

COLLEGE OF CHARLESTON

CHARLESTON, SOUTH CAROLINA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Included in the Higher Education Fund, an Enterprise Fund of the State of South Carolina

FOR THE YEAR ENDED JUNE 30, 2009

**PREPARED BY
THE OFFICE OF THE CONTROLLER
COLLEGE OF CHARLESTON**

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CHARLESTON, SOUTH CAROLINA**



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COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2009**

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COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



INTRODUCTORY SECTION

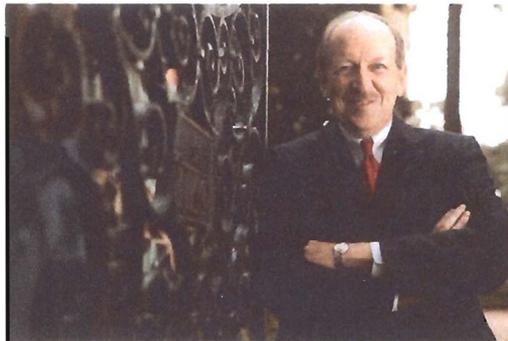
COLLEGE of
CHARLESTON
FOUNDED 1770

P. George Benson, President

November 2, 2009

Dear Friends of the College of Charleston,

It is my pleasure to present the Comprehensive Annual Financial Report of the College of Charleston for the fiscal year ending June 30, 2009. It documents the fiscal stability of the institution and our accountability in managing the assets of the College. We have made progress on numerous fronts, including the opening of new facilities and the renovation of existing ones; implementing phase one of a new enterprise resource planning system; finalizing a new strategic plan for the College; and maintaining our competitive edge in the education marketplace.



The College's net assets of \$207 million grew by 14% in 2008 and nearly 9% in 2009, demonstrating the institution's ability to maintain fiscal stability in spite of significant state budget cuts. We owe much of this to the remarkable efforts of our faculty and staff, who remain committed to constantly improving our efficiency and quality, and who help us acquire the resources needed for the College to meet and exceed its goals.

In November 2008, we opened the doors of the new Carolina First Arena. This 270,000-square-foot sports complex features a 5,100-seat arena that is home to our men's basketball team and our women's basketball and volleyball teams. The facility includes locker rooms, a sports medicine facility, athletic offices, reception areas, and an Athletics Hall of Fame. It also serves as a multi-purpose physical education facility. In November 2008, our Athletics Department sponsored the inaugural "Charleston Classic"/ESPN Tournament in the new arena.

We continue to make progress on other building projects. The first floor of the Marion and Wayland H. Cato Jr. Center for the Arts - a significant expansion of the School of the Arts' Albert Simons Center for the Arts - was completed in Fall 2009. The center's Halsey Gallery opened its first exhibit last month, and the rest of the building is expected to be fully occupied next semester. Our new \$58 million science center is scheduled for completion in mid-November and will be ready for classes in January.

The College has implemented the first phase of the replacement of its aging administrative software and hardware systems. The College purchased Banner Unified Digital Campus, the world's most widely used collegiate administrative suite of student, financial aid, finance, human resources, enrollment management, and advancement systems. This tightly integrated suite of enterprise-wide applications will replace the outdated financial, human resources, and student information systems. The Banner Finance System was activated on July 1, 2009; undergraduate and graduate Admissions followed in August 2009; Human Resources and Payroll will go live on the new system in January 2010, followed by Student Registration in February 2010.

Like all public colleges and universities in South Carolina, the College of Charleston continues to contend with state budget cuts and a very weak economy. The College's new Strategic Plan, however, seeks to insulate the College from the ups and downs of the economy.

On October 16, 2009, the Board of Trustees unanimously approved the College's new Strategic Plan. The plan establishes a blueprint that will guide the College for the next decade and beyond. Our envisioned future for the year 2020 combines the student focus of a small teaching institution with the breadth of opportunities characteristic of a national research university. Among the plan's goal are providing students a highly personalized education to include experiential learning with global and interdisciplinary perspectives; expanding and developing nationally recognized undergraduate, graduate, and professional programs; integrating more co-curricular and extra-curricular activities that foster a holistic approach to educating students; and creating a new financial model capable of generating the resources to achieve the envisioned future.

Seeking private funding is a major priority for the College, and we will continue to explore all available avenues of philanthropy and private giving. As we pursue these new opportunities, we will remain committed to streamlining our operations, maintaining focus on our core academic mission, and preserving the high quality student experience for which we are known.

But institutional performance is more than just the financial success and health of a university. During 2009, we received over 13,000 applications including a record 11,086 freshman applications, and increase of 1,122 over last year. This gain represents a 17% increase in freshman applications from in-state students and an 8% percent increase from out-of-state students. We anticipate that our undergraduate population will remain at roughly 10,000 students, allowing us to maintain relatively small class sizes and a student/faculty ratio of 16 to 1. Ultimately, this means that the College will continue to deliver a unique personalized educational experience - a quality that sets us apart from many universities around the country. The College awarded 2,212 undergraduate degrees and 172 graduate degrees during the 2009 academic year.

Our dedicated faculty also help to set us apart from our competitors. Many of them are leaders in their respective fields and receive national recognition for their research, published findings, and general expertise. Every day, College of Charleston professors

share their knowledge and enthusiasm for teaching with their students. Because of our appealing location in downtown Charleston - cultural hub of the Southeast - we attract and retain high caliber faculty that other colleges envy. For example, the head of our arts management program served as senior deputy chair of the National Endowment for the Arts. The chair of the Department of Music is a world-renowned performer and scholar of Renaissance music and a regular contributor to Spoleto Festival USA. Our faculty includes Fulbright and Guggenheim fellows, National Science Foundation award winners, and an author selected for Oprah's Book Club.

The College of Charleston ranks among the nation's best institutions for undergraduate education, according to *The Princeton Review*. Only about 15% of America's 2,500 four-year colleges and two Canadian colleges are listed in the recently published 2010 edition of "The Best 371 Colleges." The College of Charleston ranked in the Top 100 for quality of life. In addition, *U.S. News & World Report*, *Barron's Best Buys in College Education*, *Kiplinger's Personal Finance Magazine*, and *Fiske Guide to Colleges* consistently rank the College as one of the nation's best institutions for undergraduate education, student life, and affordability.

The College is a signatory to the American College and University Presidents Climate Commitment, whose mission is to make positive changes to the environment and promote sustainability on university campuses. As part of our pledge to this organization, the College's Sustainability Committee has implemented a new program called "Eco-Rep," which designates volunteers from each academic and administrative department to serve as recycling representatives and sustainability advocates for their respective areas.

In closing, I believe that the success of the College should be measured in terms of both its contributions toward specific academic goals and the broader benefits it brings to the life and culture of the Lowcountry and the State of South Carolina. We owe our successes to the hard work and support of the entire College of Charleston community. As we embark on a new era guided by our Strategic Plan, we envision even greater progress and achievement for this remarkable institution.

Sincerely,

A handwritten signature in black ink, appearing to read "P. George Benson". The signature is fluid and cursive, with the first name "P." and last name "Benson" clearly legible.

LETTER OF TRANSMITTAL

November 5, 2009

**To President Benson,
Members of the Board of Trustees, and
Citizens of South Carolina**

FORMAL TRANSMITTAL REQUIREMENTS

We proudly present to you the Comprehensive Annual Financial Report (CAFR) for the College of Charleston for the year ended June 30, 2009. This report contains the financial statements as well as other information useful to those we serve and to whom we are accountable. The annual report encompasses three major sections, the Introduction, Financial, and Statistical, as well as all disclosures necessary for the reader to gain an understanding of the College's financial operations.

The *Introductory Section* offers insight regarding the organization, structure, and scope of operations of the College. It also provides a message from the President, this transmittal letter, listings of the members of the Board of Trustees, the Business and Finance Officers, and an organizational chart of the institution. The *Financial Section* presents management's discussion and analysis (MD&A) which, when read in conjunction with the financial statements and the notes to the financial statements, provide a more complete picture of the financial health of the institution. In addition to the financial statements and accompanying notes, this section includes the report of the independent auditors. The *Statistical Section* is the chief source of information regarding the College's economic condition. It is organized around five objectives which cover information on financial trends, revenue capacity, debt capacity, demographics and economics, and operations.

Legal Requirement

As a lump-sum agency of the State of South Carolina, the College is required to provide a complete set of audited financial statements by October of each year for incorporation into the state-wide Comprehensive Annual Financial Report. This report fulfills that requirement for the period ending June 30, 2009.

Assumption of Responsibility

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, is assumed by the College of Charleston. We believe that, to the best of our knowledge and based upon a strong system of internal controls, the data contained herein is accurate in all material respects and is reported in a manner designed to present fairly the College's financial position as well as revenues, expenses, changes in net assets, and cash flows.

Internal Control

The management of the College is responsible for the establishment and maintenance of internal control policies and procedures designed to safeguard the College's assets. As part of this responsibility, the management ensures that its financial statements are prepared in conformity with generally accepted accounting principles (GAAP). In addition reasonable controls are in place to ensure that: access to the College's assets is granted only with appropriate management authorization; transactions are executed in accordance with the authorization of management; transactions are recorded promptly and based on criteria applicable to state guidelines, GAAP, GASB (Governmental Accounting Standards Board), and as developed by the National Association of College and University Business Officers; and general ledger accounts are reconciled timely.

The College of Charleston's Office of Internal Audit periodically reviews procedures and issues reports with recommended improvements to the system. This office reports directly to the President or his designee of the College. Annual audits are conducted by independent auditors with testing to ensure the adequacy of internal controls and the College's compliance with applicable laws and regulations.

Independent Audit

Audits are conducted on an annual basis by an independent audit firm. For the fiscal year ended 2009, the audit was conducted by ElliottDavis, LLC. The audited report appears in the front of the Financial Section and expresses an unqualified opinion on the College's financial statements.

Furthermore, ElliottDavis, LLC audited the College's federal programs to ensure compliance with the requirements of the Single Audit Act of 1984 as provided under Federal Circular A-133 for federal grants and contracts. In accordance with NCAA (National Collegiate Athletic Association) Bylaw 6.2.3.1, ElliottDavis performed the audit work of the agreed upon procedures of the College's Department of Athletics. The most recent audits (Fiscal Year 2009) detected no institutional liabilities related to the College's federal and athletic programs. Finally, the College is audited on a periodic basis by the S. C. Budget and Control Board Division of General Services to ensure compliance with the provisions of the South Carolina Procurement Code.

Reference to MD&A

The letter of transmittal complements and should be read in conjunction with the Management's Discussion and Analysis (pages 23-35). The discussion focuses on recent activities, accounting changes and currently known facts.

PROFILE OF GOVERNMENT

Basic Information

The College of Charleston is a state-supported, co-educational institution of higher education. The Board of Trustees is the governing body for the College and is responsible for the administration and management thereof. Founded in 1770, and chartered in 1785, the College is the oldest institution of higher education in South Carolina and the thirteenth oldest in the United States. Today this thriving academic institution offers a superlative liberal arts and sciences education for more than 11,000 undergraduate and graduate students.

The College of Charleston is committed to attracting the most promising students from South Carolina as well from other states and nations. The average combined SAT scores of entering freshmen for Fall 2008 was 1,221, far exceeding the state and national averages. Out-of-state and international students comprise 37% of the student enrollment with 50 states and U. S. possessions and 66 foreign countries represented.

Component Units

The College of Charleston and its graduate school are considered to be part of the State of South Carolina primary entity. The funds of the College of Charleston are included in the Comprehensive Annual Financial Report of the State of South Carolina. In addition, the College of Charleston Foundation and the Cougar Club are component units of the College whose financial statements are discretely presented in the College's CAFR.

Budget

The College prepares on an annual basis a budget that provides reasonable estimates of revenues and expenditures. The budgetary process encompasses all operating budgets of the College to include educational and general activities, the operations of auxiliary enterprises, all sponsored program activities, and all capital projects. Executive management, academic officials, and department heads develop a programmatic budget and present it to the Board of Trustees for approval. Using a comprehensive account classification and tracking system, the responsibility for budgetary control rests at the departmental level with appropriate oversight provided by the executive management of the College. Any adjustments, and/or revisions to the budget, are approved by the Board on a quarterly basis.

Finally, the College prepares annual budgetary reports that are available to the General Assembly of South Carolina and the public for review. These reports provide information that demonstrates the ability of the College to accomplish its mission in a manner that ensures legislative compliance and prudent management of public funds.

INFORMATION USEFUL FOR ASSESSING THE ECONOMIC CONDITION

Local economy

Recent publications of the University of South Carolina's Moore School of Business and the S. C. Employment Security Commission (SCESC) reveal mixed trends in the leading economic indicators of this State. The leading economic indicators include the composite indexes (initial claims in unemployment, average manufacturing workweek, etc.), available jobs, unemployment rates, retail sales, and residential construction. Briefly, the South Carolina economy has bottomed out. The labor market seems stabilized, and consumers are starting to come back to the stores. On the contrary, job growth continues to struggle to keep up with job losses. As a result, the unemployment rate will remain high for the foreseeable future.

The first perspective comes from the *Latest S. C. Economic Indicators*¹. The South Carolina Leading Index increased once more in August 2009, reinforcing the idea that the economy should start growing again soon. The positive reading of the leading composite index signals improvement. The seasonally-adjusted values for initial claims keep showing a tendency towards lower values – 9,000 in August compared to 12,000 during the first months of the year. The seasonally-adjusted residential construction value of 1,300 per month in August, although well below its long term value of 2,000 units a month, exhibits considerable upturn when compared to the values below 1,000 that were reached at the beginning of 2009. The seasonally-adjusted average manufacturing workweek increased to 42.1 hours in August 2009, a jump of 1.3 percent when compared to July 2009. Moreover, in August 2009, for the first time since June 2007, the increase in manufacturing employment was significant since the manufacturing sector is one of the hardest-hit sectors during this recession and has been steadily losing jobs. Another positive contribution to the South Carolina Leading Index which came from the U. S. Conference Board showed that the U. S. economy increased 0.6 percentage points suggesting that a recovery for the U.S. economy is very near.

On the other hand, the South Carolina Coincident Index, the index that tracks the current state of the economy and largely influenced by the labor market, is not yet showing signs of a recovery. The index reflects a very small decline of 0.3 percent, placing it at 116.5 for August 2009. It has been steadily declining for the last 18 months and is now flattening out and showing signs that it has reached bottom. Total non-agricultural employment, one component of the index, remained stable in August 2009, with a value of 1,848,600 while the unemployment rate dropped by 0.2 percentage points and is at 11.5 percent. However, this decline in the unemployment number stemmed from decreases in the number of unemployed and the labor force suggesting that discouraged workers gave up looking for jobs rather than companies hiring more workers. Finally,

¹ University of South Carolina, Moore School of Business, *Latest S. C. Economic Indicators*, Volume 44, No. 10, October '09

in August 2009, for the first in more than a year, seasonally adjusted real retail sales increased 5.1 percent insinuating improved consumer confidence about the economy.

The second outlook comes from the SCESC, October 2009 issue of the *Newsline*². South Carolina's unemployment rate climbed to 11.6% in September from a revised rate of 11.4% in August 2009. This increase came after two straight months of declines. The state's labor force continued to drop (-2,851) in September reaching 2,170,607, while the number of unemployed increased by 3,570 to 251,975. The state's labor force reached its lowest level since September 2008. The national unemployment rate was 9.8% in September, up from 9.7% in August.

The state's job count increased by 2,500 in September mainly occurring in Government (+17,200), as state and local schools entered the first full month of the new school year. Other industries reporting gains were Professional and Business Services (+1,500), Health Care and Social Assistance (+1,200), and Wholesale Trade (+1,600). Partially offsetting the gains were losses in Leisure and Hospitality (-11,100), Construction (-1,800), Retail Trade (-1,100), and Manufacturing (-600). The state's overall job count was 68,700 below the year-ago level and nearly 98,000 below the December 2007 level when the current recession began.

As for the Charleston Metropolitan Statistical Area (MSA)³, the September 2009 labor force totaled 320,517 with an unemployment rate of 9.7 percent. In comparison to other MSA's, the labor market for Columbia and Greenville were 376,285 and 323,320 respectively while the unemployment rates were 9.45 and 10.4 percent respectively. The major labor force includes Government at 56.4 thousand; Trade, Transportation and Utilities at 55.5 thousand; Professional and Business Services at 43.3 thousand; Leisure and Hospitality at 34 thousand; and Education and Health Services at 32.6 thousand. Manufacturing only accounts for 20.9 thousand of the total number of jobs.

Long-term Financial Planning

Future capital acquisition purchases for the College involves completion of the Science Facilities Master Plan which involves the construction and renovation of a new and existing biology, chemistry, and biochemistry buildings to house classrooms and teaching and research laboratories along with office and auxiliary support spaces. The new Strategic Plan also outlines funding requirements to carry out its goals and strategies. Furthermore, the plan involves the development of a new financial model that promotes more aggressive external fundraising; new attention to securing grant funding for teaching, research and related activities; and careful management of enrollment and tuition.

Relevant Financial Policies

It is noteworthy to mention at least three other policies that impact the budgetary process. These policies cover debt, cash, and risk management issues.

² S. C. Employment Security Commission, Workforce Trends, *Newsline*, Released: October 21, 2009

³ www.BLS.gov, *Economy at a Glance*, Charleston, North Charleston, Summerville, SC October 26, 2009

First, the College has developed a comprehensive debt management strategy to provide guidelines relative to acceptable levels of debt and to formulate a mechanism for calculating and monitoring debt while being cognizant of the effect of long-term borrowing on its credit rating. The College will manage debt on a portfolio basis. Its continuing objective to achieve the lowest cost of capital will be balanced with the goal of limiting exposure to market shifts. The College will manage its credit to maintain the highest acceptable rating which will permit the College to issue debt and finance capital projects at favorable interest rates while meeting its strategic objectives. Overall debt will be limited to a level that will maintain an acceptable credit score with the bond rating agencies.

Secondly, as a state agency, the investment of funds is vested with the State Treasurer of South Carolina. Other than certain approved petty cash funds and two loan funds, all cash is held in a cash management pool administered by the State Treasurer. By law, the College is allowed to earn interest income on revenues derived from the operations of its residence halls, parking, and food services. Certain debt service funds also managed by the State Treasurer allow interest earnings to the credit of the College. All other interest earned from the investment of College and related fees are retained by the State Treasurer and credited to the State General Fund.

Thirdly, the College participates in a statewide risk management program in which the state assumes substantially all risks for unemployment and workers' compensation benefits and claims of covered employees for health, dental, and group life insurance benefits. In addition, the College pays premiums to the South Carolina Insurance Reserve Fund to cover the risk of loss related to the assets and activities including real and personal property. The College also obtains employee fidelity bond insurance coverage from a commercial insurer.

Major Initiatives

In October 2009, the Board of Trustees and the President approved the new Strategic Plan for the College of Charleston. It lays out the vision for the year 2020 which combines the student focus of a small teaching institution with the breadth of opportunities characteristic of a research university. The five major goals are to:

- Provide students a highly-personalized education based on a liberal arts and sciences core and enhanced by opportunities for experiential learning.
- Develop or enhance nationally-recognized undergraduate, graduate, and professional programs in areas that take advantage of our history, culture, and location in Charleston and contribute to the well-being of the region.
- Provide students with global and interdisciplinary perspectives necessary to address the social, economic, environmental, ethical, scientific, and political issues of the 21st century.
- Establish and promote a vibrant campus-life atmosphere dedicated to education of the whole person through integration of curricular and co-curricular or extracurricular activities.
- Achieve financial security by creating a new financial model for the College of Charleston.

