

COASTAL CAROLINA UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

NOTE 4—LOANS RECEIVABLE

Student loans made through the Federal Perkins Loan Program of the University comprise all of the loans receivable as of June 30, 2004. 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 decides to exercise. As the University determines that loans are uncollectible, the loans are written off and assigned to the United States Department of Education. At June 30, 2004, the allowance for uncollectible student loans is valued at \$112,966.

NOTE 5—CAPITAL ASSETS

Capital asset activity for the University for the year ended June 30, 2004 is summarized as follows:

| | Balance July 1, 2003 | Additions | Retirements | Balance June 30, 2004 |
|---|-------------------------|---------------|----------------|--------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 194,265 | \$ - | \$ - | \$ 194,265 |
| Construction in-progress | 8,244,026 | 376,209 | (8,244,026) | 376,209 |
| Total capital assets not being depreciated | 8,438,291 | 376,209 | (8,244,026) | 570,474 |
| Other Capital Assets: | | | | |
| Land improvements | 1,793,042 | 309,096 | | 2,102,138 |
| Buildings and improvements | 88,454,860 | 14,139,128 | | 102,593,988 |
| Equipment | 4,204,584 | 624,474 | (56,556) | 4,772,502 |
| Intangible assets | - | 273,777 | | 273,777 |
| Vehicles | 445,874 | 93,154 | (25,711) | 513,317 |
| Total other capital assets at historical cost | 94,898,360 | 15,439,629 | (82,267) | 110,255,722 |
| Less accumulated depreciation for: | | | | |
| Land improvements | (599,749) | (110,630) | | (710,379) |
| Buildings and improvements | (15,957,692) | (2,214,883) | | (18,172,575) |
| Equipment | (1,945,522) | (292,264) | 56,556 | (2,181,230) |
| Intangible assets | - | (91,259) | | (91,259) |
| Vehicles | (251,931) | (59,947) | 25,711 | (286,167) |
| Total accumulated depreciation | (18,754,894) | (2,768,983) | 82,267 | (21,441,610) |
| Other capital assets, net | 76,143,466 | 12,670,646 | - | 88,814,112 |
| Capital assets, net | \$ 84,581,757 | \$ 13,046,855 | \$ (8,244,026) | \$ 89,384,586 |

Major outlays for capital assets and improvements are capitalized as they are constructed. Interest incurred during the construction phase may be capitalized or expensed depending on, among other things, whether the source of funding specifies that it may be used only for the acquisition of specified qualifying assets, and, in certain cases, the amount of interest earnings on unexpended debt proceeds. During the year ended June 30, 2004, the University expensed \$225,918 of construction interest.