

**THE COLLEGE OF CHARLESTON  
INTERCOLLEGIATE ATHLETICS PROGRAM**

**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

**JUNE 30, 2008**

**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

Members of the Board of Trustees  
The College of Charleston  
Charleston, South Carolina

We have performed the procedures described below, which were agreed to by the the Board of Trustees and management of the College of Charleston ("the College"), solely to assist the College in complying with NCAA Bylaw 6.2.3.1. for the fiscal year ended June 30, 2008. This engagement to apply agreed-upon procedures was performed in accordance with 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.

**Procedures Related to the Statement of Revenues and Expenditures**

1. We obtained from management the Statement of Revenues and Expenditures of the College of Charleston Intercollegiate Athletics Program for the year ended June 30, 2008, as shown on Attachment A of this report. We recalculated the the mathematical accuracy of the amounts on the statement, traced those amounts to management's worksheets and agreed the amounts on management's worksheets to the related series of accounts in the College's general ledger. We discussed the nature of the worksheet adjustments with management. No additional procedures were performed with respect to management's representations. We found no exceptions as a result of this procedure.
2. We scanned the College's general ledger of NCAA related accounts for individual contributions that constituted more than ten percent of contributions restricted. There was no single contribution that constituted more than ten percent of total revenue or \$872,330.
3. For student activity revenue, we compared the amount per the general ledger to the corresponding amount on Attachment A. In addition, we tested the reasonableness of the reported student activity fees by comparing the recorded amount to our estimate of the fees using student enrollment figures and the fee charged to students. We found no exceptions as a result of this procedure.
4. For guarantees revenue, we obtained a detail schedule of the revenue reported and compared the amounts per the detail to the corresponding amount in the Statement of Revenues and Expenditures. We compared the individual amounts in the detail to the amounts in the guarantee documentation provided. We found that the amount shown on Attachment A and the general ledger were in agreement. We found no exceptions as a result of this procedure.
5. For NCAA and Southern Conference (SOCON) distribution revenue, we obtained the detail of the revenue reported and compared the amount per the detail to the corresponding amount on Attachment A. We agreed the individual conference distributions to the remittance advices accompanying the distributions. We found Attachment A and the general ledger were in agreement. We found no exceptions as a result of this procedure.

6. We compared the amounts of expenses paid on behalf of the College's Department of Athletics reported by the College of Charleston Cougar Club in their financial statements for the year ended June 30, 2008 to the amount of \$1,391,471 reported in Note 5 on page 7 is in agreement. We found no exceptions as a result of this procedure.
7. We obtained a schedule of athletic department salaries, including departmental staff from management and agreed those amounts to the appropriate general ledger salary accounts. We estimated the related employer contributions expenditures using the College's average fringe benefits rates for comparably paid employees and compared our estimates with reported expenditures in the appropriate general ledger accounts. We identified no significant unexplained variance.
8. We obtained from management a listing of athletic department staff employed during the year. We haphazardly selected three men and three women coaches and agreed the financial terms and conditions of each employee to the related salaries and benefits recorded by the College. We verified such salaries were properly included in the Personal Services expenditure for applicable program and proper amount on Attachment A. We found no exceptions as a result of this procedure.

Robert Cremins  
 Mark McEntire  
 Kaleena J. Walters

Anthony E. Ciuffo  
 Amy L. Seago (Schuckert)  
 Alice M. Manard

9. We obtained from management a listing of athletic department staff employed during the year. We haphazardly selected three support/administrative staff members and agreed the financial terms and conditions of each employee to the related salaries and benefits recorded by the College. We verified such salaries were properly included in the Personal Services expenditure for applicable program and proper amount on Attachment A. We found no exceptions as a result of this procedure.

Alysanne W. Wiedeke  
 Keith A Merritt II  
 Joshua A. Bryson

10. We obtained from management the squad list which detailed scholarships provided for each sports team. We haphazardly selected three students from the squad list and traced the awarded scholarship(s) for each student to each student's account. We found no exceptions as a result of this procedure.