In the meantime, the College continues to work toward achievement of goals and objectives of its existing Campus Master Plan, a comprehensive study intended to guide the physical growth of the campus. The plan responds to programmatic relationships, the creation of open spaces and pedestrian connections, landscape features, parking and transit needs as well as deferred maintenance and service and utility issues. In fiscal year 2009, construction is nearing completion on the Science Center and the expansion of the Arts Center. By 2011, the new Strategic Plan outlines, as a component of one strategy, development of a new master facility plan.

AWARDS AND ACKNOWLEDGEMENTS

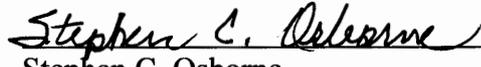
Certificate of Achievement for Excellence in Accounting Reporting

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the College of Charleston for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. In order to be awarded a Certificate of Achievement, an entity must publish an easily readable and efficiently organized report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

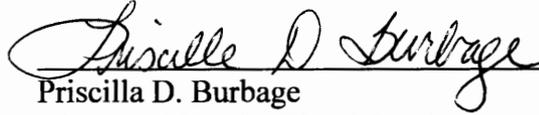
A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to meet the Certificate of Achievement program requirements. We are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

We wish to thank the Board of Trustees and the President of the College for their continued commitment to the fiscal management of the College. Likewise, we wish to thank the members of the College community whose cooperation made the successful close of the fiscal year possible.



Stephen C. Osborne
Executive Vice President for Business Affairs



Priscilla D. Burbage
Vice President for Fiscal Services



Ruby Flateau, M.B.A.
Controller



Kenneth "Rick" Mims, C. P. A.
Accounting Fiscal Manager



Stephen K. Stullenbarger, C. P. A.
Accounting Fiscal Manager

**COLLEGE OF CHARLESTON
BOARD OF TRUSTEES
2008- 2009**

James F. Hightower
Member-At-Large

John B. Wood, Jr.
Fourth District

Marie M. Land, Chair
Sixth District

William D. Johnson
Fifth District

J. Philip Bell, Secretary
Third District

G. Lee Mikell
Second District

Donald H. Belk
Member-At-Large

Lawrence R. Miller
Fourth District

John H. Busch
Second District

Annaliza Oehmig Moorhead
Third District

Demetria Noisette Clemons
Sixth District

Gregory D. Padgett
Governor's Appointee

Dr. L. Cherry Daniel
First District

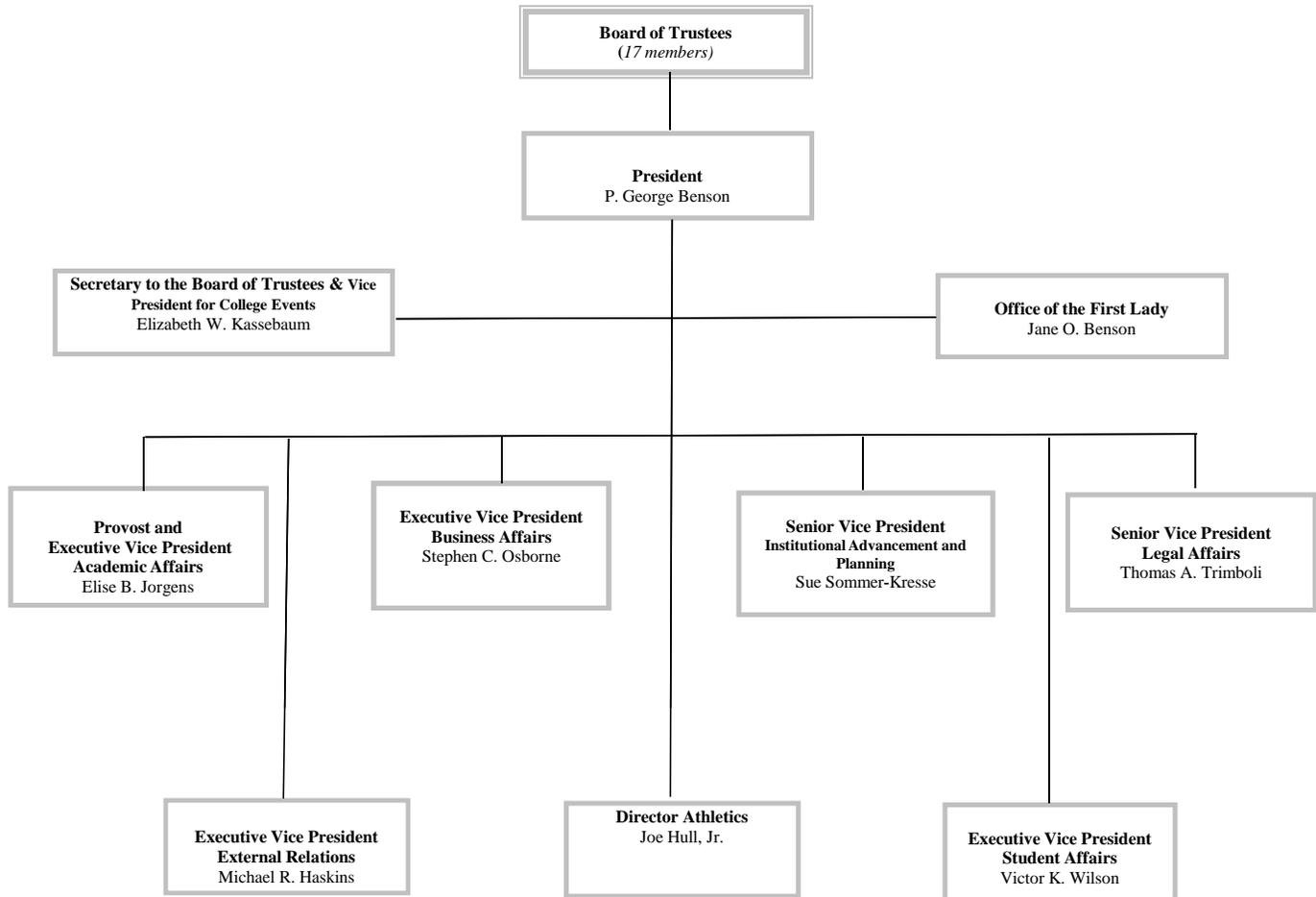
Dr. Sam Stafford, III
Governor's Designee

Frank M. Gadsden
Fifth District

Joseph F. Thompson, Jr.
First District

Daniel Ravenel
Member-At-Large

College of Charleston
President's Office
Organizational Structure



**COLLEGE OF CHARLESTON
BUSINESS AND FINANCE OFFICERS
2008-2009**

Stephen C. Osborne
Executive Vice President for Business Affairs

Priscilla Burbage
Vice President for Fiscal Services

Ruby Fleteau, M.B.A.
Controller

Kenneth "Rick" Mims, C.P.A.
Accounting Fiscal Manager

Stephen K. Stullenbarger, C.P.A.
Accounting Fiscal Manager

Samuel B. Jones
Director of Budgeting and Payroll Services

Gail E. Long, C.P.A.
Audits Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

College of Charleston
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of The College of Charleston, a department of the State of South Carolina, as of and for the year ended June 30, 2009, which collectively comprise The College of Charleston's basic financial statements as listed in the table of contents. These financial statements are the responsibility of The College of Charleston's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of The College of Charleston Foundation (a discretely presented component unit). The College of Charleston Foundation's financial statements reflect 97% of total assets, 97% of net assets, and 78% of total revenues of the discretely presented component units. Those financial statements were audited by another auditor whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for these discretely presented components unit, are based solely on the reports of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the discretely presented units were not audited in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of The College of Charleston are intended to present the financial position, and the changes in financial position and cash flows, of only that portion of the business-type activities of the State of South Carolina that is attributable to the transactions of The College of Charleston. They do not purport to, and do not, present fairly the financial position of the State of South Carolina as of June 30, 2009, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component units of The College of Charleston as of June 30, 2009, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2009 on our consideration of The College of Charleston's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis as listed in the accompanying table of contents is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The introductory section and the statistical section as listed in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

A handwritten signature in blue ink that reads "Elliott Davis, LLC". The signature is written in a cursive, flowing style.

Greenwood, South Carolina
October 12, 2009

**COLLEGE OF CHARLESTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

Introduction

The College of Charleston's Management Discussion and Analysis (MD&A) presents an overview of its financial condition and guides the reader toward significant financial matters for the year ended June 30, 2009. Management has prepared the discussion and recommends reading it in conjunction with the accompanying financial statements and footnotes. The responsibility for the financial statements, footnotes, and this discussion rests with management.

Financial and Other Highlights

- Net assets of \$207.0 million in fiscal year 2009 grew by \$16.7 million or 8.8% in comparison to 2008.
- State appropriations totaling \$27.2 in 2009 decreased by \$8.9 million or 24.7% from the prior year's appropriations.
- Tuition and fee revenue of \$98.4 million for 2009 reflects an extra \$8.0 million, up approximately 8.8% in relation to fiscal year 2008.
- Scholarship awards of \$26.5 million in 2009 denote an augmentation of less than one percent as represented in the change in discounts and allowances.
- Total operating expenses of \$183.4 million in 2009 show an added 3.7% in contrast to 2008.
- The College opened its new Physical Education Center and continued to make significant progress with the construction of the Science Center

and the School of the Arts Building (Simons Center).

- The College began construction and implementation of an enterprise resource planning (ERP) system to replace its legacy financial, human resources and student information systems.

Using the Annual Financial Report

The annual financial report encompasses three financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows. These financial statements are prepared according to the Governmental Accounting Standards Board (GASB), Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. They focus on the financial condition of the College, the results of operations, and its cash flows as a whole.

The three financial statements, similar to those of the private sector, should assist the reader of the annual report in assessing whether the College's overall financial condition (the Statement of Net Assets) has improved or deteriorated as a result of current year's financial activities (the Statement of Revenues, Expenses and Changes in Net Assets). In addition, the financial statements will help the reader ascertain whether the College can meet its financial obligations. The Statement of Cash Flows displays information related to both inflows and outflows of cash and further classifies

activities by operating, non-capital financing, capital and related financing, and investing. Moreover, it answers the questions as to whether the institution is generating any extra cash that can be used to repay debt or to invest in new services, and whether the institution is generating enough cash to purchase the additional assets required for growth. The elimination of internal service fund transactions ensures that only transactions external to the College are shown in the statements. The following discussion elaborates further on the components and relationships of the three statements.

First, the **Statement of Net Assets** (the balance sheet) is separated into current and non-current assets and liabilities. Current assets convert to cash within one year and for the College consist mainly of cash and receivables. Current liabilities will settle within one year and consist primarily of payables, deferred revenues and accrued compensation. This data provides information on assets available to continue the operations; amounts due to vendors, investors, lending institutions; and the net assets available for expenditure by the College. All capital assets are reported as well as depreciation expense – the cost of “using up” capital assets. The College does not report any infrastructure assets as a separate line item.

In addition, the *Statement of Net Assets* presents three major categories of net assets. The first category, invested in capital assets, net of related debt, illustrates the College’s equity in property, plant, and equipment. The next category displays the restricted net assets subdivided into expendable and nonexpendable. The amount of

nonexpendable restricted resources is available solely for investment purposes. Expendable restricted net assets are available for expenditure but must be spent for purposes as determined by donors and/or external entities based on the defined restrictions. The final category is unrestricted net assets which may be expended for any lawful purpose of the institution.

Secondly, the **Statement of Revenues, Expenses and Changes in Net Assets** presents the sources of revenue, types of expenses, gains or losses, and changes in net assets. Revenues and expenses are categorized as either operating or non-operating. Significant recurring sources of the College’s revenues, including state appropriations, gifts, and investment income (loss) are considered non-operating, as defined by GASB Statement No. 35. The dependence of public educational institutions on state funding, therefore, will normally result in operating deficits. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the College. Operating revenues are classified in five major areas: student tuition and fees; federal, state, and local grants and contracts; auxiliary enterprises; student organization revenues; and other sources.

Scholarships and fellowships applied to student accounts are shown as a reduction of student fee revenues, while stipends and other payments made directly to students continue to be

presented as scholarship and fellowship expenses.

Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Operating expenses are mainly attributable to salaries and benefits for the faculty and staff of the College. Other elements included in operating expenses are supplies and materials, utilities, scholarships and fellowships, and depreciation.

Non-operating revenues are monies received for which goods and services are not provided. State capital appropriations as well as capital improvement bond proceeds are considered neither operating nor non-operating revenues and are reported after "Income before other revenues, expenses, gains or losses."

Lastly, the ***Statement of Cash Flows*** presents detailed information about the cash activity of the College during the year and is divided into five sections. The operating section shows the net cash used by the operating activities of the College.

The second section presents cash flows from non-capital financing activities and reflects the cash received and spent for non-capital financing purposes. Cash used for the acquisition and construction of capital and related items is detailed in the cash from capital and related financing activities section. The section on cash flows from investing activities shows the interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets. This reconciliation is detailed in the financial statements of the College and is not included in this analysis.

As required by GASB, the Statement of Cash Flows was produced using the direct method. Under the direct method, net cash is determined by adjusting each item in the income statement from the accrual basis to cash.

Statement of Net Assets

The Statement of Net Assets, which details all assets and liabilities of the College, indicates the financial position of the College at the end of the fiscal year. Net assets illustrate the difference between total assets and total liabilities.

The change in net assets during the fiscal year is an indicator of the change in the overall financial condition of the College during the year. A synopsis of the College's assets, liabilities, and net assets as of June 30, 2009 and 2008 follows.

Condensed Statement of Net Assets

		(Restated)		
	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Assets				
Current assets	\$ 95,420,703	\$ 105,182,087	\$ (9,761,384)	-9.28%
Capital assets, net of depreciation	348,108,161	299,394,408	48,713,753	16.27%
Other non-current assets	6,529,183	5,552,825	976,358	17.58%
Total Assets	<u>450,058,047</u>	<u>410,129,320</u>	<u>39,928,727</u>	9.74%
Liabilities				
Current liabilities	62,575,949	38,194,899	24,381,050	63.83%
Non-current liabilities	180,466,420	181,605,643	(1,139,223)	-0.63%
Total Liabilities	<u>243,042,369</u>	<u>219,800,542</u>	<u>23,241,827</u>	10.57%
Net Assets				
Investments in capital assets, net of debt	156,436,699	147,286,999	9,149,700	6.21%
Restricted -- nonexpendable	1,139,931	1,389,673	(249,742)	-17.97%
Restricted -- expendable	35,448,148	31,607,835	3,840,313	12.15%
Unrestricted	13,990,900	10,044,272	3,946,628	39.29%
Total Net Assets	<u>\$ 207,015,678</u>	<u>\$ 190,328,779</u>	<u>\$ 16,686,899</u>	8.77%

Nearly nine percent growth in the **Total Net Assets** illustrates that the College remains financially sound even throughout recent years of severe economic downturns. During fiscal year 2009, the balance of total net assets of \$207.0 million grew by \$16.7 million. Investments in capital assets, net of debt experienced the highest level of expansion. The capital asset accounts represent the value (minus debt) of the College's real, personal, and intangible property. The College's capital assets include land and property in an area of

approximately 11 city blocks in the center of downtown Charleston.

The aggregation of fund balances in the amount of \$14.0 million for unrestricted net assets trails second showing an addition of \$3.9 million or 39.3% percentage growth. Increases in cash, from revenue streams consisting of student tuition and fees along with sales of auxiliary services, contributed to the growth in unrestricted net assets. Unrestricted net assets provide a source of discretionary funds for whatever lawful

purposes the College determines appropriate. Although these funds are not subject to external restrictions, the College has designated these funds internally for a variety of academic, research, student assistance and capital purposes.

Restricted expendable net assets of \$35.4 million (up \$3.8 million or 12.2%) refer to funds that are externally limited for specific purposes and consist of scholarships and fellowships, sponsored research, student loans, capital projects and debt service.

Restricted nonexpendable net assets represent the College's permanent endowments. The College is the recipient of two permanent endowments totaling \$1.1 million from the South Carolina Commission on Higher Education.

Total Assets of \$450.1 million have increased by \$39.9 million or 9.7% from last year to the current period. The appreciation of non-current assets, in part, explains the majority of the expansion. In particular, the book value of \$45.8 million for the new physical education center accounts for most of the growth.

An increase of \$10.3 million (or 14.1%) in Construction-in-Progress during 2009 compared to 2008, for projects such as the School of the Arts Building (Simons Center) and the Science Center, impacted total assets as well.

In addition, the College began implementation of an enterprise resource planning (ERP) system (replacement of the financial, human resources, student information and ancillary computer

software and hardware systems) which clarifies the remainder of the increased dollars in the Construction-in-Progress account.

In regard to total current assets, the receivable balances for grants and contracts along with the component unit decreased by approximately \$10.4 million (80.5%) primarily as a result of receiving cash payments for reimbursements of expenditures for the Simons, Science, and Physical Education Centers. Lastly, rate hikes in tuition (averaging 9.0%); housing (5%), and meal plans (generally 8%) generated net income of roughly \$9.2 million.

Total Liabilities of \$243.0 million climbed by 10.6%. Netted in these total liability figures is a 64.0% jump reflected in the current liabilities. Current liabilities are comprised largely of accounts payable and accrued expenses; deferred and unearned student revenues; and accrued payroll and related liabilities. The College issued a \$33.5 million Academic and Administrative Facilities Revenue Bond Anticipation Note, Series 2008A to defray a portion of the costs of financing the acquisition, construction, and equipping of the new Science Center. Accrued expenses for projects like the Science and Simons Centers and the BATTERY ERP justify the remainder of the changes.

In summary, the changes in total net assets provide an important indicator of the financial health of the College but should be considered in conjunction with other non-financial factors. Non-financial factors include the quality of applicants, student retention rates, building conditions, and campus safety.

