

**WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

Rock Hill, South Carolina

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES

June 30, 2003

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

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

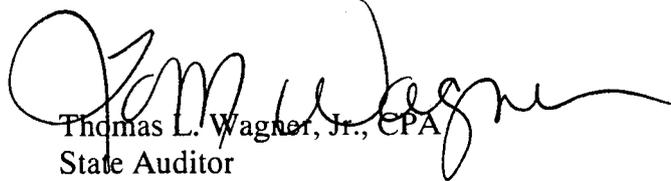
March 8, 2004

The Honorable Mark Sanford, Governor
and
Members of the Board of Trustees
Winthrop University
Rock Hill, South Carolina

This report on the review of the statement of revenues, expenditures and transfers of the Winthrop University Intercollegiate Athletics Program for the fiscal year ended June 30, 2003, and the application of certain agreed-upon procedures to the accounting records of the Winthrop University Intercollegiate Athletics Program 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,


Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/cwc

CONTENTS

| | |
|--|-------|
| Independent Accountants' Report on Applying Agreed-Upon Procedures | 3 - 5 |
| Statement of Revenues, Expenditures and Transfers | 6 - 7 |
| Note to Statement | 8 |



INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES

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

Dr. Anthony J. DiGirogio
President
Winthrop University
114 Tillman Hall
Rock Hill, South Carolina 29733

We have performed the procedures described below, which were agreed to by the South Carolina Office of the State Auditor and the Board of Trustees and management of Winthrop University, solely to assist these users in evaluating the performance of the University's Intercollegiate Athletics Program (IAP) and to assist the University in complying with NCAA Bylaw 6.2.3.1 for the fiscal year ended June 30, 2003. Management is responsible for Winthrop University's compliance with the requirements of NCAA Bylaw 6.2.3.1, the Intercollegiate Athletics Program's financial records, internal controls and compliance with applicable laws, rules and regulations. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the 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.

The procedures and associated findings are as follows:

1. We obtained from management the statement of revenues, expenditures and transfers of Winthrop University Intercollegiate Athletics Program for the year ended June 30, 2003, as prepared by management of the University and shown on pages 6 and 7 in this report. We recalculated the addition of the amounts on the statement, traced the individual line item amounts from the financial statement to management's worksheets and compared the amounts on management's worksheets to the 91000 & 92000 series of accounts in the University's general ledger. We found no exceptions as a result of the procedures.
2. We obtained from management a list of all outside organizations not under the University's accounting control that have as its principal or one of its principal purposes the generating of resources for or on behalf of the University's Intercollegiate Athletics Program or the promotion of the Program. The list contained the Eagle Club and the Winthrop Foundation.
3. We confirmed the amounts received from these outside organizations directly with the responsible official of these organizations. We confirmed with Betsy Angerman the Eagle Club remitted \$52,433 in the form of unrestricted contributions. We compared the amount per the confirmation with the amount recorded in the Athletic Department's general ledger and on the Statement of Revenues, Expenditures and Transfers included as Attachment A to this report. We found no exceptions as a result of these procedures.

