization of management.
- 3) That transactions are recorded on a timely basis.
- 4) That transactions are recorded based on criteria applicable to state guidelines, generally accepted accounting principles and criteria as designated by the National Association of College and University Business Officers.

The College of Charleston’s Office of Internal Audit periodically reviews procedures and issues reports with recommended improvements to the system. This office reports directly to the President of the College. Annual audits are conducted under the authority of the S.C. State Auditor with testing to ensure the adequacy of internal controls and the College’s compliance with applicable laws and regulations.

Budgetary Control

The College prepares on an annual basis a budget that provides reasonable estimates of revenues and expenditures. The budgetary process encompasses all operating budgets of the College to include educational and general activities, the

operations of auxiliary enterprises, all sponsored program activities, and all capital projects. Its preparation is based on programmatic planning by the College through its executive management, academic offices and department heads. The budgets are then presented to the Board of Trustees for approval.

Additionally, the Board receives quarterly updates of year-to-date actual revenue and expenditures and a comparison to budget. Any adjustments, and/or revisions to the budget, are approved by the Board on a quarterly basis.

After approval, the College ensures budgetary control through the application of account classifications that reflect the various functions of the College with detailed itemization of cost activity by function. Using this approach and the necessary reporting of the data, the responsibility for budgetary control rests at the departmental chairperson level with appropriate oversight provided by the executive management of the College. A centralized review system by accounting personnel ensures proper classification of costs. A computerized system of encumbrance reporting ensures an on-line, real-time processing environment that budgets are not exceeded and that budget variances are approved through executive management.

In addition to this Comprehensive Annual Financial Report, the College prepares annual reports of financial and operational data which are available to the General Assembly of South Carolina and the public for review. These reports provide information that demonstrates the ability of the College to accomplish its mission in a manner that ensures prudent management of public funds.

Debt Administration

The College has developed a comprehensive debt management strategy to provide guidelines relative to acceptable levels of debt and to formulate a mechanism for calculating and monitoring debt while being cognizant of the effect of long-term borrowing on the College's credit rating. The College will manage debt on a portfolio basis. The College's continuing objective to achieve the lowest cost of capital will be balanced with the goal of limiting exposure to market shifts. The College will manage its credit to maintain the highest acceptable credit which will permit the College to issue debt and finance capital projects at favorable interest rates while meeting its strategic objectives. The College will limit its overall debt to a level that will maintain an acceptable credit score with the bond rating agencies.

Cash Management

As a state agency, the investment of funds is vested with the State Treasurer of South Carolina. Other than certain approved petty cash funds and two loan funds, all cash is held in a cash management pool administered by the State Treasurer. By law, the College is allowed to earn interest income on revenues derived from the operations of its Residence Halls, Parking, and Food Service. Certain debt service funds also managed by the State Treasurer allow interest earnings to the credit of the College. All other interest earned from the investment of College and related fees are retained by the State Treasurer and credited to the State General Fund.

Risk Management

The College participates in a statewide risk management program in which the state assumes substantially all risks for unemployment and workers' compensation benefits and claims of covered employees for health, dental, and group life insurance benefits. In addition, the College pays premiums to the South Carolina Insurance Reserve Fund to cover the risk of loss related to the following assets and activities:

- 1) Building and property (including contents),
- 2) General tort liability,
- 3) Automobile liability, and
- 4) Automobile physical damage (comprehensive and collision)

The largest claim the College submitted was after Hurricane Hugo in September 1989. The buildings were fully insured for replacement claim costs and the College received more than \$2,000,000 from the Insurance Reserve Fund for damaged properties. The College also obtains employee fidelity bond insurance coverage from a commercial insurer.

OTHER INFORMATION

Independent Audit

The College of Charleston, as a state agency, receives audit services through the S.C. State Auditor's Office. In recent years the State Auditor has contracted audit services to various independent audit firms. Audits are conducted on an annual basis with the S.C. State Auditor assuming authority and oversight of the audit. The auditor's opinion is unqualified. For the fiscal year 2006 the audit was conducted by Cherry, Bekaert & Holland, L.L.P.

The College was also audited by Cherry, Bekaert & Holland, L.L.P. to ensure compliance with the requirements of the Single Audit Act of 1984 as provided under Federal Circular A-133 for federal grants and contracts. The most recent audit (Fiscal Year 2006) detected no institutional liabilities related to the College's federal programs.

Furthermore, the College is audited on a periodic basis by the S. C. Budget and Control Board - Division of General Services to ensure compliance with the provisions of the South Carolina Procurement Code.

Certificate of Achievement for Excellence in Accounting Reporting

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the College of Charleston for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005. In order to be awarded a Certificate of Achievement, an entity must publish an easily readable and efficiently organized report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to meet the Certificate of Achievement program

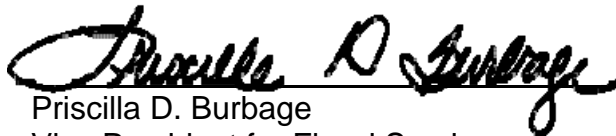
requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

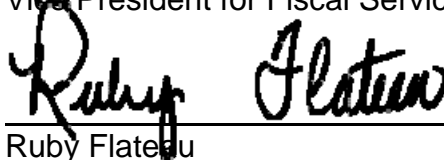
We wish to thank the Board of Trustees and the President of the College for their continued commitment to the fiscal management of the College. Likewise, we wish to thank the members of the College community whose cooperation made the successful close of the fiscal year possible.



Gary M. McCombs
Senior Vice-President for Business Affairs



Priscilla D. Burbage
Vice President for Fiscal Services



Ruby Flateau
Controller



Kenneth "Rick" Mims, C. P. A.
Accounting Fiscal Manager



Stephen K. Stullenbarger, C. P. A.
Accounting Fiscal Manager

**COLLEGE OF CHARLESTON
BOARD OF TRUSTEES
2005 - 2006**

Robert W. Marlowe, Chairman
Member-At-Large

William D. Johnson
Fifth District

Marie M. Land, Vice Chairman
Sixth District

F. Creighton McMaster
Fifth District

J. Philip Bell, Secretary
Third District

G. Lee Mikell
Second District

Donald H. Belk
Member-At-Large

Lawrence R. Miller
Fourth District

Dr. Charlotte L. Berry
Second District

Annaliza Oehmig Moorhead
Third District

Demetria Noisette Clemons
Sixth District

Y. W. Scarborough, III
Governor's Appointee

Dr. L. Cherry Daniel
First District

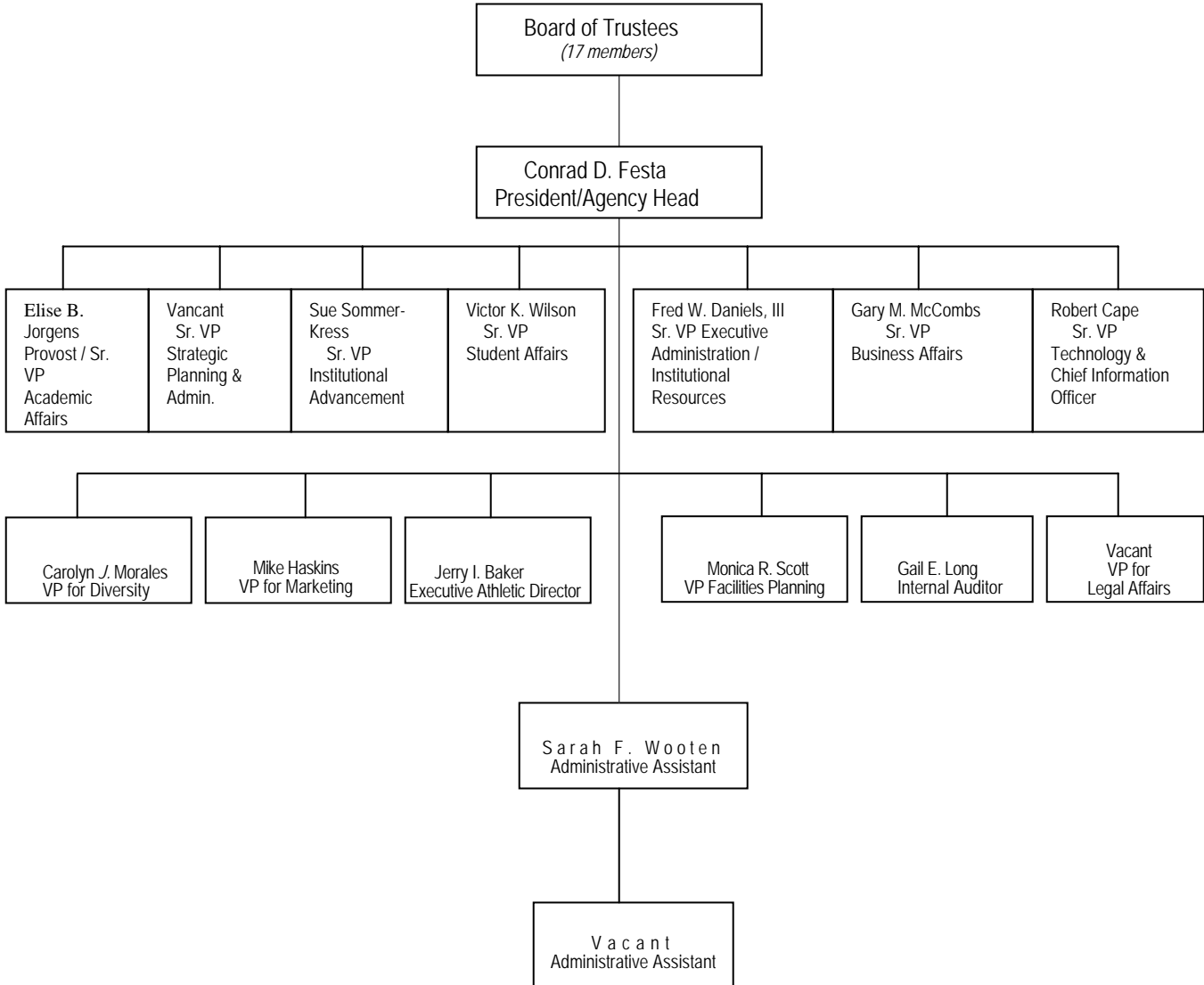
Robert S. Small, Jr.
Fourth District

James F. Hightower
Member-At-Large

Dr. Sam Stafford, III
Governor's Designee

Joseph F. Thompson, Jr.
First District

College of Charleston
President's Office
Organizational Structure



**COLLEGE OF CHARLESTON
BUSINESS AND FINANCE OFFICERS
2005-2006**

Gary M. McCombs
Senior Vice President for Business Affairs

Priscilla Burbage
Vice President for Fiscal Services

Ruby Fleteau
Controller

Kenneth "Rick" Mims, C.P.A.
Accounting Fiscal Manager

Stephen K. Stullenbarger, C.P.A.
Accounting Fiscal Manager

Samuel B. Jones
Director of Budgeting and Payroll Services

Gail E. Long, C.P.A.
Internal Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

College of Charleston,
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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



President

Executive Director

COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



FINANCIAL SECTION

State of South Carolina



Office of the State Auditor

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

RICHARD H. GILBERT, JR., CPA
DEPUTY STATE AUDITOR

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

September 20, 2006

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

The report on the audit of the basic financial statements of the College of Charleston for the fiscal year ended June 30, 2006, was issued by Cherry, Bekaert, & Holland, LLP, Certified Public Accountants, under contract with the South Carolina Office of State Auditor.

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

Respectfully submitted,

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



Independent Auditors' Report

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

We have audited the accompanying basic financial statements of the business type activity and the aggregate discreetly presented component units of **The College of Charleston**, (The College) as of June 30, 2006 and for the year then ended as listed in the table of contents. These basic financial statements are the responsibility of The College's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of The College of Charleston Foundation or the College of Charleston Cougar Club, both component units of the College of Charleston. The College of Charleston Foundation's financial statements reflect 20% of total assets as of June 30, 2006 and 7% of total revenues for the year then ended. The Cougar Club's financial statements represent 1% of total assets as of June 30, 2006 and 1% of total revenues for the year then ended. These statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for these component units, is based solely on the reports of the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of The College of Charleston Foundation and The College of Charleston Cougar Club were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 to the basic financial statements, the accompanying basic financial statements of The College are intended to present the financial position, changes in its financial position, and cash flows of only that portion of the business type activities of the State of South Carolina financial reporting entity that is attributable to the transactions of The College. They do not purport to, and do not, present fairly the financial position of the State of South Carolina as of June 30, 2006, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of the other auditors, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business type activity and the aggregate discreetly presented component units of The College as of June 30, 2006, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2006 on our consideration of The College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis presented in the financial section is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The information presented in the Introductory and Statistical Sections 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.

Cherry, Bebaent & Holland, L.L.P.

Beaufort, South Carolina
September 5, 2006

**COLLEGE OF CHARLESTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006**

Introduction

The College of Charleston's Management Discussion and Analysis (MD&A) presents an overview of its financial condition and guides the reader toward significant financial matters for the year ended June 30, 2006. Management has prepared the discussion and recommends reading it in conjunction with the accompanying financial statements and footnotes. The responsibility for the financial statements, footnotes and this discussion rests with management.

Financial and Other Highlights

- Net assets grew by \$9.3 million or 7.5% from June 30, 2005.
- State appropriations in 2006 increased by \$1.4 million or 5.0% from the prior year appropriations.
- Tuition and fees reflect an extra \$6.6 million, up approximately 9.4% in relationship to fiscal year 2005.
- Scholarship awards of \$21.1 million denote an augmentation of approximately 2.0% as represented in the change in discounts and allowances.
- Total operating expenses in 2006 show an added 5.7% in contrast to 2005. The change in growth rate of expenses declined by 2.3% from the previous years' comparison.

Using the Annual Financial Report:

The annual financial report encompasses three financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows. These financial statements are prepared according to the Governmental Accounting Standards Board (GASB), Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – For Public Colleges and Universities*. They focus on the financial condition of the College, the results of operations and its cash flows as a whole.

The three financial statements, similar to those of the private sector, should assist the reader of the annual report in assessing whether the College's overall financial condition (the Statement of Net Assets) has improved or deteriorated as a result of current year's financial activities (the Statement of Revenues, Expenses and Changes in Net Assets). In addition, the financial statements will help the reader ascertain whether the College can meet its financial obligations. The Statement of Cash Flows displays information related to both inflows and outflows of cash and further classifies activities by operating, non-capital financing, capital and related financing, and investing. Moreover, it answers the questions as to whether the institution is generating any extra cash that can be used to repay debt or to invest in new services, and the institution is generating enough cash to purchase the additional assets required for growth. The elimination of internal service fund

transactions ensures that only transactions external to the College are shown in the statements. The following discussion elaborates further on the components and relationships of the three statements.

First, the *Statement of Net Assets* (the balance sheet) is separated into current and non-current assets and liabilities. Current assets convert to cash within one year and for the College consist mainly of cash and receivables. Current liabilities will settle within one year and consist primarily of payables, deferred revenues and accrued compensation. This data provides information on assets available to continue the operations; amounts due to vendors, investors, lending institutions; and the net assets available for expenditure by the College. All capital assets are reported as well as depreciation expense – the cost of “using up” capital assets. The College does not report any infrastructure assets as a separate line item.

In addition, the *Statement of Net Assets* presents three major categories of net assets. The first category, invested in capital assets, net of related debt, illustrates the College’s equity in property, plant, and equipment. The next category displays the restricted net assets subdivided into expendable and nonexpendable. The amount of nonexpendable restricted resources is available solely for investment purposes. Expendable restricted net assets are available for expenditure but must be spent for purposes as determined by donors and/or external entities based on the defined restrictions. The final category is unrestricted net assets which may be expended for any lawful purpose of the institution.