**Statement of Revenues, Expenses,
and Changes in Net Assets**

The results of the operations of the College are shown in the Statement of Revenues, Expenses and Changes in Net Assets which follows.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

		(Restated)		
	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Revenues:				
Tuition and fees*	\$ 98,406,287	\$ 90,434,570	\$ 7,971,717	8.81%
Federal, state, and local grants and contracts	34,560,943	33,230,236	1,330,707	4.00%
Auxiliary services*	36,531,163	33,550,710	2,980,453	8.88%
Other	3,881,416	3,193,111	688,305	21.56%
Total Operating Revenues	<u>173,379,809</u>	<u>160,408,627</u>	<u>12,971,182</u>	8.09%
State appropriations	27,172,853	36,094,323	(8,921,470)	-24.72%
Gifts	2,239,046	2,044,215	194,831	9.53%
Auxiliary enterprises interest income	304,596	326,519	(21,923)	-6.71%
Interest/ investment income	2,406,887	2,878,157	(471,270)	-16.37%
State grants and contracts	35,000	200,000	(165,000)	-82.50%
Non governmental grants and contract	439,982	124,500	315,482	253.40%
Proceeds from sale of capital assets	15,441	24,510	(9,069)	-37.00%
Capital improvement bond proceeds	-	7,888,374	(7,888,374)	-100.00%
Capital appropriations	1,122,244	1,122,190	54	0.00%
Total Non-operating Revenues	<u>33,736,049</u>	<u>50,702,788</u>	<u>(16,966,739)</u>	-33.46%
Total Revenues	<u>207,115,858</u>	<u>211,111,415</u>	<u>(3,995,557)</u>	-1.89%
Expenses:				
Personnel cost	86,845,850	83,802,219	3,043,631	3.63%
Benefits	22,541,308	21,269,026	1,272,282	5.98%
Services, supplies and others	45,972,665	47,535,622	(1,562,957)	-3.29%
Utilities	6,758,962	5,878,364	880,598	14.98%
Scholarship and fellowship	10,623,310	10,077,961	545,349	5.41%
Depreciation and amortization	10,620,675	8,268,616	2,352,059	28.45%
Total Operating Expenses	<u>183,362,770</u>	<u>176,831,808</u>	<u>6,530,962</u>	3.69%
Interest on capital assets and related debt	6,947,934	7,671,322	(723,388)	-9.43%
Loss on sale of assets, before proceeds	118,255	103,948	14,307	13.76%
Total Non-operating Expenses	<u>7,066,189</u>	<u>7,775,270</u>	<u>(709,081)</u>	-9.12%
Total Expenses	<u>190,428,959</u>	<u>184,607,078</u>	<u>5,821,881</u>	3.15%
Change in Net Assets	16,686,899	26,504,337	(9,817,438)	-37.04%
Net Assets, Beginning (Restated)	<u>190,328,779</u>	<u>163,824,442</u>	<u>26,504,337</u>	16.18%
Net Assets, Ending	<u>\$ 207,015,678</u>	<u>\$ 190,328,779</u>	<u>\$ 16,686,899</u>	8.77%

* Net of scholarship discounts and allowances

For fiscal year 2009, the Statement of Revenues, Expenses, and Changes in Net Assets reflects a net asset balance of \$207.0 million, an augmentation of \$16.7 or 8.77% in comparison to 2008. Total revenue summed to \$207.1 million while total expenses excluding interest on debt added up to \$183.4 million. The primary streams of revenue sources consist of tuition and fees, grants and contracts, auxiliary services, and state appropriations.

Tuition and related fees of \$98.4 million comprise the largest part of the total operating revenues. The raised fee rates during the academic year of 2008-2009 boosted revenue by \$8.0 million. Tuition and fees increased by 8% for in-state students and 9% for out-of-state students during this period. For both fiscal years 2009 and 2008 tuition and fees make up 47.5% and 42.8% respectively as the composition of total revenue.

State appropriations encompass 13.1% or \$27.2 million dollars of the total revenue. The State Legislature appropriated additional recurring funds of \$.3 million for employee pay plans. At the same time, the total of State appropriations was reduced by 24.7% or \$8.9 million. Of that amount, \$7.5 million represents budget cuts taken through out the 2009 fiscal year. It should be noted that approximately \$1.0 million of the \$8.9 million reduction occurred at the end of fiscal year 2008 and resulted in a decrease of the 2009 beginning year original appropriation. Finally, other decreases of less than a half million (\$.38 million) are explained by the cuts to programs including the Low Country Graduate Center, the Academic Endowment, Access and Equity, and the

Education and Economic Development Act.

Federal and state grant revenue at \$34.6 million reflects a 4.0% or \$1.3 million expansion in funds. The majority of this additional revenue comes from the NASA (National Aeronautics and Space Administration) grant awarded to fund portions of the construction costs of the Science Center.

Revenues from the auxiliary systems produce 17.6% or \$36.5 million of the total revenue and show an increase of \$3.0 million, up by 8.9% in contrast to 2008. Auxiliary services generated 15.9% of the total revenue during 2008. Sales and services of auxiliary enterprises are comprised of athletics, health services, book sales, rentals, student housing, food services and parking. The Athletics program realized the most significant increase of \$1.2 (17.1%) million in auxiliary sales. The prices of sport tickets were raised, and for the first time the department participated in the ESPN tournaments. Food services sales followed second with a \$.77 million dollar increase. Health services experienced revenue increases of more than a quarter of a million dollars due to raised fees and a new insurance coverage program for students.

Total operating expenses reported for 2009 were \$183.4 million. Personnel costs and benefits comprise most of the operating expenses of the College. Approximately \$109.4 million or 59.7% of the total operating expenses covered employee compensation and benefits for the year ended 2009. Net operating expenses increased by 3.7% or \$6.5 million due to an increase in utilities plus depreciation and amortization expenses.

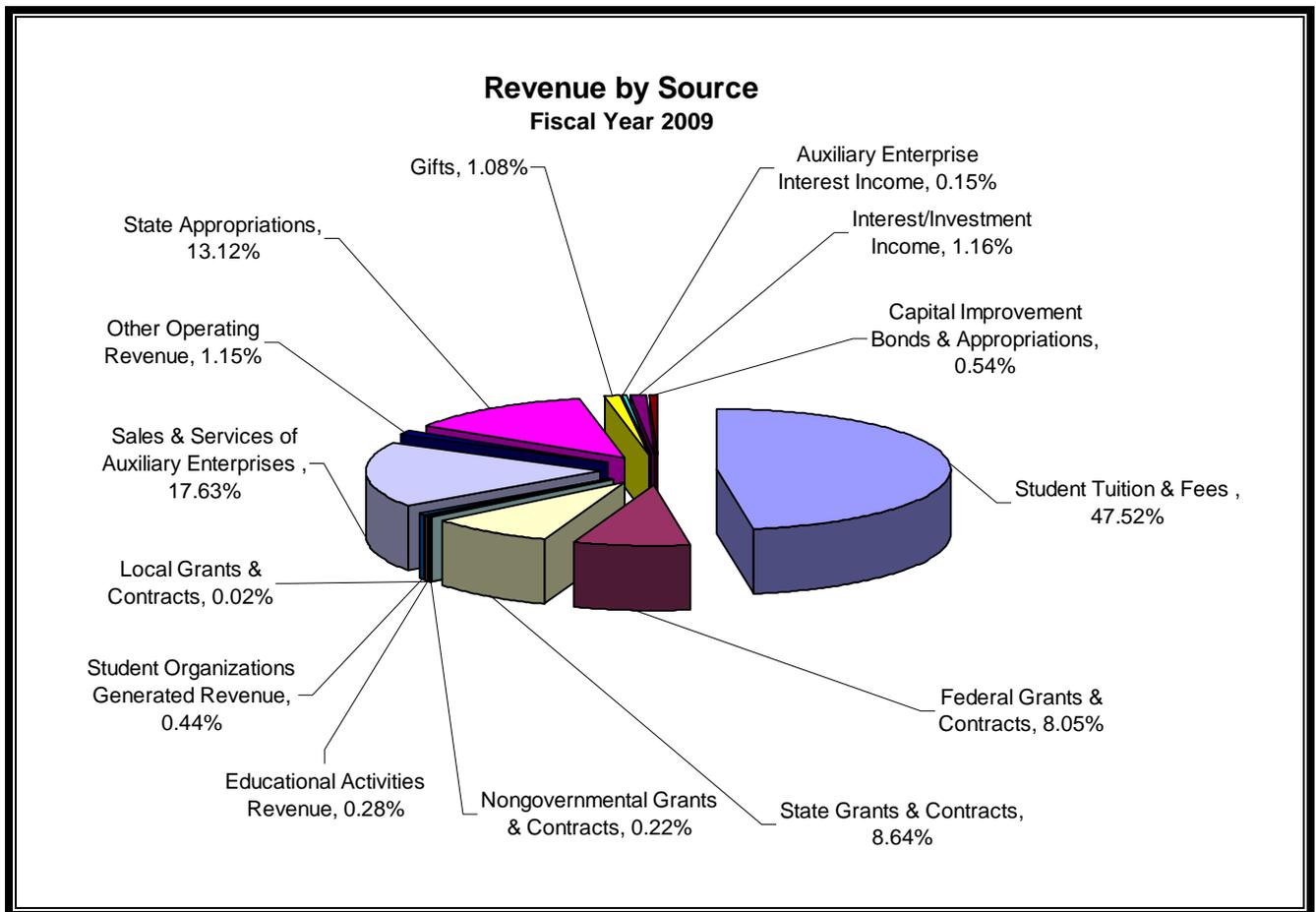
Utilities show a sharp rise of \$.88 million and stems mainly from the addition of the new facilities. Depreciation and amortization increased by 28.4% due to the addition of capital assets and bond issuance costs. Scholarships and fellowships grew by 5.4%.

Other significant changes include the interest income and interest expense. Interest earned on income from unspent bond proceeds was \$2.4 million at the end of fiscal year 2009, down roughly a half a million dollars from fiscal year 2008. In addition, net changes to interest expenses show a decline of 9.4% or \$.72 million. Interest expenses for certain

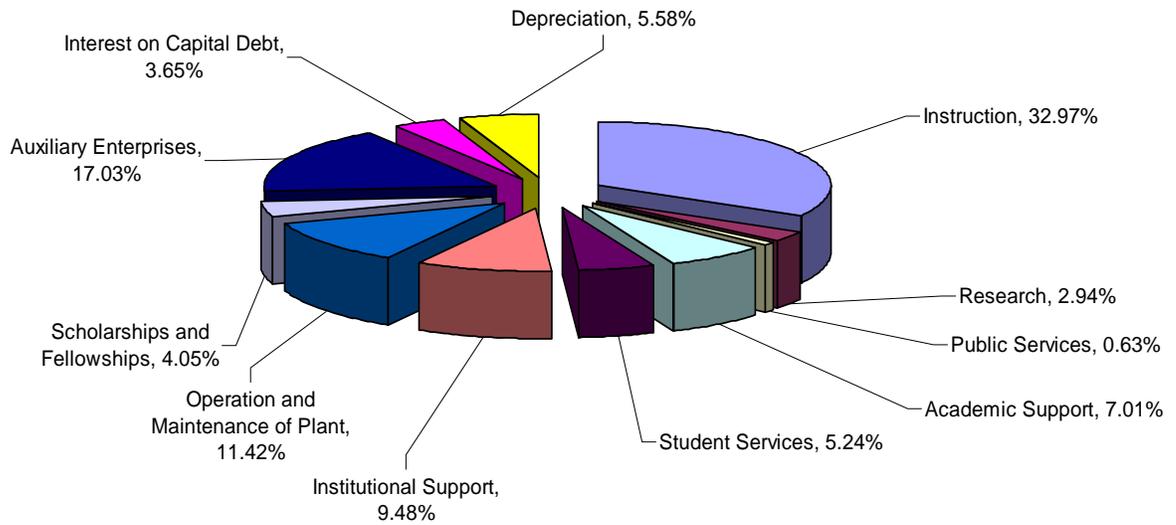
construction projects (the ERP system and Physical Education Center) were re-evaluated and capitalized. Gifts for scholarships were up in 2009 by \$.19 million, totaling \$2.2 million.

Finally, total other revenue, expenses, gains (losses) remained unchanged at \$1.1 million. The College did not draw any University Infrastructure bond proceeds or Capital Reserve funds during this period.

(The following charts depict the revenues by source and expenses by function.)



Expenses By Function Fiscal Year 2009



Statement of Cash Flows

The Statement of Cash Flows also provides information about the College's financial health by reporting the cash receipts and cash payments of the

College during the year ended June 30, 2009. A synopsis of the Statement of Cash Flows follows.

Condensed Statement of Cash Flows

	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease)</u>	<u>Percent Charge</u>
Cash used by operating activities	\$ (6,683,539)	\$ (8,022,872)	\$ 1,339,333	-16.69%
Cash provided by non-capital financing activities	30,273,673	38,128,924	(7,855,251)	-20.60%
Cash used by capital debt and related financing activities	(22,235,318)	(8,003,613)	(14,231,705)	177.82%
Cash provided by investing activities	<u>1,374,212</u>	<u>3,024,653</u>	<u>(1,650,441)</u>	-54.57%
Net Increase (Decrease) in Cash	2,729,028	25,127,092	(22,398,064)	-89.14%
Cash, Beginning of Year	<u>85,802,174</u>	<u>60,675,082</u>	<u>25,127,092</u>	41.41%
Cash, End of Year	<u><u>88,531,202</u></u>	<u><u>85,802,174</u></u>	<u><u>2,729,028</u></u>	3.18%

In 2009, cash and cash equivalents of \$88.5 million rose by \$2.7 million or 3.2%. First, cash flows from operating activities increased by \$1.3 million or 16.7%. Additional cash of \$7.6 million or 8.3% received for tuition and fees primarily caused this increase and probably relates directly to tuition and fee rate hikes. Cash receipts for sales of auxiliary services also climbed by \$3.8 million and stems from increases in the rates for housing and meal plans. Meanwhile, the reduced amount of cash received (\$6.0 million) for grant and contract funding relates to the NASA grant award and the majority of the approximately \$10 million receivable being collected during fiscal year 2008. In addition operating expenses escalated for salaries and

benefits as well as utilities, reducing cash receipts by approximately \$4.6 million.

Secondly, cash from State appropriations of \$27.2 million in 2009 is \$8.9 million less than the amount in 2008. The majority of state agencies suffered substantial budget cuts due to State revenue shortfalls.

Finally, the College received cash proceeds of \$38.5 million through the issuance of a bond anticipation note and a long-term note payable for software and equipment costs. Payments for capital expenditures were substantially less for fiscal year 2009, \$60.2 million in comparison to \$104.6 million. In contrast and during fiscal year 2008, the College received cash of \$103.8 million from

revenue and capital improvement bond proceeds.

As of fiscal year end 2009, cash and cash equivalents made up 19.7% of the total asset base of the College.

Capital Asset and Debt Activity

A critical factor in continuing the quality of the College's academic and research programs and residential life experience is the acquisition, construction, and improvement of its capital assets. The College continues to implement its long-range plan to modernize its complement of older teaching and research facilities, balanced with new construction.

The College had approximately \$348.1 million invested in capital assets, net of

accumulated depreciation of \$97.9 million at the end of June 30, 2009. Total net capital assets in 2009 increased by \$48.7 million or 16.3% in relation to 2008. Accumulated depreciation for 2008 was \$88.0 million.

The book value in the amount of \$45.8 million for the Physical Education Center was added to capital assets. Purchases for the construction of the School of the Arts Building (Simons Center), the Science Building, and the ERP system describe the increase of \$10.3 million in Construction-in-Progress. A synopsis of the net capital assets for the years ended 2009 and 2008 further illustrates the significant changes between the accounting periods.

Capital Assets				
	(Restated)			
	2009	2008	Increase (Decrease)	Percent Change
Land	\$ 41,835,760	\$ 40,038,105	\$ 1,797,655	4.49%
Land improvements	3,930,238	3,930,238	-	0.00%
Buildings	264,225,085	220,202,603	44,022,482	19.99%
Building improvements	40,083,016	40,083,016	-	0.00%
Equipment	12,279,194	9,739,205	2,539,989	26.08%
Computer software	343,732	343,732	-	0.00%
Accumulated depreciation and amortization	(97,913,477)	(87,968,818)	(9,944,659)	11.30%
Construction in progress (Restated for FY 2008)	83,324,613	73,026,327	10,298,286	14.10%
Total Capital Assets - Net	\$ 348,108,161	\$ 299,394,408	\$ 48,713,753	16.27%

Debt

Outstanding long-term debt was \$175.6 million as of June 30, 2009. Embedded in that figure is long-term bond and note debt of \$171.3 million and \$4.3 million respectively. Total long-term debt is down slightly, by \$1.2 million in contrast to 2008.

During fiscal year 2009, substantial changes are reflected in short-term debt --\$34.2 million -- due to the issuance of a bond anticipation note (BAN) in the amount of \$33.5 million and signing of a long-term note in the amount of \$5.3 million. The BAN will help with construction expenses for the Science

Center while the note covers costs for software and equipment of the ERP system. See notes 5, 10, and 11 for additional information on capital assets and long-term debt.

Previous debt service obligations originated from several bond issues that financed the construction of McAlister Hall, the School of Business, and the Addlestone Library as well as the purchase of Kelly House and the Berry Residence Hall renovation.

Economic Outlook

The economic position of the College, a state-supported higher education institution, relates to the State of South Carolina. In addition, the College must stay attuned with the United States economy as well.

To that end, a recent news release of the S. C. Comptroller General's Office⁴ reveals that the State overspent its General Fund budget by \$98.2 million for the fiscal year that ended June 30, 2009. For the 2009 fiscal year, actual revenue collections were \$1.2 billion less than the estimates used to form original spending plans. The State has exhausted its Capital Reserve Fund of \$133.2 million and General Reserve Fund of \$108.1 million. The release admonishes the readers that the State must close the gap between what it spends and what it can afford.

Furthermore, the S. C. Budget and Control Board voted on September 3, 2009 to cut state agency budgets by 4.04% for fiscal year 2010. The cut is

⁴ News Release, Comptroller General's Office, August 14, 2008

required as a result of decreased tax revenue and overspending. Lastly, the S. C. Retirement System is underfunded by more than \$18.6 billion for future retirees.

Another publication, the *South Carolina Economic Indicators*⁵, reveals that for the first time in 2009, there are signs (the S. C. Leading Index) that the South Carolina economy may have bottomed out. It offers encouragement that the worst is over even though it is too soon to talk about a recovery.

The South Carolina Leading Index includes factors such as unemployment insurance claims, residential construction, interest rates, real money supply, consumer expectations, and the manufacturing sector. Unemployment insurance claims dropped 8.6 percent compared with the previous month, and there have been no significant increases in this key indicator for the past three months. Residential construction increased 9 percent but still remained well below the long term average. The U. S Conference Board experienced an increase in the interest rate spread, real money supply, etc. Lastly, the average manufacturing workweek increased to 41.1 hours, 2.6 percent above April 2009.

South Carolina's economy appears to be moving more in tandem with the national economy. The Bureau of Economic Analysis reported that the real Gross Domestic Product (GDP) for the United States experienced a smaller decline in comparison to the first quarter of 2009. The U. S. Bureau of Labor Statistics reported that the national

⁵ Economic Indicators, Volume 44, No.7, July 2009, SC Employment Commission,

unemployment rate rose 0.3 percentage point to 9.7 percent in August 2009 which demonstrates that the declines have moderated in recent months.

More Information

This financial report is designed to provide a general overview of the College of Charleston's finances. Any

questions or requests for information may be addressed to: Ruby Flateau, Controller; College of Charleston.

