

December 16, 1999

The Honorable James H. Hodges, 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, 1999, and the application of certain agreed-upon procedures to the accounting records of the Winthrop University Intercollegiate Athletics Program was issued by Finch Hamilton & Co., LLC., 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/trb

INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES

**WINTHROP UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
Rock Hill, South Carolina

June 30, 1999

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

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

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 the University in complying with NCAA Bylaw 6.2.3.1. for the fiscal year ended June 30, 1999. 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. The procedures and associated findings are as follows:

1. We obtained from management the statement of revenues, expenditures and transfers and note thereto of the Winthrop University Intercollegiate Athletics Program for the year ended June 30, 1999, as prepared by management of the University and shown on pages 7 - 9 in this report. We recalculated the addition of the amounts on the statement, traced those amounts to management's worksheets and agreed the amounts on management's worksheets to the 91000 & 92000 series of accounts in the University's general ledger. We discussed the nature of the worksheet adjustments with management to satisfy ourselves that the adjustments were appropriate. 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. Such an organization has 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. We also obtained descriptions of the University's methods for gathering information on the nature and extent of each of those organizations' activities for or on behalf of the intercollegiate athletics program. We found no exceptions as a result of the procedures.

3. From management, we obtained copies of each outside organization's statement of revenues and expenditures for the University's fiscal year and confirmed the revenues and expenditures on these statements directly with responsible officials of the respective organizations. We found no exceptions as a result of the 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) to or on behalf of the University's intercollegiate athletics program or its employees to determine if they are included as revenues and expenditures on the University's intercollegiate athletics program's accounting records and its statement of revenues, expenditures, and transfers. We found no exceptions as a result of the 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 its employees to determine if they were included as revenues in the University's statement of revenues, expenditures and transfers. We also obtained descriptions of the University's methods for gathering information on the nature or extent of such gifts/contributions by those parties. For fiscal year 99, management told us that no expenditures by such external parties were made. We found no exceptions as a result of the procedures.
6. We scanned the intercollegiate athletics program contributions revenue accounts 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 planned to review the supporting documentation to determine if they were properly classified, to identify those received from independent outside sources (those which don't have as one of their principal purposes the promotion and support of the athletics program), and to determine that the source and value of each such contribution is disclosed in a footnote to the statement. We identified no such recorded individual contributions.
7. From deposit transmittals, we randomly selected 25 receipts for intercollegiate athletics and tested them to determine if they were properly recorded and classified in the accounting records based on our review of the supporting documentation. The total of the selected receipts was 42% of the aggregate total of recorded receipts. 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. Based on the materiality of certain revenue sources as reported on the statement, we tested all recorded basketball ticket sales and game guarantees and selected recorded facility leasing, NCAA and conference grants, and coliseum concession revenues to determine if the items were complete and properly classified based on a review of supporting documentation of basketball ticket sales reports prepared by coliseum director, contracts with lessees, game guarantee contracts, NCAA and conference distributions, and concession reports. The tested facility leasing documents and concession reports were chosen randomly. The total of selected items of facility leasing was 21% of the total of 24 leased events, the total of the selected concession reports were 31% of the total of recorded concession receipts, and the total of selected NCAA and conference grants was 57% of the total recorded NCAA and conference grants receipts. We also tested the selected recorded revenues to determine if internal control related to financial reporting over these revenues were operating as described. Our findings as a result of these procedures is presented in Comment #1 in the Accountants' Comments section of this report.

- b. Based on the materiality of certain expenditure accounts reported on the statement, we tested randomly selected recorded expenditures for telephone, printing and advertising, contractual services, food services, travel, uniforms, financial aid, dues, taxes, licenses and subscriptions, and equipment and supplies to determine if these expenditures were properly valued, properly classified, and properly authorized based on a review of the supporting documentation of vendor invoices and purchase requisitions and if internal control related to financial reporting over expenditures were operating as described. The total of the selected expenditures was 25% of the aggregate of total recorded expenditures. We found no exceptions as a result of the procedures.
  - c. We asked management to describe the basis for allocating student fees to athletics and obtained from management the reconciliation of total student fees revenue. We tested the reasonableness of reported student activities fees and of student athletic fees to our estimates of those fees using prior years allocations. 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 randomly selected two of these reports, one from sports clinics and one from baseball for testing, verified their clerical accuracy, reviewed supporting documentation to determine if the receipts were properly classified, and traced the receipts to the University's general ledger accounts for the intercollegiate athletics program. The totals of the tested sports clinics and baseball were 9% and 40%, respectively, of the total recorded receipts for the applicable two reports. We found no exceptions as a result of the procedures.
  10. We examined guarantee contracts for all basketball games during fiscal year 1999. We compared the contract revenues to recorded revenues in the general ledger. 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 and agreed those amounts to the appropriate general ledger salary accounts. We estimated the related employer contributions expenditures using the University'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 material unexplained variance.
  12. We reviewed the status of the deficiency described in the finding reported in the prior year to determine if the University has taken adequate corrective action. We found the University has taken adequate corrective action on the previously reported weakness.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the specified areas, accounts, or items. Furthermore, we were not engaged to express an opinion on the effectiveness of internal control over financial reporting described in paragraph one and procedures one through twelve of this report. Accordingly, we do not express such opinions. Had we performed additional procedures or had we conducted an audit or review of the financial statements of the University'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 Office of the State Auditor and the Board of Trustees and management of Winthrop University and is not intended to be and should not be used by anyone other than these specified parties.