Secondly, the *Statement of Revenues, Expenses and Changes in Net Assets* presents the sources of revenue, types of expenses, gains or losses, and changes in net assets. Revenues and expenses are categorized as either operating or non-operating. Significant recurring sources of the College’s revenues, including state appropriations, gifts, and investment income (loss) are considered non-operating, as defined by GASB Statement No. 35. The dependence of public educational institutions on state funding, therefore, will normally result in operating deficits. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the College. Operating revenues are classified in five major areas: student tuition and fees; federal, state, and local grants and contracts; auxiliary enterprises; student organization revenues; and other sources.

Scholarships and fellowships applied to student accounts are shown as a reduction of student fee revenues, while stipends and other payments made directly to students continue to be presented as scholarship and fellowship expenses.

Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Operating expenses are mainly attributable to salaries and benefits for

the faculty and staff of the College. Other elements included in operating expenses are supplies and materials, utilities, scholarships and fellowships, and depreciation.

Non-operating revenues are monies received for which goods and services are not provided. State capital appropriations and capital grants and gifts are considered neither operating nor non-operating revenues and are reported after "Income before other revenues, expenses, gains or losses."

Lastly, the *Statement of Cash Flows* presents detailed information about the cash activity of the College during the year and is divided into five sections. The operating section shows the net cash used by the operating activities of the College. The second section presents cash flows from non-capital financing activities and reflects the cash received and spent for non-capital financing purposes. Cash used for the acquisition and construction of capital and related items is detailed in the cash from capital and related financing activities section. The section on cash flows from investing activities shows the interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets. This reconciliation is detailed in the financial statements of the College and is not included in this analysis.

As required by GASB, the Statement of Cash Flows was produced using the direct method. Under the direct method, net cash is determined by adjusting each item in the income statement from the accrual basis to cash.

Statement of Net Assets

The Statement of Net Assets, which details all assets and liabilities of the College, indicates the financial position of the College at the end of the fiscal year. Net assets illustrate the difference between total assets and total liabilities. The change in net assets during the fiscal year is an indicator of the change in the overall financial condition of the College during the year. A synopsis of the College's assets, liabilities, and net assets as of June 30, 2006 and 2005 follows.

Condensed Statement of Net Assets

	2006	2005	Increase (Decrease)	Percent Change
Assets				
Current Assets	\$ 35,311,140	\$ 36,199,607	\$ (888,467)	-2.45%
Capital Assets, Net of Depreciation	172,287,104	166,404,292	5,882,812	3.54%
Other Non-Current Assets	55,159,473	51,570,598	3,588,875	6.96%
Total Assets	<u>262,757,717</u>	<u>254,174,497</u>	<u>8,583,220</u>	3.38%
Liabilities				
Current Liabilities	32,425,520	29,877,218	2,548,302	8.53%
Non-Current Liabilities	97,215,502	100,452,544	(3,237,042)	-3.22%
Total Liabilities	<u>129,641,022</u>	<u>130,329,762</u>	<u>(688,740)</u>	-0.53%
Net Assets				
Investments in Capital Assets, Net of Debt	93,162,474	101,221,675	(8,059,201)	-7.96%
Restricted -- Nonexpendable	1,103,151	1,103,151	-	0.00%
Restricted -- Expendable	33,395,506	11,304,177	22,091,329	195.43%
Unrestricted	5,455,564	10,215,732	(4,760,168)	-46.60%
Total Net Assets	<u>\$ 133,116,695</u>	<u>\$ 123,844,735</u>	<u>\$ 9,271,960</u>	7.49%

The increase of \$9.3 million dollars in total net assets evidences moderate growth in the financial position as of June 30, 2006. This expansion is the result of the College raising the rates of student tuition and fees along with increased state appropriations. Total assets have increased by \$8.6 million, the majority of which resulted from an additional \$5.9 million or 3.5% in capital assets, net of depreciation. Construction-in-progress alone, a component of capital assets, shows an increase of \$10.7 million or 113.2% while accumulated depreciation with a \$5.5 million decrease counterbalances it. An extra \$3.6 million or 7.0% shown under other non-current assets explains the remainder of the change in total assets. In particular, restricted cash and cash equivalents also reported under this category grew from \$46.5 million in fiscal year 2005 to \$50.2 million in 2006. Current assets are comprised mainly of cash and cash equivalents, grants and contract receivables, student account receivables, and auxiliary services. The slight decrease of less than \$1 million dollars or 2.4% reflected under total current assets is attributable to an aggregate reduction of \$6.1 million – cash and cash equivalents, accounts receivables and prepaid items – plus an offset of an addition of \$5.2 million in grants and contracts receivables.

Total liabilities remained relatively unchanged with only a half of a percent decrease between fiscal years 2006 and 2005. Current liabilities are comprised largely of accounts payable and accrued expenses, deferred and unearned student revenues and accrued payroll and related liabilities. Current liabilities increased a little by \$2.5 million or 8.5% from \$29.9 million in 2005 to \$32.4 million in 2006. Accrued payroll and related liabilities, deferred and unearned student revenues, bonds payable, and compensated absences payable effectuated this rise in dollars. Furthermore, decreases in retainage payables, student deposits and accounts payable and

accrued expenses, \$865,317, \$474,724 and \$271,271 respectively equalized the increases.

Total net assets, which convey what remains after deducting the liabilities as of June 30, 2006, were \$133.1 million, \$9.3 million or 7.5% more than in 2005. For fiscal years 2006 and 2005 the capital project balances were \$32.1 million and \$10.3 million respectively. This augmentation of \$21.8 million was caused in part by the increase of \$10.7 million in construction-in-progress and non-mandatory transfers from unrestricted net assets. Invested in capital assets, net of related debt of \$93.2 million shows the College's capital assets after subtracting accumulated depreciation and the principal amount of outstanding debt attributable to the acquisition, construction or improvement of those assets. This figure reflects a decrease of \$8.0 million (8.0%) in comparison to fiscal year 2005. The decrease is explained by a reduction in unspent bond proceeds on construction projects that were ultimately not capitalized. The College's capital assets include land and property in an area of approximately 11 city blocks in the center of downtown Charleston.

Restricted nonexpendable represents the College's permanent endowments. The College is the recipient of two permanent endowments totaling \$1.1 million from the South Carolina Commission on Higher Education. Restricted expendable refers to funds that are externally limited for specific purposes and consists of scholarships and fellowships, sponsored research, student loans, capital projects and debt service.

Unrestricted net assets provide a source of discretionary funds for whatever lawful purposes the College determines appropriate. Although these funds are not subject to external restrictions, the College has designated these funds internally for various academic, research, student assistance and capital purposes. At June 30, 2006, unrestricted net assets total \$5.4 million, a decrease of \$4.8 million (46.6%) when contrasted to 2005. A non-mandatory transfer necessary for the financing of the new George Street project explains the decrease.

The trend in net assets will provide an important indicator of the financial health of the College but should be considered in conjunction with other non-financial factors. Non-financial factors include the quality of applicants, student retention rates, building conditions, and campus safety.

Statement of Revenues, Expenses, and Changes in Net Assets

The results of the operations of the College are shown in the Statement of Revenues, Expenses and Changes in Net Assets. The College's aggregate revenue totals \$168.9 million which includes operating and non-operating sources. It displays operating expenses of \$155.8 million excluding interest charges. *(The charts following the end of this section depict the revenues by source and expenses by function.)* A synopsis of the College's revenues, expenses and changes in net assets for the years ended June 30, 2006 and 2005 follows.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Revenues:				
Tuition and Fees*	\$ 76,836,225	\$ 70,209,451	\$ 6,626,774	9.44%
Federal, State, and Local Grants and Contracts	25,710,666	24,772,856	937,810	3.79%
Auxiliary Services*	25,028,632	24,411,644	616,988	2.53%
Other	2,917,867	2,586,830	331,037	12.80%
Total Operating Revenues	<u>130,493,390</u>	<u>121,980,781</u>	<u>8,512,609</u>	6.98%
State Appropriations	30,328,462	28,895,608	1,432,854	4.96%
Gifts	1,814,079	1,768,037	46,042	2.60%
Auxiliary enterprises interest income	243,788	164,817	78,971	47.91%
Interest/ investment income	897,466	1,337,912	(440,446)	-32.92%
Federal grants and contracts	-	6,731	(6,731)	-100.00%
State grants and contracts	335,700	450,234	(114,534)	-25.44%
Non governmental grants and contract	320,154	124,335	195,819	157.49%
Local grants and contracts	750	5,910	(5,160)	-87.31%
Capital improvement bond proceeds	3,295,604	1,669,677	1,625,927	97.38%
Capital appropriations	1,167,051	-	1,167,051	100.00%
Additions to permanent endowments	-	1,000,000	(1,000,000)	-100.00%
Total Non-operating Revenues	<u>38,403,054</u>	<u>35,423,261</u>	<u>2,979,793</u>	8.41%
Total Revenues	<u>168,896,444</u>	<u>157,404,042</u>	<u>11,492,402</u>	7.30%
Expenses:				
Personnel Cost	75,603,427	69,447,503	6,155,924	8.86%
Benefits	17,925,311	16,399,267	1,526,044	9.31%
Services, Supplies and Others	42,581,839	42,169,650	412,189	0.98%
Utilities	4,777,884	4,648,445	129,439	2.78%
Scholarship and Fellowship	9,138,662	8,767,485	371,177	4.23%
Depreciation and Amortization	5,793,419	6,020,110	(226,691)	-3.77%
Total Operating Expenses	<u>155,820,542</u>	<u>147,452,460</u>	<u>8,368,082</u>	5.68%
Interest on capital assets and related debt	3,721,276	3,929,234	(207,958)	-5.29%
Loss on sale of assets	82,666	-	82,666	-100.00%
Total Non-operating Expenses	<u>3,803,942</u>	<u>3,929,234</u>	<u>(125,292)</u>	-3.19%
Total Expenses	<u>159,624,484</u>	<u>151,381,694</u>	<u>8,242,790</u>	5.45%
Change in Net Assets	9,271,960	6,022,348	3,249,612	53.96%
Net Assets, Beginning	<u>123,844,735</u>	<u>117,822,387</u>	<u>6,022,348</u>	5.11%
Net Assets, Ending	<u>\$ 133,116,695</u>	<u>\$ 123,844,735</u>	<u>\$ 9,271,960</u>	7.49%

* Net of scholarship discounts and allowances

The Statement of Revenues, Expenses, and Changes in Net Assets reflect an increase in the net assets for the year of \$9.3 million or 7.5%. Tuition and related fees of \$76.8 million comprise the largest part of total operating revenues of \$130.5

million and total revenues of \$168.9 million. The raised fee rates during the academic year of 2005-2006 primarily effectuated the 9.4% growth spurt. Tuition and fees accounted for 45.5% of the total revenue in 2006 and 44.6% in 2005.

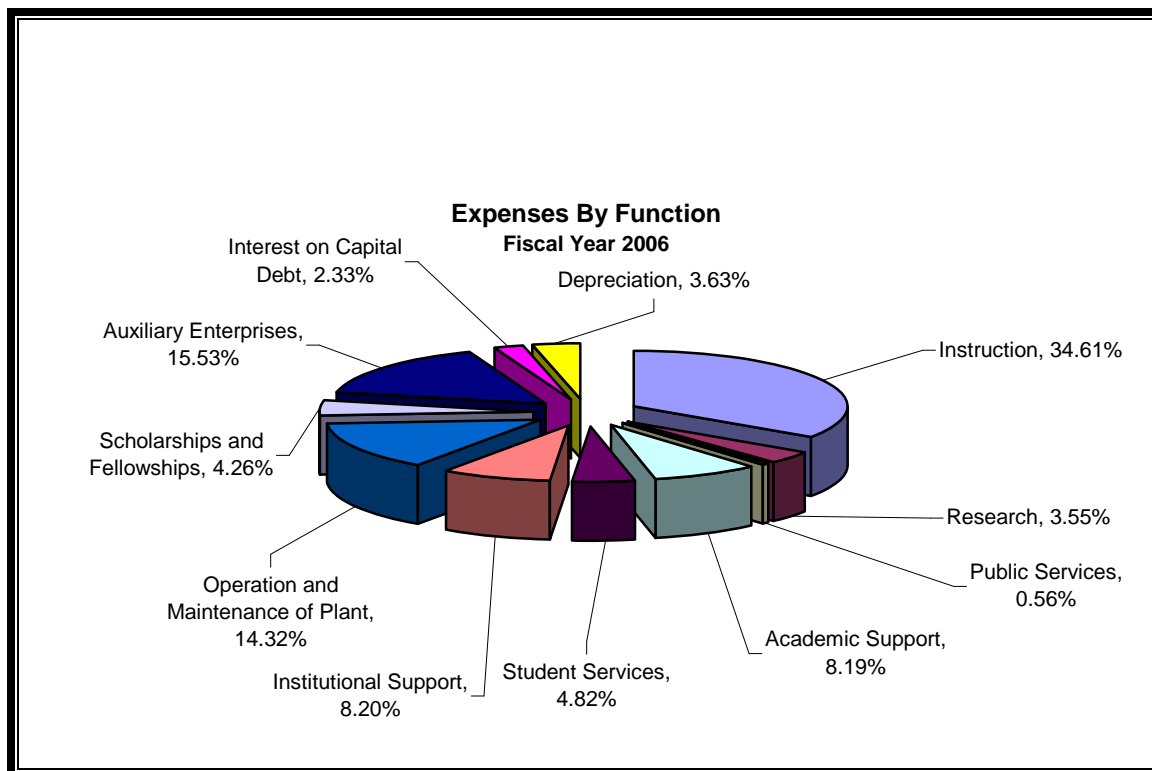
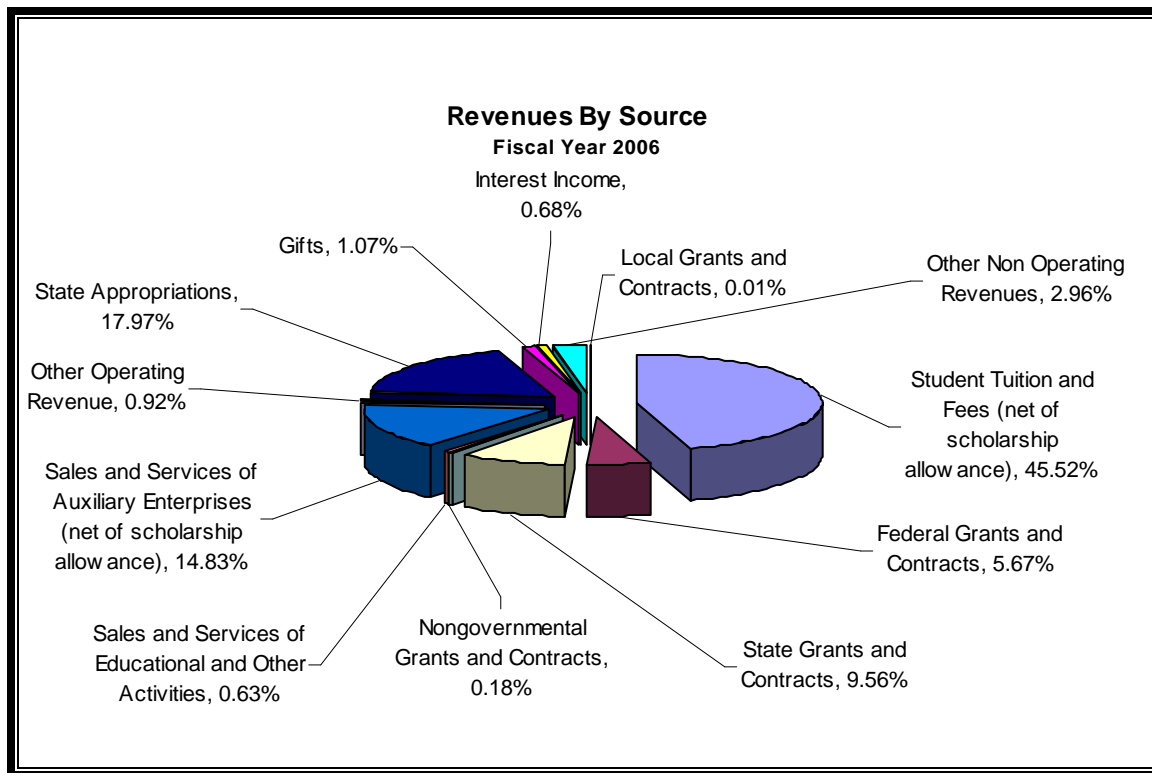
Federal, state, and local grant revenue increased in the aggregate during 2006 by \$0.94 million (3.8%). The majority of the change is due to a \$.74 million increase in state grants and contracts and a \$.22 million increase in federal grants and contracts.

