

COASTAL CAROLINA UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

NOTE 6—ENDOWMENTS

The University holds one permanent endowment of \$100,000. The cash and cash equivalents, with a fair market value at June 30, 2004 of \$102,934 are recorded in non-current assets, restricted cash. If a donor has not provided specific instructions otherwise, section 34-6-20 of the South Carolina Code of laws permits the Board of Trustees to authorize for expenditure the net appreciation (realized and unrealized) over historical dollar value of the endowment funds. The income earned on the endowment is spent for the purpose for which it was established, faculty research support. It is the University's policy to authorize and spend investment income only to the extent it is available at the most recent June 30. At June 30, 2004, the income available to be spent was \$28,789.

NOTE 7—UNEARNED REVENUE

Unearned revenue for the University at year-end is comprised of tuition prepayments of \$481,243, housing prepayments of \$230,285, State grant funds of \$6,489, advance football ticket sales of \$171,488, advance catering commissions of \$642,857 and miscellaneous deposits of \$2,000.

NOTE 8—LEASE OBLIGATIONS

Operating Leases

The University leases copiers in accordance with operating leases with fixed annual payments and terms of one year or less. Copier lease payments for the fiscal year were \$178,797.

Capital Leases

The University has entered into two lease agreements as lessee in order to finance the acquisition of pianos and various other pieces of equipment. The first lease is payable in annual installments of \$54,558, including interest at 8.15%, through fiscal 2008, and the second is payable in annual installments of \$111,969, including interest at 3.09%, through fiscal 2011. These lease agreements qualify as capital leases for accounting purposes and therefore have been recorded at the present value of their future minimum lease payments as of their inception dates.

Carrying value of the leased assets is \$772,894, net of accumulated depreciation of \$144,090.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2004 were as follows:

<u>Year ending June 30</u>	<u>Capital Lease Payments</u>
2005	\$ 166,527
2006	166,527
2007	166,527
2008	166,527
2009	111,969
2010-2011	167,952
Total minimum lease payments	946,029
Less: Interest	(111,099)
Present value of minimum lease payments	<u>\$ 834,930</u>