October 22, 1999

## ACCOUNTANTS' COMMENTS

### WINTHROP UNIVERSITY

#### Finding

Internal controls for leased events revenues and expenditures are not functioning as management intends. Controls require that event settlement sheets and supporting documentation be kept in the leased event file. The settlement sheets and supporting documentation for leased events' revenues and expenditures were not consistently found in the events' files.

#### Recommendation

In order for the controls over leased events revenues and expenditures to function as management intends, we recommend that the University Athletics Business Manager review the events' files in a timely manner to determine that all necessary documentation is in the files.

#### Management's response

We concur with the recommendation and will have the Athletics Business Manager review the leased events' files to determine that all necessary documentation is included in the files.

STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS

WINTHROP UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM

Year Ending June 30, 1999

	Men's Basketball	Other Sports	Nonprogram Specific	Total
<b>Revenues</b>				
Ticket sales	\$ 28,801	\$ 5,886	\$ --	\$ 34,687
Guarantees	95,750	8,420	--	104,170
Coliseum parking	--	--	10,987	10,987
Coliseum concessions	344	275	49,761	50,380
Coliseum facility leasing	--	--	219,840	219,840
Entry fees	--	14,440	--	14,440
Facility seat tax				
Summer camp	--	--	14,057	14,057
Student activities fees	--	--	1,932,101	1,932,101
Student athletic fees	--	--	202,925	202,925
Advertising	29,805	5,450	15,354	50,609
Interest income	--	--	22,320	22,320
Contributions - restricted	1,660	29,863	498	32,021
Contributions - unrestricted	--	--	63,827	63,827
Contributed support - Winthrop Foundation - Note A	--	1,639	112,725	114,364
NCAA and conference grants	48,500	--	99,404	147,904
Other	--	--	105	105
<b>TOTAL REVENUES</b>	<b>204,860</b>	<b>65,973</b>	<b>2,743,904</b>	<b>3,014,737</b>
<b>Expenditures</b>				
Salaries				
Coaches	124,000	344,351	--	468,351
Other	5,833	62,344	388,203	456,380
Graduate Assistantships	1,490	14,776	7,372	23,638
Fringe benefits	33,864	99,604	84,648	218,116
Financial aid	107,614	426,952	1,500	536,066
Telephone	10,466	24,500	19,821	54,787
Repairs	--	839	5,961	6,800
Printing and advertising	1,398	8,092	58,392	67,882
Contractual services	17,984	34,932	156,174	209,090
Food services	1,726	4,602	39,198	45,526
Travel				
Team	35,656	236,384	3,559	275,599
Recruiting	7,574	28,188	--	35,762
Other	10,945	16,660	11,433	39,038
Uniforms	3,880	53,688	9,558	67,126
Rents	--	6,428	6,748	13,176
Insurance	--	--	30,702	30,702
Dues, taxes, licenses and subscriptions	4,061	3,024	35,628	42,713
Awards	--	761	4,229	4,990

STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS--CONTINUED



WINTHROP UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM

Year Ending June 30, 1999

	Men's Basketball	Other Sports	Nonprogram Specific	Total
Expenditures—Continued				
Equipment and supplies	\$ 475	\$ 30,871	\$ 87,709	\$ 119,055
Purchases for resale	9,800	--	25,039	34,839
Guarantees	5,700	2,650	--	8,350
Postage	1,106	2,051	18,979	22,136
Other	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
 TOTAL EXPENDITURES	 383,572	 1,401,697	 994,853	 2,780,122
 Transfers out for debt service	 <u>--</u>	 <u>--</u>	 <u>209,201</u>	 <u>209,201</u>
 (DEFICIT) EXCESS REVENUES (UNDER) OVER EXPENDITURES AND TRANSFERS	   <u>\$ (178,712)</u>	   <u>\$ (1,335,724)</u>	   <u>\$ 1,539,850</u>	   <u>\$ 25,414</u>

NOTE TO STATEMENT  
WINTHROP UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM

June 30, 1999

NOTE A - CONTRIBUTIONS

Contributed support from the Winthrop Foundation, an outside organization, in the amount of \$ 114,364 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 10% of the total contributions received for intercollegiate athletics during the year ended June 30, 1999. No other contributions from individual sources in excess of the 10% were received during the fiscal year.