Sales and services of auxiliary enterprises are comprised of athletics, health services, book sales, rental, student housing, food services and parking. Revenues from these sources make up 14.8% or \$25.0 million of the total revenue of \$168.9 million (excluding interest on capital assets and related debt) and show an increase of \$.62 million, up by 2.5% in contrast to 2005. Auxiliary services generated 15.5% of the total revenue during 2005. Total operating losses of \$25.3 million during 2006 and \$25.5 million during 2005 suggest an insignificant change between the two periods.

While net student tuition and fees accounted for the majority of the total revenue at 45.5%, 2006 state appropriations followed at 18.0%. The state appropriation of \$30.3 million in 2006 reflects an increase of \$1.4 million or 5.0% when weighed against 2005. Net non-operating revenue increased by \$1.3 million or 4.6%.

Personnel costs and benefits comprise most of the operating expenses of the College. Approximately \$93.5 million or 60.0% of the total operating expenses covered employee compensation and benefits for the year ended 2006. The net increase in this category was 9.0% or \$7.7 million. Services and supplies, utilities as well as scholarships and fellowships also reflect minor increases of 1.0%, 2.8%, 4.2% respectively while depreciation and amortization decreased by 3.8%. The increase in total operating expenses is 5.7%.

Finally, total other revenue, expenses, gains (losses) strengthened by 67.2% or \$1.8 million. Capital improvement bond proceeds and capital appropriations increased by \$1.6 million and \$1.2 million respectively while additions to permanent endowments decreased by \$1 million.



Statement of Cash Flows

The Statement of Cash Flows also provides information about the College's financial health by reporting the cash receipts and cash payments of the College during the year ended June 30, 2006. A synopsis of the Statement of Cash Flows follows.

Condensed Statement of Cash Flows

	2006	2005	Increase (Decrease)	Percent Change
Cash Provided (Used) by Operating Activities	\$ (17,321,060)	\$ (18,470,448)	\$ 1,149,388	-6.22%
Cash Provided (Used) by Non-Capital Financing Activities	32,776,572	31,121,956	1,654,616	5.32%
Cash Provided (Used) by Capital Debt and Related Financing Activities	(16,201,949)	1,584,828	(17,786,777)	-1122.32%
Cash Provided (Used) by Investing Activities	1,156,187	1,173,938	(17,751)	-1.51%
Net Increase (Decrease) in Cash	409,750	15,410,274	(15,000,524)	-97.34%
Cash, Beginning of Year	66,746,450	51,336,176	15,410,274	30.02%
Cash, End of Year	67,156,200	66,746,450	409,750	0.61%

Cash and cash equivalents maintained a steadiness at roughly \$67 million during 2006. The additional inflow of cash of \$7.6 million (10.9%) from tuition and fees was absorbed by increased payments to employees for salaries and benefits of \$6.2 million (7.2%) and payments to suppliers of \$1.6 million (4.1%). Moreover, cash inflows from sales and services of auxiliary enterprises increased by \$1.4 million. In short, cash outflows for personnel costs and benefits, payments to suppliers and utilities grew moderately in 2006 at 7.2%, 4.1% and 2.8% respectively.

Cash provided by non-capital financing activities increased by \$1.6 million from \$31.1 million during 2005 to \$32.8 million during 2006. The increase of the state appropriations in 2006 of \$1.4 million principally effected this change. State appropriations accounted for \$28.9 million cash inflow in 2005 and \$30.3 million in 2006. The increase of gifts and grants accounts for the remainder of the \$.22 million increase. Gifts and grants were \$2.4 million in 2006 as opposed to \$2.2 million in 2005. Cash flows from capital and related financing activities decreased by \$17.8 million since the College did not issue any bonds during fiscal year 2006.

The net increase in cash for 2006 was \$.40 million, up .61% from 2005. As of fiscal year end 2006, cash and cash equivalents made up 25.5% of the total asset base of the College.

Capital Asset and Debt Activity

A critical factor in continuing the quality of the College's academic and research programs and residential life experience is the acquisition, construction, and improvement of its capital assets. The College continues to implement its long-range plan to modernize its complement of older teaching and research facilities, balanced with new construction.

The College had approximately \$172.3 million invested in capital assets, net of accumulated depreciation of \$74.8 million at the end of June 30, 2006. Total capital assets in 2006 increased by \$5.9 million or 3.5% in relationship to 2005. Accumulated depreciation for the year ended June 2006 was \$74.8 million compared to \$69.3 million in 2005. Construction expenses of the Physical Education Center, the School of Education, and two student services centers attributed to the increase in the construction-in-progress account of \$10.7 million. A synopsis of the net capital assets for the years ended 2006 and 2005 explains significant changes.

	Capital Assets		Increase (Decrease)	Percent Change
	2006	2005		
Land	\$ 21,943,639	\$ 21,943,639	\$ -	
Land Improvements	3,930,238	3,930,238	-	
Buildings	163,016,332	163,016,332	-	
Building Improvements	29,330,207	29,330,207	-	
Equipment	8,349,098	7,711,129	637,969	8.27%
Computer Software	343,732	343,732	-	
Accumulated Depreciation and Amortization	(74,835,739)	(69,348,919)	(5,486,820)	7.91%
Construction in Progress	20,209,597	9,477,934	10,731,663	113.23%
Total Capital Assets - Net	\$ 172,287,104	\$ 166,404,292	\$ 5,882,812	3.54%

Debt

The College issued new Higher Education and Academic and Administrative Facilities Revenue Bonds in the amount of \$32.4 million to fund various projects during 2005. Outstanding long-term debt as of June 30, 2006 was \$95.8 million, \$3.3 million or 3.3% less than in 2005. This debt is comprised of several bond issues that financed the construction of McAlister Hall, the School of Business, and the Addlestone Library as well as the purchase of Kelly House and the Berry Residence Hall renovation. Lastly, the bond revenue is being used to cover current construction and/or renovation expenses of the Physical Education Center, the School of Education, the Simmons Center for the Arts and two student services center. See notes 5, 10, and 11 for additional information on capital assets and long-term debt.

Economic Outlook

As a state-supported higher education institution, the economic position of the College is closely related to the State of South Carolina. The State closed fiscal year 2006 with a budgetary surplus of \$171.5 million. Contributing to the surplus were increases in sales taxes, individual income taxes, and corporate income taxes of 9.8%, 17.7% and 38.4% respectively. Overall, total revenue increased \$635 million, or 11.4%.

Furthermore, the State fully funded its Capital Reserve Fund and Rainy Day Fund and replaced all of the money that in prior years had been spent from the trust accounts of others. This depiction marks the first time this decade that both reserve accounts have been fully funded. The Legislature also created a new Contingency Reserve Fund with surplus budget revenues from 2006. This new fund can be used to help the State recover from storms or for capital expenditures like highways and bridges.

Throughout the first half of 2006, the U.S. and in particular South Carolina economies have been performing well. While during many periods South Carolina's economy clearly lagged behind that of the United States – especially in terms of new job creation – the most recent employment data for the state shows that South Carolina is finally adding jobs at an above-average pace. For the first quarter of 2006, aggregate employment in South Carolina was more than 2.1 percent ahead of the same period in 2005. For all of 2006, total employment is expected to grow slower (at 2.5 percent) than real GDP (at nearly 3.5 percent). This performance indicator is strong, especially at this phase of the current economic expansion.

The College remains committed to the challenge and to its overall mission of providing excellence in education, research, and service. As evidenced by recent reports of the State's robust recovery, executive management believes that this strengthening state economy and a continued focus on maintaining a diversified revenue stream such as state appropriations, grants and private gifts will build the solid financial structure necessary to limit tuition increases in the future. In addition, the College's high degree of accessibility to capital funds through the issuance of long-term bonds will enable it to provide the array of facilities required to support its mission.

**COLLEGE OF CHARLESTON
STATEMENT OF NET ASSETS
JUNE 30, 2006**

Assets

Current Assets

Cash and cash equivalents	\$ 16,946,360
Accounts receivable	3,691,637
Allowances for bad debts	(227,000)
Grants and contracts receivable	13,330,847
Private gifts receivable	424,565
Interest income receivable	193,777
Prepaid items	733,838
Inventories	217,116
Total Current Assets	\$ 35,311,140

Non-Current Assets

Restricted cash and cash equivalents	\$ 50,209,840
Related parties receivable	1,000,000
Student loans receivable	2,227,428
Prepaid items	421,157
Land	21,943,639
Land improvements	3,930,238
Buildings	163,016,332
Building improvements	29,330,207
Equipment	8,349,098
Computer software	343,732
Accumulated depreciation	(74,835,739)
Construction in progress	20,209,597
Bond issue costs (net)	1,301,048
Total Non-Current Assets	\$ 227,446,577

Total Assets	\$ 262,757,717
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Liabilities And Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$ 7,160,012
Accrued payroll and related liabilities	5,059,376
Retainage payable	212,074
Deferred and unearned student revenues	13,794,133
Student deposits	298,071
Compensated absences payable	1,186,080
Deposits held for others	233,923
Accrued interest payable	1,048,336
Bonds payable	3,433,515
Total Current Liabilities	\$ 32,425,520

Non-Current Liabilities

Compensated absences payable	\$ 2,339,306
Bonds payable	92,396,052
Federal capital contribution	2,480,144
Total Non-Current Liabilities	\$ 97,215,502

Total Liabilities	\$ 129,641,022
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Net Assets

Invested in capital assets, net of related debt	\$ 93,162,474
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Restricted for:

Nonexpendable	
Endowed professorship	103,151
Endowment other	1,000,000
Expendable	
Scholarships and fellowships	147,056
Research	277,570
Loans	93,133
Capital projects	32,066,535
Debt service	811,212

Unrestricted	5,455,564
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Total Net Assets	\$ 133,116,695
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See Accompanying Notes to Financial Statements

COLLEGE OF CHARLESTON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

Operating Revenues

Tuition and related fees (\$3,705,822 pledged for debt service; net of scholarship allowance of \$16,308,523)	\$ 76,836,225
Federal grants and contracts	9,568,481
State grants and contracts	16,135,649
Local Grants and Contracts	6,536
Non governmental grants and contracts-restricted	300,421
Educational activities revenues	408,228
Student organizations generated revenues	648,282
Sales and Services of Auxiliary Enterprises	
Revenues not pledged for debt service	
Athletics (net of scholarship allowance of \$1,121,951)	5,493,161
Health services (net of scholarship allowance of \$177,620)	764,163
Bookstore	403,938
Rental, vending, and debit card	204,814
Revenues pledged for debt service	
Housing (net of scholarship allowance of \$2,570,517)	11,260,685
Food service (net of scholarship allowance of \$963,753)	4,797,499
Parking	2,104,372
Other sources	1,560,936

Total Operating Revenues	\$ 130,493,390
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Operating Expenses

Personnel cost	\$ 75,603,427
Benefits	17,925,311
Services, supplies and others	42,581,839
Utilities	4,777,884
Scholarships and fellowships	9,138,662
Depreciation and amortization	5,793,419

Total Operating Expenses	\$ 155,820,542
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Operating Income (Loss)	\$ (25,327,152)
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Non-Operating Revenues (Expenses)

State appropriations	\$ 30,328,462
Gifts	1,814,079
Auxiliary enterprises interest income	243,788
Interest/investment income	897,466
Interest on capital assets and related debt	(3,721,276)
State grants and contracts	335,700
Non governmental grants and contracts	320,154
Local grants and contracts	750
Loss on sale of assets	(82,666)

Total Net Non-Operating Revenues (Expenses)	\$ 30,136,457
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Income Before Other Revenues, Expenses, Gains (Losses)	\$ 4,809,305
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Other Revenues, Expenses, Gains, and Losses

Capital improvement bond proceeds	\$ 3,295,604
Capital appropriations	1,167,051

Total Other Revenue, Expenses, Gains (Losses)	\$ 4,462,655
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Increase In Net Assets	\$ 9,271,960
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Net Assets, Beginning Of Year	123,844,735
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Net Assets, End Of Year	\$ 133,116,695
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See Accompanying Notes to Financial Statements

COLLEGE OF CHARLESTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

Cash Flow From Operating Activities		
Tuition and fees	\$	77,634,880
Grants and contracts		24,556,146
Sales and services of education and other activities		1,056,510
Sales and services of auxiliary enterprises		25,651,115
Other operating revenues		1,525,982
Payments to employees for salaries and benefits		(91,622,200)
Payments to suppliers		(42,174,907)
Payments for utilities		(4,777,884)
Payments to students for scholarships and fellowships		(9,138,662)
Loans issued to students		(436,559)
Collection of loans to students		475,477
Funds held for others		(70,959)
Student direct lending receipts		40,205,843
Student direct lending disbursements		(40,205,842)
Net Cash Used By Operating Activities	\$	(17,321,060)
Cash Flows From Non-Capital Financing Activities		
State appropriations	\$	30,328,462
Gifts and grants for other than capital purpose		2,448,110
Net Cash Provided by Non-Capital Financing Activities	\$	32,776,572
Cash Flows From Capital And Related Financing Activities		
Proceeds from capital improvement bonds	\$	3,295,604
Proceeds from capital appropriations		1,167,051
Purchases of capital assets		(13,674,117)
Principal paid on capital debt		(3,304,509)
Interest paid on capital related debt		(3,685,978)
Net Cash Used by Capital Debt And Related Financing Activities	\$	(16,201,949)
Cash Flows From Investing Activities		
Interest on investments	\$	1,156,187
Net Cash Provided by Investing Activities	\$	1,156,187
Net change in cash and cash equivalents	\$	409,750
Cash and cash equivalents - Beginning of the Year		66,746,450
Cash and Cash Equivalents - End of the Year	\$	67,156,200
Reconciliation of net operating revenue (expenses) to net cash provided (used) by operating activities		
Operating income (loss)	\$	(25,327,152)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities		
Depreciation and amortization expense		5,793,419
Changes in assets and liabilities:		
Funds held for others		(70,959)
Account receivable, net		898,836
Inventories		(57,637)
Student loan receivable		38,918
Prepaid expenses		491,076
Accounts payable and accrued expenses		1,507,342
Accrued compensated absences and related liabilities		372,689
Deferred revenue		(1,226,043)
Student and other deposits		258,451
Net Cash Used by Operating Activities	\$	(17,321,060)
Reconciliation of Cash and Cash Equivalent Balances:		
Current Assets:		
Cash and cash equivalents	\$	16,946,360
Noncurrent assets:		
Restricted cash and equivalents		50,209,840
Total Cash and Cash Equivalents	\$	67,156,200

See Accompanying Notes to Financial Statements

COLLEGE OF CHARLESTON FOUNDATION
 COMPONENT UNIT
 STATEMENT OF FINANCIAL POSITION
 DECEMBER 31, 2005

Assets

Cash and cash equivalents	\$ 6,110,127
Accounts receivable	213,855
Accrued interest receivable	146,200
Prepaid expenses	21,950
Inventories	15,971
Unconditional promises to give, net	7,116,534
Investments	41,480,258
Contributions receivable from remainder trusts	326,656
Cash value of life insurance	61,200
Property and equipment, net	10,047,186
Total Assets	\$ 65,539,937

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 813,114
Annuities payable	410,766
Deferred revenue	6,100
Marine Genomics grant payable	1,070,703
Total Liabilities	\$ 2,300,683

Net Assets

Unrestricted:	
Undesignated	\$ 11,296,353
Temporarily restricted:	
Restricted for:	
Program expenses	20,428,835
Investment in property	955,620
Permanently restricted:	
Permanent endowments	30,558,446
Total Net Assets	\$ 63,239,254
Total Liabilities and Net Assets	\$ 65,539,937

