

**THE CITADEL**  
**THE MILITARY COLLEGE OF SOUTH CAROLINA**

Intercollegiate Athletics Program

Year Ended June 30, 2004

State of South Carolina



Office of the State Auditor

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

THOMAS L. WAGNER, JR., CPA  
STATE AUDITOR

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March 1, 2005

The Honorable Mark Sanford, Governor  
and  
Members of the Board of Visitors  
The Citadel, The Military College of South Carolina  
Charleston, South Carolina

This report on the application of certain agreed-upon procedures to the accounting records and the statement of revenues, expenditures, and transfers of The Citadel, The Military College of South Carolina, Intercollegiate Athletics Program for the fiscal year ended June 30, 2004, was issued by Cherry, Bekaert & Holland, LLP, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

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

Respectfully submitted,

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

Thomas L. Wagner, Jr., CPA  
State Auditor

TLWjr/trb

**THE CITADEL  
THE MILITARY COLLEGE OF SOUTH CAROLINA**

Intercollegiate Athletics Program

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## **Independent Accountants' Report on Applying Agreed-Upon Procedures**

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

The Citadel  
The Military College of South Carolina  
171 Moultrie Street  
Charleston, South Carolina

We have performed the procedures enumerated below, which were agreed to by the South Carolina Office of the State Auditor and the management of The Citadel, The Military College of South Carolina (The Citadel) solely to assist you in evaluating whether the Statement of Revenues, Expenditures and Transfers of the Intercollegiate Athletic Program of The Citadel is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1 for the year ended June 30, 2004 and the effectiveness of The Citadel's internal control over financial reporting as of June 30, 2004. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specific users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. For purposes of this report materiality has been determined to be \$1,000.

### **Procedures Related to the Statement of Revenues, Expenditures and Transfers**

1. We obtained the Statement of Revenues and Expenditures for the year ended June 30, 2004, as prepared by management and shown in Attachment A herein. We recalculated the mathematical accuracy of the amounts on the schedule and compared the amounts to The Citadel's general ledger.

No exceptions were noted.

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

We found one individual contribution that constituted more than ten percent of the contribution revenue included in Attachment A. The contribution was from The Citadel Brigadier Foundation.

3. We obtained the reconciliation of revenue from football ticket sales between the general ledger and The Citadel's Point of Sale Summary Report for the year ended June 30, 2004 prepared by the athletics department business manager and reviewed by The Citadel's internal auditor, and compared such revenue to the corresponding amount in Attachment A.

The Ticket Status Report and the revenue from football ticket sales per Attachment A were materially in agreement.

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

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

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

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

6. We obtained the Royalties, Advertising and Sponsorship revenue detail and compared the amount per the detail to the corresponding amount in the Statement of Revenue and Expenses in Attachment A. We chose two corporate sponsors: Coca Cola and Applebee's Restaurant and agreed the revenue per the signed contracts to the revenue recorded by The Citadel on the general ledger.

The statement and the detail were in agreement; and we found the amounts recorded for royalties, advertising and sponsorship by Coca Cola and Applebee's Restaurant to be in agreement with the signed contracts.

## Procedures Related to Internal Control Over Financial Reporting

7. Twenty-two days' deposits for the year ended June 30, 2004 were haphazardly selected from the daily receipt reports in The Citadel's Treasurer's office. Each day's cash receipts were compared to validated deposits slips. The items selected were as follows:

<u>Receipt Number</u>	<u>Date</u>	<u>Amount</u>
1. R004885	March 22, 2004	\$ 140.00
1. R004885	March 22, 2004	254.00
2. R004267	January 30, 2004	717.02
3. R003664	December 11, 2003	3.00
4. R003607	November 10, 2003	3,545.00
5. R004887	March 22, 2004	276.00
6. R001953	August 21, 2003	30.00
6. R001953	August 21, 2003	844.00
7. R003663	December 11, 2003	100.00
8. R005421	Various	6,020.00
9. R004890	March 22, 2004	70.00
10. R003608	November 11, 2003	333.00
10. R003608	November 11, 2003	33.00
10. R003608	November 11, 2003	774.00
11. R003605	November 10, 2003	198.00
12. R004267	January 30, 2004	250.00
13. R005418	April 26, 2004	2,650.00
14. R001994	September 9, 2003	246.44
15. R004888	March 21, 2004	127.00
16. R001999	September 9, 2003	1,493.00
17. R004275	February 2, 2004	3,393.00
17. R004275	February 2, 2004	76.00
18. R001998	September 8, 2003	1,000.00
19. R004882	Various	15,585.00
20. R004276	February 1, 2004	7,000.00
21. R003604	November 11, 2003	500.00
22. R001962	August 20, 2003	2,005.00

We found such amounts from the daily receipt reports to be in agreement with the validated deposit slips.

