

January 5, 1999

The Honorable David M. Beasley, Governor  
and  
Members of the Board of Trustees  
College of Charleston  
Charleston, South Carolina

This report on the audit of the statement of revenues and expenditures of the College of Charleston's Department of Athletics for the fiscal year ended June 30, 1998, was issued by Rogers & Laban, PA, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

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

Respectfully submitted,

Thomas L. Wagner, Jr., CPA  
State Auditor

TLWjr/cwc



**COLLEGE OF CHARLESTON  
DEPARTMENT OF ATHLETICS  
CHARLESTON, SOUTH CAROLINA**

STATEMENT OF REVENUES AND EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 1998  
(with Independent Auditor's Report thereon)

**COLLEGE OF CHARLESTON  
DEPARTMENT OF ATHLETICS  
CHARLESTON, SOUTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 1998**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of revenues and expenditures of the College of Charleston's Department of Athletics for the year ended June 30, 1998. The financial statement is the responsibility of the College's management. Our responsibility is to express an opinion on the statement of revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and expenditures of the College of Charleston's Department of Athletics for the year ended June 30, 1998 in conformity with generally accepted accounting principles.

Columbia, South Carolina  
November 19, 1998

COLLEGE OF CHARLESTON  
DEPARTMENT OF ATHLETICS  
STATEMENT OF REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 1998

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1997

	<u>MEN</u>		<u>WOMEN</u>		<u>Co-ed Sports</u>	<u>Non- Program Specific</u>	<u>Total</u>	<u>1996 - 97 Total</u>
	<u>Basketball Sports</u>	<u>Other</u>	<u>Basketball Sports</u>	<u>Other</u>				
Revenues:								
Activity Fees	\$	\$	\$	\$	\$	\$ 2,496,928	\$ 2,496,928	\$ 2,160,252
Vending Machine						4,096	4,096	3,463
Commissions						8,114	8,114	9,631
Ticket Sales	68,966	3,282	510	848		77,200	150,806	149,628
Post-Season Compensation						28,560	28,560	37,993
NCAA Distribution						58,200	58,200	117,244
Scholarship Contributions								14,703
Restricted						190,000	190,000	170,000
Unrestricted								
Special Contributions Unrestricted	9,000			2,400		100	11,500	33,180
Rental						6,100	6,100	6,625
Royalties						6,706	6,706	4,230
Guarantees	7,000	1,500					8,500	12,693
Corporate Sponsorship	5,000						5,000	22,500
Other				<u>7,265</u>		<u>2,087</u>	<u>9,352</u>	<u>717</u>
Total Revenues	<u>\$89,966</u>	<u>\$ 4,782</u>	<u>\$ 510</u>	<u>\$ 10,513</u>	<u>\$</u>	<u>\$2,878,091</u>	<u>\$2,983,862</u>	<u>\$ 2,742,859</u>

(Continued)

COLLEGE OF CHARLESTON  
DEPARTMENT OF ATHLETICS  
STATEMENT OF REVENUES AND EXPENDITURES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 1998  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1997

	<u>MEN</u>		<u>WOMEN</u>		<u>Co-ed Sports</u>	<u>Non- Program Specific</u>	<u>Total</u>	<u>1996 - 97 Total</u>
	<u>Basketball Sports</u>	<u>Other</u>	<u>Basketball Sports</u>	<u>Other</u>				
Expenditures:								
Personal Services	\$ 178,699	\$ 170,470	\$ 88,904	\$ 158,294	\$ 85,143	\$ 198,668	\$ 880,178	\$ 774,349
Fringe Benefits		34,753	20,734	27,462	18,444	28,109	151,680	153,085
Contractual Services	85,751	81,790	42,764	76,429	34,142	203,258	524,134	588,857
Supplies	17,968	47,809	10,793	43,822		58,161	178,553	145,958
Scholarship	142,743	248,256	86,366	306,899		11,060	795,324	736,231
Fixed Charges	86,334	408		2,163	2,737	52,343	143,985	133,691
Travel	<u>28,263</u>	<u>22,860</u>	<u>19,781</u>	<u>22,994</u>	<u>7,848</u>	<u>7,925</u>	<u>109,671</u>	<u>109,003</u>
Total Expenditures	<u>\$561,936</u>	<u>\$606,346</u>	<u>\$269,342</u>	<u>\$638,063</u>	<u>\$148,314</u>	<u>\$559,524</u>	<u>\$2,783,525</u>	<u>\$ 2,641,174</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$(471,970)</u> =====	<u>\$(601,564)</u> =====	<u>\$(268,832)</u> =====	<u>\$(627,550)</u> =====	<u>\$(148,314)</u> =====	<u>\$2,318,567</u> =====	<u>\$ 200,337</u> =====	<u>\$ 101,685</u> =====

The accompanying notes are an integral part of this financial statement.