See Accompanying Notes to Financial Statements

COLLEGE OF CHARLESTON FOUNDATION
COMPONENT UNIT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains and other support:				
Contributions	\$ 1,833,949	\$ 5,151,586	\$ 2,068,440	\$ 9,053,975
Net interest and dividend income	111,836	1,470,876	-	1,582,712
Rental income	799,964	-	-	799,964
Net realized and unrealized gains (losses) on long-term investments	12,174	1,106,064	-	1,118,238
Other income	23,873	442,362	3,745	469,980
Gain (loss) on sale of equipment	600	(10,079)	-	(9,479)
Changes in value of split interest agreements	-	13,859	-	13,859
Subtotal	2,782,396	8,174,668	2,072,185	13,029,249
Net assets released from restrictions:				
Program restrictions satisfied	3,085,373	(3,085,373)	-	-
Payment of administrative surcharges	337,240	(337,240)	-	-
Transfer of funds	(849,707)	(704,083)	1,553,790	-
Total revenue, gains (losses), and other support	5,355,302	4,047,972	3,625,975	13,029,249
Expenses:				
Program:				
Student aid and recognition	1,452,993	-	-	1,452,993
Faculty/ community enrichment	3,330,945	-	-	3,330,945
Total program expenses	4,783,938	-	-	4,783,938
Supporting Services:				
General and administrative	456,648	-	-	456,648
Fundraising	597,012	-	-	597,012
Total supporting services	1,053,660	-	-	1,053,660
Change in allowance for uncollectible promises to give	(66,098)	109,597	51,044	94,543
Total Expenses	5,771,500	109,597	51,044	5,932,141
Change in net assets	(416,198)	3,938,375	3,574,931	7,097,108
Net Assets, Beginning of Year	11,712,551	17,446,080	26,983,515	56,142,146
Net Assets, End of Year	\$ 11,296,353	\$ 21,384,455	\$ 30,558,446	\$ 63,239,254

See Accompanying Notes to Financial Statements

COLLEGE OF CHARLESTON COUGAR CLUB
COMPONENT UNIT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2006

Assets

Cash and cash equivalents	\$	492,480
Investments		125,801
Due from related organizations		6,062
Prepaid expenses		1,787
Property and equipment, net		7,589
Total Assets	\$	633,719

Liabilities and Net Assets

Liabilities

Accounts payable	\$	2,891
Due to related organizations		3,759
Deferred revenue		146,780
Incentive compensation contract		125,801
Total Liabilities	\$	279,231

Net Assets

Unrestricted	\$	22,313
Temporarily restricted		332,175
Total Net Assets	\$	354,488
Total Liabilities and Net Assets	\$	633,719

See Accompanying Notes to Financial Statements

COLLEGE OF CHARLESTON COUGAR CLUB
COMPONENT UNIT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains and other support:				
Contributions and memberships	\$ 496,758	\$ 512,825	\$ -	\$ 1,009,583
Season ticket sales	213,818	-	-	213,818
Sponsorship sales	50,238	-	-	50,238
Special events net of direct expenses of \$59,933	46,734	-	-	46,734
Investment return	677	-	-	677
Other income	4,214	-	-	4,214
Subtotal	812,439	512,825	-	1,325,264
Net assets released from restrictions	609,401	(609,401)	-	-
Total revenue, gains (losses), and other support	1,421,840	(96,576)	-	1,325,264
Expenses:				
Program:				
Grants and support	899,969	-	-	899,969
Membership activities	303,552	-	-	303,552
Incentive compensation contract	6,993	-	-	6,993
Total program expenses	1,210,514	-	-	1,210,514
Supporting Services:				
General and administrative	56,896	-	-	56,896
Fundraising	68,900	-	-	68,900
Total supporting services	125,796	-	-	125,796
Change in allowance for uncollectible promises to give	-	-	-	-
Total Expenses	1,336,310	-	-	1,336,310
Change in net assets	85,530	(96,576)	-	(11,046)
Net Assets, Beginning of Year	(70,210)	435,744	-	365,534
Net Assets, End of Year	\$ 15,320	\$ 339,168	\$ -	\$ 354,488

See Accompanying Notes to Financial Statements

**THE COLLEGE OF CHARLESTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The College of Charleston is a state-supported institution of higher education. The College's main purpose is to provide a world-class liberal arts education to undergraduate and graduate students. It is committed to attracting the most promising students from South Carolina, other states in the nation, and from around the world.

The accompanying basic financial statements present the statement of net assets, statement of revenue, expenses and changes in net assets, and the statement of cash flows of the College of Charleston. The financial statements include individual schools and departments. The College includes all funds and account groups, and all entities over which the College exercises or has the ability to exercise oversight authority for financial reporting purposes.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationships with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete. Accordingly, the financial statements include the accounts of the College, as the primary government, and the accounts of its component units, the College of Charleston Foundation and the Cougar Club. The College is part of the primary government of the State of South Carolina.

The College of Charleston Foundation is a separately chartered corporation formed primarily to provide financial assistance and scholarships to the College. The Foundation reports under the Financial Accounting Standards Board (FASB) and operates on a calendar year basis.

The Cougar Club is a separately chartered corporation organized exclusively to solicit and provide funds to the Athletic Department. The Cougar Club reports under the Financial Accounting Standards Board (FASB) and its fiscal year runs concurrent with the College.

Financial Statement Presentation

The financial statement presentation for the College meets the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and*

Local Governments, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The financial statement presentation provides a comprehensive, entity-wide perspective of the College's net assets, revenues, expenses and changes in net assets and cash flows. In addition and as per GASB Statement No. 39, its component units are discretely presented in the report.

Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements reflect 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 fees and auxiliary enterprise fees are presented net of scholarship discounts and allowances applied to student accounts, while stipends and other payments made directly are presented as scholarship and fellowship expenses. All significant intra-agency transactions have been eliminated.

The College has elected not to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

Cash and Cash Equivalents

The amounts shown in the financial statements in the College funds as "cash and cash equivalents" represent petty cash, cash on deposits in banks, cash on deposit with the State Treasurer, cash invested in various instruments by the State Treasurer as part of the State's internal cash management pool as well as cash invested in various short-term investments by the State Treasurer and held in separate agency accounts.

Most State agencies including the College participate in the State's internal 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 and certain corporate bonds.

The State's internal 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 the account are credited to the General Fund of the State. The College records its deposits in the general deposit account at cost. It records and reports its special deposit account at fair value.

For purposes of the Statement of Cash Flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State of South Carolina State Treasurer's Office are considered cash equivalents.

Investments

The College accounts for its investments at fair market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses and Changes in Net Assets.

Accounts Receivable

Accounts receivable consist of tuition and fee charges to students, gift receivables, and auxiliary enterprise services provided to students and other outside entities. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. Student loans receivable consist of amounts due from the Federal Perkins Loan Program.

Inventories

The College reports inventories using the consumption approach for which goods are recorded as assets at the time of purchase and recognition of the expenditures are deferred until the goods are actually consumed. Inventories are carried at cost on a first-in, first-out basis. Items accounted for as the College inventories include maintenance, janitorial, housing and office supplies.

Capital Assets

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

Depreciation is computed using the straight-line method over the estimated useful life of the asset, generally 15 to 50 years for buildings and improvements and land improvements, and 3 to 25 years for machinery, equipment, and vehicles. A full year of depreciation is taken during the year the asset is placed in service and no depreciation is taken in the year of disposition.

Deferred Revenues and Deposits

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Deposits include dormitory room deposits, advance tuition payments, and other miscellaneous deposits. Student deposits are recognized as revenue during the semester for which the fee to which the deposit relates is applicable, and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

Rebatable Arbitrage

Arbitrage involves the investment of proceeds from the sale of tax-exempt securities in a taxable investment that yields a higher rate of return, resulting in income in excess of interest costs. Federal law requires entities to rebate to the government such income on tax-exempt debt if the yield from these earnings exceeds the effective yield on the related tax-exempt debt issued.

Governmental units that issue no more than \$5 million in total of all such debt in a calendar year are exempt from the rebate requirements. For this purpose, tax-exempt indebtedness includes bonds and certain capital leases and installment purchases. Rebates are payable every five years or at maturity of the debt, whichever is earlier. However, the potential liability is calculated annually for financial reporting purposes. The College of Charleston has no arbitrage liability at June 30, 2006.

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 of 45 days annual vacation 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. The College calculates the compensated absences liability based on recorded balances of unused leave for which the employer expects to compensate employees through cash payments at termination. That liability is inventoried at fiscal year-end current salary costs and the cost of the salary-related benefit payments.

The net change in the liability is recorded in the current year in the applicable functional expenditure categories. The liability and expense incurred are recorded at year-end as compensated absences payable in the Statement of Net Assets, and as a component of compensation and benefit expense in the Statement of Revenues, Expenses, and Changes in Net Assets.

Perkins Loans Receivable and Related Liability

The loans receivable on the balance sheet is due to the College under the Perkins Loan Program. This program is funded primarily by the federal government with the College providing a required match. The amount reported as Perkins liability is the amount of cumulative federal contributions and a pro rata share of net earnings on the loans under this program which would require repayment to the federal government if the College ceases to participate in the program. The College

recognizes as revenue and expenses only the portion attributable to its matching contribution.

Net Assets

The College's net assets are classified as follows:

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

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

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

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services to students, faculty and staff.

The College policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Income Taxes

The College, as a political subdivision of the State of South Carolina, is excluded from federal income taxes under Section 115 (1) of the Internal Revenue Code, as amended.

Classification of Revenues and Expenses

The College has classified its revenues and expenses as either operating or non-operating according to the following criteria:

Operating revenues and expenses: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) federal, state and local grants and contracts for services that finance programs the College would not otherwise undertake, (4) receipts for scholarships where the provider has identified the student recipients, and (5) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College. Operating

expenses include all expense transactions incurred other than those related to investing, capital or non-capital financing activities.

Non-operating revenues and expenses: Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes. Non-operating expenses include interest paid on capital asset related debt, losses on the disposal of capital assets, and refunds to grantors.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or non-governmental programs, are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Sales and Services of Educational and Other Activities

Revenues from sales and services of educational and other activities generally consist of amounts received from instructional, laboratory, research, and public service activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public. The College receives such revenues primarily from the general public.

Auxiliary Enterprises and Internal Service Activities

Auxiliary enterprise revenues primarily represent revenues generated by intercollegiate athletics, parking, bookstore, food services, housing, health services, debit card, and vending. Revenues of internal auxiliary enterprise activities and the related expenditures of college departments have been eliminated.

Use of Estimates in Accounting

The College has used estimates in certain situations to enable it to prepare properly the financial statements. Estimates are used to determine the useful life of long-lived assets such as buildings, improvements, and equipment. The College has used estimates as provided by the South Carolina Comptroller General's Office in developing the estimates of useful lives. In addition, the College has estimated the percentage of accounts receivable that may not be collected, typically known as the allowance for bad debts. The College uses an aging analysis to estimate this allowance. Actual results could vary from these estimates.

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

All deposits and investments of the College are under the control of the State Treasurer, who, by law, has sole authority for investing State funds. Information pertaining to the reported amounts, fair values and credit risk of the State Treasurer's deposits and investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

The following schedule reconciles deposits and investments in the footnotes to the Statement of Net Assets amounts:

Schedule of Deposits and Investments

Statement of Net Assets

Current assets	
Cash and Cash Equivalents	\$ 16,946,360
Noncurrent assets	
Restricted assets:	
Cash and Cash Equivalents	50,209,840
	<u>\$ 67,156,200</u>

Disclosure, Deposits, and Investments

Cash on hand	\$ 10,325
Deposits held by State Treasurer	55,961,629
Wachovia Operating Checking Account	11,080,581
Bank of America Payroll Checking Account	32,408
Wachovia Perkins Loan Accounts	71,257
	<u>\$ 67,156,200</u>

Deposits Held by State Treasurer

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the deposits of the College of Charleston may not be returned to the College. For deposits held by the 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, 2006, 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 credit risk of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

With respect to the College's other deposits at year-end, all of these deposits are either insured or collateralized with securities held by the entity or by its agent in the entity's name, or collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Restricted cash deposits include a restricted endowment fund of \$101,322; \$347,003 for Perkins Loan Fund; \$184,213 held for others; and \$49,577,302 for capital projects.

Other Deposits

The College owns approximately \$11,184,246 of the total other deposits which are held in checking accounts used to pay payroll and operating expenses and to handle Perkins Loans collections. Federal Depository Insurance Corporation (FDIC) covers the deposits of the College's checking and Perkins Loans accounts up to the FDIC limit of \$100,000 and the balance is collateralized by government securities.

Investments

The College of Charleston Foundation, a component unit of the College, has investments consisting of money funds, marketable debt, equity securities, mutual funds and U. S. government securities which are carried at fair market value based on quoted market prices determined at the date of the Statement of Financial Position. Investments donated to the Foundation are initially recorded at market value on the date of the gift. Unrealized gains and losses are included in the change in net assets in the Statement of Activities.

The Foundation maintains master investment accounts for its donor-restricted and board-designated endowments. Investment income and expenses, including unrealized gains and losses from securities in the master investment accounts, are allocated semi-annually to the individual endowments based on the relationship of the market value of each endowment to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

The Foundation maintains its cash accounts in three different commercial banks and two investment firms located in South Carolina. Accounts held at each bank are insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC) as provided by law. The majority of investments other than bank accounts are held by one local investment firm. This investment firm provides up to \$500,000 protection, including \$100,000 for cash, through Securities Investor Protection Corporation (SIPC). In addition, the firm purchases additional insurance to apply to losses above the SIPC protection level up to \$1,000,000 for cash and bearer securities and up to the net equity value for other securities. At December 31, 2005 cash held at the other investment company has zero to minimum credit risk.

The Foundation is also subject to concentration of credit risk related to its unconditional promises to give—receivables. Contributions and unconditional promises to give consist of gift amounts from individuals and businesses predominantly located in the State of South Carolina. At December 31, 2005, promises from three donors represented 56% of the total promises to give balance. At December 31, 2004, promises from one donor represented 32% of the total promises to give balance.

Investments – Non-Governmental Discretely Presented Component Units

The College of Charleston Foundation investments as of December 31, 2005 are as follows:

Investment Carried at Fair Value		
	Cost (in thousands)	Fair Value (in thousands)
Cash	\$ 2	\$ 2
Money Funds	772	772
Debt securities	7,696	7,621
Equity securities	8,875	9,676
Mutual funds	15,567	18,952
U. S. Government securities	4,443	4,457
	<u>\$ 37,355</u>	<u>\$ 41,480</u>

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2006, are summarized as follows:

Accounts Receivable As of June 30, 2006	
Perkins Loan Receivable	\$ 2,227,428
Student Accounts	2,309,501
Less Allowance for Doubtful Accounts	(227,000)
Federal Grants and Contracts	11,574,913
State Grants and Contracts	1,386,577
Nongovernmental Grants and Contracts	118,926
Related Parties	1,177,832
Interest Income	193,777
Other	671,118
Auxiliary Enterprise	1,208,182
Net Accounts Receivable	<u>\$ 20,641,254</u>

Allowances for losses on student accounts receivable are established based upon actual losses expended in prior years and/or evaluations of the current account portfolio. At June 30, 2006, the allowance for uncollectible student accounts is valued at \$227,000.

NOTE 4 – LOANS RECEIVABLE

Student loans made through the federal Perkins Loan Program comprise substantially all of the loans receivable as of June 30, 2006. The Perkins Loan Program provides various repayment options. Students have the right to repay the loans over periods up to 10 years depending on the amount of the loan and loan cancellation privileges the student may exercise. These loans are classified as non-current receivables. As the College determines that loans are uncollectible, the loans are written off and assigned to the U.S. Department of Education.