Andrew Goudelock – Men's Basketball  
 Clay Caulfield - Men's Baseball  
 Tonia Gerty - Women's Basketball

11. We confirmed with the College of Charleston Cougar Club the amount of ticket sale revenue of \$230,012 remitted to the College for the year ended June 30, 2008. We compared the amount of ticket sale revenue per the Cougar Club to the amount recorded on the College's general ledger. We found the amounts were in agreement.
12. We obtained from management the method for allocating indirect costs to the athletic department as discussed in Note I on page 6. We determined the method used was consistent with the method described to us.
13. We obtained the royalties revenue detail and compared the total amount per the detail to the corresponding amount in the Statement of Revenues and Expenditures. We compared royalty payments received to details supporting each receipt. We found the amounts were in agreement. We found no exceptions as a result of this procedure.
14. We analytically compared revenues and expenditures between the fiscal years ending June 30, 2008 and 2007 using the scope of changes greater than 10% and \$40,000. Management was able to provide evidence and reasons for the various identified changes meeting the scope defined. We found reasonable explanations for the cause of the changes between the two years.

## Procedures Related to Internal Control Over Financial Reporting

The management of the College of Charleston is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate. Our procedures and findings are as follows:

1. Twenty-five cash receipts for the year ended June 30, 2008 were haphazardly selected from the College's general ledger related to the Intercollegiate Athletic Program. Each cash receipt was compared to supporting documentation (i.e. receipt, validated deposit slip, and acknowledgement of receipt). We found the amounts of the transactions were in agreement with supporting documentation.

	<u>Receipt Number</u>	<u>Date</u>	<u>Amount</u>
1.	CR 40237	September 4, 2007	\$ 779.00
2.	CR 40550	September 17,2007	818.00
3.	CR 41041	October 8, 2007	360.00
4.	CR 41871	November 14,2007	310.00
5.	CR 42185	November 30, 2007	327.00
6.	CR 42198	December 3, 2007	102.00
7.	CR 42551	December 14, 2007	292.00
8.	CR 42716	January 2, 2008	2,857.00
9.	CR 42822	January 8, 2008	1,892.00
10.	CR 42823	January 8, 2008	368.00
11.	CR 43526	February 4, 2008	119.00
12.	CR 43614	February 6, 2008	316.00
13.	CR 44082	February 21,2008	1,801.00
14.	CR 44156	February 25, 2008	2,467.00
15.	CR44377/44379(\$347)*	March 4, 2008	1,823.00
16.	CR 44345	March 11, 2008	846.00
17.	CR 44689	March 18, 2008	1,286.00
18.	CR45016/45017(\$18)*	April 1,2008	606.00
19.	CR 45256	April 9, 2008	187.00
20.	CR 45624	April 22, 2008	130.00
21.	CR 45751/45750 (\$880)*	April 28, 2008	6,614.00
22.	CR 45998	May 7, 2008	280.00
23.	CR 46796	June 10,2008	1,080.00
24.	CR 41340	October 20, 2007	690.00
25.	CR 42799	January 5, 2008	1,520.00

\* Item selected for receipt testing.

2. Twenty-five cash disbursements for the Intercollegiate Athletic Program for the year ended June 30, 2008 were haphazardly selected. For each of these twenty-five disbursements, we compared the disbursed amount and payee information to supporting documentation (i.e. invoice, check, etc.). We found the disbursed amounts and disbursement description to be in agreement with the supporting documentation.

	Description	Voucher Number	Disbursement Amount
1.	Mark Byington	0018274	\$ 475.00
2.	Kyle Robinson	0009280	9,072.00
3.	Fred Dupree	0001636	2,566.97
4.	Brookstone Country	P-Card	2,079.00
5.	Links at Stano Ferry	0001207	10,416.66
6.	Hawthorne Suites	0017775	4,125.60
7.	Ralph Lundy, Jr.	0006564	21,079.98
8.	Follett Edu Group	0004547	5,701.85
9.	Northside Nissan	0001539	1,010.43
10.	Stenstrom & Associates	0013246	54,704.88
11.	Aramark	IDT 119	1,018.92
12.	Medco Supply Co	0002160	9,324.36
13.	First Agency	0001362	111,925.00
14.	Ralph Lauren	P-Card	943.38
15.	Storybook Farm	0000864	8,573.00
16.	Lancaster Tours	0015256	2,188.20
17.	WG Sports Photos	0002605	9,600.00
18.	Mustard Seed	0002526	1,944.00
19.	MF Athletic	P-Card	2,277.53
20.	John Edwards	0021366	2,358.00
21.	Sign It Quick	P-Card	1,460.64
22.	BofA Credit Card	JE 0163	1,302.41
23.	Dawn Marsh	0007112	850.00
24.	Alice Manard	001698	1,156.86
25.	Integration Association	0003668	8,529.54

3. We obtained from management the name of each outside organization not under the College's accounting control that has as its principal purpose of generating resources on behalf of the College's Intercollegiate Athletics Program. We were informed the College had one such organization, the College of Charleston Cougar Club. We also obtained descriptions of the College's methods for gathering information on the nature and extent of this organization's activities for the Intercollegiate Athletics Program. We found no exceptions as a result of this procedure.