4. We obtained from management a listing of all expenditures made directly by the respective outside organizations (not under the University's accounting control) on behalf of the University's Intercollegiate Athletics Program or employees to determine if they are included as revenues and expenditures on the University's Intercollegiate Athletics Program's accounting records and the Program's statement of revenues, expenditures, and transfers. The list indicated \$178,676 was disbursed on behalf of Winthrop's Department of Athletics by an outside organization. We compared the amounts on this list with the amounts recorded on management's worksheets. We found no exceptions as a result of these procedures.
5. We requested a listing of all expenditures made directly by other external parties (e.g. related parties, foundations, individuals, business, or other organizations) for or on behalf of the University's Intercollegiate Athletics Program or the Program's employees to determine if they were included as revenues in the Program's statement of revenues, expenditures and transfers. For fiscal year ended June 30, 2003, management told us that no expenditures by such external parties were made.
6. We scanned the Intercollegiate Athletics Program contributions revenue account detail to identify each individual contribution received directly that constitutes more than ten percent of all contributions received for intercollegiate athletics. For these recorded receipts, we obtained and read correspondence from the donor to determine the receipts were classified in accordance with NCAA guidelines, to identify those received from independent outside sources and to determine that the source and value of each such contribution is disclosed in a footnote to the statement. The contribution described in Note 1 of Attachment B was the only individual contribution in excess of ten percent of all contributions.
7. We obtained from management the general ledger activity for all cash receipts related to intercollegiate athletics. We selected 25 individual receipts. We then compared the recorded cash receipt amount to the amount on the cashier office deposit transmittal reports prepared by the athletic department and submitted along with the cash to the treasurer's office. See attachment C to this report for a summary of items selected. We found no exceptions as a result of the procedures.
8. We asked management to describe specific elements of the University's internal control unique to the Intercollegiate Athletics Program's accounting system and financial reporting.
 - a. We obtained from management a listing of coliseum events for the year ended June 30, 2003. From this list we selected four events, Celriver Basketball Tournament, Carolina Classic Basketball Tournament, Gamecock Club Meeting, and the Yeager Weekend of the Diamonds. For the four Coliseum lease events we obtained and read the signed rental agreement. We compared the amount of lease revenue per the contract with the amount recorded in the general ledger. For the events that had ticket sales, the Yeager Weekend of the Diamonds, Celriver Basketball Tournament and the Carolina Classic Basketball Tournament, we compared the number of tickets sold per the lease agreement with the amount of tickets sold per the future ticket report. We recalculated the mathematical accuracy of the amount of ticket sales revenue by multiplying the number of tickets sold, per the future ticket sales report, by the individual ticket price. We obtained and read the correspondence accompanying the concession revenue commission check received from ARAMark on August 29, 2002. We compared the amount on the accompanying correspondence with the amount recorded in the general ledger. We found no exceptions as a result of the procedures.
 - b. We selected a sample of twenty recorded expenditures for contractual services, travel, uniforms, financial aid and equipment and supplies from the general ledger. We compared the classification of the selected expenditures in the statement on Attachment A to the classifications permitted by NCAA Guidelines as stated by the NCAA Audit Legislation. For the selected expenditures we obtained the related disbursement package to determine the items required by Winthrop's procurement policy were included and that the expenditure had been authorized in accordance with Winthrop's procurement policy. The items selected are included as Attachment D. We found no exceptions as a result of the procedures.

- c. We asked management to describe the basis for allocating student activity fees and student athletic fees to athletics and obtained from management the reconciliation of total student fees revenue. Management explained to us the student activity fees were allocated between the Dinken's Student Life Center and the Athletic Department. The amount to be allocated to the Athletic Department is based on expenditures in general ledger account number 191031, non-program student activity fees. We obtained the University's general ledger detail in FRS from management for these accounts. We calculated the total expenditures from these this account and compared the total with the amount of Student Activity Fee revenue recorded in the general ledger and on the Statement of Revenues, Expenditures and Transfers. Management explained to us the student athletic fee is based on fees charged to students for debt service. We obtained from management the University's general ledger detail in FRS for account number 072300-4010. We compared the total of this account with the amount of Student Athletic Fee revenue recorded on the Statement of Revenues, Expenditures and Transfers. We found no exceptions as a result of the procedures.
9. We obtained all daily cash receipts reports for the Intercollegiate Athletics Program prepared by various program representatives. We selected two of these reports, one from track and cross-country and one from softball. We recalculated the reports, compared the amount on the department deposit receipt with the amount on the cashier's office deposit transmittal, and compared the amount recorded on the cashier's office deposit transmittal to the amount recorded in University's general ledger accounts for the Intercollegiate Athletics Program. We found no exceptions as a result of the procedures.
10. We obtained and read copies of the game guarantee contracts. We recalculated the total amount of these guarantee contracts. We compared this amount with the amount recorded as Guarantee revenue on the Statement of Revenues, Expenditures and Transfers. We also compared basketball guarantee expenditures per the contracts to expenditures recorded in the program's accounts in the general ledger. We found no exceptions as a result of the procedures.
11. We obtained a schedule of athletics department salaries from management. We compared the amounts listed on the schedule to amounts recorded in the general ledger and on The Statement of Revenues, Expenditures and Transfers. We calculated the related fringe expenditures using Winthrop's fringe benefit rate and compared the amounts calculated with the reported expenditures in the appropriate general ledger accounts. We found no exceptions as a result of the procedures.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the specified areas, accounts, or items. 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 Governor and the users specified in paragraph one of this report and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for these purposes.