NOTE 5 – CAPITAL ASSETS

	Beginning Balance 7/1/2005	Increases	Decreases	Ending Balance 6/30/2006
Capital assets not being depreciated:				
Land	\$ 21,943,639	\$ -	\$ -	\$ 21,943,639
Construction in progress	9,477,934	10,731,663	-	20,209,597
Total capital assets not being depreciated	\$ 31,421,573	\$ 10,731,663	\$ -	\$ 42,153,236
Other capital assets:				
Land improvements	\$ 3,930,238	\$ -	\$ -	\$ 3,930,238
Buildings	163,016,332	-	-	163,016,332
Building improvements	29,330,207	-	-	29,330,207
Machinery, equipment, and other	6,801,378	1,082,922	232,074	7,652,226
Computer software	343,732	-	-	343,732
Motor vehicle	909,751	37,210	250,089	696,872
Total other capital assets at historical cost	\$ 204,331,638	\$ 1,120,132	\$ 482,163	\$ 204,969,607
Less accumulated depreciation for:				
Land improvements	\$ 3,017,920	\$ 65,164	\$ -	\$ 3,083,084
Buildings	44,560,881	3,926,049	-	48,486,930
Buildings improvements	16,903,456	1,059,915	-	17,963,371
Machinery, equipment, and other	3,977,131	605,272	187,113	4,395,290
Computer software	343,732	-	-	343,732
Motor vehicle	545,799	87,665	70,132	563,332
Total accumulated depreciation	\$ 69,348,919	\$ 5,744,065	\$ 257,245	\$ 74,835,739
Other capital assets, net	\$ 134,982,719	\$ (4,623,933)	\$ 224,918	\$ 130,133,668
Capital assets, net	\$ 166,404,292	\$ 6,107,730	\$ 224,918	\$ 172,287,104

NOTE 6 – PENSION PLAN (S)

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.

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

South Carolina Retirement System

The majority of employees of the College 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 adjustments, death, and group life insurance benefits to eligible employees and retirees.

Since July 1, 2005, employees participating in the SCRS have been required to contribute 6.25 percent of all compensation. Effective July 1, 2004, the employer contribution rate became 10.80 percent, which includes a 3.25 percent surcharge to fund retiree health and dental insurance coverage. The College's actual contributions to the SCRS for the three most recent fiscal years ended June 30, 2006, 2005, and 2004, were \$2,849,868; \$2,829,226; and \$2,691,038 respectively, and equaled the required contributions of 7.55 percent (excluding the surcharge) for each year. Also, the College paid employer group life insurance contributions of \$56,612 in the current fiscal year at the rate of .15 percent of compensation.

Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement plan administered by the Retirement Division. 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 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.

Since July 1, 1988, 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, includes the 3.25 percent surcharge. The College's actual contributions to the PORS for the years ended June 30, 2006, 2005, and 2004, were \$182,047; \$180,705; and \$179,147 respectively, and equaled the required contribution of 10.30 percent (excluding the surcharge) for each year. Also, the College paid employer group life insurance contributions of \$3,535 and accidental death insurance contributions of \$3,535 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

Optional Retirement Program

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 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 and effective fiscal year 2005, contributions to the ORP are required at the same rate as for the SCRS, 7.55 percent plus the retiree surcharge of 3.25 percent from the employer.

Certain College employees have elected to be covered under optional retirement plans. For the fiscal year 2006, total contribution requirements to the ORP were \$1,879,220 (excluding the surcharge) from the College as employer and \$1,533,727 from its employees as plan members. In addition, the College paid \$37,335 for group life insurance coverage for these employees. All amounts were remitted to the Retirement Division of the State Budget and Control Board for distribution to the respective annuity policy providers. The obligation for payment of benefits resides with the insurance companies.

Deferred Compensation Plans

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the College have elected to participate. The multiple employer plans, created under Internal Revenue Code Sections 457, and 401 (k), are administered by third parties and are not included in

the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

Teacher and Employee Retention Incentive

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost-of-living adjustments granted during the TERI period. Participants did contribute to SCRS for fiscal year 2006. Their SCRS contributions do not earn service credit and are ineligible to receive group life benefits or disability retirement benefits.

NOTE 7 – POSTEMPLOYMENT 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 College are eligible to receive these benefits. The State provides post employment health and dental benefits to employees who retire from State service or who terminate 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 these State funded benefits. Benefits are effective at the date of retirement when the employee is eligible for retirement benefits.

These benefits are provided through annual appropriations by the General Assembly to the College for its active employees and to the State Budget and Control Board for all participating State retirees except the portions funded through the pension surcharge and provided from other applicable fund sources of the College 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 29,000 State retirees meet these eligibility requirements. The College recorded compensation and benefit expenses for these insurance benefits for active employees in the amount of \$4,467,602 for the year ended June 30, 2006. As discussed in Note 6, the College paid \$2,035,703 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 College retirees is not available. By State law, the College 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 System to pay supplemental (cost of living) increases to retirees. Such increases are primarily funded from the Systems' earnings; however, a portion of the required amount is appropriated from the State General Fund for the SCRS and PORS benefits.

NOTE 8 – CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS

The College entered into an "Agreement of Purchase and Sale" on October 20, 2005 with McAlister Development Company. This purchase agreement for \$55,800,000 includes a 440-bed dormitory, 198-bed apartment complex, a 24,000-square foot cafeteria and the underlying land. It also includes the underlying land for a 550-car parking garage. The estimated completion date of the project is August 1, 2007. No monies are due to the developer until the completion of the project.

The College is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of College management, there are no material claims or lawsuits against the College that are not covered by insurance or whose settlement would materially affect the College's financial position.

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

The College had outstanding commitments under construction contracts of approximately \$11,496,354 at June 30, 2006. Of this total, \$9,763,846 is attributable to capital projects and the balance of \$1,732,508 is for non-capital repairs and maintenance. The College anticipates funding these projects out of current resources, current and future bond issues, private gifts, student fees, and State Capital Improvement Bond proceeds. The State has issued Capital Improvement Bonds to fund improvements and expansion of State facilities. The College is not obligated to repay these funds to the State. Authorized funds can be requested as needed once the State authorities have given approval to begin specific projects and project expenditures have been incurred. The College has \$759,715 of authorized State Capital Improvement Bond proceeds available to draw at June 30, 2006.

NOTE 9 – LEASE OBLIGATIONS

Future commitments for operating leases having remaining non-cancelable terms in excess of one year as of June 30, 2006 are as follows:

Year Ending June 30,	Operating Leases		
	Equipment	Real Property	
		External Parties	Other State Agencies
2007	\$ 135,263	\$ 2,231,000	\$ 450,976
2008	100,205	2,184,050	457,434
2009	71,220	2,057,787	464,059
2010	61,862	2,062,307	226,458
2011	33,730	2,066,687	127,821
2012-16	-	10,296,226	639,105
2017-21	-	7,359,565	639,105
2022-26	-	2,997,700	639,105
2027-31	-	500,000	639,105
2032-36	-	500,000	639,105
2037-41	-	200,000	639,105
2042-46	-	-	639,105
2047-51	-	-	639,105
2052-56	-	-	639,105
2057-61	-	-	639,105
2062-66	-	-	95,866
Total minimum lease payments	<u>\$ 402,280</u>	<u>\$ 32,455,322</u>	<u>\$ 8,213,664</u>

Operating Leases

The College's non-cancelable operating leases having remaining terms of more than one year expire in various fiscal years from 2007 through 2062. The various operating leases provide for renewal options for periods of one to five years at their fair rental values at the time of renewal. In the normal course of business, operating leases are generally renewed or replaced by other leases. Operating leases are generally payable on a monthly basis for equipment and on a quarterly basis, in advance, for property. In addition, the College has copier leases on a per copy basis.

In 2005, the College renewed real property operating leases with the College of Charleston Foundation, a component unit, for seventeen different locations for office space, student housing, and parking, with annual rentals beginning in fiscal year 2007 of \$774,423. The agreements contain bargain renewal options for five years with three renewal options of five years each. In addition, during 2006 the College renewed with the Foundation another real property lease for one year in the amount of \$50,000. Under the agreements, the College paid the Foundation \$807,343 in the

current fiscal year. These leases provide that the College assume responsibility for the maintenance, insurance, property taxes and special assessments of the property. There are escalation clauses based on the Consumer Price Index (CPI).

In the case of operating leases for real property from commercial vendors, there exist several leases with escalation clauses limited to the cost of living. The leased properties consist of classrooms, parking lots, and a warehouse. Moreover, the College pays the commercial vendor property taxes. The College performs routine maintenance on these properties. These costs are not included in the schedule of lease commitments.

In August 2004, the College entered into a nine-year lease for Warren Place, residential apartments and parking spaces, with Brumley, Meyer and Kapp. The current year lease payments totaled \$1,033,600.

Additionally, the College leases a sports complex field from Patriots Point Development Authority, a state agency, with rents of \$10,000 per month, lease terms effective April 1, 2002 through March 31, 2062, and annual increases equal to the Consumer Price Index beginning April 1, 2003. A one-time payment of \$500,000 was paid in fiscal year 1998 with a corresponding charge to prepaid expenditures. It is being amortized ratably over the 65-year lease term utilizing the straight-line method of calculation. The lease agreements make no provisions beyond the 65-year period. The unamortized balance at June 30, 2006 is \$428,849. Amortization of the prepaid rent balance for fiscal year 2006 was \$7,692 and is reported in operating expenses. The College provides maintenance to the tax-exempt property. The College paid the Patriots Point Development Authority \$128,930 in rent in fiscal year 2006. The College leases the Low Country Graduate Center building from the S. C. Research Authority with annual rents of \$323,155 (with annual increases equal to the Consumer Price Index), lease terms effective October 15, 2004 through October 14, 2009. The College also has other miscellaneous small leases.

Finally, the total operating lease expenditures for fiscal year 2006 were \$3,561,628 of which \$305,104 is for the per copy charge on the copy machines. The College reports all of these operating lease costs in operating expenses.

NOTE 10 – BONDS PAYABLE

Bonds payable consisted of the following at June 30, 2006:

	Interest Rates	Maturity Dates	Balance	Debt Retired FY 2006
Revenue Bonds				
Higher Education Facilities Revenue Bond, Series 2002 C-McAlister	3.0-5.0%	2032	\$ 20,265,000	\$ 435,000
Higher Education Facilities Revenue Bond, Series 2002 A-Kelly	3.0-5.25%	2032	9,870,000	195,000
Higher Education Facilities Revenue Bond, Series 2003 D				
Parking Garage	2.0-4.5%	2033	11,825,000	265,000
Dorm Renovation	2.0-4.5%	2033	6,365,000	445,000
Higher Education Facilities Revenue Refunding Bond, Series 2002B	4.0-5.0%	2012	9,540,000	1,145,000
Higher Education Facilities Revenue Bond, Series 2004A	3.0-5.0%	2019	4,720,000	280,000
Higher Education Facilities Revenue Bond, Series 2004B	3.0-5.375%	2034	26,745,000	305,000
Total Revenue Bonds			<u>\$ 89,330,000</u>	<u>\$ 3,070,000</u>
State Institution Bonds				
Series 2003 A - School of Business	3.0-5.0%	2023	<u>\$ 6,515,000</u>	<u>\$ 240,000</u>
Sub-total Bonds Payable			<u>\$ 95,845,000</u>	<u>\$ 3,310,000</u>
Less: Unamortized Bond Discount			<u>\$ (15,433)</u>	
Total Bonds Payable			<u>\$ 95,829,567</u>	

Bonds issued by the College include certain restrictive covenants. Auxiliary Revenue Bonds are payable solely from and secured by a pledge of revenues of the College's residence halls, food service, and parking, and from additional funds from the plant improvement fee imposed by the Board of Trustees.

State Institution Bonds are general obligation bonds of the State backed by the full faith, credit, and taxing power of the State of South Carolina. Tuition revenue is pledged up to the annual debt requirements for the payment of principal and interest on State Institution Bonds. S.C. Code of Laws Section 59-107-90 states that the

maximum amount of annual debt service on State Institution Bonds for each institution shall not exceed ninety percent of the sums received from tuition fees for the preceding fiscal year. Tuition fees for the year ended June 30, 2005 were \$1,317,873 which results in a legal debt margin at June 30, 2006, of \$1,186,086. Bond discounts/premiums and other bond issuance costs are capitalized and amortized throughout the life of the bonds. The amount amortized was \$49,354 in fiscal years 2005 and 2006.

The College of Charleston capitalizes as a component of construction-in-progress interest costs in excess of earnings on debt associated with capital projects; therefore, asset values in capital assets include such interest costs. Capitalized interest for fiscal year 2006 was \$604,465.

The College purchased a bond insurance policy payable to the bond trustee for the individual revenue bonds outstanding. The insurance guarantees payment of principal and interest until all debt has been retired. All of the bonds are payable in semi-annual installments plus interest. Amounts including interest required to complete payment of the Auxiliary Revenue Bonds as of June 30, 2006 are as follows:

Revenue Bonds			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2007	\$ 3,180,000	\$ 4,007,979	\$ 7,187,979
2008	3,285,000	3,903,328	7,188,328
2009	3,390,000	3,788,629	7,178,629
2010-14	17,440,000	16,835,641	34,275,641
2015-19	13,415,000	13,791,525	27,206,525
2020-24	13,775,000	10,768,720	24,543,720
2025-29	17,505,000	7,044,039	24,549,039
2030-34	<u>17,340,000</u>	<u>2,323,519</u>	<u>19,663,519</u>
Total Revenue Bonds	<u>\$ 89,330,000</u>	<u>\$ 62,463,380</u>	<u>\$ 151,793,380</u>

Amounts including interest required to complete payment of the State Institution Bonds as of June 30, 2006 are as follows:

State Institution Bonds			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2007	\$ 255,000	\$ 230,350	\$ 485,350
2008	265,000	222,700	487,700
2009	275,000	214,750	489,750
2010-14	1,615,000	940,250	2,555,250
2015-19	2,055,000	643,987	2,698,987
2020-24	<u>2,050,000</u>	<u>212,751</u>	<u>2,262,751</u>
Total State Institutional Bonds	<u>\$ 6,515,000</u>	<u>\$ 2,464,788</u>	<u>\$ 8,979,788</u>

In prior years the College defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not included in the College's financial statements. At June 30, 2006, \$2,100,000 of bonds outstanding is considered defeased. The College was in compliance with all applicable bond covenants as of June 30, 2006.

During the fiscal year 2005, the College received Higher Education and Academic and Administrative Facilities Revenue Bond proceeds of \$32,450,000 to fund various campus projects. Proceeds of \$5,065,000 from the Series 2004 A Bonds were used to provide for major renovation of all interior spaces and the replacement/enhancement of fire and life safety systems for McConnell and Craig Residence Halls as well as address other deferred maintenance needs, such as roofs, HVAC systems, and exterior repairs on other residence hall facilities. Approximately \$13,000,000 of the proceeds from the Series 2004 B Bonds were used to cover expenditures for the addition of roughly 25,000 square feet of new construction for the School of Education, to renovate portions of the Stern Student Center, and to construct a new School of Business. The remainder of the Series B Bonds of approximately \$13,750,000 will be used to expand and renovate the School of the Arts Building, an existing building.