COLLEGE OF CHARLESTON
STATEMENT OF NET ASSETS
June 30, 2009

Assets

Current Assets

Cash and cash equivalents	\$ 27,679,198
Cash and cash equivalents, restricted	59,594,753
Accounts receivable	3,188,346
Allowances for bad debts	(225,000)
Grants and contracts receivable	1,487,524
Component unit receivable	1,039,931
Interest income receivable	315,244
Prepaid items	2,067,104
Inventories	273,603
Total Current Assets	\$ 95,420,703

Non-Current Assets

Cash and cash equivalents, restricted	\$ 1,257,251
Component unit receivable	1,223,549
Student loans receivable	2,224,058
Prepaid items	398,081
Capital assets not being depreciated	125,160,373
Capital assets, net of accumulated depreciation	222,947,788
Bond issue costs (net)	1,426,244
Total Non-Current Assets	\$ 354,637,344

Total Assets **\$ 450,058,047**

Liabilities And Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$ 6,327,241
Accrued payroll and related liabilities	6,585,473
Retainage payable	2,151,951
Deferred and unearned student revenues	3,541,041
Deposits held for others	261,754
Student deposits	171,178
Compensated absences payable	1,847,977
Accrued interest payable	2,049,143
Notes payable	34,188,412
Bonds payable	5,451,779
Total Current Liabilities	\$ 62,575,949

Non-Current Liabilities

Compensated absences payable	\$ 2,364,165
Notes payable	4,263,612
Bonds payable	171,373,693
Federal capital contribution	2,464,950
Total Non-Current Liabilities	\$ 180,466,420

Total Liabilities **\$ 243,042,369**

Net Assets

Invested in capital assets, net of related debt \$ 156,436,699

Restricted for:

Nonexpendable	
Endowed professorship	100,000
Endowment other	1,039,931
Expendable	
Scholarships and fellowships	35,095
Research	518,992
Loans	58,882
Capital projects	33,100,119
Debt service	1,735,060

Unrestricted **13,990,900**

Total Net Assets **\$ 207,015,678**

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009**

Operating Revenues

Tuition and related fees (\$5,041,794 pledged for debt service; net of scholarship allowance of \$19,772,029)	\$ 98,406,287
Federal grants and contracts	16,666,935
State grants and contracts	17,867,528
Local grants and contracts	8,424
Non governmental grants and contracts-restricted	18,056
Educational activities revenues	579,227
Student organizations generated revenues	919,472
Sales and Services of Auxiliary Enterprises	
Revenues not pledged for debt service	
Athletics (net of scholarship allowance of \$1,478,161)	8,193,356
Health services (net of scholarship allowance of \$206,703)	1,131,409
Bookstore	568,864
Rental, vending, and debit card	171,770
Revenues pledged for debt service	
Housing (net of scholarship allowance of \$3,614,561)	17,018,948
Food service (net of scholarship allowance of \$1,427,233)	7,242,809
Parking	2,204,007
Other sources	2,382,717
Total Operating Revenues	\$ 173,379,809

Operating Expenses

Personnel cost	\$ 86,845,850
Benefits	22,541,308
Services, supplies and others	45,972,665
Utilities	6,758,962
Scholarships and fellowships	10,623,310
Depreciation and amortization	10,620,675
Total Operating Expenses	\$ 183,362,770

Operating Loss

\$ (9,982,961)

Non-Operating Revenues (Expenses)

State appropriations	\$ 27,172,853
Gifts	2,239,046
Auxiliary enterprises interest income	304,596
Interest/investment income	2,406,887
Interest on capital assets and related debt	(6,947,934)
State grants and contracts	35,000
Non governmental grants and contracts	439,982
Loss on sale of assets	(102,814)
Total Net Non-Operating Revenues	\$ 25,547,616

Income Before Other Revenues, Expenses, Gains and (Losses)

\$ 15,564,655

Other Revenues, Expenses, Gains, and (Losses)

Capital appropriations	\$ 1,122,244
Total Other Revenue, Expenses, Gains and (Losses)	\$ 1,122,244

Increase In Net Assets

\$ 16,686,899

Net Assets, Beginning Of Year (Restated)

190,328,779

Net Assets, End Of Year

\$ 207,015,678

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009**

Cash Flow From Operating Activities	
Tuition and fees	\$ 98,542,011
Grants and contracts	29,638,947
Sales and services of education and other activities	1,498,699
Sales and services of auxiliary enterprises	36,727,708
Other operating revenues	2,229,379
Payments to employees for salaries and benefits	(109,024,584)
Payments to suppliers	(48,775,877)
Payments for utilities	(6,758,962)
Payments to students for scholarships and fellowships	(10,623,310)
Loans issued to students	(226,630)
Collection of loans from students	271,736
Deposits held for others	(182,656)
Student direct lending receipts	46,328,313
Student direct lending disbursements	(46,328,313)
Net Cash Used for Operating Activities	\$ (6,683,539)
Cash Flows From Non-Capital Financing Activities	
State appropriations	\$ 27,172,853
Increase in notes receivable	249,742
Gifts and grants for other than capital purpose	2,851,078
Net Cash Provided by Non-Capital Financing Activities	\$ 30,273,673
Cash Flows From Capital And Related Financing Activities	
Proceeds from capital appropriations	\$ 1,122,244
Proceeds from capital grants and gifts	9,223,873
Purchases of capital assets	(60,236,619)
Proceeds from sales of capital assets	15,441
Proceeds from notes payable	38,787,036
Principal paid on capital debt	(5,566,791)
Proceeds from investments in capital and related financing activities	1,377,324
Interest paid on capital related debt	(6,957,826)
Net Cash Used by Capital Debt And Related Financing Activities	\$ (22,235,318)
Cash Flows From Investing Activities	
Interest on investments	\$ 1,374,212
Net Cash Provided by Investing Activities	\$ 1,374,212
Net change in cash and cash equivalents	\$ 2,729,028
Cash and cash equivalents - Beginning of the Year	85,802,174
Cash and Cash Equivalents - End of the Year	\$ 88,531,202
Reconciliation of net operating revenue (expenses) to net cash provided (used) by operating activities	
Operating loss	\$ (9,982,961)
Adjustments to reconcile net operating loss to net cash used for operating activities	
Depreciation and amortization expense	10,620,675
Changes in assets and liabilities:	
Deposits held for others	(182,656)
Account receivable, net	919,800
Inventories	(22,886)
Student loan receivable	45,106
Prepaid expenses	921,316
Accounts payable and accrued expenses	(3,491,901)
Accrued compensated absences and related liabilities	152,833
Deferred revenue	(5,706,580)
Student and other deposits	43,715
Net Cash Used by Operating Activities	\$ (6,683,539)
Reconciliation of Cash and Cash Equivalent Balances:	
Current Assets:	
Cash and cash equivalents	\$ 87,273,951
Noncurrent assets:	
Restricted cash and equivalents	1,257,251
Total Cash and Cash Equivalents	\$ 88,531,202

See Accompanying Notes to Financial Statements

COLLEGE OF CHARLESTON FOUNDATION
NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008

Assets

Cash and cash equivalents	\$ 8,289,919
Accounts receivable	246,008
Accrued interest receivable	136,198
Prepaid expenses	134,240
Inventories	18,803
Unconditional promises to give, net	6,519,999
Investments	40,105,355
Contributions receivable from remainder trusts	271,228
Cash value of life insurance	48,814
Property and equipment, net	10,626,696
Total Assets	\$ 66,397,260

Liabilities

Accounts payable and accrued expenses	\$ 1,260,798
Annuities payable	277,363
Deferred revenue	210,260
Marine Genomics grant payable (College of Charleston)	993,327
IRA loan payable (College of Charleston)	152,845
Total Liabilities	\$ 2,894,593

Net Assets

Unrestricted:	
Board Designated quasi-endowment	349,425
Reserved for portion of donor designated endowment with investment losses below gift corpus	(1,296,505)
Undesignated	<u>12,147,002</u>
	<u>11,199,922</u>
Temporarily restricted:	
Restricted for:	
Program expenses	12,473,047
Portion of perpetual endowment subject to a time restriction under UPMIFA and with purpose restrictions	4,893,240
Investment in property	<u>1,081,768</u>
	<u>18,448,055</u>
Permanently restricted:	
Permanent endowments	33,854,690
Total Net Assets	63,502,667
Total Liabilities and Net Assets	\$ 66,397,260

See Accompanying Notes to Financial Statements

COLLEGE OF CHARLESTON FOUNDATION
NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, gains and other support:				
Contributions	\$ 921,161	\$ 4,021,703	\$ 1,108,357	\$ 6,051,221
Net interest and dividend income	262,642	955,553	-	1,218,195
Rental income	818,298	-	-	818,298
Net realized and unrealized gains (losses) on long-term investments	(1,412,405)	(13,021,800)	-	(14,434,205)
Other income	(1,549)	596,144	5,922	600,517
Loss (gain) on sale of equipment	4,304	(139,805)	-	(135,501)
Changes in value of split interest agreements	-	(362,417)	-	(362,417)
Subtotal	592,451	(7,950,622)	1,114,279	(6,243,892)
Net assets released from restrictions:				
Changes in donor designation	(21,536)	(190,903)	212,439	-
Program restrictions satisfied	7,069,492	(7,069,492)	-	-
Payment of administrative surcharges	459,652	(459,652)	-	-
Total revenue, gains (losses), and other support	8,100,059	(15,670,669)	1,326,718	(6,243,892)
Expenses and losses:				
Program:				
Student aid and recognition	1,919,926	-	-	1,919,926
Faculty/ community enrichment	5,835,057	-	-	5,835,057
Total program expenses	7,754,983	-	-	7,754,983
Supporting Services:				
General and administrative	438,096	-	-	438,096
Fundraising	799,215	-	-	799,215
Total supporting services	1,237,311	-	-	1,237,311
Change in allowance for uncollectible promises to give	1,367	9,870	35,015	46,252
Total expenses and losses	8,993,661	9,870	35,015	9,038,546
Change in net assets	(893,602)	(15,680,539)	1,291,703	(15,282,438)
Net assets, beginning of period	12,093,524	34,128,594	32,562,987	78,785,105
Net assets, end of period	\$ 11,199,922	\$ 18,448,055	\$ 33,854,690	\$ 63,502,667

See Accompanying Notes to Financial Statements

**COLLEGE OF CHARLESTON COUGAR CLUB
NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF FINANCIAL POSITION
June 30, 2009**

Assets

Current Assets

Cash and cash equivalents		
Unrestricted	\$	833,216
Restricted		443,491
Accounts receivable		6,450
Unconditional promises to give		180,500
Due from related parties		4,828
Prepaid expenses		13,907
Total current assets		1,482,392

Other Assets

Investments, at fair value		70,673
Unconditional promises to give, net of current portion and discount and allowance		291,410
Property and equipment, net		8,297
Total other assets		370,380
Total Assets	\$	1,852,772

Liabilities and Net Assets

Current Liabilities

Accounts payable		4,687
Due to related parties		1,600
Deferred revenue		18,650
Incentive compensation contract, current portion		17,668
Total current liabilities		42,605

Long-term Liabilities

Incentive compensation contract		53,005
Total Liabilities		95,610

Net Assets

Unrestricted		880,758
Temporarily restricted		876,404
Total Net Assets		1,757,162

Total Liabilities and Net Assets	\$	1,852,772
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The accompanying notes are an integral part of these financial statements.

**COLLEGE OF CHARLESTON COUGAR CLUB
NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

	Unrestricted	Temporarily Restricted	Total
Revenue, gains and other support:			
Contributions, memberships, and other increases	\$ 783,942	\$ 1,488,544	\$ 2,272,486
Special events net of direct expenses of \$43,331 for 2009 and \$40,674 for 2008	59,145	-	59,145
Interest	21,995	-	21,995
Other income	2,758	-	2,758
Subtotal	<u>867,840</u>	<u>1,488,544</u>	<u>2,356,384</u>
Net assets released from restrictions	1,395,212	(1,395,212)	-
Total revenue, gains (losses), and other support	<u>2,263,052</u>	<u>93,332</u>	<u>2,356,384</u>
Expenses:			
Program services:			
Grants and support	1,647,766	-	1,647,766
Membership activities	355,213	-	355,213
Total program expenses	<u>2,002,979</u>	<u>-</u>	<u>2,002,979</u>
Supporting Services:			
Management and general	114,591	-	114,591
Fundraising	54,460	-	54,460
Total supporting services	<u>169,051</u>	<u>-</u>	<u>169,051</u>
Total expenses	<u>2,172,030</u>	<u>-</u>	<u>2,172,030</u>
Change in net assets	91,022	93,332	184,354
Net Assets, Beginning of Year	<u>789,736</u>	<u>783,072</u>	<u>1,572,808</u>
Net Assets, End of Year	<u>\$ 880,758</u>	<u>\$ 876,404</u>	<u>\$ 1,757,162</u>

See Accompanying Notes to Financial Statements

THE COLLEGE OF CHARLESTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The College of Charleston is a state-supported institution of higher education. The College's main purpose is to provide a world-class liberal arts education to undergraduate and graduate students. It is committed to attracting the most promising students from South Carolina, other states in the nation, and from around the world.

The accompanying basic financial statements present the statement of net assets, statement of revenue, expenses and changes in net assets, and the statement of cash flows of the College of Charleston. The financial statements include individual schools and departments. The College includes all funds and accounts, and all entities over which the College exercises or has the ability to exercise oversight authority for financial reporting purposes.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationships with the primary government are such that exclusion would cause the financial statements to

be misleading or incomplete. Accordingly, the financial statements include the accounts of the College, as the primary government, and the accounts of its discretely presented component units, the College of Charleston Foundation and the Cougar Club. The College is part of the primary government of the State of South Carolina.

The College of Charleston Foundation is a separately chartered corporation formed primarily to provide financial assistance and scholarships to the College. The Foundation reports under the Financial Accounting Standards Board (FASB) and operates on a calendar year basis.

The Cougar Club is a separately chartered corporation organized exclusively to solicit and provide funds to the Athletic Department. The Cougar Club reports under the Financial Accounting Standards Board (FASB), and its fiscal year runs concurrent with the College.

Financial Statement Presentation

The financial statement presentation for the College meets the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic*

Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities. The financial statement presentation provides a comprehensive, entity-wide perspective of the College's net assets, revenues, expenses and changes in net assets and cash flows. In addition and as per GASB Statement No. 39, its component units are discretely presented in the report.

Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements reflect the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and fees and auxiliary enterprise fees are presented net of scholarship discounts and allowances applied to student accounts, while stipends and other payments made directly are presented as scholarship and fellowship expenses. All significant intra-agency transactions have been eliminated.

The College has elected not to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

Cash and Cash Equivalents

The amounts shown in the financial statements in the College funds as "cash and cash equivalents" represent petty cash, cash on deposits in banks, cash on deposit with the State Treasurer, cash invested in various

instruments by the State Treasurer as part of the State's internal cash management pool as well as cash invested in various short-term investments by the State Treasurer and held in separate agency accounts.

Most State agencies including the College participate in the State's internal cash management pool. Because the cash management pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. The State Treasurer administers the cash management pool. The pool includes some long-term investments such as obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit and certain corporate bonds.

The State's internal cash management pool consists of a general deposit account and several special deposit accounts. The State records each fund's equity interest in the general deposit account; however, all earnings on the account are credited to the General Fund of the State. The College records its deposits in the general deposit account at cost. It records and reports its special deposit account at fair value.

For purposes of the Statement of Cash Flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State of South Carolina State Treasurer's Office are considered cash equivalents.

Investments

The College accounts for its investments at fair market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses and Changes in Net Assets.

Accounts Receivable

Accounts receivable consist of tuition and fee charges to students, gift receivables, and auxiliary enterprise services provided to students and other outside entities. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. Student loans receivable consist of amounts due from the Federal Perkins Loan Program.

Inventories

The College reports inventories using the consumption approach for which goods are recorded as assets at the time of purchase and recognition of the expenditures are deferred until the goods are actually consumed. Inventories are carried at the lower of cost or market. The cost of inventory is reported on a first-in, first-out basis. Items accounted for as the College

inventories include maintenance, janitorial, housing and office supplies.

Capital 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. The College 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 College capitalizes moveable personal property with a unit value in excess of \$5,000 and a useful life in excess of one year; 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.

Depreciation is computed using the straight-line method over the estimated useful life of the asset, generally 15 to 50 years for buildings and improvements and land improvements, and 3 to 25 years for machinery, equipment, and vehicles. A full year of depreciation is taken during the year the asset is placed in service, and no depreciation is taken in the year of disposition.

Deferred Revenues and Deposits

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Deposits include dormitory room deposits, advance tuition payments, and other miscellaneous deposits. Student deposits are recognized as revenue during the semester for which the fee to which the deposit relates is applicable, and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

Rebatable Arbitrage

Arbitrage involves the investment of proceeds from the sale of tax-exempt securities in a taxable investment that yields a higher rate of return, resulting in income in excess of interest costs. Federal law requires entities to rebate to the government such income on tax-exempt debt if the yield from these earnings exceeds the effective yield on the related tax-exempt debt issued.

Governmental units that issue no more than \$5 million in total of all such debt in a calendar year are exempt from the rebate requirements. For this purpose, tax-exempt indebtedness includes bonds and certain capital leases and installment purchases. Rebates are payable every five years or at maturity of the debt, whichever is earlier. However, the potential liability is calculated annually for financial reporting purposes. The liability and

expense incurred are recorded at year-end to accrued accounts payable in the Statement of Net Assets and as an expense in the Statement of Revenue, Expenses and Changes in Net Assets.

Non-current Liabilities

Non-current liabilities include (1) principal amounts of bonds payable, (2) estimated amounts for accrued compensated absences, and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as non-current assets.

Compensated Absences

Generally, all permanent full-time State employees and certain part-time employees scheduled to work at least one half of the agency's workweek are entitled to accrue and carry forward at calendar year-end maximums of 180 days sick leave and of 45 days annual vacation leave. Upon termination of State employment, employees are entitled to be paid for accumulated unused annual vacation leave up to the maximum but are not entitled to any payment for unused sick leave. The compensated absences liability includes accrued annual leave. The College calculates the compensated absences liability based on recorded balances of unused leave for which the employer expects to compensate employees through cash payments at termination. That liability is inventoried at fiscal year-end current salary costs and the cost of the salary-related benefit payments.

The net change in the liability is recorded in the current year in the applicable functional expenditure categories. The liability and expense

incurred are recorded at year-end as compensated absences payable in the Statement of Net Assets, and as a component of compensation and benefit expense in the Statement of Revenues, Expenses, and Changes in Net Assets.

Perkins Loans Receivable and Related Liability

The loans receivable on the balance sheet is due to the College under the Perkins Loan Program. This program is funded primarily by the federal government with the College providing a required match. The amount reported as Perkins liability is the amount of cumulative federal contributions and a pro rata share of net earnings on the loans under this program which would require repayment to the federal government if the College ceases to participate in the program. The College recognizes as revenue and expenses only the portion attributable to its matching contribution.

Net Assets

The College's net assets are classified as follows:

Invested in capital assets, net of related debt: This category represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net assets – expendable: Restricted expendable net assets include resources which the College is

legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted net assets – nonexpendable: Nonexpendable restricted net assets consist of endowment and similar type funds which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services to students, faculty and staff.

The College policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Income Taxes

The College, as a political subdivision of the State of South Carolina, is excluded from federal income taxes under Section 115 (1) of the Internal Revenue Code, as amended.

Classification of Revenues and Expenses

The College has classified its revenues and expenses as either operating or

non-operating according to the following criteria:

Operating revenues and expenses: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) federal, state and local grants and contracts for services that finance programs the College would not otherwise undertake, (4) receipts for scholarships where the provider has identified the student recipients, and (5) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College. Operating expenses include all expense transactions incurred other than those related to investing, capital or non-capital financing activities.

Non-operating revenues and expenses: Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes. Non-operating expenses include interest paid on capital asset related debt, losses on the disposal of capital assets, and refunds to grantors.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students,

are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or non-governmental programs, are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Sales and Services of Educational and Other Activities

Revenues from sales and services of educational and other activities generally consist of amounts received from instructional, laboratory, research, and public service activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public. The College receives such revenues primarily from the general public.

Auxiliary Enterprises and Internal Service Activities

Auxiliary enterprise revenues primarily represent revenues generated by intercollegiate athletics, parking, bookstore, food services, housing, health services, debit card, and vending. Revenues of internal auxiliary enterprise

activities and the related expenditures of college departments have been eliminated.