Cherry, Bekart + Holland, L.L.P.

February 13, 2004
Beaufort, South Carolina

**WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

Statement of Revenues, Expenditures and Transfers
For the Year Ended June 30, 2003
"Unaudited"

| | <u>Men's Basketball</u> | <u>Other Sports</u> | <u>Nonprogram Specific</u> | <u>Total</u> |
|---|-----------------------------|-------------------------|--------------------------------|--------------|
| <u>Revenues</u> | | | | |
| Ticket Sales | \$ 49,587 | \$ 40,577 | \$ - | \$ 90,164 |
| Guarantees | 155,000 | 15,000 | - | 170,000 |
| Coliseum Parking | - | - | 6,936 | 6,936 |
| Coliseum Concessions | 503 | 5,047 | 23,991 | 29,541 |
| Coliseum Facility Leasing | - | - | 107,088 | 107,088 |
| Entry Fees | - | 36,970 | - | 36,970 |
| Summer Camps | - | - | 6,158 | 6,158 |
| Student Activity Fees | - | - | 3,056,455 | 3,056,455 |
| Student Athletic Fees | - | - | 486,029 | 486,029 |
| Advertising | 80,334 | 41,504 | 11,217 | 133,055 |
| Interest Income | - | - | 14,913 | 14,913 |
| Contributions - Restricted | 21,071 | 42,199 | - | 63,270 |
| Contributions - Unrestricted | - | - | 53,353 | 53,353 |
| Contributed Support - Winthrop Foundation - Note A | - | 12,016 | 166,660 | 178,676 |
| NCAA and Conference Grants | 52,550 | - | 116,645 | 169,195 |
| NCAA Distribution | - | 14,936 | - | 14,936 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Revenues | \$ 359,045 | \$ 208,249 | \$ 4,049,445 | \$ 4,616,739 |

**WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

Statement of Revenues, Expenditures and Transfers
For the Year Ended June 30, 2003
"Unaudited"

| | <u>Men's Basketball</u> | <u>Other Sports</u> | <u>Nonprogram Specific</u> | <u>Total</u> |
|--|-----------------------------|-------------------------|--------------------------------|-------------------|
| <u>Expenditures</u> | | | | |
| Salaries | | | | |
| Coaches | \$ 227,844 | \$ 636,113 | \$ - | \$ 863,957 |
| Other | 11,308 | 39,795 | 582,197 | 633,300 |
| Graduate Assistantships | - | 40,034 | 4,124 | 44,158 |
| Fringe Benefits | 61,166 | 173,258 | 139,390 | 373,814 |
| Financial Aid | 132,322 | 636,277 | 4,000 | 772,599 |
| Telephone | 6,480 | 28,165 | 29,898 | 64,543 |
| Repairs | 1,987 | 1,755 | 9,134 | 12,876 |
| Printing and Advertising | 9,677 | 14,226 | 80,896 | 104,799 |
| Contractual Services | 30,091 | 78,084 | 120,596 | 228,771 |
| Food Services | 4,376 | 13,235 | 27,089 | 44,700 |
| Travel | | | | |
| Team | 59,447 | 297,529 | 6,154 | 363,130 |
| Recruiting | 20,709 | 68,379 | - | 89,088 |
| Other | 7,037 | 16,498 | 18,310 | 41,845 |
| Uniforms | 5,869 | 77,919 | 7,492 | 91,280 |
| Rents | - | 13,244 | 5,920 | 19,164 |
| Insurance | 2,232 | 1,644 | 76,395 | 80,271 |
| Dues, Licenses, and Subscriptions | 2,899 | 5,944 | 36,953 | 45,796 |
| Awards | 9,534 | 12,813 | 6,140 | 28,487 |
| Equipment and Supplies | 6,561 | 37,174 | 153,654 | 197,389 |
| Purchases For Resale | - | 6,566 | - | 6,566 |
| Guarantees | 27,473 | 23,009 | - | 50,482 |
| Postage | 1,634 | 2,830 | 24,296 | 28,760 |
| | <u>628,646</u> | <u>2,224,491</u> | <u>1,332,638</u> | <u>4,185,775</u> |
| Total Expenditures | | | | |
| <u>Transfers In (Out)</u> | | | | |
| Transfers In For Scholarships | - | - | 100,237 | 100,237 |
| Transfers Out For Debt Service | <u>(6,651)</u> | <u>-</u> | <u>(389,841)</u> | <u>(396,492)</u> |
| | <u>(6,651)</u> | <u>-</u> | <u>(289,604)</u> | <u>(296,255)</u> |
| Total Transfers | | | | |
| (Deficit) Excess Revenues (Under) Over Expenditures and Transfers | <u>\$ (276,252)</u> | <u>\$ (2,016,242)</u> | <u>\$ 2,427,203</u> | <u>\$ 134,709</u> |