From management, we obtained copies of the College of Charleston Cougar Club's Statement of Revenues and Expenditures for the year ending June 30, 2008 and agreed the revenues and expenditures on these statements with the outside organization's audited financial statements. We found no exceptions as a result of the procedures

4. We asked management to describe specific elements of the College's internal control unique to the Intercollegiate Athletics Program's accounting system and financial reporting. We found the described elements operating as defined by management through general inquiry, observation and inspection.

We were not engaged to, and we did not, perform an audit, the objective of which would be the expression of an opinion on the specified areas, accounts, or items and on the effectiveness of internal control over financial reporting described in paragraph one and procedures from page 1 through 7 of this report. Accordingly, we do not express such an opinion. Had we performed additional procedures or had we conducted an audit or review of the financial statements of the College's Intercollegiate Athletics Program or any part thereof, 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 Board of Trustees, management of the College of Charleston and the users specified in paragraph one and is not intended to be and should not be used by anyone other than these specified parties.

*Elliott Davis, LLC*

Greenwood, South Carolina  
December 1, 2008

COLLEGE OF CHARLESTON  
 INTERCOLLEGIATE ATHLETIC PROGRAM  
 STATEMENT OF REVENUES AND EXPENDITURES-  
 UNAUDITED AND PREPARED BY MANAGEMENT  
 FOR THE YEAR ENDED JUNE 30, 2008

Categories	Men's		Women's		Coed	Non-program Specific	Total
	Basketball	Other Sports	Basketball	Other Sports			
<b>Revenues:</b>							
Student Activity Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,524,138	\$ 7,524,138
Commissions	-	-	-	-	-	13,204	13,204
Ticket Sales	224,014	35,027	1,563	5,508	-	-	266,112
Donations and Memberships	-	-	-	-	-	325,000	325,000
NCAA Distribution	-	-	-	10,100	-	168,792	178,892
SOCON Distribution	-	-	-	-	-	1,818	1,818
Rental Income	-	-	-	-	-	9,947	9,947
Royalties	-	-	-	-	-	59,381	59,381
Guarantees	95,000	1,500	20,000	5,500	-	-	122,000
Other	-	99,956	17	84,339	-	38,528	222,840
<b>Total Revenues</b>	<b>\$ 319,014</b>	<b>\$ 136,483</b>	<b>\$ 21,580</b>	<b>\$ 105,447</b>	<b>\$ -</b>	<b>\$ 8,140,808</b>	<b>\$ 8,723,332</b>
<b>Expenditures:</b>							
Personal Services	\$ 431,344	\$ 530,883	\$ 225,382	\$ 534,712	\$ 33,827	\$ 634,576	\$ 2,390,724
Fringe Benefits	112,527	142,589	54,735	156,694	13,869	148,006	628,420
Contractual Services	217,423	303,282	156,291	416,752	144,084	544,768	1,782,600
Supplies	21,054	117,276	10,204	143,782	6,458	177,980	476,754
Scholarship	378,250	809,701	282,274	1,386,075	-	4,702	2,861,002
Fixed Charges	48,607	89,706	16,136	114,202	990	127,414	397,055
Travel	73,944	37,992	28,972	46,883	-	8,044	195,835
<b>Total Expenditures</b>	<b>\$ 1,283,149</b>	<b>\$ 2,031,429</b>	<b>\$ 773,994</b>	<b>\$ 2,799,100</b>	<b>\$ 199,228</b>	<b>\$ 1,645,490</b>	<b>\$ 8,732,390</b>
<b>Excess(Deficiency) of Revenues over Expenditures</b>	<b>\$ (964,135)</b>	<b>\$ (1,894,946)</b>	<b>\$(752,414)</b>	<b>\$ (2,693,653)</b>	<b>\$(199,228)</b>	<b>\$ 6,495,318</b>	<b>\$ (9,058)</b>

THE COLLEGE OF CHARLESTON  
INTERCOLLEGIATE ATHLETIC PROGRAM

Notes to Statement of Revenues and Expenditures  
June 30, 2008  
(Unaudited)

Note 1 - Summary of Significant Accounting Policies

The Department of Athletics is an auxiliary enterprise of the College of Charleston (the "College") and as such is responsible for the intercollegiate athletic programs of the College of Charleston. The Department of Athletics' transactions are reported in the College's unrestricted current funds in the auxiliary enterprises subgroup. The College's NCAA Division I membership became effective September 1, 1991.