NOTE 11 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2006 was as follows:

Long-Term Liabilities					
	July 1, 2005	Additions	Reductions	June 30, 2006	Due Within One Year
Bonds Payable					
State Institution Bonds	\$ 6,755,000	\$ -	\$ 240,000	\$ 6,515,000	\$ 255,000
Unamortized Premiums/ Discounts	(1,485)	-	(48)	(1,437)	(52)
Total State Institution Bonds	<u>\$ 6,753,515</u>	<u>\$ -</u>	<u>\$ 239,952</u>	<u>\$ 6,513,563</u>	<u>\$ 254,948</u>
Revenue Bonds	\$ 92,400,000	\$ -	\$ 3,070,000	\$ 89,330,000	\$ 3,180,000
Unamortized Premiums/ Discounts	(19,439)	-	(5,443)	(13,996)	(1,433)
Total Revenue Bonds	<u>\$ 92,380,561</u>	<u>\$ -</u>	<u>\$ 3,064,557</u>	<u>\$ 89,316,004</u>	<u>\$ 3,178,567</u>
Total Bonds Payable	<u>\$ 99,134,076</u>	<u>\$ -</u>	<u>\$ 3,304,509</u>	<u>\$ 95,829,567</u>	<u>\$ 3,433,515</u>
Other Liabilities					
Accrued Compensated Absences	\$ 3,152,697	\$ 884,083	\$ 511,394	\$ 3,525,386	\$ 1,186,080
Total Other Liabilities	<u>\$ 3,152,697</u>	<u>\$ 884,083</u>	<u>\$ 511,394</u>	<u>\$ 3,525,386</u>	<u>\$ 1,186,080</u>
Total Long-Term Liabilities	<u>\$ 102,286,773</u>	<u>\$ 884,083</u>	<u>\$ 3,815,903</u>	<u>\$ 99,354,953</u>	<u>\$ 4,619,595</u>

NOTE 12 – DONOR RESTRICTED ENDOWMENTS

The College is the recipient of two restricted endowments from the Commission of Higher Education. One is an endowed professorship in the amount of \$100,000 with a stipulation that only earnings can be used to fund endowed chairs at the College. At June 30, 2006, net appreciation of \$4,598 was available to be spent, of which \$4,598 is restricted to specific purposes.

The other endowment funded through the South Carolina Research Centers of Economic Excellence Act of 2002 in the amount of \$1,000,000 was received during fiscal year 2005 through a Memorandum of Understanding between the College and the Medical University of South Carolina (MUSC). The College has joined with MUSC to raise non-state matching funds of \$2,000,000 for collaborative research, the Research Center in Applied Marine Genomics. Through an agreement between the College of Charleston and the College of Charleston Foundation and permissible

under South Carolina Code of Laws Section 59-101-410, the College loaned the funds to the Foundation for the specific purpose of maximizing the College's investment yield. The collaborative research project is intended to be a permanent program; however, in the event the program is discontinued, the Foundation must return the grant funds plus any earnings less any authorized program spending and customary administrative fees.

NOTE 13 – COMPONENT UNITS

Certain separately chartered legal entities whose activities are related to those of the College exist primarily to provide financial assistance and other support to the College and its educational programs. They include the College of Charleston Foundation and the Cougar Club. Independent auditors retained by the organizations audit the financial statements of these entities. The financial report of the College of Charleston Foundation may be obtained by writing to the Financial Services Office of the College of Charleston Foundation, Wilson-Sottile House, Charleston, South Carolina, 29424. The financial report of the College of Charleston Cougar Club can be obtained by writing to the Finance Director, Cougar Club, 66 George Street, Charleston, South Carolina, 29424.

Effective fiscal year June 30, 2004 and as a result of the GASB 39 implementation guidelines, the College began recognizing the College of Charleston Foundation and the Cougar Club as component units and displaying a discrete presentation format of their financial statements. Both entities report under guidelines established by the Financial Accounting Standards Board (FASB).

The College of Charleston Foundation is a separately chartered entity, which exists exclusively to benefit the College. Transactions between the College and the Foundation during the year ended June 30, 2006 were as follows:

The College paid the Foundation for the rental of certain real property (excluding approximately \$2,000 for premiums for insurance coverage on leased properties owned by the Foundation.) The amount is reported as part of the operating expense. In addition, see Note 9 regarding lease transactions with the Foundation.	\$ 807,343
This figure represents scholarships awarded by the College and reimbursed by the Foundation. The amount is reported as part of gifts under non-operating revenue.	\$ 1,420,050
The Foundation reimbursed the College for certain expenditures that were paid by the College for the benefit of the Foundation.	\$ 1,399,978
The related party receivable as of June 30, 2006, is as follows:	
Due from Foundation	\$ 1,158,442

Independent auditors examined the financial statements of the Foundation as of December 31, 2005 and for the year then ended.

The Cougar Club is a separately chartered corporation organized exclusively to solicit and provide funds to the athletic department in the form of scholarships and general revenues from season ticket sales and fund raising activities. Season basketball tickets are only available through Cougar Club membership. The College received \$369,080 from the Cougar Club in fiscal year 2006, primarily for athletic scholarships, which are reported as part of private gifts for auxiliaries in the operating fund, and \$214,560 for basketball ticket sales, which is reported as sales and services of Auxiliary Enterprises in operating funds. The financial statements of the Cougar Club as of June 30, 2006 and for the fiscal year then ended, were examined by independent auditors.

NOTE 14 – RISK MANAGEMENT

The College is exposed to various risks of loss and maintains state or commercial insurance coverage for each of these risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The costs of settled claims and claim losses have not exceeded this coverage in any of the past three years. The College 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 accordance with the insurance policy and benefit program limits.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several state funds accumulate assets and the State itself assumes substantially all risks for the following:

1. Claims of State employees for unemployment compensation benefits. (Employment Security Commission);
2. Claims of covered employees for workers' compensation benefits for job related illnesses or injuries (State Accident Fund);
3. Claims of covered public employees for health and dental insurance benefits. (Office of Insurance Services); and
4. Claims of covered public employees for long-term disability and group life insurance benefits. (Office of Insurance Services).

Employees elect health coverage through either a health maintenance organization or through the State's self-insured plan. All of the other types of coverage listed

above are through the applicable State's self-insured plan except dependent and optional life premiums, which are remitted to commercial carriers.

The College 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 College assets, activities, and/or events:

1. Theft of, damage to, or destruction of assets;
2. Real property, its contents, and other equipment;
3. Motor vehicles and watercraft (inland marine);
4. Torts;
5. Business interruptions;
6. Natural disasters; and
7. Medical malpractice claims against covered employees.

The IRF is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in certain areas. The IRF rates are determined actuarially. The College obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation.

NOTE 15 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2006 are summarized as follows:

	Compensation and Benefits	Supplies and Services	Utilities	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 50,393,296	\$ 4,838,355	\$ -	\$ -	\$ -	\$ 55,231,651
Research	3,102,466	2,559,988	-	-	-	5,662,454
Public Service	484,487	404,766	-	-	-	889,253
Academic Support	8,802,685	4,257,931	-	-	-	13,060,616
Student Services	5,900,621	1,785,919	-	-	-	7,686,540
Operation and Maintenance of Plant	7,741,044	12,199,508	2,904,980	-	-	22,845,532
Institutional Support	9,649,048	3,432,402	-	-	-	13,081,450
Scholarships and Fellowships (net of discounts and allowances)	206,710	-	-	6,587,248	-	6,793,958
Auxiliary Enterprises	7,248,381	13,102,970	1,872,904	2,551,414	-	24,775,669
Depreciation and Amortization	-	-	-	-	5,793,419	5,793,419
Total Operating Expense	\$ 93,528,738	\$ 42,581,839	\$ 4,777,884	\$ 9,138,662	\$ 5,793,419	\$ 155,820,542

NOTE 16 – STATE APPROPRIATIONS AND TRANSACTIONS WITH STATE ENTITIES

The College is granted an annual appropriation for operating purposes as authorized by the General Assembly of the State of South Carolina. State appropriations are recognized as revenue when received and available. The original appropriation is the College's base budget amount presented in the General Funds column of Section 5E of the 2005-2006 Appropriation Act. The following is a reconciliation of the original appropriation as enacted by the General Assembly to State appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2006.

NON-CAPITAL APPROPRIATIONS	
Current year's appropriations:	
Original appropriations per Annual Appropriations Act	\$ 29,283,053
Supplemental appropriations (Act# 73.17)	329,000
Capital Reserve appropriations	
From Commission on Higher Education:	
Performance funding	
Academic endowment	26,692
Access and Equity	29,717
Other - Low Country Graduate Center	660,000
	<u>660,000</u>
Total non-capital appropriations recorded as current year revenue	<u><u>\$ 30,328,462</u></u>
CAPITAL IMPROVEMENT BOND PROCEEDS	
Proceeds drawn during the current fiscal year	\$ 3,329,285
Plus: Expenses incurred but not drawn during the current fiscal year	-
Less: Proceeds drawn but not expended during the current fiscal year	<u>(250,000)</u>
Total capital improvement bond proceeds recorded as current year revenue	<u><u>\$ 3,079,285</u></u>
CAPITAL APPROPRIATIONS	
Current year's appropriations:	
From SC Education Lottery Fund	<u>\$ 1,167,051</u>
Total capital appropriations recorded as current year revenue	<u><u>\$ 1,167,051</u></u>
RESEARCH INFRASTRUCTURE BOND PROCEEDS	
Proceeds drawn during the current fiscal year	\$ 216,319
Plus: Expenses incurred but not drawn during the current fiscal year	-
Less: Proceeds drawn but not expended during the current fiscal year	<u>-</u>
Total research infrastructure bond proceeds recorded as current year revenue	<u><u>\$ 216,319</u></u>

The College received substantial funding from the Commission on Higher Education (CHE) for scholarships on behalf of students that are accounted for as operating state grants and contracts. Additional amounts received from CHE are accounted for as both operating and non-operating revenues, depending upon the requirement of deliverables with a current or potential future economic value. The College also receives state funds from various other public service projects. Following is a summary of amounts received from state agencies for scholarships, sponsored research and public service projects for the fiscal year ended June 30, 2006.

Other Amounts

Received from CHE:	
Hope Scholarships	\$ 291,730
LIFE Scholarships	11,351,761
Palmetto Scholarships	2,622,546
Need-Based Grants	1,240,125
SC Teaching Fellows	541,106
Various other CHE amounts	7,105
Received from Department of Education	293,024
Winthrop University	15,500
Received from Various State Agencies	108,452
	<u>\$ 16,471,349</u>

NOTE 17 – STATEMENT OF ACTIVITIES

The following information is provided for incorporation in the State of South Carolina Comprehensive Annual Financial Report:

	2006	2005	Increase/(Decrease)
Charges for services	\$ 130,493,390	\$ 121,980,781	\$ 8,512,609
Operating grants and contributions	3,611,937	3,857,976	(246,039)
Capital grants and contributions	-	-	-
Less: Expenses	159,624,484	151,381,694	8,242,790
Net program revenue (expense)	<u>\$ (25,519,157)</u>	<u>\$ (25,542,937)</u>	<u>\$ 23,780</u>
Transfers:			
State appropriations	\$ 30,328,462	\$ 28,895,608	\$ 1,432,854
Capital improvement bond proceeds	3,295,604	1,669,677	1,625,927
Capital appropriations	1,167,051	-	-
Additions to permanent endowments	-	1,000,000	(1,000,000)
Total transfers	<u>\$ 34,791,117</u>	<u>\$ 31,565,285</u>	<u>\$ 3,225,832</u>
Change in net assets	9,271,960	6,022,348	3,249,612
Net assets – beginning	123,844,735	117,822,387	6,022,348
Net assets – ending	<u>\$ 133,116,695</u>	<u>\$ 123,844,735</u>	<u>\$ 9,271,960</u>

COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



STATISTICAL SECTION

SCHEDULE OF REVENUES BY SOURCE

	For the Year Ended June 30,											
	(amounts expressed in thousands)						(percent of total revenue)					
	2006	2005	2004	2003	2002	2001	2006	2005	2004	2003	2002	2001
Revenues												
Operating Revenues:												
Student Tuition and Fees (net of scholarship allowance)	\$ 76,836	\$ 70,209	\$ 64,584	\$ 53,187	\$ 47,825	\$43,771	46.73%	45.37%	45.29%	40.25%	38.61%	37.38%
Federal Grants and Contracts	9,568	9,351	9,787	9,597	8,530	7,183	5.82%	6.04%	6.86%	7.26%	6.89%	6.13%
State Grants and Contracts	16,136	15,398	14,715	13,311	7,210	8,623	9.81%	9.95%	10.32%	10.07%	5.82%	7.36%
Local Grants and Contracts	7	23	-	-	15	4	0.00%	0.01%	0.00%	0.00%	0.01%	0.00%
Nongovernmental Grants and Contracts	300	341	283	208	217	418	0.18%	0.22%	0.20%	0.16%	0.18%	0.36%
Sales and Services of Educational and Other Activities	1,057	991	1,050	1,025	1,544	1,167	0.64%	0.64%	0.74%	0.78%	1.25%	1.00%
Sales and Services of Auxiliary Enterprises (net of scholarship allowance)	25,029	24,412	20,206	19,157	20,216	19,424	15.22%	15.78%	14.17%	14.50%	16.32%	16.59%
Other Operating Revenue	1,561	1,255	1,561	1,342	1,111	1,325	0.95%	0.81%	1.09%	1.02%	0.90%	1.13%
Total Operating Revenues	\$ 130,494	\$ 121,980	\$ 112,186	\$ 97,827	\$ 86,668	\$ 81,915	79.36%	78.83%	78.68%	74.03%	69.98%	69.96%
Non Operating Revenues:												
State Appropriations	30,328	28,896	27,354	29,682	32,764	33,339	18.44%	18.67%	19.18%	22.46%	26.45%	28.47%
Gifts	1,814	1,768	1,517	1,738	1,671	1,483	1.10%	1.14%	1.06%	1.32%	1.35%	1.27%
Interest Income	1,141	1,503	59	1,579	1,327	353	0.69%	0.97%	0.04%	1.19%	1.07%	0.30%
Other Non Operating Revenues	657	587	1,473	1,316	1,425	-	0.40%	0.38%	1.03%	1.00%	1.15%	0.00%
Total Non Operating Revenues	\$ 33,940	\$ 32,754	\$ 30,403	\$ 34,315	\$ 37,187	\$ 35,175	20.64%	21.17%	21.32%	25.97%	30.02%	30.04%
Total Revenues	\$ 164,434	\$ 154,734	\$ 142,589	\$ 132,142	\$ 123,855	\$ 117,090	100.0%	100.0%	100.0%	100.0%	100.0%	100.00%

Note: Due to reporting format and definition changes prescribed by Governmental Standards Statement No. 34 and 35, only information for fiscal years 2001-2006 is available.

Source: College of Charleston Comprehensive Annual Financial Reports

SCHEDULE OF EXPENSES BY FUNCTION

	For the Year Ended June 30,											
	(amounts expressed in thousands)						(percent of total expenses)					
	2006	2005	2004	2003	2002	2001	2006	2005	2004	2003	2002	2001
Expenses:												
Instruction	\$ 55,232	\$ 51,228	\$ 48,051	\$ 45,435	\$ 43,997	42,413	34.60%	33.84%	34.45%	33.2%	36.3%	34.45%
Research	5,662	4,650	4,750	4,356	3,867	3,569	3.55%	3.07%	3.41%	3.2%	3.2%	3.41%
Public Services	889	955	1,120	1,299	1,180	1,192	0.56%	0.63%	0.80%	1.0%	1.0%	0.80%
Academic Support	13,061	12,022	10,123	9,682	9,535	9,226	8.18%	7.94%	7.26%	7.1%	7.9%	7.26%
Student Services	7,687	7,122	6,254	6,058	5,752	5,239	4.82%	4.70%	4.48%	4.4%	4.8%	4.48%
Institutional Support	13,081	11,435	11,529	11,194	9,506	8,615	8.19%	7.55%	8.27%	8.2%	7.9%	8.27%
Operation and Maintenance of Plant	22,845	24,348	22,526	21,001	12,517	12,309	14.31%	16.08%	16.15%	15.4%	10.3%	16.15%
Scholarships and Fellowships	6,794	5,585	8,072	9,452	8,456	7,916	4.26%	3.69%	5.79%	6.9%	7.0%	5.79%
Auxiliary Enterprises	24,776	24,087	19,321	20,979	21,395	21,723	15.52%	15.92%	13.85%	15.3%	17.7%	13.85%
Interest on Capital Debt	3,721	3,929	2,993	2,501	1,144	1,076	2.33%	2.60%	2.15%	1.8%	0.9%	2.15%
Loss on sale of assets	83	-	-	-	-	-	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation	5,793	6,020	4,727	4,752	3,758	3,188	3.63%	3.98%	3.39%	3.5%	3.1%	3.39%
Total Expenses	\$ 159,624	\$ 151,381	\$ 139,466	\$ 136,709	\$ 121,107	116,465	100.0%	100.0%	100.0%	100.0%	100.0%	100.00%

Note: Due to reporting format and definition changes prescribed by Governmental Standards Statement No. 34 and 35, only information for fiscal years 2001-2006 is available.