8. We haphazardly selected fifteen cash disbursements for the Intercollegiate Athletic Program for the year ended June 30, 2004. For each of these fifteen disbursements, we compared the disbursed amount and payee information to supporting documentation (i.e. receipts, invoices and acknowledgement of receipt). The items selected were as follows:

<u>Description</u>	<u>Check Number</u>	<u>Disbursement Amount</u>
1. Sportsmans Shop Inc.	289650	\$ 21,040.52
2. Anaconda Sports	289542	4,941.30
3. Great American Bus	292939	6,750.00
4. Sportsmans Shop Inc.	293717	3,800.79
5. Charleston Riverview	296981	1,689.25
6. Palmetto Carpet	297278	3,988.43
7. Sportsmans Shop Inc.	299932	3,439.70
8. David N. Hoffman Jr.	300061	3,000.00
9. Circle System Group	301069	4,095.00
10. City of Charleston	301816	1,712.74
11. Patrick F. Dennis	291769	280.16
12. Raymond Whiteman	294278	7,002.30
13. Federal Express	298588	1,202.93
14. Citadel Petty Cash	301007	4,348.19
15. Raymond Whiteman	303566	6,576.47

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

9. We haphazardly selected ten employees paid from the Intercollegiate Athletic Program for the year ended June 30, 2004. For each of these employees we compared the disbursed amount to the authorized amount per pay period. To determine the authorized amount per pay period we divided the approved annual salary as listed on either the signed employee contract or most recent salary adjustment form by the number of pay periods in a year. The employees selected were as follows:

Ellis Johnson	John M. Zernhelt
Clinton Wilson	Toby Strange
William Buddin	Leslie Robinson
Patrick Dennis	Trisha Ohman
Louis F. Jordan	Richard Alan Hopkins

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

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the Statement of Revenues, Expenditures and Transfers of the Intercollegiate Athletic Program of The Citadel or the effectiveness of The Citadel Intercollegiate Athletic Department's internal control over financial reporting for the year ended June 30, 2004. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

*Cherry, Bekoent + Holland, L.L.P.*

February 11, 2005  
Beaufort, South Carolina

**THE CITADEL**  
The Military College of South Carolina  
Intercollegiate Athletics Program

Statement of Revenues and Expenditures  
For the year ended June 30, 2004  
(Unaudited)

	<b>FOOTBALL</b>	<b>BASKETBALL</b>	<b>OTHER SPORTS</b>	<b>NON- PROGRAM SPECIFIC</b>	<b>TOTAL</b>
<b>Revenues:</b>					
Ticket sales	\$ 533,223	\$ 57,963	\$ 31,670	\$ -	\$ 622,856
Student fees	672,518	258,409	656,848	987,711	2,575,486
Guarantees	255,000	40,000	15,000	-	310,000
Contributions	465,321	103,266	603,532	46,150	1,218,269
Direct institutional support	854,061	176,239	883,907	496,184	2,410,411
NCAA/conference distributions	-	1,205	3,686	156,256	161,147
Broadcast, television, radio and internet rights	-	-	-	6,000	6,000
Program sales, concessions, novelty sales and parking	44,708	9,714	16,995	34,791	106,208
Royalties, advertisements and sponsorships	28,970	6,175	31,937	81,074	148,156
Other revenue	5,820	1,502	4,963	84,113	96,398
<b>Total operating revenue</b>	<b>2,859,641</b>	<b>654,473</b>	<b>2,248,538</b>	<b>1,892,279</b>	<b>7,654,931</b>
<b>Expenses:</b>					
Athletics student aid	1,309,293	270,172	1,355,014	-	2,934,479
Guarantees	20,000	12,000	5,500	-	37,500
Coaching salaries and benefits	579,097	222,513	565,604	-	1,367,214
Support staff/administrative salaries and benefits	-	-	-	850,506	850,506
Recruiting	95,411	44,665	19,009	3,999	163,084
Team travel	235,751	65,422	298,974	-	600,147
Equipment, uniforms and supplies	146,797	32,058	148,232	-	327,087
Game expenses	65,249	54,577	46,298	-	166,124
Fundraising, marketing and promotion	50,507	8,866	16,046	144,760	220,179
Direct facilities, maintenance and rental	1,210	2,248	12,982	316,278	332,718
Other operating expenses	68,205	39,371	92,283	468,473	668,332
<b>Total operating expenses</b>	<b>2,571,520</b>	<b>751,892</b>	<b>2,559,942</b>	<b>1,784,016</b>	<b>7,667,370</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ 288,121</b>	<b>\$ (97,419)</b>	<b>\$ (311,404)</b>	<b>\$ 108,263</b>	<b>\$ (12,439)</b>

**THE CITADEL  
THE MILITARY COLLEGE OF SOUTH CAROLINA  
INTERCOLLEGIATE ATHLETICS PROGRAM  
NOTES TO STATEMENT OF REVENUES AND EXPENDITURES  
JUNE 30, 2004  
(Unaudited)**

**1. Allocation of Overhead**

The Citadel prepares an annual study of overhead to charge to all of its auxiliary activities. The overhead charge to the athletics department is derived from that study. The study is reviewed as part of the college's regular financial audit, and is comprised of an allocation of various institutional costs.

**2. Contributions**

The Citadel received one contribution from an outside organization that exceeded ten percent of all contributions to the Athletic Department during the year ended June 30, 2004. The contribution was received from the Brigadier Foundation in the amount of \$900,252 and is restricted to scholarships.

**3. Direct Institutional Support**

The Citadel provided \$2,410,411 of direct institutional support to the Athletic Department in fiscal year 2004. This total was composed of transfers from auxiliaries of \$496,184, transfers from unrestricted gifts of \$993,819, and waived fees of \$920,408.