Use of Estimates in Accounting

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenditures/expenses, and affect disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Estimates are used to determine the useful lives of long-lived assets such as buildings, improvements, and equipment. The College has used approximations as provided by the South Carolina Comptroller General's Office in developing the estimates of useful lives.

In addition, the College has estimated the percentage of accounts receivable that may not be collected, typically known as the allowance for bad debts. The College uses an aging analysis to estimate this allowance.

NOTE 2 – CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS

All deposits and investments of the College are under the control of the State Treasurer, who, by law, has sole authority for investing State funds. Information pertaining to the reported amounts, fair values and credit risk of the State Treasurer's deposits and investments is disclosed in the

Comprehensive Annual Financial Report of the State of South Carolina.

The following schedule as of June 30, 2009, reconciles deposits and investments in the footnotes to the Statement of Net Assets amounts:

Schedule of Deposits and Investments As of June 30, 2009

Statement of Net Assets

Current assets	
Cash and cash equivalents	\$ 27,679,198
Cash and cash equivalents, restricted	59,594,753
Noncurrent assets	
Cash and cash equivalents, restricted	1,257,251
	<u>\$ 88,531,202</u>

Disclosure, Deposits, and Investments

Cash on hand	\$ 3,040
Deposits held by State Treasurer	38,869,107
Deposits held by State Treasurer with Comptroller General as agent of College	32,975,910
Operating and payroll checking accounts	16,632,620
Wachovia Perkins loan account	50,525
	<u>\$ 88,531,202</u>

Deposits Held by State Treasurer

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the deposits of the College of Charleston may not be returned to the College. For deposits held by the State Treasurer, State law requires full collateralization of all State Treasurer bank balances. The State Treasurer

must correct any deficiencies in collateral within seven days. At June 30, 2009, all State Treasurer bank balances were fully insured or collateralized with securities held by the State or by its agents in the State's name.

With respect to investments in the State's internal cash management pool, all of the State Treasurer's investments

are insured or registered or are investments for which the securities are held by the State or its agents in the State's name. Information pertaining to the reported amounts, fair values, credit risk, interest rate risk, and concentration risk of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

With respect to the College's other deposits at year-end, all of these deposits are either insured or collateralized with securities held by the entity or by its agent in the entity's name, or collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Other Deposits

The College owns approximately \$16,683,145 of the total other deposits

which are held in checking accounts used to pay payroll and operating expenses and to handle Perkins Loans collections. Federal Depository Insurance Corporation (FDIC) covers the deposits of the College's checking and Perkins Loans accounts up to the FDIC limit of \$250,000, and the balance is collateralized by government securities.

Restricted Cash Deposits

Current restricted cash deposits of \$59,594,753 consist of \$50,622,547 for capital project accounts, \$1,829,225 for debt service accounts, and \$7,142,981 for other (auxiliary enterprise, grant and contract, etc.) accounts. Non-current restricted cash deposits of \$100,000 and \$1,157,251 are restricted for the endowment fund and Perkins Loan fund, respectively.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2009, are summarized as follows:

Accounts Receivable	
As of June 30, 2009	
Student accounts	\$ 1,740,591
Other	397,093
Auxiliary enterprise	1,050,662
Total accounts receivable	<u>3,188,346</u>
Allowance for doubtful accounts	<u>(225,000)</u>
Federal grants and contracts	1,118,973
State grants and contracts	82,972
Nongovernmental grants and contracts	285,579
Total grants and contracts	<u>1,487,524</u>
Component units	2,263,480
Interest income	315,244
Student loans receivable	<u>2,224,058</u>
Net Accounts Receivable	<u>\$ 9,253,652</u>

Allowances for losses on student accounts receivable are established based upon actual losses incurred in prior years and/or evaluations of the

current account portfolio. At June 30, 2009, the allowance for uncollectible student accounts is valued at \$225,000.

NOTE 4 – LOANS RECEIVABLE

Student loans made through the federal Perkins Loan Program comprise substantially all of the loans receivable as of June 30, 2009. 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 may exercise. These loans are classified as non-current receivables. As the College determines that loans are uncollectible, the loans are written off and assigned to the U.S. Department of Education.

NOTE 5 - CAPITAL ASSETS

	(Restated) Beginning Balance 7/1/2008	Increases	Decreases	Ending Balance 6/30/2009
Capital assets not being depreciated:				
Land	\$ 40,038,105	\$ 1,797,654	\$ -	\$ 41,835,759
Construction in progress (Restated)	<u>73,026,327</u>	<u>56,118,422</u>	<u>45,820,135</u>	<u>83,324,614</u>
Total capital assets not being depreciated	<u>\$ 113,064,432</u>	<u>\$ 57,916,076</u>	<u>\$ 45,820,135</u>	<u>\$ 125,160,373</u>
Other capital assets:				
Land improvements	\$ 3,930,238	\$ -	\$ -	\$ 3,930,238
Buildings	220,202,603	44,022,482	-	264,225,085
Building improvements	40,083,016	-	-	40,083,016
Machinery, equipment, and other	9,154,039	3,180,156	635,534	11,698,661
Computer software	343,732	-	-	343,732
Motor vehicle	<u>585,166</u>	<u>19,989</u>	<u>24,622</u>	<u>580,533</u>
Total other capital assets at historical cost	<u>\$ 274,298,794</u>	<u>\$ 47,222,627</u>	<u>\$ 660,156</u>	<u>\$ 320,861,265</u>
Less accumulated depreciation for:				
Land improvements	\$ 3,213,415	\$ 65,166	\$ -	\$ 3,278,581
Buildings	58,225,587	7,272,570	-	65,498,157
Buildings improvements	20,922,148	1,490,026	-	22,412,174
Machinery, equipment, and other	4,776,553	1,606,086	519,160	5,863,479
Computer software	343,732	-	-	343,732
Motor vehicle	<u>487,383</u>	<u>52,712</u>	<u>22,741</u>	<u>517,354</u>
Total accumulated depreciation	<u>\$ 87,968,818</u>	<u>\$ 10,486,560</u>	<u>\$ 541,901</u>	<u>\$ 97,913,477</u>
Other capital assets, net	<u>\$ 186,329,976</u>	<u>\$ 36,736,067</u>	<u>\$ 118,255</u>	<u>\$ 222,947,788</u>
Capital assets, net	<u>\$ 299,394,408</u>	<u>\$ 94,652,143</u>	<u>\$ 45,938,390</u>	<u>\$ 348,108,161</u>

During fiscal year 2009, capitalized interest was \$2,119,526. The depreciation expense computed to \$10,486,560. In addition, the College sold assets with original purchase costs

(net of depreciation) of \$118,255 for which it received proceeds of \$15,441. The loss incurred from the sale of assets totaled \$102,814.

NOTE 6 – RETIREMENT PLAN (S)

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR), which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the Retirement Division, 202 Arbor Lake Drive, Columbia, South Carolina, 29223. Furthermore, the Division and the four pension plans are included in the CAFR of the State of South Carolina.

Article X, Section 16, of the South Carolina Constitution requires that all State operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and average final compensation.

South Carolina Retirement System

The majority of employees of the College are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally, all permanent State employees are

required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustments, death, and group life insurance benefits to eligible employees and retirees.

Since July 1, 2006, employees participating in the SCRS have been required to contribute 6.5 percent of all compensation. Effective July 1, 2008, the employer contribution rate became 12.74 percent, which includes a 3.50 percent surcharge to fund retiree health and dental insurance coverage. The College's actual contributions to the SCRS for the three most recent fiscal years ended June 30, 2009, 2008, and 2007, were \$3,880,491; \$3,672,932; and \$3,168,637 respectively, and equaled the required contributions of 9.24 percent (excluding the surcharge) for each year. Also, the College paid employer group life insurance contributions of \$62,995 in the current fiscal year at the rate of .15 percent of compensation.

Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement plan administered by the Retirement Division. Generally, all permanent full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required

to participate in and contribute to the system as a condition of employment. This plan provides annuity benefits as well as disability and group life insurance benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Since July 1, 1988, employees participating in the PORS have been required to contribute 6.5 percent of all compensation. Effective July 1, 2008, the employer contribution rate became 14.15 percent, which, as for the SCRS, includes the 3.50 percent surcharge. The College's actual contributions to the PORS for the years ended June 30, 2009, 2008, and 2007, were \$192,533; \$191,073; and \$181,871 respectively, and equaled the required contribution of 10.30 percent (excluding the surcharge) for each year. Also, the College paid employer group life insurance contributions of \$3,616 and accidental death insurance contributions of \$3,616 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

Optional Retirement Program

Certain permanent State employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity

contracts, which are issued to, and become the property of, the participants. The State assumes no liability for this plan other than for payment of contributions to designated insurance companies.

ORP participation is limited to faculty and administrative staff of the State's higher education institutions who meet all eligibility requirements for membership in the SCRS. To elect participation in the ORP, eligible employees must elect membership within their first thirty days of employment. If an eligible employee fails to make the initial election within the required time, the employee is considered to have elected membership in the South Carolina Retirement System. Under State law and effective fiscal year 2009, contributions to the ORP are required at the same rate as for the SCRS, 9.24 percent plus the retiree surcharge of 3.50 percent from the employer.

Certain College employees have elected to be covered under optional retirement plans. For the fiscal year 2009, total contribution requirements to the ORP were \$3,121,842 (excluding the surcharge) from the College as employer and \$2,196,101 from its employees as plan members. In addition, the College paid \$50,679 for group life insurance coverage for these employees. All amounts were remitted to the Retirement Division of the State Budget and Control Board for distribution to the respective annuity policy providers. The obligation for payment of benefits resides with the insurance companies.

Deferred Compensation Plans

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the College have elected to participate. The multiple employer plans, created under Internal Revenue Code Sections 457, and 401 (k), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. The plan sponsor for these plans is the South Carolina Deferred Compensation Commission.

Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans.

Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

Teacher and Employee Retention Incentive

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost-of-living adjustments granted during the TERI period.

Participants who have entered the TERI period on or after July 1, 2005 are required to contribute 6.5 percent of gross earnings to the South Carolina Retirement System. Effective July 1, 2008, the employer contribution rate became 12.74 percent, which includes a 3.50 percent surcharge to fund the retiree health and dental insurance coverage.

NOTE 7 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. The College contributes to the Retiree Medical Plan (RMP) and the Long-term Disability Plan (LTDP), cost-sharing multiple-employer defined benefit post-employment healthcare and long-term disability plans administered by the Employee Insurance Program (EIP), a part of the State Budget and Control Board (SBCB). Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires May 2, 2008 and after, retirees are eligible for benefits if they have established twenty-five years of service for 100% employer funding and fifteen through twenty-four years of service for 50% employer funding. Benefits become effective when the former employee retires under a State retirement system. Basic long-term disability (BLTD) benefits are provided to active state, public school district and participating local government employees approved for disability.

Funding Policies

Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these post-employment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the SBCB except the portion funded through

the pension surcharge and provided from other applicable sources of the EIP for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 3.50% and 3.42% of annual covered payroll for 2009 and 2008, respectively. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The College of Charleston paid approximately \$2,715,673 and \$2,521,423 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2009 and 2008, respectively. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to EIP was \$3.23 for the fiscal years ended June 30, 2009 and 2008.

Effective May 1, 2008 the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The South Carolina Retiree Health Insurance Trust Fund is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated EIP reserves, and income generated from investments. The Long Term Disability Insurance Trust Fund is primarily funded through investment income and employer contributions.

NOTE 8 – CONTINGENCIES, LITIGATION, PROJECT COMMITMENTS, AND SUBSEQUENT EVENTS

Litigation

The College is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of College management, there are no material claims or lawsuits against the College that are not covered by insurance or whose settlement would materially affect the College's financial position.

Contingencies

The College participates in certain federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

Project Commitments

The College had outstanding commitments under construction contracts of approximately \$23,197,418 at June 30, 2009. Of this total, \$20,849,882 is attributable to capital projects and the balance of \$2,347,536 is for non-capital repairs and maintenance. The College anticipates funding these projects out of current resources, current and future bond issues, private gifts, student fees, and State Capital Improvement Bond proceeds.

The State has issued Capital Improvement Bonds to fund improvements and expansion of State

facilities. The College is not obligated to repay these funds to the State. Authorized funds can be requested as needed once the State authorities have given approval to begin specific projects and project expenditures have been incurred. The College has \$3,700,000 of State Capital Reserve funds and \$519,452 of University Infrastructure Bonds available to draw at June 30, 2009.

Subsequent Events

On December 17, 2008, the College issued Academic and Administrative Facilities Bond Anticipation Notes (BAN), Series 2008A valued at \$33,500,000. The proceeds of the 2008A Notes were used to defray a portion of the costs of financing the acquisition, construction, and equipping of a new Science Center and pay the cost of issuance of the 2008A Notes.

There is approximately \$17,053,904 remaining from the proceeds to be used subsequent to June 30, 2009, for funding of remaining costs of the Science Center. The College plans to renew for one year the BAN by replacing it with a privately placed bond anticipation note.

At the September 3, 2009, meeting of the State Budget and Control Board, the members authorized mid-year agency base reductions of 4.04%. As a result the College's State base appropriation for the 2010 fiscal year has been cut by \$1.1 million.

The College of Charleston Foundation and Historic Charleston Foundation are finalizing the details of a Purchase and Sale Agreement for the McLeod Plantation at a price currently set at \$4 million. The agreement allows the College of Charleston Foundation a 90 day "due diligence" period to investigate the property and decide if it wants to complete the transaction. The College of Charleston Foundation, a separate

501(c) (3) entity, will purchase the property solely for the benefit and use of the College of Charleston.

In October 2009, the College anticipates renewing its lease with the S. C. Research Authority for building space of its Low Country Graduate Center.

NOTE 9 – LEASE OBLIGATIONS

Future commitments for operating leases having remaining non-cancelable terms in excess of one year as of June 30, 2009 are as follows:

Operating Lease Commitments

Year Ending June 30,	Equipment	Real Property			Total
		External Parties	Other State Agencies	Component Unit CofC Foundation	
2010	\$ 116,671	\$ 1,788,133	\$ 580,847	\$ 831,739	\$ 3,317,390
2011	52,561	1,602,850	256,689	804,864	2,716,964
2012	-	1,540,565	137,180	804,864	2,482,609
2013	-	1,374,705	137,180	795,923	2,307,808
2014	-	1,318,864	137,180	795,923	2,251,967
2015-19	-	5,788,510	685,900	3,729,615	10,204,025
2020-24	-	1,127,702	685,900	3,729,615	5,543,217
2025-29	-	-	685,900	1,790,546	2,476,446
2030-34	-	-	685,900	500,000	1,185,900
2035-39	-	-	685,900	500,000	1,185,900
2040-44	-	-	685,900	-	685,900
2045-49	-	-	685,900	-	685,900
2050-54	-	-	685,900	-	685,900
2055-59	-	-	685,900	-	685,900
2060-62	-	-	445,835	-	445,835
Total minimum lease payments	<u>\$ 169,232</u>	<u>\$ 14,541,329</u>	<u>\$ 7,868,011</u>	<u>\$ 14,283,089</u>	<u>\$ 36,861,661</u>

Operating Leases

The College's non-cancelable operating leases having remaining terms of more than one year expire in various fiscal years from 2010 through 2062. The various operating leases provide for renewal options for periods of one to five years at their fair rental values at the time of renewal. In the normal course of business, operating leases are generally renewed or replaced by other leases. Operating leases are generally payable on a monthly basis for equipment and on a quarterly basis, in advance, for property. In addition, the

College has copier leases payable on a per copy basis.

In 2005, the College renewed real property operating leases with the College of Charleston Foundation, a component unit, for seventeen different locations. The leases cover office space, student housing, and parking, with annual rentals beginning in fiscal year 2007 of \$828,327.

The agreements contain bargain renewal options for five years with three renewal options of five years each.

Under the agreements, the College paid the Foundation \$984,309 in the current fiscal year. These leases provide that the College assume responsibility for the maintenance, insurance, property taxes and special assessments of the property. There are escalation clauses based on the Consumer Price Index (CPI). In the case of operating leases for real property from commercial vendors, there exist several leases with escalation clauses limited to the cost of living. The leased properties consist of classrooms, parking lots, and a warehouse. Moreover, the College pays the commercial vendor property taxes. The College performs routine maintenance on these properties. These costs are not included in the schedule of lease commitments.

In August 2004, the College entered into a nine-year lease for Warren Place, residential apartments and parking spaces, with Warren Place Joint Venture (formerly known as Brumley, Meyer and Kapp). The current year lease payments totaled \$1,415,817.

Additionally, the College leases a sports complex field from Patriots Point Development Authority, a state agency, with rents of \$10,000 per month, lease terms effective April 1, 2002 through March 31, 2062, and annual increases equal to the Consumer Price Index beginning April 1, 2003. A one-time payment of \$500,000 was paid in fiscal year 1998 with a corresponding charge

to prepaid expenditures. It is being amortized ratably over the 65-year lease term utilizing the straight-line method of calculation. The lease agreements make no provisions beyond the 65-year period. The unamortized balance at June 30, 2009 is \$405,773. Amortization of the prepaid rent balance for fiscal year 2009 was \$7,692 and is reported in operating expenses. The College provides maintenance to the tax-exempt property. The College paid the Patriots Point Development Authority \$142,670 in rent in fiscal year 2009.

The College leases the Low Country Graduate Center building from the S. C. Research Authority with annual rents of \$323,155 (with annual increases equal to the Consumer Price Index), lease terms effective October 15, 2004 through October 14, 2009. Management expects to renew the lease at substantially the same terms. For fiscal year 2009, the total payment was \$487,418 which includes a prepayment of \$121,855. The College also has other miscellaneous small leases.

Finally, the total operating lease expenditures for fiscal year 2009 were \$4,666,100 of which \$458,675 is for the per copy charge on the copy machines. The College reports all of these operating lease costs in operating expenses.

NOTE 10 – BONDS AND NOTES PAYABLE

Bonds payable consisted of the following at June 30, 2009:

	Fixed Interest Rates	Maturity Dates	Balance	Debt Retired FY 2009
Revenue Bonds				
Higher Education Facilities Revenue				
Bond, Series 2002 A-Kelly	3.0-5.25%	2032	\$ 9,230,000	\$ 220,000
Refunding Bond, Series 2002B	4.0-5.0%	2012	5,820,000	1,290,000
Bond, Series 2002 C-McAlister	3.0-5.0%	2032	18,880,000	475,000
Bond, Series 2003 D				
Parking Garage	2.0-4.5%	2033	11,000,000	280,000
Dorm Renovation	2.0-4.5%	2033	4,970,000	475,000
Bond, Series 2004A	3.0-5.0%	2019	3,810,000	310,000
Bond, Series 2004B	3.0-5.375%	2034	25,765,000	340,000
Bond, Series 2007C	4.0-5.0%	2037	53,720,000	950,000
Academic/Administrative Facilities Revenue				
Bond, Series 2007D	4.125-5.625%	2037	39,470,000	675,000
Total Revenue Bonds			\$ 172,665,000	\$ 5,015,000
State Institution Bonds				
Series 2003 A - School of Business	3.0-5.0%	2023	\$ 5,720,000	\$ 275,000
Sub-total Bonds Payable			\$ 178,385,000	\$ 5,290,000
Less: Unamortized Bond Premium/Discount			(1,559,528)	
Total Bonds Payable			\$ 176,825,472	
Notes Payable				
Academic/Administrative Facilities Revenue				
Bond Anticipation Note, Series 2008A	2.845%	2010	\$ 33,500,000	-
Banc of America Public Capital Corp	3.621%	2015	4,952,024	335,012
Total Notes Payable			\$ 38,452,024	\$ 335,012
Total Bonds and Notes Payable			\$ 215,277,496	\$ 5,625,012

Bonds issued by the College include certain restrictive covenants. Auxiliary Revenue Bonds are payable solely from and secured by a pledge of revenues of the College's residence halls, food service, and parking, and from additional funds from the plant improvement fee imposed by the Board of Trustees.