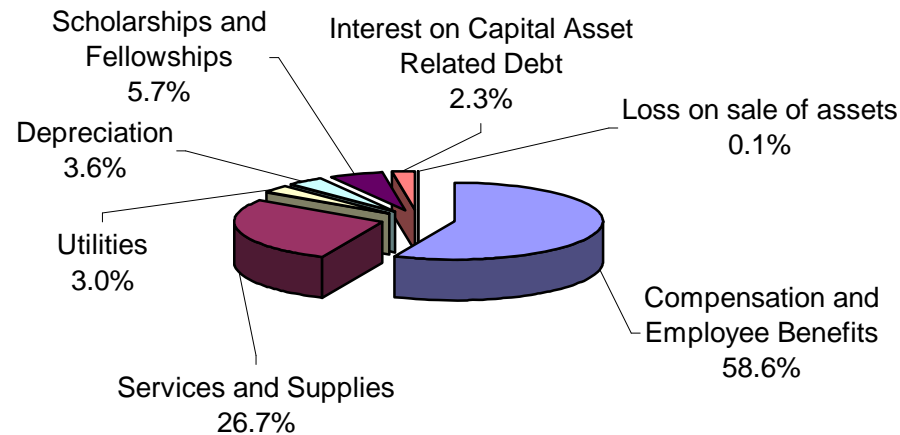
Source: College of Charleston Comprehensive Annual Financial Reports

SCHEDULE OF EXPENSES BY USE

For the Year Ended June 30,

	(amounts expressed in thousands)						(percent of total expenses)					
	2006	2005	2004	2003	2002	2001	2006	2005	2004	2003	2002	2001
Expenses:												
Operating Expenses:												
Compensation and Employee Benefits	\$ 93,528	\$ 85,847	\$ 80,533	\$ 76,082	\$ 71,754	\$ 68,716	58.6%	56.7%	57.7%	55.7%	59.3%	61.8%
Services and Supplies	42,582	42,170	37,192	38,871	32,995	27,404	26.7%	27.8%	26.7%	28.4%	27.2%	24.6%
Utilities	4,778	4,648	4,105	3,471	2,999	3,428	3.0%	3.1%	2.9%	2.5%	2.5%	3.1%
Depreciation	5,793	6,020	4,727	4,752	3,758	3,188	3.6%	4.0%	3.4%	3.5%	3.1%	2.9%
Scholarships and Fellowships	9,139	8,767	9,916	11,032	8,457	7,292	5.7%	5.8%	7.1%	8.1%	7.0%	6.6%
Total Operation Expenses	\$ 155,820	\$ 147,452	\$ 136,473	\$ 134,208	\$ 119,963	\$ 110,028	97.6%	97.4%	97.8%	98.2%	99.1%	99.0%
Non Operating Expenses:												
Interest on Capital Asset Related Debt	\$ 3,721	\$ 3,929	\$ 2,993	\$ 2,501	\$ 1,144	\$ 1,076	2.3%	2.6%	2.2%	1.8%	0.9%	1.0%
Loss on sale of assets	\$ 83	\$ -	\$ -	\$ -	\$ -	\$ -	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Non Operating Expenses	\$ 3,804	\$ 3,929	\$ 2,993	\$ 2,501	\$ 1,144	\$ 1,076	2.4%	2.6%	2.2%	1.8%	0.9%	1.0%
Total Expenses	\$ 159,624	\$ 151,381	\$ 139,466	\$ 136,709	\$ 121,107	\$ 111,104	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Expenses By Use Fiscal Year 2006



Note: Due to reporting format and definition changes prescribed by Governmental Standards Statement No. 34 and 35, only information for fiscal years 2001-2006 is available.

Source: College of Charleston Comprehensive Annual Financial Reports

SCHEDULE OF NET ASSETS AND CHANGES IN NET ASSETS

For the Year Ended June 30, (amounts expressed in thousands)						
	2006	2005	2004	2003	2002	2001
Total revenues (from schedule of revenues by source)	\$ 164,434	\$ 154,734	\$ 142,589	\$ 132,142	\$ 123,855	\$ 117,090
Total expenses (from schedule of expenses by use and function)	(159,624)	(151,381)	(139,466)	(136,709)	(121,107)	(116,465)
Income before other revenues, expenses, gains or losses	4,810	3,353	3,123	(4,567)	2,748	625
Capital improvement bond proceeds	3,295	1,670	8,098	4,831	-	-
Capital gifts	-	-	-	1,092	538	-
Capital appropriations	1,167	-	-	-	262	-
Additions to permanent endowments	-	1,000	-	-	-	-
Uncollectible capital gifts	-	-	(2,465)	-	-	-
Transfers to other state funds	-	-	-	-	-	(22)
Net assets, beginning	123,845	117,822	109,066	107,710	104,162	103,559
Net assets, ending	<u>\$ 133,117</u>	<u>\$ 123,845</u>	<u>\$ 117,822</u>	<u>\$ 109,066</u>	<u>\$ 107,710</u>	<u>\$ 104,162</u>
Invested in capital assets, net of related debt	\$ 93,162	\$ 101,222	\$ 80,912	\$ 82,002	\$ 68,457	\$ 61,766
Restricted - expendable	33,396	11,304	26,391	17,163	25,231	32,810
Restricted - nonexpendable	1,103	1,103	100	104	101	102
Unrestricted	5,456	10,216	10,419	9,797	13,921	9,484
Total	<u>\$ 133,117</u>	<u>\$ 123,845</u>	<u>\$ 117,822</u>	<u>\$ 109,066</u>	<u>\$ 107,710</u>	<u>\$ 104,162</u>

Note: Due to reporting format and definition changes prescribed by Governmental Standards Statement No. 34 and 35, only information for fiscal years 2001-2006 is available.

Source: College of Charleston Comprehensive Annual Financial Reports

SCHEDULE OF RATIOS OF OUTSTANDING DEBT

	For the Year Ended June 30, (dollars expressed in thousands except for outstanding debt per student)									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Revenue bonds	\$ 89,316	\$ 92,381	\$ 62,896	\$ 64,810	\$ 27,265	\$ 18,055	\$ 19,385	\$ 20,635	\$ 22,015	\$ 23,345
State institution bonds	6,514	6,753	6,983	7,200	-	-	-	-	-	-
Capital lease obligations	-	-	-	-	-	-	56	134	40	54
Total Outstanding Debt	\$ 95,830	\$ 99,134	\$ 69,879	\$ 72,010	\$ 27,265	\$ 18,055	\$ 19,385	\$ 20,635	\$ 22,015	\$ 23,345
Full-time equivalent students	a	9,883	9,942	9,860	9,947	9,732	9,450	9,480	9,270	8,948
Outstanding debt per student	a	\$ 10,031	\$ 7,029	\$ 7,303	\$ 2,741	\$ 1,855	\$ 2,051	\$ 2,177	\$ 2,375	\$ 2,609

a: Data is not yet available

Note: Outstanding debt per student calculated using full-time equivalent enrollment data for the last ten years. Data for 2006 was not yet available.

Source: College of Charleston Comprehensive Annual Financial Reports, College of Charleston Office of Institutional Research

SCHEDULE OF BOND COVERAGE

Last Ten Fiscal Years
(amounts in thousands)

Revenue Bonds

Fiscal Year Ended June 30,	Defined Net Revenue Available for Debt Service	Total Revenue Available for Debt Service	Debt Service Payment Requirements			Coverage Ratio
			Principal	Interest	Total	
2006	\$ 6,537	\$ 6,537	\$ 3,070	\$ 4,113	\$ 7,183	0.91
2005	7,105	7,105	2,410	2,683	5,093	1.40
2004	5,798	5,798	2,050	2,692	4,742	1.22
2003	2,996	2,996	580	1,976	2,556	1.17
2002	1,830	1,830	865	822	1,687	1.08
2001	2,425	2,425	825	865	1,690	1.44
2000	2,363	2,363	785	907	1,692	1.40
1999	2,814	2,814	750	954	1,704	1.65
1998	2,211	2,211	715	982	1,697	1.30
1997	2,414	2,414	685	1,015	1,700	1.42

State Institutional Bonds

2006	\$ 1,230	\$ 1,230	\$ 240	\$ 242	\$ 482	2.55
2005	1,205	1,205	225	254	479	2.52
2004	3,553	3,553	220	265	485	7.33

Source: College of Charleston Controller's Office

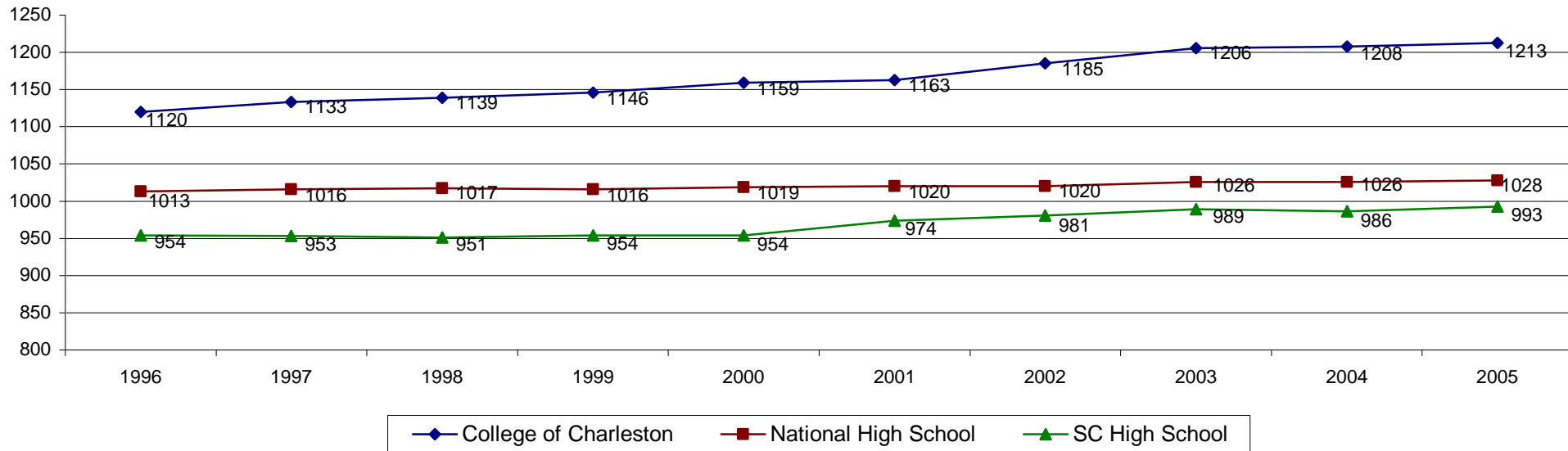
ADMISSIONS, ENROLLMENT AND DEGREE STATISTICS

Last Ten Academic Years

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Admissions - Freshman										
Applications	8,217	8,076	7,606	8,635	8,356	7,957	7,313	6,945	6,292	5,803
Applications accepted	5,436	5,238	4,560	5,144	5,471	5,323	4,859	4,497	4,068	4,075
Accepted as a percentage of applications	66.2%	64.9%	60.0%	59.6%	65.5%	66.9%	66.4%	64.8%	64.7%	70.2%
Students enrolled	1,993	1,944	1,874	2,003	1,974	2,001	2,074	1,939	1,574	1,878
Enrolled as a percentage of accepted	36.7%	37.1%	41.1%	38.9%	36.1%	37.6%	42.7%	43.1%	38.7%	46.1%
SAT scores - total	1,213	1,208	1,206	1,185	1,163	1,159	1,146	1,139	1,133	1,120
Verbal	609	607	605	595	584	585	579	576	573	570
Math	604	601	601	590	579	574	567	563	560	550
South Carolina average SAT score - total	993	986	989	981	974	954	954	951	953	954
U.S. average SAT score - total	1,028	1,026	1,026	1,020	1,020	1,019	1,016	1,017	1,016	1,013
Enrollment										
Undergraduate and graduate FTE	9,883	9,942	9,860	9,947	9,732	9,450	9,480	9,270	8,948	8,948
Undergraduate and graduate headcount	11,332	11,607	11,536	11,716	11,617	11,129	11,624	11,552	10,854	10,921
Percentage of Men	33.9%	33.3%	34.1%	33.8%	33.5%	34.9%	33.2%	33.4%	34.0%	33.4%
Percentage of Women	66.1%	66.7%	65.9%	66.2%	66.5%	65.1%	66.8%	66.6%	66.0%	66.6%
Percentage of African-American	7.7%	8.5%	9.0%	8.7%	8.8%	7.9%	8.8%	8.3%	8.6%	8.6%
Percentage of White	82.0%	83.0%	83.5%	84.9%	84.9%	85.7%	85.3%	86.3%	86.3%	86.7%
Percentage of Other	10.3%	8.4%	7.4%	6.4%	6.3%	6.4%	5.8%	5.4%	5.1%	4.7%
Degrees Earned										
Bachelor's	2,098	2,162	2,162	1,870	1,798	1,830	1,742	1,597	1,556	1,455
Master's	207	192	174	154	165	141	155	158	151	130

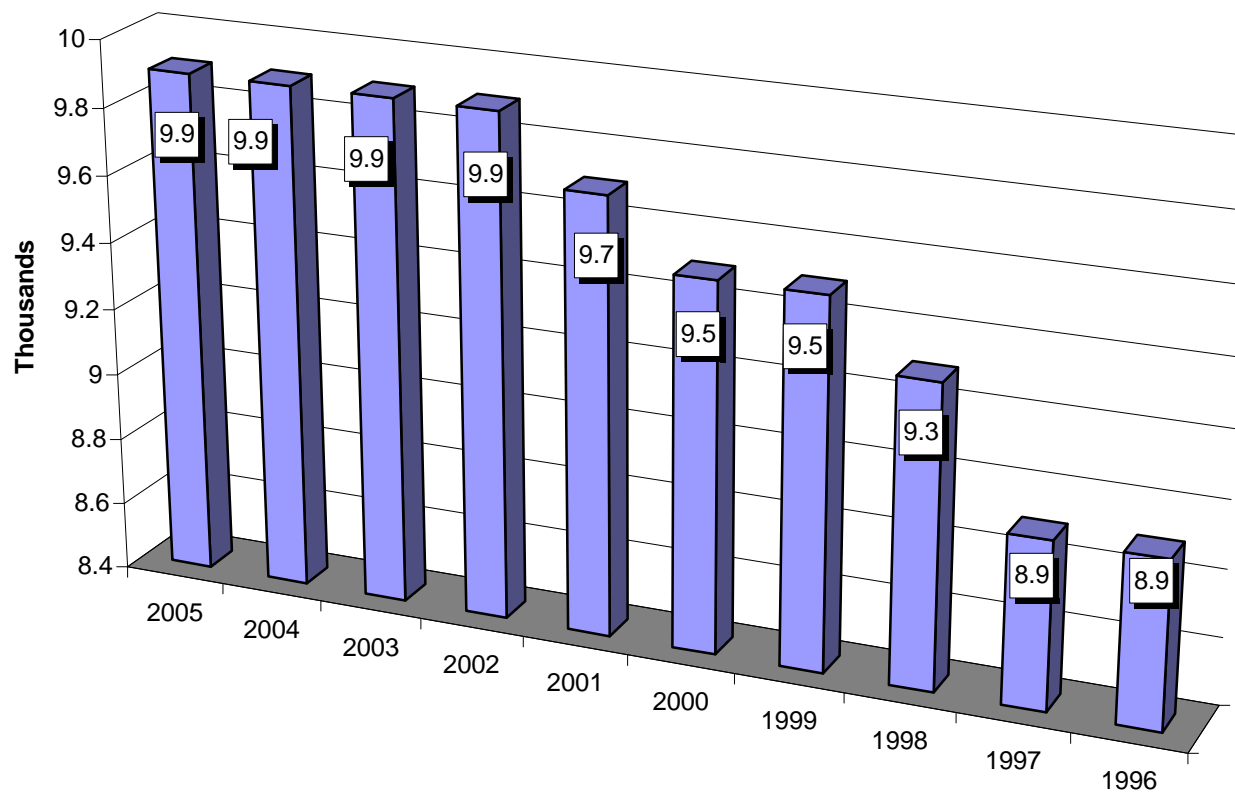
Source: College of Charleston Office of Institutional Research

