

**COASTAL CAROLINA UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM  
CONWAY, SOUTH CAROLINA**

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**Independent Accountants' Report On  
Applying Agreed-Upon Procedures  
June 30, 2007**

**COASTAL CAROLINA UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
For the Year Ended June 30, 2007

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Independent Accountants' Report On  
Applying Agreed-Upon Procedures

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We have audited the financial statements of Coastal Carolina University as of and for the year ended June 30, 2007, and have issued our unqualified report thereon under date of January 10, 2008. At your request, we have also performed the procedures described below which were agreed to by the Board of Trustees and management of Coastal Carolina University, solely to assist these users in evaluating the performance of the University's Intercollegiate Athletics Program and to assist the University in complying with NCAA Bylaw 6.2.3.1 for the fiscal year ended June 30, 2007. Management is responsible for Coastal Carolina 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 made 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:

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

1. We obtained the Statement of Revenues and Expenditures of Coastal Carolina University Intercollegiate Athletics Program for the year ended June 30, 2007, as prepared by accounting management of the University and shown on page 6 in this report. We recalculated the addition of the amounts on the statement, traced the individual line item amounts from the Statement of Revenues and Expenditures to management's worksheets and compared the amounts on management's worksheets to the 10 and 15 fund accounts in the University's general ledger.

While testing the completeness and accuracy of Coastal's Intercollegiate Athletics Statement of Revenues and Expenditures we noted that certain line items did not agree with the general ledger. Management has corrected the differences; the schedule presented in this report agrees with their general ledger.

**University Response:** The unadjusted report was prepared under the mistaken assumption that certain expenditures had not been included in the computer system report. Therefore, those expenses were included twice. Corrections were made to tie the report to the general ledger during the initial phase of the audit. The University will take care to tie the total expenses and revenue to the general ledger in the future.

2. We obtained from accounting management a list of all outside organizations that have as its principal purpose 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 then confirmed the amounts received from these outside organizations directly with the responsible official of these organizations. We compared the amount per the confirmation with the amount recorded in the Athletic Department's general ledger and on the Statement of Revenues and Expenditures.

We read the audited financial statements for the Coastal Carolina Booster Club, Inc. and compared the contribution total to the balance shown on management's Intercollegiate Athletics Program Statement of Revenues and Expenditures report. We noted a \$25,980 difference. Management has determined that certain expenses (e.g. vehicle expense, vehicle insurance, supplies, etc.) have not been recorded by the University.

**University Response:** The University agrees that its amount reflected as received from the Booster Club should agree with the Booster Club's dollars of support provided to the University. The accounting staff will work to better define expenses which are contributions to the University and those which are solely expenses in support of the fundraising and administrative mission of the Booster Club, and make certain that both statements are in agreement.

3. 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.

Based upon our testing we determined that In-Kind contributions for the men and women's golf programs had not been recorded on the University's books. Accounting management has adjusted the Statement of Revenues and Expenditures to include \$291,080 in revenues and expenditures.

**University Response:** This error was due in part to a misunderstanding by the coach of the need for In-kind contribution information. However, an analysis of prior year expenditures by accounting staff should have been performed to catch errors of this nature, and will be performed in the future.

4. We asked accounting management to describe the basis for allocating student athletic fees to athletics and obtained from management the reconciliation of total student fees revenue. We obtained the University's general ledger detail from management and compared the total with the amount of Student Activity Fee revenue recorded in the general ledger and on the Statement of Revenues and Expenditures.

We found no exceptions as a result of this procedure.

5. We obtained all daily cash receipts reports for the Intercollegiate Athletics Program prepared by various program representatives. We then selected a sample and recalculated the reports, compared the amount on the department deposit receipt with the amount on the Bursar's office deposit transmittal, and compared the amount recorded on the Bursar's office deposit transmittal to the amount recorded in the University's general ledger accounts for the Intercollegiate Athletics Program.

Receipt #s	Date	Amount
24136 - 24159	6/12/2007	3,052.00
24111 - 24118	4/30/2007	253.00
20297 - 20324	4/4/2007	2,624.00
20260 - 20285	3/1/2000	1,385.00
19438 - 19449 / 20200 - 20208	12/6/2006	1,280.00
19355 - 19389	11/21/2006	2,585.00
16593 - 19322	11/1/2006	5,182.00
16578 - 16589	10/10/2006	1,692.00
16568 - 16569	9/25/2006	91.00
16511 - 16533	9/5/2006	1,341.00

We found no exceptions as a result of this procedure.

6. We obtained and read copies of the game guarantee contracts. We recalculated the total amount of the contracts, and compared this amount with the amount recorded as Guarantee revenue on the Statement of Revenues and Expenditures. We also compared expenditures per the contracts to expenditures recorded in the program's accounts in the general ledger.