**COLLEGE OF CHARLESTON**  
**DEPARTMENT OF ATHLETICS**  
Notes to Financial Statement  
June 30, 1998

**1. Summary of Significant Accounting Policies**

The Department of Athletics is an auxiliary enterprise of the College which is responsible for the intercollegiate athletic programs of the College of Charleston. The College's NCAA Division I membership became effective as of September 1, 1991.

- A. **Accrual Basis** - The statement of revenues and expenditures of the College's Department of Athletics has been prepared on the accrual basis of accounting, except that, in accordance with accounting practices customarily followed by educational institutions, no provision is made for depreciation of physical plant assets. Generally, revenue is recognized when earned and expenditures are recognized when materials or services are received. Indirect costs are allocated to the Department of Athletics for general institutional administrative costs, maintenance and other related costs as a percentage of Department of Athletics salaries to total College salaries. These costs of \$93,068 are recorded as contractual services - non program specific. The accompanying statement presents the financial activities of the College's Department of Athletics. It does not purport to present the results of operations or the net income or loss for the period.
- B. **Fund Accounting** - In order to ensure observance of limitations and restrictions placed on the use of the resources available to the College's Department of Athletics, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. Separate accounts are maintained for each fund; however, in the accompanying financial statement, unrestricted and restricted current funds have been combined. Accordingly, all financial transactions related to intercollegiate athletic programs have been reported as current funds.

Restricted current fund revenues are recognized only to the extent expended during the year. The excess of revenues received over related expenditures during the period are carried in the restricted current fund balance of the College.

## **2. NCAA Legislation**

In June 1985, the National Collegiate Athletic Association ("NCAA") adopted legislation that required all expenditures for or in behalf of an Institution's Intercollegiate Athletics Program, including those by outside organizations, to be included in the audited statement of revenues and expenditures of the Institution's Athletics Department.

In January 1987, the NCAA constitution was amended to exempt from this audit requirement those institutions with operating budgets for intercollegiate athletics of less than \$300,000.

In January 1988, effective January 14, 1988, the constitution was again amended. This amendment removed the audit requirement from the NCAA constitution and incorporated its provisions into three separate bylaws. These separate bylaws contain revisions specific to each membership division.

As a Division I member of the NCAA, the College of Charleston is required to have an annual financial audit completed by the end of the subsequent fiscal year.

## **3. Outside Organizations**

The primary mission of the Cougar Club is to promote intercollegiate athletics at the College of Charleston. Season tickets to athletic games are available only through membership in the Cougar Club and entitle the purchaser to entrance at any athletic events at the College - basketball, baseball, volleyball, etc. Net revenues from ticket sales are remitted to the College annually. During the fiscal year 1998, \$67,000 was remitted to the College.

Unrestricted contributions to the College from the Cougar Club are used to fund scholarships for the Athletic Department. During the fiscal year 1998, \$175,000 was contributed to the athletic department.

All activities of the Cougar Club on behalf of the College's department of athletics have been subjected to the internal controls of the College.

## **4. Contributions**

For the year ended June 30, 1998, athletic department contributions in excess of 10% of total athletic department contributions were as follows:

<u>Donee</u>	<u>Amount</u>
College of Charleston Cougar Club	\$ 175,000
College of Charleston Foundation Unrestricted	\$ 15,000

**5. Student Activity Fees**

During fiscal year 1998, the Board of Trustees approved an allocation from College and Summer fees of \$135 per full time student activity fees to athletics. The College recognized \$2,496,928 student activity fees during fiscal year 1998.

**6. Presentation of Revenues and Expenditures**

The College of Charleston, beginning fiscal year 1995-96, elected to present the revenues by source based on NCAA categories with the previous year data restated for comparability. The College's policy is to classify all revenues to the specific sport designated or to the particular sport generating the funds. Otherwise, the revenues are reported as non-program specific.

**7. Trans America Athletic Conference (TAAC) Tournament**

During this fiscal 1997-98, the College of Charleston played host to the TAAC Tournament (Men's Basketball Program). Revenues and expenses incurred at the Tournament were included in the Basketball sports.

TAAC Tournament		
A. Revenue		
Ticket Sales	\$50,302	
Special Contribution	<u>9,000</u>	\$59,302
B. Expenditures		
Contractual	\$ 715	
Supplies	1,142	
Fixed Charges	<u>42,512</u>	<u>\$44,369</u>
Surplus (Deficit)	\$14,933	====