State Institution Bonds are general obligation bonds of the State backed by the full faith, credit, and taxing power of the State of South Carolina. Tuition revenue is pledged up to the annual debt requirements for the payment of principal and interest on State Institution Bonds. S.C. Code of Laws Section 59-107-90 states that the maximum amount of annual debt service on State Institution Bonds for each institution shall not exceed ninety percent of the sums received from tuition fees for the preceding fiscal year. Tuition fees for the year ended June 30, 2008 were \$1,492,418 which results in a legal debt margin at June 30, 2009, of \$1,343,176.

Bond discounts/premiums and other bond issuance costs are capitalized and amortized throughout the life of the bonds. The amount amortized was \$113,623 for each of the fiscal years 2009 and 2008.

The College of Charleston capitalizes as a component of construction-in-progress interest costs in excess of earnings on debt associated with capital projects; therefore, asset values in capital assets include such interest costs. Total interest expense incurred for fiscal year 2009 was \$9,067,460 of which \$2,119,526 was capitalized and \$6,947,934 was expensed.

The College purchased a bond insurance policy payable to the bond trustee for the individual revenue bonds outstanding. The insurance guarantees payment of principal and interest until all debt has been retired. All of the bonds are payable in semi-annual installments plus interest.

Amounts including interest required to complete payment of the Auxiliary Revenue Bonds as of June 30, 2009 are as follows:

Revenue Bonds

Year Ending June 30,	Principal	Interest	Total
2010	\$ 5,215,000	\$ 7,974,448	\$ 13,189,448
2011	5,415,000	7,762,948	13,177,948
2012	5,645,000	7,534,910	13,179,910
2013	5,890,000	7,295,579	13,185,579
2014	4,495,000	7,084,726	11,579,726
2015-2019	24,945,000	32,295,725	57,240,725
2020-2024	28,290,000	26,279,645	54,569,645
2025-2029	35,830,000	18,755,251	54,585,251
2030-2034	40,430,000	9,262,250	49,692,250
2035-2037	16,510,000	1,507,500	18,017,500
Total Revenue Bonds	\$ 172,665,000	\$ 125,752,982	\$ 298,417,982

Amounts including interest required to complete payment of the State Institution Bonds as of June 30, 2009 are as follows:

State Institution Bonds

Year Ending June 30,	Principal	Interest	Total
2010	\$ 295,000	\$ 206,500	\$ 501,500
2011	305,000	197,650	502,650
2012	320,000	188,500	508,500
2013	340,000	178,900	518,900
2014	355,000	168,700	523,700
2015-2019	2,055,000	643,988	2,698,988
2020-2023	2,050,000	212,750	2,262,750
Total State Institutional Bonds	\$ 5,720,000	\$ 1,796,988	\$ 7,516,988

Amounts including interest required to complete payment of the Bond Anticipation Note as of June 30, 2009 are as follows:

Bond Anticipation Note			
	Principal	Interest	Total
Year Ending June 30,			
2010	\$ 33,500,000	\$ 950,428	\$ 34,450,428
Total Bond Anticipation Note	\$ 33,500,000	\$ 950,428	\$ 34,450,428

Amounts including interest required to complete payment of the Note Payable as of June 30, 2009 are as follows:

Note Payable			
	Principal	Interest	Total
Year Ending June 30,			
2010	\$ 688,412	170,035	\$ 858,447
2011	713,680	144,767	858,447
2012	739,876	118,572	858,448
2013	767,032	91,415	858,447
2014	795,186	63,261	858,447
2015-2016	1,247,838	39,833	1,287,671
Total Notes Payable	\$ 4,952,024	\$ 627,883	\$ 5,579,907

In prior years the College defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not included in the College's financial statements. At June 30, 2009, \$1,662,000 of bonds outstanding is considered defeased. The College was in compliance with all applicable bond covenants as of June 30, 2009.

During the fiscal year 2005, the College received Higher Education and Academic and Administrative Facilities Revenue Bond proceeds of \$32,450,000 to fund various campus projects. Proceeds of \$5,065,000 from the Series 2004 A Bonds were used to provide for major renovation of all interior spaces and the replacement/enhancement of fire and life safety systems for McConnell and Craig Residence Halls as well as address other deferred maintenance needs, such as roofs, HVAC systems, and exterior repairs on

other residence hall facilities. Approximately \$13,000,000 of the proceeds from the Series 2004 B Bonds were used to cover expenditures for the addition of roughly 25,000 square feet of new construction for the School of Education, to renovate portions of the Stern Student Center, and to construct a new School of Business. The remainder of the Series B Bonds of approximately \$13,750,000 is being used to expand and renovate the School of the Arts Building, an existing building. The balance of bond proceeds remaining at June 30, 2009 for this project was \$3,243,348.

On July 17, 2007 the College sold bonds "Series 2007C Bonds" College of Charleston Higher Education Facilities Revenue Bonds in the amount of \$55,320,000 and "Series 2007D Bonds" College of Charleston Academic and Administrative Facilities Revenue Bonds in the amount of \$40,610,000.

The Series 2007C Project provided for the acquisition of the George Street Residence Halls. The Series 2007D Project provides for the expansion and renovation of the School of the Arts Building for the purpose of reconfiguring certain portions of the existing facility; the acquisition, construction and equipping of a new Physical Education/Arena Complex to include classroom facilities and administration facilities; and the acquisition,

construction and equipping of certain portions of a new Science Center.

On October 30, 2008, the College signed an Equipment Lease/Purchase Agreement with the Banc of America Public Capital Corp and the Office of the State Treasurer of the State of South Carolina. This agreement allows for acquisition and lease of an enterprise resource planning (ERP) software system and equipment. The lease requires that the equipment cost (not to exceed \$5,287,036) be deposited into an escrow under terms satisfactory to the lessor, for the purpose of fully funding the lease and providing a mechanism for purchase and payment of the equipment.

On December 17, 2008, the College issued Academic and Administrative Facilities Bond Anticipation Notes (BAN), Series 2008A valued at \$33,500,000. The proceeds of the 2008A Notes were used to defray a portion of the costs of financing the acquisition, construction, and equipping of a new Science Center and pay the cost of issuance of the 2008A Notes. There is approximately \$17,053,904 remaining to be used subsequent to June 30, 2009, for funding of remaining costs of the Science Center. The College plans to renew for one year the BAN by replacing it with a privately placed bond anticipation note.

NOTE 11 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2009 was as follows:

Long-Term Liabilities					
	July 1, 2008	Additions	Reductions	June 30, 2009	Due Within One Year
Bonds Payable					
State Institution Bonds	\$ 5,995,000	\$ -	\$ 275,000	\$ 5,720,000	\$ 295,000
Unamortized Premiums/ Discounts	271,994	-	11,330	260,664	11,330
Total State Institution Bonds	<u>\$ 6,266,994</u>	<u>\$ -</u>	<u>\$ 286,330</u>	<u>\$ 5,980,664</u>	<u>\$ 306,330</u>
Revenue Bonds					
Revenue Bonds	\$ 177,680,000	\$ -	\$ 5,015,000	\$ 172,665,000	\$ 5,215,000
Unamortized Premiums/ Discounts	(1,889,743)	-	(69,551)	(1,820,192)	(69,551)
Total Revenue Bonds	<u>\$ 175,790,257</u>	<u>\$ -</u>	<u>\$ 4,945,449</u>	<u>\$ 170,844,808</u>	<u>\$ 5,145,449</u>
Total Bonds Payable	<u>\$ 182,057,251</u>	<u>\$ -</u>	<u>\$ 5,231,779</u>	<u>\$ 176,825,472</u>	<u>\$ 5,451,779</u>
Notes Payable					
Lease Purchase Agreement	\$ -	\$ 5,287,036	\$ 335,012	\$ 4,952,024	\$ 688,412
Bond Anticipation Note	\$ -	\$ 33,500,000	\$ -	\$ 33,500,000	\$ 33,500,000
Total Notes Payable	<u>\$ -</u>	<u>\$ 38,787,036</u>	<u>\$ 335,012</u>	<u>\$ 38,452,024</u>	<u>\$ 34,188,412</u>
Total Bonds and Notes Payable	<u>\$ 182,057,251</u>	<u>\$ 38,787,036</u>	<u>\$ 5,566,791</u>	<u>\$ 215,277,496</u>	<u>\$ 39,640,191</u>
Other Liabilities					
Federal Capital Contribution	\$ 2,464,950	\$ -	\$ -	\$ 2,464,950	\$ -
Accrued Compensated Absences	4,059,309	2,000,810	1,847,977	4,212,142	1,847,977
Total Other Liabilities	<u>\$ 6,524,259</u>	<u>\$ 2,000,810</u>	<u>\$ 1,847,977</u>	<u>\$ 6,677,092</u>	<u>\$ 1,847,977</u>
Total Long-Term Liabilities	<u>\$ 188,581,510</u>	<u>\$ 40,787,846</u>	<u>\$ 7,414,768</u>	<u>\$ 221,954,588</u>	<u>\$ 41,488,168</u>

NOTE 12 – DONOR RESTRICTED ENDOWMENTS

The College is the recipient of two restricted endowments from the Commission of Higher Education. One is an endowed professorship in the amount of \$100,000 with a stipulation that only earnings can be used to fund endowed chairs at the College. At June 30, 2009, the net appreciation of interest income of \$4,898 was available to be spent, of which \$4,898 is restricted to specific purposes.

The other endowment funded through the South Carolina Research Centers of Economic Excellence Act of 2002 in the amount of \$1,000,000 was received during fiscal year 2005 through a Memorandum of Understanding between the College and the Medical University of South Carolina (MUSC). The College has joined with MUSC to raise non-state matching funds of \$2,000,000 for collaborative research, the Research Center in Applied Marine Genomics. Through an agreement between the College of Charleston and the College of Charleston Foundation and permissible under South Carolina Code of Laws Section 59-101-410, the College loaned the funds to the Foundation for the specific purpose of maximizing the College's investment yield. The collaborative research project is intended to be a permanent program; however, in the event the program is discontinued, the Foundation must return the grant funds plus any earnings less any authorized program spending and customary administrative fees.

Effective January 1, 2008, the Foundation adopted the provisions of FASB Staff Position No. 117-1, Endowments of Not-for Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds ("FSP 117-1"). FSP 117-1 provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") and also required disclosures about endowments funds, both donor-restricted endowment funds and board-designated endowment funds.

The Foundation's endowment consists of approximately 400 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 13 – COMPONENT UNITS

Certain separately chartered legal entities whose activities are related to those of the College exist primarily to provide financial assistance and other support to the College and its educational programs. They include the College of Charleston Foundation and the Cougar Club. Independent auditors retained by the organizations audit the financial statements of these entities.

The financial report of the College of Charleston Foundation may be obtained by writing to the Financial Services Office of the College of Charleston Foundation, Wilson-Sottile House, Charleston, South Carolina, 29424. The financial report of the College of Charleston Cougar Club can be obtained by writing to the Finance Director, Cougar Club, 66 George Street, Charleston, South Carolina, 29424.

Effective fiscal year June 30, 2004 and as a result of the GASB 39 implementation guidelines, the College began recognizing the College of Charleston Foundation and the Cougar Club as component units and displaying a discrete presentation format of their financial statements. Both entities report under guidelines established by the Financial Accounting Standards Board (FASB).

The College of Charleston Foundation is a separately chartered entity, which exists exclusively to benefit the College.

College of Charleston Foundation

Investments

The College of Charleston Foundation, a component unit of the College, has investments consisting of cash and certificates of deposits; money funds; debt and equity securities; mutual funds; and U. S. government securities which are carried at fair market value based on quoted market prices determined at the date of the Statement of Financial Position. Investments donated to the Foundation are initially recorded at market value on the date of the gift. Unrealized gains and losses are included in the change in net assets in the Statement of Activities.

The Foundation maintains master investment accounts for its donor-restricted and board-designated endowments. Investment income and expenses, including unrealized gains and losses from securities in the master investment accounts, are allocated monthly to the individual endowments based on the relationship of the market value of each endowment to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

The Foundation maintains its cash accounts in three different commercial banks and two investment firms located in South Carolina. In October and November 2008, the Federal Deposit Insurance Corporation (FDIC) temporarily increased coverage to \$250,000 for substantially all depository accounts and temporarily provides

unlimited coverage for certain qualifying and participating non-interest bearing transaction accounts. The increased coverage is scheduled to expire on December 31, 2013 at which time it is anticipated that amounts insured by the FDIC will return to \$100,000. During the year, the Foundation from time to time had amounts on deposit in excess of the insured limits. The majority of investments other than bank accounts are held by one local investment firm. This investment firm provides up to \$500,000 protection per customer, including \$100,000 for cash, through Securities Investor Protection Corporation (SIPC). In addition, the firm purchases additional insurance to apply to losses above the SIPC protection level for cash and bearer securities.

Subject to the policy limits, cash at the investment firm is protected up to \$1,800,000 in the aggregate.

The Foundation is also subject to concentration of credit risk related to its unconditional promises to give—receivables. Contributions and unconditional promises to give consist of gift amounts from individuals and businesses predominantly located in the State of South Carolina. At December 31, 2008, promises from two donors represented 31% or \$2,360,000 of the total promises to give balance. At December 31, 2007, promises from four donors represented 52% or \$4,275,000 of the total promises to give balance.

Investments – Non-Governmental Discretely Presented Component Units

The College of Charleston Foundation investments as of December 31, 2008, were as follows:

Investment Carried at Fair Value

	Cost (in thousands)	Fair Value (in thousands)
Cash	\$ 5,652	\$ 5,652
Money Funds	14	14
Debt securities	5,611	4,841
Equity securities	24,280	16,366
Mutual funds	374	342
U. S. Government securities	7,807	10,508
Alternative investments	2,655	2,114
Other	215	268
	<u>\$ 46,608</u>	<u>\$ 40,105</u>

The following schedule details transactions between the College and the Foundation during the year ended June 30, 2009.

Transactions between the College and the Foundation for Fiscal Year 2009

The College paid the Foundation for the rental of certain real property. The amount is reported as part of the operating expense. In addition, see Note 9 regarding lease transactions with the Foundation. \$ 984,309

This figure represents scholarships awarded by the College and reimbursed by the Foundation. The amount is reported as part of gifts under non-operating revenue. \$ 1,674,498

The Foundation reimbursed the College for certain expenditures that were paid by the College for the benefit of the Foundation. \$ 1,513,351

Cougar Club

The Cougar Club is a separately chartered corporation organized exclusively to solicit and provide funds to the athletic department in the form of scholarships and general revenues from

season ticket sales and fund raising activities. Season basketball tickets are available only through Cougar Club membership. The College received \$347,832 for basketball ticket sales which is reported as sales and services of Auxiliary Enterprises in operating funds.

Summary

In summary, independent auditors audited the financial statements of the Foundation as of December 31, 2008, and for the year then ended. The financial statements of the Cougar Club as of June 30, 2009, and for the fiscal

year then ended were audited by independent auditors.

The College has receivables totaling \$2,263,480 with the component units. The details of the component unit receivables follow.

Component Units Receivable

As of June 30, 2009

Foundation

Capital Projects Receivable - Physical Education Center	\$ 860,259
Capital Projects Receivable - Land	6,500
Capital Project Receivable - School of Arts Building (Simons Center)	100,000
Marine Genomics endowment receivable	1,039,931
Operating expense receivable	<u>253,545</u>
Total Foundation receivable	<u>2,260,235</u>

Cougar Club

Operating expense receivable	<u>3,245</u>
Total Cougar Club receivable	<u>3,245</u>
Total Component Units Receivable	<u><u>\$ 2,263,480</u></u>

NOTE 14 – RISK MANAGEMENT

The College is exposed to various risks of loss and maintains state or commercial insurance coverage for each of these risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The costs of settled claims and claim losses have not exceeded this coverage in any of the past three years. The College pays insurance premiums to certain other state agencies and commercial insurers to cover risks that may occur in normal

operations. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with the insurance policy and benefit program limits.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several state funds accumulate assets and the State itself assumes substantially all risks for the following:

Managed Risks Assumed by the State

1. Claims of State employees for unemployment compensation benefits. (Employment Security Commission);
2. Claims of covered employees for workers' compensation benefits for job related illnesses or injuries (State Accident Fund);
3. Claims of covered public employees for health and dental insurance benefits. (Office of Insurance Services); and
4. Claims of covered public employees for long-term disability and group life insurance benefits. (Office of Insurance Services).

Employees elect health coverage through either a health maintenance organization or through the State's self-insured plan. All of the other types of coverage listed above are through the applicable State's self-insured plan except dependent and optional life premiums, which are remitted to commercial carriers.

The College and other entities pay premiums to the State's Insurance Reserve Fund (IRF) which issues policies, accumulates assets to cover the risks of loss, and pays claims incurred for covered losses related to the following College assets, activities, and/or events:

Risks of Loss Covered by Insurance

1. Theft of, damage to, or destruction of assets;
2. Real property, its contents, and other equipment;
3. Motor vehicles and watercraft (inland marine);
4. Torts;
5. Business interruptions;
6. Natural disasters; and
7. Medical malpractice claims against covered employees.

The IRF is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in certain areas. The IRF rates

are determined actuarially. The College obtains commercial crime coverage through a commercial insurer for losses arising from employee theft.

Emergency Preparedness and Management Plan

To ensure that the College is prepared to respond to emergency and crisis situations, the President has formed a standing Emergency Management Team (EMT), and this team has developed an Emergency Preparedness and Management Plan for the College. The Plan outlines an emergency response and recovery policy which

provides a consistent, coordinated approach for assessing and responding to crises and emergency situations. The Plan also defines and describes actions to be taken by the College community to mitigate, prepare for, respond to and recover from various human-induced and/or natural emergencies that may affect lives, property and the institution.

NOTE 15 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2009 are summarized as follows:

	Compensation and Benefits	Supplies and Services	Utilities	Scholarships and Fellowships	Depreciation	Total
Instruction	\$ 58,371,259	\$ 4,381,275	\$ -	\$ -	\$ -	\$ 62,752,534
Research	2,885,901	2,706,032	-	-	-	5,591,933
Public Service	781,291	418,417	-	-	-	1,199,708
Academic Support	9,315,870	4,027,774	-	-	-	13,343,644
Student Services	7,630,437	2,339,513	-	-	-	9,969,950
Operation and						
Maintenance of Plant	8,097,412	9,713,569	3,919,458	-	-	21,730,439
Institutional Support	13,477,126	4,556,443	-	-	-	18,033,569
Scholarships and						
Fellowships (net of						
discounts and allowances)	278,128	-	-	7,432,952	-	7,711,080
Auxiliary Enterprises	8,549,734	17,829,642	2,839,504	3,190,358	-	32,409,238
Depreciation and						
Amortization	-	-	-	-	10,620,675	10,620,675
Total Operating Expense	\$ 109,387,158	\$ 45,972,665	\$ 6,758,962	\$ 10,623,310	\$ 10,620,675	\$ 183,362,770

NOTE 16 – STATE APPROPRIATIONS AND TRANSACTIONS WITH STATE ENTITIES

The College is granted an annual appropriation for operating purposes as authorized by the General Assembly of the State of South Carolina. State appropriations are recognized as revenue when received and available. The original appropriation is the College's base budget amount presented in the General Funds column

of Sections 9 and 35 of Part IA of the 2008-2009 Appropriation Act. The following schedule is a reconciliation of the original appropriation as enacted by the General Assembly to State appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2009.