We found no exceptions as a result of this procedure.

7. We obtained a schedule of athletics department salaries from athletic management. We compared the amounts listed on the schedule to amounts recorded in the general ledger and on the Statement of Revenues and Expenditures. We calculated the related fringe expenditures using Coastal'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 this procedure.

8. We obtained from accounting management the general ledger activity for all cash receipts related to intercollegiate athletics. We selected a sample of individual receipts and compared the recorded cash receipt amount to the amount on the Bursar's office deposit transmittal reports prepared by the athletic department and submitted along with the cash to the Bursar's office.

<u>Name</u>	<u>Receipt #</u>	<u>Date</u>	<u>Amount</u>
Lb Boone NC	220050	11/28/2006	2,913.00
Gayle Skipper	212728	9/1/2006	2,324.00
M Hyman	219152	11/9/2006	6,024.76
Gs Concessions	211444	8/21/2006	4,266.70
G Skipper	227043	1/11/2007	1,500.00
Lb Big South Oper Grant	216770	10/2/2006	56,929.00
Lb NCAA Prog Sales	242835	6/6/2007	2,885.00
Lb Ball State	220262	11/29/2006	3,500.00
Lauren Barker	234328	3/13/2007	3,175.00
Kf Ato	231347	2/12/2007	3,026.00
Gifts, Hadley Taylor	218808	11/6/2006	4,500.00
Kf Ato	225958	1/8/2007	7,577.00

We found no exceptions as a result of this procedure.

9. We asked athletic management to describe specific elements of the University's internal control unique to the Intercollegiate Athletics Program's accounting system and financial reporting.

We found no exceptions as a result of this procedure.

10. We obtained from athletic management a listing of Athletics events for the year and from this list we selected a sample of events. For the events that have ticket sales, we compared the number of tickets sold per the general ledger with the amount of tickets sold per the ticket report. We recalculated the mathematical accuracy of the amount of ticket sales revenue by multiplying the number of tickets sold, per the ticket sales report, by the individual ticket price. We obtained and read the correspondence accompanying any concession revenue commission checks received. We compared the amount on the accompanying correspondence with the amount recorded in the general ledger.

Event	Date
Football vs. Elon	9/2/2006
Football vs. Charleston Southern	11/18/2006
Baseball vs. North Florida	2/9/2007
Baseball vs. Rhode Island	3/2/2007
Baseball vs. Elon	3/20/2007
Women's Basketball vs. North Greenville	12/13/2006
Women's Basketball vs. Converse	12/31/2006
Women's Basketball vs. Winthrop	2/28/2007
Men's Basketball vs. Wright State	11/19/2006
Men's Basketball vs. Brevard	12/16/2006
Men's Basketball vs. High Point	1/22/2007

We noted a lack of segregation of duties between the cash handling and record keeping functions. The Sales Manager controls the ticket software and records, receives and reconciles cash, and makes deposits.

The basketball and football game sales recorded by the ticketing software were \$1,963 and \$1,886 less respectively than sales recorded on the University's general ledger. Management believes that the difference is caused by the sale of unused complimentary tickets after the game has started

**University Response:** The Athletics Department has already consulted with University Internal Audit staff, resulting in an updated revenue reconciliation process. Ticket sale deposits are currently reconciled with the ticketing software reports. In an effort to safeguard cash, ticket office cashiers are issued cash drawers and reconcile the cash drawers daily. The ticket manager does not operate a cash drawer. However, there will be improved internal documentation of complimentary tickets required by visiting teams and provided to parents of athletes and others. A reconciliation process to account for all complimentary tickets will be developed and implemented by the first home game of the 2008 football season. In addition, an Athletics Department staff member with duties outside of the ticket office, who has no access to software or cash, will perform a monthly reconciliation between ticket revenue accounts in the University general ledger and the ticket sale software reports.

11. We selected a sample of 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 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 Coastal's procurement policy were included and that the expenditure had been authorized in accordance with the University's policy.

Name	Voucher	Date	Amount
M I Marketing	v0380270	3/22/2007	13,000.00
PC Laundry Loops	pc082506	10/23/2006	2,254.19
American Cheer X-treme	v0317025	11/3/2006	2,025.00
PC Pay Pal	pc112706	1/10/2007	2,000.00
Bank of America	v0316607	10/30/2006	748.80
Next Media Outdoor Inc	v0313971	9/28/2006	4,410.00
J & S Supply	v0304954	7/13/2006	3,307.82
Horry Telephone Co-op	v0305387	7/19/2006	4,895.43
World Wide Ticket & Lable	v0337363	6/30/2007	2,002.00
Cumulus	v0319534	12/8/2006	3,500.00

An inspection of Athletic expenditures indicates that \$28,464 in services, materials and facilities was donated to the Booster Club. The State Attorney General has issued an opinion that State entities are prohibited from donating resources to non-state entities.