See accompanying note.

**WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

Note to Statement
June 30, 2003

NOTE ONE - CONTRIBUTIONS

Contributed support from the Winthrop Foundation, an outside organization, in the amount of \$ 178,676 results from the Foundation making or committing to make expenditures on behalf of the Intercollegiate Athletics Program for items such as athletic scholarships and equipment. This amount is more than ten percent of the total contributions received for intercollegiate athletics during the year ended June 30, 2003. No other contributions, from individual sources, in excess of the ten percent were received during the fiscal year.

**WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

Selected Cash Receipt Items
For the Year Ended June 30, 2003

| <u>Item</u> | <u>Amount</u> |
|-------------------------------|----------------------------|
| Gold's Gym | \$ 250.00 |
| Wingate Inn | 308.00 |
| Rock Hill Coca Cola | 3,600.00 |
| Carolina Village | 600.00 |
| Licensing Revenue | 1,352.58 |
| NCAA Distribution | 41,482.00 |
| Yager Event Parking | 6,936.00 |
| Merchandise Sales 12/17/2003 | 50.00 |
| Season Ticket Sales | 13,120.00 |
| Season Ticket Sales | 2,560.00 |
| Season Ticket Sales | 4,130.00 |
| NCAA Volleyball Reinbursement | 7,434.08 |
| St. Francis University | 975.00 |
| Bi-Lo | 82.04 |
| Tip Off Ring Ceremony | 615.00 |
| Brother's Air and Heating | 5,000.00 |
| Sunday Ticket Sales | 1,590.00 |
| Program Sales | 217.00 |
| T-Shirt Sales | 600.00 |
| Banquet Ticket Sales | 250.00 |
| Ticket Sales | 601.00 |
| Softball Day Camp | 517.50 |
| CC/Track Camp | 40.00 |
| Tennis Camp | 150.00 |
| MBB Marshall | 1,197.40 |
| | <hr/> |
| Total Tested | <u><u>\$ 93,657.60</u></u> |

**WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

Selected Cash Disbursement Items
For the Year Ended June 30, 2003

| <u>Item</u> | <u>Amount</u> |
|---------------------------------|---------------------|
| Sports Ventures | \$ 729.28 |
| Medco Supply Co. | 170.66 |
| Power Ad Company | 530.00 |
| American Fast Photo | 689.00 |
| Keen Sporting Goods | 3,903.72 |
| Wilson Sporting Goods | 3,045.12 |
| Pal's Printing and Embroidry | 12.72 |
| Golden Corral Family Steakhouse | 101.85 |
| Washingtonville Soccer | 5,964.63 |
| Hilton Garden Inn | 354.00 |
| Griffin Pontiac Buick | 3,600.00 |
| Sign Techniques | 16.96 |
| Rock Hill Coca Cola | 978.38 |
| Grey Line | 2,300.00 |
| Jersey's Mikes | 281.51 |
| Odds on Promotions | 1,100.00 |
| Team Foxhill | 5,908.34 |
| ARA | 600.23 |
| Grevco, Inc. | 1,567.21 |
| Cal-Graphics | 819.91 |
| | <hr/> |
| | <u>\$ 32,673.52</u> |