**Basis of Presentation** - The accompanying statement presents the recorded amounts of revenues and expenses of the College of Charleston's Intercollegiate Athletic Program. It is not intended to be a complete presentation of the revenues and expenses of the College of Charleston or the College of Charleston's Intercollegiate Athletic Program. The statement of revenues and expenses has been prepared using the accrual basis of accounting. However, no provision has been made for depreciation of capital assets. Revenue is recognized when earned and expenses when supplies or services are received. Indirect costs, including general administrative costs, maintenance, and other related costs, are allocated to the Department of Athletics as a percentage of Athletics' salaries to total College salaries. These costs of \$226,090 were recorded as and are part of contractual services non-program specific in Attachment A.

**Contributions** - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts that are restricted by the donor are reported as deferred revenue until such time as the restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished).

**Athletic Student Aid** - Attachment A includes athletic financial assistance awards for students participating in athletic programs. Financial assistance awarded to athletic participants on the basis of other criteria, such as need or academic excellence, is not reflected in the statement.

**Student Activity Fees** - For the year ended June 30, 2008, the Board of Trustees of the College of Charleston approved a student fee of \$424 per full time student to support intercollegiate athletics. The fee is prorated for part-time students. The Department of Athletics recognized \$7,524,138 in student athletic fees for the year ended June 30, 2008.

**Fund Accounting** - In order to ensure observance of limitations and restrictions placed on the use of resources available to the College's Department of Athletics, the accounts are maintained in accordance with 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 auxiliary enterprise.

Note 2 - NCAA Legislation

In June 1985, the National Collegiate Athletics Association (NCAA) adopted legislation that required all expenditures for, or on behalf of, an institution's intercollegiate athletics program, including those by outside organizations, to be included in the statement of revenues and expenses.

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

(Continued)

Note 2 - NCAA Legislation, Continued

In January 1988 and effective January 14, 1988, the constitution was again amended. This amendment removed the audit requirement from the NCAA constitution and incorporated its provision into three separate bylaws, which contain revisions specific to each membership division. In August 2004, the NCAA replaced the financial audit guidelines with a set of agreed-upon procedures.

As a Division I member of the NCAA, the College of Charleston is required to have agreed-upon procedures performed on the Department's annual statement of revenues and expenses completed by the end of the subsequent fiscal year. NCAA bylaws require all expenses for, or on behalf of the College's intercollegiate athletics program, including those by outside organizations, to be included on the Department's statement of revenues and expenses.

Note 3 - Capital Expenditures

The College of Charleston expended approximately \$3.6 million for capital items, related to facilities or equipment used by the Intercollegiate Athletic Program, which were funded and paid by the College of Charleston. These capital expenditures are not included as part of the statement of revenues and expenditures.

Note 4 - Outside Organizations

The College of Charleston Cougar Club is a 501(c)(3) organization with its own charter and Board. 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 entrance at many athletic events. Net revenues from ticket sales, after the deduction of certain expenses, are remitted to the College annually. During the fiscal year 2008, \$230,012 was remitted to the College and is included in ticket sales revenue.

Note 5 - Contributions

For the year ended June 30, 2008 contributions from individual donors to the Intercollegiate Athletic Program in excess of ten percent of all contributions to the department were as follows:

<u>Donor</u>	<u>Amount</u>
College of Charleston Cougar Club	\$325,000

In addition to the amount above, which was given directly to the College of Charleston for scholarships, the College of Charleston Cougar Club paid \$1,391,471 in expenses on behalf of the College of Charleston's Intercollegiate Athletic Program. This amount has not been included in Attachment A.

Note 6 - Contractual Services

During the year, a tornado hit the baseball field at Patriot's Point which damaged the baseball scoreboard. The scoreboard was replaced and relocated to the opposite side of field. Costs of approximately \$193,000 were expensed due to the repair and did not extend the life of the scoreboard.