**University Response:** The University will seek reimbursement in fiscal year 2008 for staff services and any significant materials provided by the University to the Booster Club. The main use of facilities is provided by the Coastal Educational Foundation.

12. We obtained from accounting management a listing of all expenditures made directly by the respective outside organizations on behalf of the University's Intercollegiate Athletics Program or employees to determine if they were included as revenues and expenditures on the University's Intercollegiate Athletics Program's accounting records and the Program's statement of Revenues and Expenditures. We compared the amounts on this list with the amounts recorded on management's worksheets.

We noted that \$ 25,980 in expenditures made by the Chanticleer Club on behalf of the University were not recorded by the University.

**University Response:** The University agrees that its amount reflected as received from the Booster Club should agree with the Booster Club's dollars of support provided to the University. The accounting staff will work to better define expenses which are contributions to the University and those which are solely expenses in support of the fundraising and administrative mission of the Booster Club, and make certain that both statements are in agreement.

13. We requested a listing of all marketing contracts made by Athletics for commercials, scoreboard ads, etc. We judgmentally selected a sample to trace contracted amounts to the general ledger.

We noted that one individual is responsible for entering the contracts into the computer system, sending out billings to the clients, receiving payment and recording payment. Management believes that the Marketing Director's oversight of the billing records provides some compensating controls for the program.

We were not engaged to, and did not conduct an audit the objective of which would be the expression of an opinion on compliance with NCAA Bylaw 6.2.3.1 or the expression of an opinion on The Statement of Revenues and Expenditures of the Intercollegiate Athletics Program of Coastal Carolina University for the year ended June 30, 2007 and, furthermore, we were not engaged to express an opinion on the effectiveness of the internal controls over compliance with the laws, rules and regulations described in paragraph one and procedures one through twelve of this report. 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 Board of Trustees and management of Coastal Carolina University and is not intended to be and should not be used by anyone other than these specified parties.



January 4, 2008

Coastal Carolina University  
Intercollegiate Athletics Program  
Statement of Revenues and Expenditures  
Year Ended June 30, 2007

	Football	Baseball	Men's Basketball	Men's Soccer	Women's Basketball	Other Sports	Non-Sport Specific	Total
<b>Operating Revenues:</b>								
Student Activity Fees	1,574,263	611,039	586,375	238,759	366,719	1,959,745	1,933,609	7,270,509
Direct institutional support	787,891	261,879	241,381	204,895	289,889	1,358,800	113,575	3,258,310
Guarantees	30,000	15,250	120,000	1,500	3,500	-	-	170,250
Chanticleer Club Contributions	76,634	38,973	2,946	-	-	91,978	129,505	340,036
NCAA Program for Academic Enhancement	-	-	-	-	-	-	58,330	58,330
NCAA Distributions/Tournament Revenues	43,080	15,400	45,000	-	-	9,882	288,620	401,982
Big South Distributions	-	-	-	-	-	-	69,329	69,329
Sponsorships/Royalties	-	4,500	-	-	-	21,750	305,571	331,821
Sport Camp Field Rentals	-	-	-	-	-	-	21,191	21,191
Ticket Sales	354,841	16,676	37,818	-	19,453	6,422	-	435,210
Program and Novelty Sales/Concessions	-	2,905	-	-	-	28,717	120,838	152,460
Indirect Facilities and Administrative Support	473,756	115,581	210,723	61,475	98,588	385,566	866,876	2,212,565
Inkind Gifts	-	18,000	-	-	-	295,569	44,350	357,919
Tournament revenue, entry fees	-	196,375	-	-	-	-	-	196,375
	<b>\$ 3,340,465</b>	<b>1,296,578</b>	<b>1,244,243</b>	<b>506,629</b>	<b>778,149</b>	<b>4,158,429</b>	<b>3,951,794</b>	<b>15,276,287</b>
<b>Total Revenues</b>								
<b>Expenditures:</b>								
Scholarships	1,332,505	322,202	350,657	251,237	328,406	1,891,286	-	4,476,293
Guarantees	-	27,385	21,500	3,300	8,484	2,101	-	62,770
Coaching Salaries and Fringe Benefits	786,230	229,201	384,355	119,610	172,450	731,238	-	2,423,084
Administrative Salaries and Fringe Benefits	176,688	5,720	43,944	5,339	27,933	52,432	1,761,943	2,073,999
Recruiting	35,811	25,125	40,446	7,643	11,471	70,354	-	190,850
Team Travel	109,835	104,047	76,531	31,456	59,847	437,344	-	819,060
Equipment, Uniforms and Supplies	251,592	54,090	35,885	15,363	34,033	172,540	240,142	803,645
Game Day Expenses	27,856	16,919	28,245	7,580	22,785	22,588	-	125,973
Indirect Facilities and Administrative Cost	473,756	115,581	210,723	61,475	98,588	385,566	866,876	2,212,565
Equipment Rentals and Leases	78,602	15,601	23,081	-	6,750	5,543	40,362	169,939
Direct Facilities Maintenance	15,409	150,125	287	360	-	316,418	41,380	523,979
Spirit Groups	-	-	-	-	-	-	177,676	177,676
Medical Expenses and Insurance	-	-	-	-	-	-	123,488	123,488
Broadcasting Services	-	740	-	-	-	-	93,429	94,169
Other Operating Expenses	3,362	18,484	5,515	-	2,719	13,657	172,689	216,426
Athletics Merchandise	-	-	-	-	-	-	54,511	54,511
Memberships and Dues	960	30	773	445	80	5,638	26,089	34,015
Administrative Expenses	25,968	4,212	13,580	1,669	3,859	14,992	143,363	207,643
Administrative Travel	15,692	46	6,663	1,095	510	23,520	51,566	99,092
Printing and Advertising	6,199	627	1,295	57	234	270	44,832	53,514
Visiting Team / Tournament Expenses	-	206,443	763	-	-	12,942	-	220,148
	<b>\$ 3,340,465</b>	<b>1,296,578</b>	<b>1,244,243</b>	<b>506,629</b>	<b>778,149</b>	<b>4,158,429</b>	<b>3,838,346</b>	<b>15,162,839</b>
<b>Total Expenditures</b>								
<b>Excess (Deficiency) of Operating Revenues</b>								
<b>Over (Under) Expenditures</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113,448</b>	<b>113,448</b>