College of Charleston Average Combined SAT Scores For The Last 10 Years



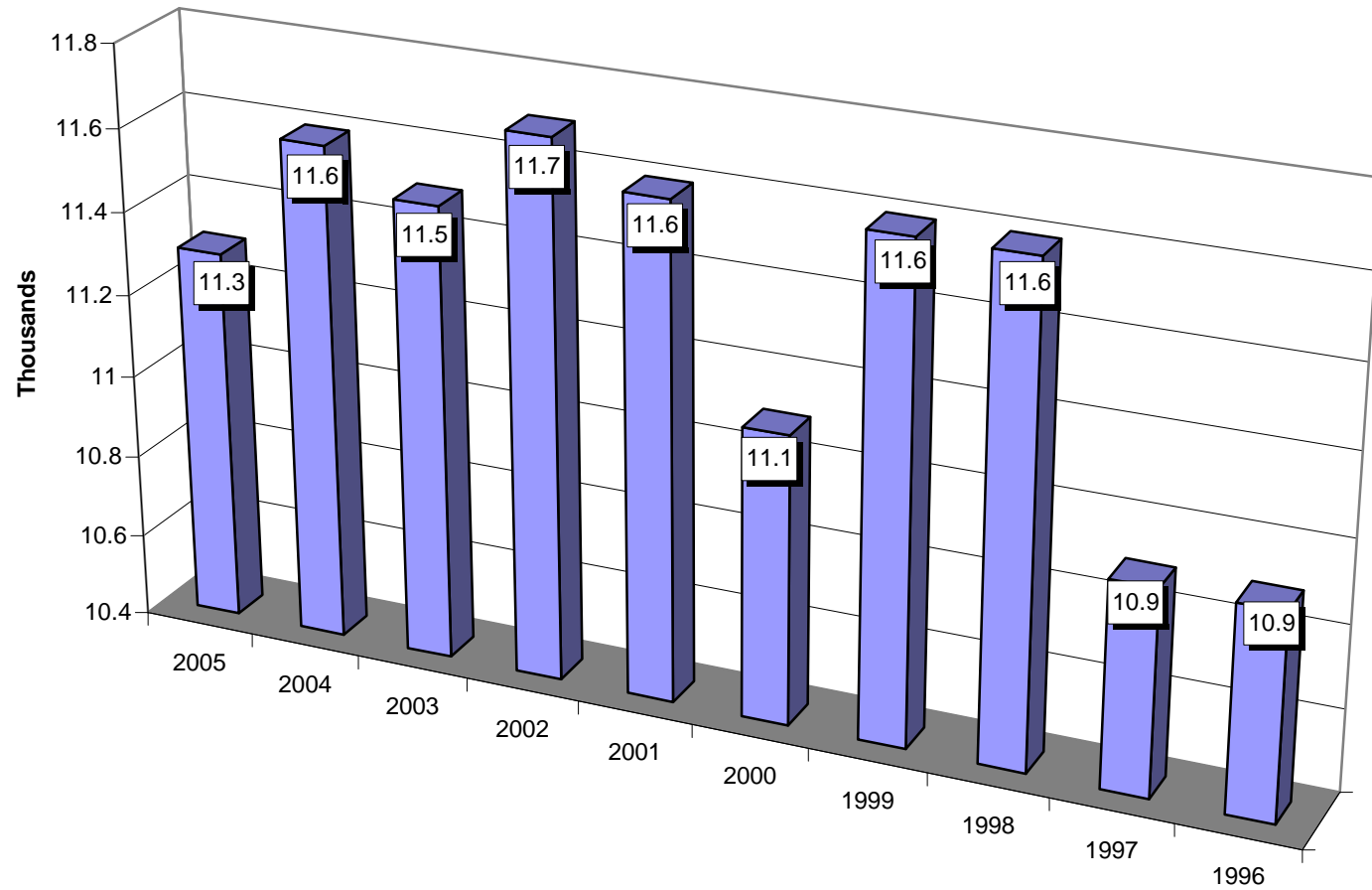
Source: College of Charleston Office of Admissions

**College of Charleston
Student Full Time Equivalents
For The Last 10 Years**



Source: College of Charleston Office of Institutional Research

**College of Charleston
Student Head Count
For The Last 10 Years**



Source: College of Charleston Office of Institutional Research

TUITION AND FEES

Last Ten Academic Years

Academic Year Beginning in Fall	Undergraduate (a)		Graduate (b)	
	Resident	Nonresident	Resident	Nonresident
2005	\$ 6,668	\$ 15,342	\$ 276	\$ 637
2004	6,202	14,140	256	587
2003	5,770	13,032	238	541
2002	4,556	10,290	200	455
2001	3,780	8,540	155	354
2000	3,630	7,910	149	328
1999	3,520	7,210	145	298
1998	3,390	6,880	139	285
1997	3,290	6,580	135	270
1996	3,190	6,380	131	162

Notes:

(a) These amounts are averages for undergraduate first-time, full-time students with an academic year of 24 semester hours.

(b) Per credit-hour

Source: College of Charleston Office of Institutional Research, Graduate School Office

FACULTY AND STAFF STATISTICS

Last Ten Fiscal Years

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Instructional Faculty										
Part-time	230	210	214	245	223	206	201	189	203	210
Full-time	546	528	512	485	481	476	455	440	421	382
Percentage tenured	61%	60%	59%	58%	60%	61%	63%	64%	65%	61%
Staff and administrators with faculty rank										
Part-time	212	214	203	154	165	220	201	228	229	190
Full-time	845	819	824	861	794	717	659	596	576	557
Total employees										
Part-time	442	424	417	399	388	426	402	417	432	400
Full-time	1,391	1,347	1,336	1,346	1,275	1,193	1,114	1,036	997	939
FTE Students per full-time										
Instructional Faculty	a	18.7	19.4	20.3	20.7	20.4	20.8	21.5	22.0	23.4
Staff member	a	12.1	12.1	11.5	12.5	13.6	14.3	15.9	16.1	16.1
Average annual faculty salary	\$ 57,965	\$ 55,057	\$ 52,582	\$ 51,630	\$ 50,535	\$ 49,481	\$ 47,419	\$ 44,496	\$ 43,677	\$ 42,315

a: Data is not available yet

Source: College of Charleston Office of Institutional Research

SCHEDULE OF CAPITAL ASSET INFORMATION

	2006	2005	2004	2003	2002	2001
Academic buildings						
Net assignable square feet (in thousands)	703	605	604	611	597	641
Administrative and support buildings						
Net assignable square feet (in thousands)	160	174	174	164	157	157
Laboratories						
Net assignable square feet (in thousands)	121	126	126	125	123	123
Auxiliary and independent operations buildings						
Net assignable square feet (in thousands)	922	920	933	535	532	532
Libraries	1	1	1	1	1	1
Number of volumes (in thousands)	702	680	662	643	620	602
Volumes per student	62	59	57	55	53	54
Student Housing:						
Residence Halls	7	7	7	7	6	6
Apartments	2	2	1	1	-	-
Other housing options	30	31	21	23	23	23
Units available	2,842	2,770	2,550	2,644	1,958	1,989
Units in use	2,834	2,778	2,567	2,488	2,008	2,056
Percent occupancy	99.7%	100.3%	100.7%	94.1%	102.6%	103.4%
Dining facilities:						
Locations	6	4	4	4	3	3
Average daily customers	4,991	3,688	3,725	2,528	1,807	a
Parking facilities:						
Parking spaces available	2,372	2,534	2,550	2,675	2,592	a
Parking permits issued to students	1,101	1,324	1,408	1,373	1,441	a
Parking permits issued to faculty/ staff	1,030	1,004	995	1,071	939	a

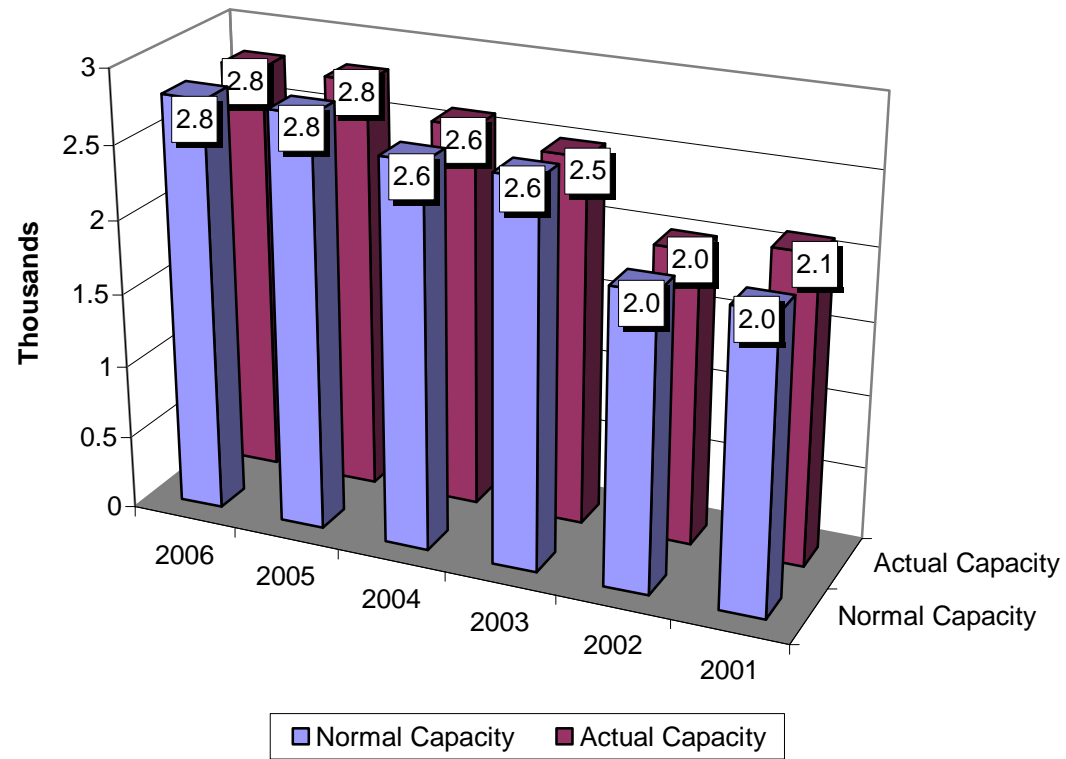
Note: Prior fiscal year data is not readily available

a: Data not readily available

Sources:

Student Housing	College of Charleston Residence Life and Housing
Parking Facilities	College of Charleston Business and Auxiliary Services
Dining Facilities	College of Charleston Dining Services
Building Square Footage	College of Charleston Office of Institutional Research

**College of Charleston
Fall Residence Hall Occupancy
For The Last 6 Years**



Source: College of Charleston Office of Institutional Research /Dean of Residence Life

DEMOGRAPHIC STATISTICS

State of South Carolina
Last Ten Calendar Years

Year	Population as of June 30	Total Personal Income	Per Capita Income	Average Annual Unemployment Rate
1996	3,796,200	76,144,180	20,058	5.6%
1997	3,859,696	81,003,440	20,987	4.4%
1998	3,919,235	86,854,167	22,161	3.6%
1999	3,974,682	91,715,787	23,075	4.1%
2000	4,023,560	98,271,429	24,424	3.6%
2001	4,059,615	101,466,017	24,994	5.2%
2002	4,102,568	104,045,227	25,361	5.9%
2003	4,146,753	107,247,473	25,863	6.7%
2004	4,197,892	113,666,322	27,077	6.8%
2005	4,255,083	120,044,402	28,212	6.8%

Source: South Carolina Comptroller General's Office

TEN LARGEST EMPLOYERS

State of South Carolina

Latest Completed Calendar Year and Four Years Prior (a)

(Listed alphabetically)

2005	2001
Bi-Lo, Inc.	Bi-Lo, Inc.
Blue Cross/ Blue Shield of South Carolina	Blue Cross/ Blue Shield of South Carolina
Charleston County School District	Greenville County School District
Greenville County School District	Michelin North America, Inc.
Greenville Hospital System	Springs Industries, Inc.
Michelin North America, Inc.	University of South Carolina
U.S. Department of Defense	U.S. Department of Defense
U.S. Postal Service	U.S. Postal Service
Wal-Mart Associates, Inc.	Wal-Mart Associates, Inc.
Washington Savannah River	Westinghouse Savannah River

(a) The ten largest employers prior to calendar year 2001 are unavailable

Note: Due to confidentiality issues, the number of employees for each company is not available and the employers are listed alphabetically rather than in order of size.

Source: South Carolina Comptroller General's Office

ACADEMIC SUBJECT AREAS AND DEGREES OFFERED
Spring 2006

UNDERGRADUATE				GRADUATE			
Accounting	A.B., B.S.	History	A.B., B.A.	Accounting	M.S.	Environmental Studies	M.S.
Anthropology	A.B., B.S.	Hospitality and Tourism Management	A.B., B.S.	Bilingual Legal Interpreting	M.A., CER	Historic Preservation	M.S.
Art History	A.B., B.A.	International Business	A.B., B.S.	Organizational and Corporate Communication	CER	History	M.A.
Arts Management	A.B., B.A.	Latin American and Caribbean Studies	A.B., B.A.	Computer and Information Sciences	M.S.	Languages	M.E.D.
Athletic Training	A.B., B.S.	Marine Biology	A.B., B.S.	Early Childhood Education	M.ED., M.A.T.	Marine Biology	M.S.
Biochemistry	A.B., B.S.	Mathematics	A.B., B.S.	Elementary Education	M.ED., M.A.T.	Mathematics	M.S., CER
Biology	A.B., B.A., B.S.	Middle Level Education	A.B., B.S.	English	M.A.	Middle Level Education	M.E.D.
Business Administration	A.B., B.S.	Music	A.B., B.A.	English to Speakers of Other Languages	CER	Public Administration	M.P.A.
Chemistry	A.B., B.A., B.S.	Philosophy	A.B., B.A.			Science and Math for Teachers	M.ED.
Classical Studies	A.B., B.A.	Physical Education and Health	A.B., B.S.			Special Education	M.ED., M.A.T.
Communications	A.B., B.A.	Physics	A.B., B.A., B.S.				
Computer Science	A.B., B.A., B.S.	Political Science	A.B., B.A.				
Computer Information Systems	A.B., B.S.	Psychology	A.B., B.S.				
Discovery Informatics	A.B., B.S.	Religious Studies	A.B., B.A.				
Early Childhood Education	A.B., B.S.	Sociology	A.B., B.S.				
Economics	A.B., B.S.	Spanish	A.B., B.A.				
Elementary Education	A.B., B.S.	Special Education	A.B., B.S.				
English	A.B., B.A.	Studio Arts	A.B., B.A.				
French	A.B., B.A.	Theatre	A.B., B.A.				
Geology	A.B., B.A., B.S.	Urban Studies	A.B., B.A.				
German	A.B., B.A.	Bachelor of Science - Denistry Emphasis	B.S.D.				
Historic Preservation and Community Planning	A.B., B.A.	Bachelor of Science - Medicine Emphasis	B.S.M.				

A.B. - Artium Baccalaureatus (Classical Studies)

B.A. - Bachelor of Arts

B.S. - Bachelor of Science

CER - Master's Certificate

M.A. - Master of Arts

M.A.T. - Master of Arts in Teaching

M.ED. - Master of Education

M.P.A. - Master of Public Administration

M.S. - Master of Science