STATE APPROPRIATIONS

Non-capital Appropriations

Current year's appropriations:

Original appropriations per annual Appropriations Act	\$ 33,553,262
Less: S. C. Budget and Control Board Mandated Appropriation Reduction	(7,498,725)
From Commission on Higher Education:	
Academic endowment	22,932
Access and Equity	20,061
Other - Low Country Graduate Center	1,075,323

Total State non-capital appropriations recorded as current year revenue	\$ 27,172,853
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Capital Appropriations

Current year's appropriations:

From SC Education Lottery Fund	\$ 1,122,244
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Total State capital appropriations recorded as current year revenue	\$ 1,122,244
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The College received substantial funding from the Commission on Higher Education (CHE) for scholarships on behalf of students that are accounted for as operating state grants and contracts. Additional amounts received from CHE are accounted for as both operating and non-operating revenues, depending upon the requirement of deliverables

with a current or potential future economic value. The College also receives state funds from various other public service projects. Following is a summary of amounts received from state agencies for scholarships, sponsored research and public-service projects for the fiscal year ended June 30, 2009.

Other Amounts Received from State Agencies

	<u>Operating Revenue</u>	<u>Non-Operating Revenue</u>	<u>Total</u>
Received from CHE:			
Hope Scholarships	\$ 376,873	\$ -	\$ 376,873
LIFE Scholarships	11,525,636	-	11,525,636
Palmetto Scholarships	3,691,496	-	3,691,496
Need-Based Grants	1,176,506	-	1,176,506
SC National Guard Program	47,250	-	47,250
Various other CHE amounts	74,865	-	74,865
Received from Department of Education	275,397	-	275,397
Received from Winthrop University	530,435	-	530,435
Received from Various State Agencies	169,070	35,000	204,070
Total	<u>\$ 17,867,528</u>	<u>\$ 35,000</u>	<u>\$ 17,902,528</u>

Services received at no cost from State agencies include maintenance of certain accounting records by the Comptroller General; banking, bond trustee and investment services from the State Treasurer; legal services from the Attorney General; and grant services from the Office of the Governor.

Other services received at no cost from the various offices of the State Budget

and Control Board include pension plan administration, insurance plans administration, audit services, personnel management, assistance in the preparation of the State budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

NOTE 17 – INFORMATION FOR INCLUSION IN THE STATE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The College of Charleston's transactions are reported in the Higher Education Fund, an enterprise fund, of the State of South Carolina. Following

is information needed to present the University's business-type activities in the State's government-wide Statement of Activities.

	2009	(Restated) 2008	Increase/(Decrease)
Charges for services	\$ 173,379,809	\$ 160,408,627	\$ 12,971,182
Operating grants and contributions	5,425,511	5,573,391	(147,880)
Less: Expenses	190,413,518	184,582,568	5,830,950
Net program revenue (expense)	<u>\$ (11,608,198)</u>	<u>\$ (18,600,550)</u>	<u>\$ 6,992,352</u>
Transfers:			
State appropriations	\$ 27,172,853	\$ 36,094,323	\$ (8,921,470)
State capital improvement bond proceeds	-	7,888,374	(7,888,374)
State capital appropriations	1,122,244	1,122,190	54
Total transfers	<u>\$ 28,295,097</u>	<u>\$ 45,104,887</u>	<u>\$ (16,809,790)</u>
Change in net assets	16,686,899	26,504,337	(9,817,438)
Net assets – beginning (Restated)	190,328,779	163,824,442	26,504,337
Net assets – ending	<u>\$ 207,015,678</u>	<u>\$ 190,328,779</u>	<u>\$ 16,686,899</u>

NOTE 18 – PRIOR PERIOD ADJUSTMENTS

In prior years, due to the capital asset software system limitations and re-evaluations, capital assets and related depreciation – net were understated by \$3,616,690. During the current year, the College reconciled the financial statement amounts to the detailed capital asset records resulting in prior period adjustments. Capital assets net of accumulated depreciation related were increased \$2,989,320 as a result of re-evaluations. In addition, the

College capitalized additional interest associated with bond debt and construction projects. As a result additional capitalized interest of \$627,370 was recognized and capitalized for the Physical Education Center. The total prior period adjustment of \$3,616,690 increased capital assets net of accumulated depreciation as of June 30, 2008. The prior period balances have been restated for comparative purposes.

COLLEGE OF CHARLESTON COMPREHENSIVE ANNUAL FINANCIAL REPORT



STATISTICAL SECTION

STATISTICAL SECTION

This section of the College of Charleston's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information conveys about the College's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the College's financial performance has changed over time.	81 - 85
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the College's ability to generate tuition income.	86
Debt Capacity These schedules present information to help the reader assess the affordability of the College's current levels of outstanding debt and its ability to issue additional debt in the future.	87
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the College's financial activities take place and to help make comparisons over time and with other colleges.	88 - 93
Operating Information These schedules contain information about the College's operations and resources to help the reader understand how the College's financial information relates to the services it provides.	94 - 97

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant years.

SCHEDULE OF REVENUES BY SOURCE

	For the Year Ended June 30,																	
	(amounts expressed in thousands)									(percent of total revenue)								
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues																		
Operating Revenues:																		
Student Tuition and Fees (net of scholarship allowance)	\$ 98,406	\$ 90,435	\$ 82,491	\$ 76,836	\$ 70,209	\$ 64,584	\$ 53,187	\$ 47,825	\$ 43,771	47.77%	44.75%	44.25%	46.73%	45.37%	45.29%	40.25%	38.61%	37.38%
Federal Grants and Contracts	16,667	15,125	9,903	9,568	9,351	9,787	9,597	8,530	7,183	8.09%	7.48%	5.31%	5.82%	6.04%	6.86%	7.26%	6.89%	6.13%
State Grants and Contracts	17,868	17,996	16,347	16,136	15,398	14,715	13,311	7,210	8,623	8.67%	8.91%	8.77%	9.81%	9.95%	10.32%	10.07%	5.82%	7.36%
Local Grants and Contracts	8	8	8	7	23	-	-	15	4	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.01%	0.00%
Nongovernmental Grants and Contracts	18	102	226	300	341	283	208	217	418	0.01%	0.05%	0.12%	0.18%	0.22%	0.20%	0.16%	0.18%	0.36%
Sales and Services of Educational and Other Activities	1,499	1,124	1,212	1,057	991	1,050	1,025	1,544	1,167	0.73%	0.56%	0.65%	0.64%	0.64%	0.74%	0.78%	1.25%	1.00%
Sales and Services of Auxiliary Enterprises (net of scholarship allowance)	36,531	33,550	28,476	25,029	24,412	20,206	19,157	20,216	19,424	17.74%	16.60%	15.27%	15.22%	15.78%	14.17%	14.50%	16.32%	16.59%
Other Operating Revenue	2,383	2,069	1,817	1,561	1,255	1,561	1,342	1,111	1,325	1.16%	1.02%	0.97%	0.95%	0.81%	1.09%	1.02%	0.90%	1.13%
Total Operating Revenues	\$ 173,380	\$ 160,409	\$ 140,480	\$ 130,494	\$ 121,980	\$ 112,186	\$ 97,827	\$ 86,668	\$ 81,915	84.17%	79.38%	75.35%	79.36%	78.83%	78.68%	74.03%	69.98%	69.96%
Non Operating Revenues:																		
State Appropriations	\$ 27,173	\$ 36,094	\$ 37,806	\$ 30,328	\$ 28,896	\$ 27,354	\$ 29,682	\$ 32,764	\$ 33,339	13.19%	17.86%	20.28%	18.44%	18.67%	19.18%	22.46%	26.45%	28.47%
Gifts	2,239	2,044	5,836	1,814	1,768	1,517	1,738	1,671	1,483	1.09%	1.01%	3.13%	1.10%	1.14%	1.06%	1.32%	1.35%	1.27%
Interest Income	2,712	3,204	1,739	1,141	1,503	59	1,579	1,327	353	1.32%	1.59%	0.93%	0.69%	0.97%	0.04%	1.19%	1.07%	0.30%
Other Non Operating Revenues	475	324	576	657	587	1,473	1,316	1,425	-	0.23%	0.16%	0.31%	0.40%	0.38%	1.03%	1.00%	1.15%	0.00%
Total Non Operating Revenues	\$ 32,599	\$ 41,666	\$ 45,957	\$ 33,940	\$ 32,754	\$ 30,403	\$ 34,315	\$ 37,187	\$ 35,175	15.83%	20.62%	24.65%	20.64%	21.17%	21.32%	25.97%	30.02%	30.04%
Total Revenues	\$ 205,979	\$ 202,075	\$ 186,437	\$ 164,434	\$ 154,734	\$ 142,589	\$ 132,142	\$ 123,855	\$ 117,090	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Note: Due to reporting format and definition changes prescribed by Governmental Standards Statement No. 34 and 35, only information for fiscal years 2001-2009 is available.

Source: College of Charleston Comprehensive Annual Financial Reports

SCHEDULE OF EXPENSES BY FUNCTION

For the Year Ended June 30,

	(amounts expressed in thousands)									(percent of total expenses)								
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2009	2008	2007	2006	2005	2004	2003	2002	2001
Expenses:																		
Instruction	\$ 62,752	\$ 61,877	\$ 58,447	\$ 55,232	\$ 51,228	\$ 48,051	\$ 45,435	\$ 43,997	42,413	32.96%	32.88%	34.86%	34.60%	33.84%	34.45%	33.20%	36.30%	34.45%
Research	5,592	5,647	5,974	5,662	4,650	4,750	4,356	3,867	3,569	2.94%	3.00%	3.56%	3.55%	3.07%	3.41%	3.20%	3.20%	3.41%
Public Services	1,200	1,172	865	889	955	1,120	1,299	1,180	1,192	0.63%	0.62%	0.52%	0.56%	0.63%	0.80%	1.00%	1.00%	0.80%
Academic Support	13,344	13,742	13,322	13,061	12,022	10,123	9,682	9,535	9,226	7.01%	7.30%	7.94%	8.18%	7.94%	7.26%	7.10%	7.90%	7.26%
Student Services	9,970	9,170	8,152	7,687	7,122	6,254	6,058	5,752	5,239	5.24%	4.87%	4.86%	4.82%	4.70%	4.48%	4.40%	4.80%	4.48%
Institutional Support	18,034	16,713	14,913	13,081	11,435	11,529	11,194	9,506	8,615	9.47%	8.88%	8.89%	8.19%	7.55%	8.27%	8.20%	7.90%	8.27%
Operation and Maintenance of Plant	21,730	24,393	22,526	22,845	24,348	22,526	21,001	12,517	12,309	11.41%	12.96%	13.43%	14.31%	16.08%	16.15%	15.40%	10.30%	16.15%
Scholarships and Fellowships	7,711	7,276	7,212	6,794	5,585	8,072	9,452	8,456	7,916	4.05%	3.87%	4.30%	4.26%	3.69%	5.79%	6.90%	7.00%	5.79%
Auxiliary Enterprises	32,409	32,189	26,068	24,776	24,087	19,321	20,979	21,395	21,723	17.02%	17.10%	15.55%	15.52%	15.92%	13.85%	15.30%	17.70%	13.85%
Interest on Capital Debt	6,948	7,671	3,591	3,721	3,929	2,993	2,501	1,144	1,076	3.65%	4.08%	2.14%	2.33%	2.60%	2.15%	1.80%	0.90%	2.15%
Loss on sale of assets	103	79	280	83	-	-	-	-	-	0.05%	0.04%	0.17%	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation	10,621	8,269	6,332	5,793	6,020	4,727	4,752	3,758	3,188	5.58%	4.39%	3.78%	3.63%	3.98%	3.39%	3.50%	3.10%	3.39%
Total Expenses	\$ 190,414	\$ 188,198	\$ 167,682	\$ 159,624	\$ 151,381	\$ 139,466	\$ 136,709	\$ 121,107	116,465	100.00%	100.00%	100.00%	100.00%	100.01%	100.00%	100.00%	100.00%	100.00%

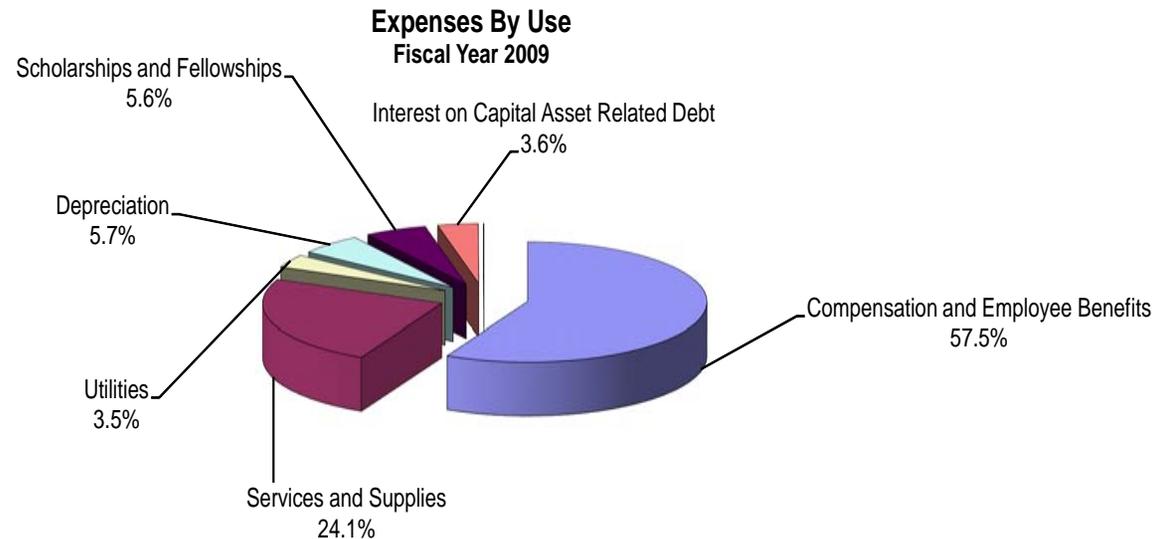
Note: Due to reporting format and definition changes prescribed by Governmental Standards Statement No. 34 and 35, only information for fiscal years 2001-2009 is available.

Source: College of Charleston Comprehensive Annual Financial Reports

SCHEDULE OF EXPENSES BY USE

For the Year Ended June 30,

	(amounts expressed in thousands)									(percent of total expenses)								
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2009	2008	2007	2006	2005	2004	2003	2002	2001
Expenses:																		
Operating Expenses:																		
Compensation and Employee Benefits	\$ 109,387	\$ 105,071	\$ 98,115	\$ 93,528	\$ 85,847	\$ 80,533	\$ 76,082	\$ 71,754	\$ 68,716	57.5%	55.8%	58.5%	58.6%	56.7%	57.7%	55.7%	59.3%	61.8%
Services and Supplies	45,973	51,152	44,332	42,582	42,170	37,192	38,871	32,995	27,404	24.1%	27.2%	26.4%	26.7%	27.8%	26.7%	28.4%	27.2%	24.6%
Utilities	6,759	5,878	5,384	4,778	4,648	4,105	3,471	2,999	3,428	3.5%	3.1%	3.2%	3.0%	3.1%	2.9%	2.5%	2.5%	3.1%
Depreciation	10,621	8,269	6,332	5,793	6,020	4,727	4,752	3,758	3,188	5.7%	4.4%	3.8%	3.6%	4.0%	3.4%	3.5%	3.1%	2.9%
Scholarships and Fellowships	10,623	10,078	9,648	9,139	8,767	9,916	11,032	8,457	7,292	5.6%	5.4%	5.8%	5.7%	5.8%	7.1%	8.1%	7.0%	6.6%
Total Operation Expenses	\$ 183,363	\$ 180,448	\$ 163,811	\$ 155,820	\$ 147,452	\$ 136,473	\$ 134,208	\$ 119,963	\$ 110,028	96.4%	95.9%	97.7%	97.6%	97.4%	97.8%	98.2%	99.1%	99.0%
Non Operating Expenses:																		
Interest on Capital Asset Related Debt	\$ 6,948	\$ 7,671	\$ 3,591	\$ 3,721	\$ 3,929	\$ 2,993	\$ 2,501	\$ 1,144	\$ 1,076	3.6%	4.1%	2.1%	2.3%	2.6%	2.2%	1.8%	0.9%	1.0%
Loss on sale of assets	\$ 103	\$ 79	\$ 280	\$ 83	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Non Operating Expenses	\$ 7,051	\$ 7,750	\$ 3,871	\$ 3,804	\$ 3,929	\$ 2,993	\$ 2,501	\$ 1,144	\$ 1,076	3.6%	4.1%	2.3%	2.4%	2.6%	2.2%	1.8%	0.9%	1.0%
Total Expenses	\$ 190,414	\$ 188,198	\$ 167,682	\$ 159,624	\$ 151,381	\$ 139,466	\$ 136,709	\$ 121,107	\$ 111,104	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



Note: Due to reporting format and definition changes prescribed by Governmental Standards Statement No. 34 and 35, only information for fiscal years 2001-2009 is available.

Source: College of Charleston Comprehensive Annual Financial Reports

SCHEDULE OF NET ASSETS AND CHANGES IN NET ASSETS

For the Year Ended June 30,
(amounts expressed in thousands)

	2009	2008	2007	2006	2005	2004	2003	2002	2001
Total revenues (from schedule of revenues by source)	\$ 205,979	\$ 202,075	\$ 186,437	\$ 164,434	\$ 154,734	\$ 142,589	\$ 132,142	\$ 123,855	\$ 117,090
Total expenses (from schedule of expenses by use and function)	(190,414)	(188,198)	(167,682)	(159,624)	(151,381)	(139,466)	(136,709)	(121,107)	(116,465)
Income before other revenues, expenses, gains or losses	\$ 15,565	13,877	18,755	4,810	3,353	3,123	(4,567)	2,748	625
Capital improvement bond proceeds	-	7,889	8,992	3,295	1,670	8,098	4,831	-	-
Capital gifts	-	-	-	-	-	-	1,092	538	-
Capital appropriations	1,122	1,122	1,131	1,167	-	-	-	262	-
Additions to permanent endowments	-	-	-	-	1,000	-	-	-	-
Uncollectible capital gifts	-	-	-	-	-	(2,465)	-	-	-
Transfers to other state funds	-	-	-	-	-	-	-	-	(22)
University infrastructure bond proceeds	-	-	1,829	-	-	-	-	-	-
Net assets, beginning	190,329	163,824	133,117	123,845	117,822	109,066	107,710	104,162	103,559
Net assets, ending	\$ 207,016	\$ 186,712	\$ 163,824	\$ 133,117	\$ 123,845	\$ 117,822	\$ 109,066	\$ 107,710	\$ 104,162
Invested in capital assets, net of related debt	\$ 156,437	\$ 143,670	\$ 117,272	\$ 93,162	\$ 101,222	\$ 80,912	\$ 82,002	\$ 68,457	\$ 61,766
Restricted - expendable	35,448	31,608	36,133	33,396	11,304	26,391	17,163	25,231	32,810
Restricted - nonexpendable	1,140	1,390	1,098	1,103	1,103	100	104	101	102
Unrestricted	13,991	10,044	9,321	5,456	10,216	10,419	9,797	13,921	9,484
Total	\$ 207,016	\$ 186,712	\$ 163,824	\$ 133,117	\$ 123,845	\$ 117,822	\$ 109,066	\$ 107,710	\$ 104,162

Note: Due to reporting format and definition changes prescribed by Governmental Standards Statement No. 34 and 35, only information for fiscal years 2001-2009 is available.