SEE ACCOMPANYING NOTES TO THE STATEMENT OF REVENUES AND EXPENDITURES

**COASTAL CAROLINA UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
Notes to the Statement of Revenues and Expenditures  
June 30, 2007  
(Unaudited)

**NOTE 1-CONTRIBUTIONS**

Contributions and gifts to Coastal Carolina University's Intercollegiate Athletics Program totaled \$697,955. This amount is reported in Attachment A at the following captions:

Chanticleer Club Contributions	\$	340,036
In-kind Gifts		357,919
	\$	697,955

Individual contributions which exceeded 10 percent of the total contributions and the related donors included in the above amounts are as follows:

Chanticleer Club	\$	340,036
Fire Golf Management, LLC		291,080

**NOTE 2-NET ASSETS**

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. Coastal Carolina University follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses or extend the useful life of an existing building are capitalized. The University capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred. The total estimated book value of plant and equipment, net of depreciation, for Athletics is \$14,379,266 compared to the institution total of \$88,910,814.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The University has selected a useful life of 25 to 50 years for buildings, renovations and land improvements. The useful life for machinery, equipment and vehicles varies between 2 and 25 years depending on the asset. A full year of depreciation is taken the year the asset is placed in service and no depreciation is taken in the year of disposition.

Interest cost incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed net of interest earned on the invested proceeds over the same period. During the year ended June 30, 2007, there were no material capitalized interest costs incurred.

Athletic Facilities	Football	Basketball	Other	Total
Additions	779,286	-	159,306	938,592
Deletions	-	-	-	-

**COASTAL CAROLINA UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
Notes to the Statement of Revenues and Expenditures  
June 30, 2007  
(Unaudited)

**NOTE 3-INTERCOLLEGIATE ATHLETICS DEBT**

	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Balance June 30, 2007</u>
State Institution Obligation Bonds Related to Athletics Facilities			
2003	3.25% to 4.625%	9/1/2022	
2006	4.25% to 6.00%	10/1/2026	
			<u>\$ 9,707,975</u>

Maturities of debt related to intercollegiate athletics at June 30, 2007 were as follows:

<u>Due in Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2008	\$ 323,001	412,644	\$ 735,645
2009	333,255	397,324	730,579
2010	346,073	381,334	727,407
2011	358,890	364,799	723,689
2012	374,271	347,150	721,421
2013-2017	2,109,760	1,470,632	3,580,392
2018-2022	2,601,953	983,443	3,585,396
2023-2026	<u>3,260,772</u>	<u>358,432</u>	<u>3,619,204</u>
	<u>\$ 9,707,975</u>	<u>4,715,758</u>	<u>\$ 14,423,733</u>

Athletically related debt service and total debt year ended 6/30/07.

	<u>Athletically Related</u>	<u>University Total</u>
Total Annual Debt Service	\$ 317,840	\$ 2,719,852
Total Debt Outstanding	9,707,975	43,280,000