Source: College of Charleston Comprehensive Annual Financial Reports

SCHEDULE OF RATIOS OF OUTSTANDING DEBT

For the Year Ended June 30,
(dollars expressed in thousands except for outstanding debt per student)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenue bonds	\$ 170,845	\$ 175,790	\$ 86,132	\$ 89,316	\$ 92,381	\$ 62,896	\$ 64,810	\$ 27,265	\$ 18,055	\$ 19,385
State institution bonds	5,981	6,267	6,260	6,514	6,753	6,983	7,200	-	-	-
Capital lease obligations	-	-	-	-	-	-	-	-	-	56
Total Outstanding Debt	\$ 176,826	\$ 182,057	\$ 92,392	\$ 95,830	\$ 99,134	\$ 69,879	\$ 72,010	\$ 27,265	\$ 18,055	\$ 19,385
Full-time equivalent students (fiscal year)	9,806	9,904	9,802	9,883	9,942	9,860	9,947	9,732	9,450	9,480
Outstanding debt per student	\$ 18,032	\$ 18,382	\$ 9,426	\$ 9,696	\$ 9,971	\$ 7,087	\$ 7,239	\$ 2,802	\$ 1,911	\$ 2,045

Note: Outstanding debt per student calculated using full-time equivalent enrollment data for the last ten years.

Source: College of Charleston Comprehensive Annual Financial Reports, College of Charleston Office of Institutional Research

TUITION AND FEES
Last Ten Academic Years

Academic Year Beginning in Fall	Undergraduate (a)		Graduate (b)	
	Resident	Nonresident	Resident	Nonresident
2008	\$ 8,400	\$ 20,418	\$ 350	\$ 850
2007	7,778	18,732	324	781
2006	7,234	16,800	301	700
2005	6,668	15,342	276	637
2004	6,202	14,140	256	587
2003	5,770	13,032	238	541
2002	4,556	10,290	200	455
2001	3,780	8,540	155	354
2000	3,630	7,910	149	328
1999	3,520	7,210	145	298

Notes:

(a) These amounts are averages for undergraduate first-time, full-time students with an academic year of 24 semester hours.

(b) Per credit-hour

Source: College of Charleston Office of Institutional Research, Graduate School Office

SCHEDULE OF BOND COVERAGE

Last Ten Fiscal Years
(amounts in thousands)

Revenue Bonds

Fiscal Year Ended June 30,	Defined Net Revenue Available for Debt Service	Total Revenue Available for Debt Service	Debt Service Payment Requirements			Coverage Ratio
			Principal	Interest	Total	
2009	\$ 14,811	\$ 19,594	\$ 5,015	\$ 8,134	\$ 13,149	1.49
2008	12,664	15,839	4,400	7,448	11,848	1.34
2007	10,487	17,683	3,180	4,008	7,188	2.46
2006	9,993	14,492	3,070	4,085	7,155	2.03
2005	9,550	13,522	2,815	4,193	7,008	1.93
2004	8,459	8,913	2,050	2,748	4,798	1.86
2003	3,802	4,177	1,160	2,147	3,307	1.26
2002	1,817	2,959	1,410	1,005	2,415	1.23
2001	2,411	2,916	1,330	1,074	2,404	1.21
2000	2,350	3,446	1,250	1,140	2,390	1.44

State Institutional Bonds

2009	\$ 649	\$ 649	\$ 275	\$ 225	\$ 500	1.30
2008	537	537	265	223	488	1.10
2007	534	534	255	230	485	1.10
2006	529	656	240	240	480	1.37
2005	563	653	225	287	512	1.28
2004	522	3,582	220	254	474	7.33

Source: College of Charleston Controller's Office

Notes: The State of South Carolina first issued State Institutional Bonds on behalf of the College in 2003 with debt service payment requirements beginning in 2004.

In addition, each year's figures for revenue available for debt service were recalculated during fiscal year 2006 and consequently, resulted in a revised schedule for that period. The 2009 schedule reflects those revisions.

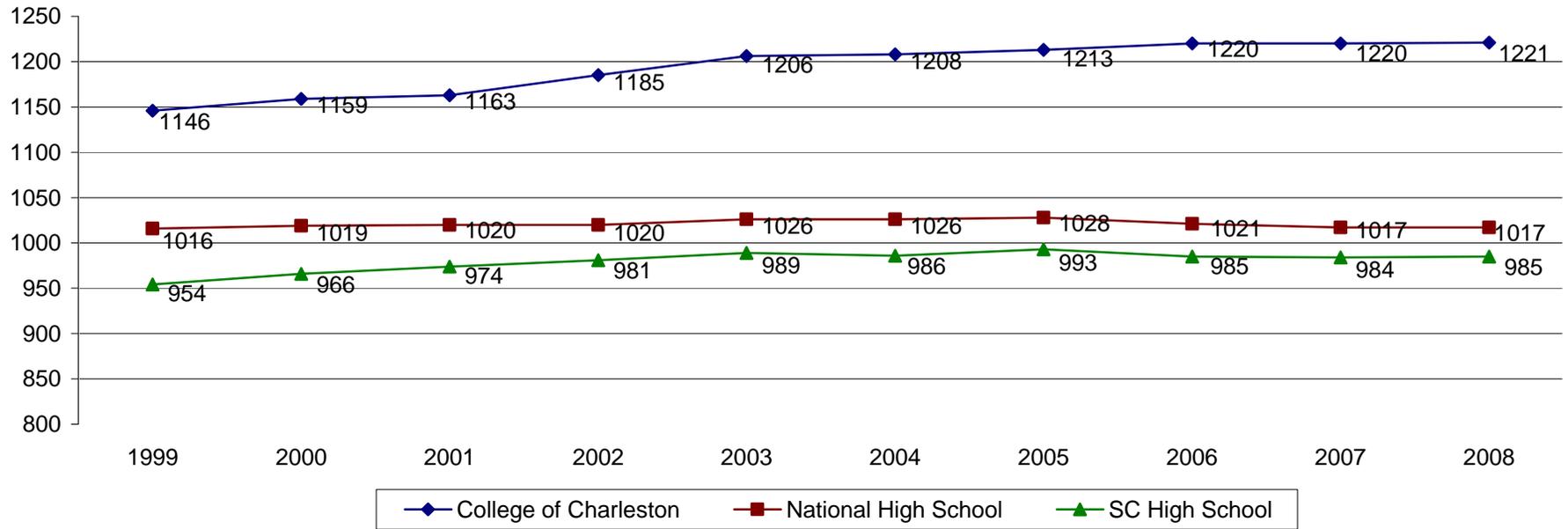
ADMISSIONS, ENROLLMENT AND DEGREE STATISTICS

Last Ten Academic Years

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Admissions - Freshman										
Applications	9,964	8,941	8,673	8,217	8,076	7,606	8,635	8,356	7,957	7,313
Applications accepted	6,401	5,775	5,311	5,436	5,238	4,560	5,144	5,471	5,323	4,859
Accepted as a percentage of applications	64.2%	64.6%	61.2%	66.2%	64.9%	60.0%	59.6%	65.5%	66.9%	66.4%
Students enrolled	1,955	2,064	1,968	1,993	1,944	1,874	2,003	1,974	2,001	2,074
Enrolled as a percentage of accepted	30.5%	35.7%	37.1%	36.7%	37.1%	41.1%	38.9%	36.1%	37.6%	42.7%
SAT scores - total	1,221	1,220	1,220	1,213	1,208	1,206	1,185	1,163	1,159	1,146
Verbal	612	611	610	609	607	605	595	584	585	579
Math	609	609	610	604	601	601	590	579	574	567
South Carolina average SAT score - total	985	984	985	993	986	989	981	974	954	954
U.S. average SAT score - total	1,017	1,017	1,021	1,028	1,026	1,026	1,020	1,020	1,019	1,016
Enrollment										
Undergraduate and graduate FTE	9,806	9,904	9,802	9,883	9,942	9,860	9,947	9,732	9,450	9,480
Undergraduate and graduate headcount	11,367	11,316	11,218	11,332	11,607	11,536	11,716	11,617	11,129	11,624
Percentage of Men	34.2%	34.3%	34.0%	33.9%	33.3%	34.1%	33.8%	33.5%	34.9%	33.2%
Percentage of Women	65.4%	65.7%	66.0%	66.1%	66.7%	65.9%	66.2%	66.5%	65.1%	66.8%
Percentage of African-American	6.5%	6.9%	7.2%	7.7%	8.5%	9.0%	8.7%	8.8%	7.9%	8.8%
Percentage of White	82.7%	82.8%	82.5%	82.0%	83.0%	83.5%	84.9%	84.9%	85.7%	85.3%
Percentage of Other	10.8%	10.3%	10.3%	10.3%	8.4%	7.4%	6.4%	6.3%	6.4%	5.8%
Degrees Earned										
Bachelor's	2,287	2,145	2,209	2,098	2,162	2,162	1,870	1,798	1,830	1,742
Master's	189	218	204	207	192	174	154	165	141	155

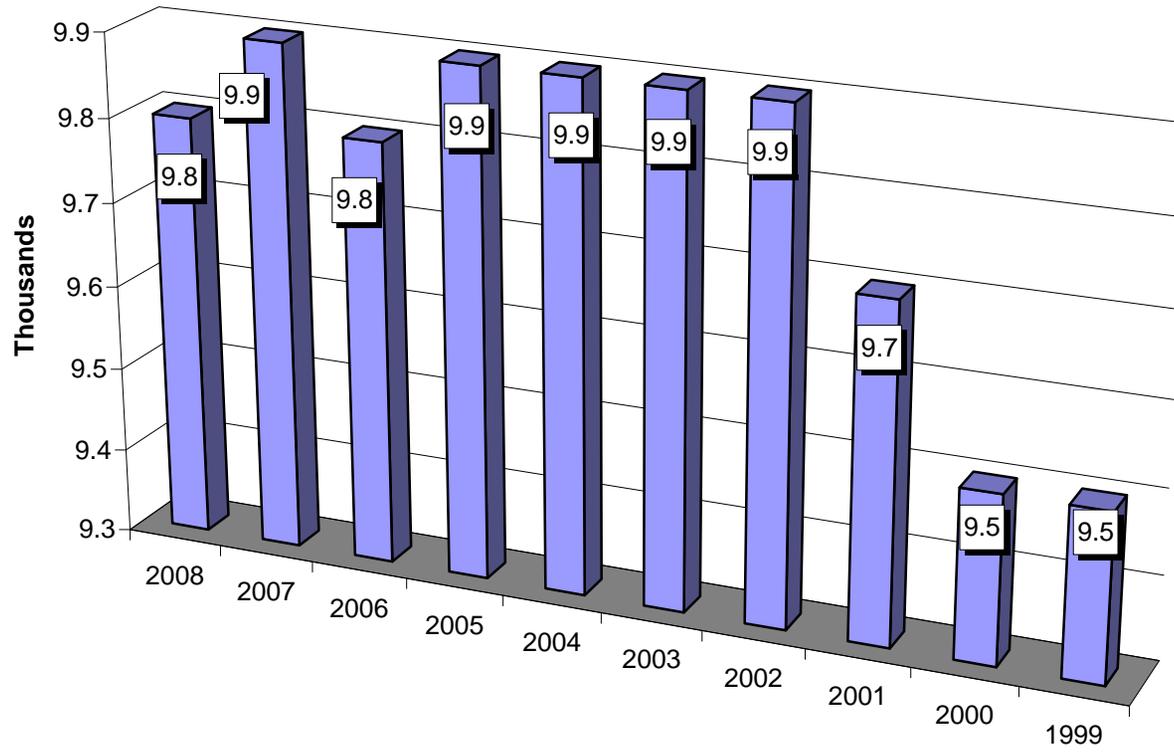
Source: College of Charleston Office of Institutional Research

College of Charleston Average Combined SAT Scores For The Last 10 Academic Years



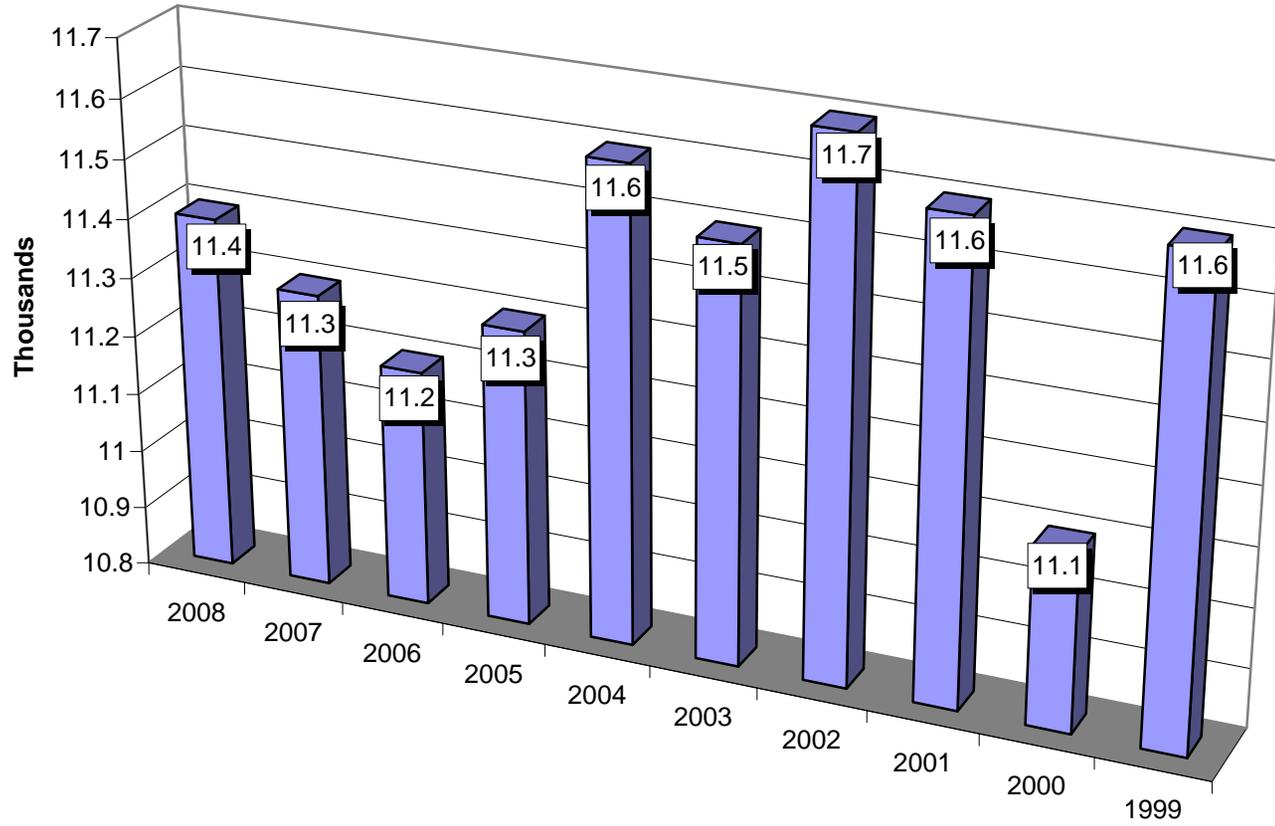
Source: College of Charleston Office of Admissions

**College of Charleston
Student Full Time Equivalents
For The Last 10 Academic Years**



Source: College of Charleston Office of Institutional Research

**College of Charleston
Student Head Count
For The Last 10 Academic Years**



Source: College of Charleston Office of Institutional Research

DEMOGRAPHIC STATISTICS

State of South Carolina
Last Ten Calendar Years

Year	Population as of June 30	Total Personal Income (expressed in thousands)	Per Capita Income	Average Annual Unemployment Rate
2008	4,479,800	146,337,147	32,666	6.9%
2007	4,407,709	141,333,189	32,065	5.6%
2006	4,330,108	134,367,581	31,031	6.3%
2005	4,254,989	124,543,528	29,270	6.7%
2004	4,201,437	117,358,740	27,933	6.8%
2003	4,146,770	110,735,346	26,704	6.7%
2002	4,104,683	107,050,133	26,080	6.0%
2001	4,062,933	104,226,420	25,653	5.2%
2000	4,023,628	100,920,637	25,082	3.6%
1999	3,974,682	93,603,761	23,550	4.1%

Source: South Carolina Comptroller General's Office

State of South Carolina

Ten Largest Employers

**Latest Completed Calendar Year and Seven Years Prior^a
(Listed alphabetically)**

<u>2001</u>	<u>2008</u>
Bi-Lo, Inc.	Bi-Lo, Inc.
Blue Cross/Blue Shield of South Carolina	Blue Cross/Blue Shield of South Carolina
Greenville County School District	Greenville County School District
Michelin Tire Corporation	Greenville Hospital System
Springs Industries, Inc.	Michelin Tire Corporation
University of South Carolina	Palmetto Health Alliance, Inc.
U.S. Department of Defense	U.S. Department of Defense
U.S. Postal Service	U.S. Postal Service
Wal-Mart Associates, Inc.	University of South Carolina
Westinghouse Savannah River	Wal-Mart Associates, Inc.

^a The ten largest employers prior to calendar year 2001 are unavailable.

Note: Due to confidentiality issues, the number of employees for each company is not available and the employers are listed alphabetically rather than in order of size.

Source: South Carolina Employment Security Commission

FACULTY AND STAFF STATISTICS

Last Ten Fiscal Years

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Instructional Faculty										
Part-time	375	378	373	343	337	366	388	340	241	254
Full-time	525	521	522	515	499	487	463	454	512	489
Percentage tenured	59%	60%	59%	61%	60%	59%	58%	60%	61%	63%
Staff and administrators with faculty rank										
Full-time	824	773	743	710	685	667	861	794	717	659
Total employees										
Part-time	375	378	373	343	337	366	388	340	241	254
Full-time	1,349	1,294	1,265	1,225	1,184	1,154	1,324	1,248	1,229	1,148
FTE Students per full-time										
Instructional Faculty	18.7	19.0	18.8	19.0	19.8	20.4	21.3	21.9	19.0	19.3
Staff member	11.9	12.8	13.2	13.8	14.4	14.9	11.5	12.5	13.6	14.3
Average annual faculty salary	\$ 64,735	\$ 62,275	\$ 59,600	\$ 57,965	\$ 55,057	\$ 52,582	\$ 51,630	\$ 50,535	\$ 49,481	\$ 47,419

Source: College of Charleston Office of Institutional Research

SCHEDULE OF CAPITAL ASSET INFORMATION

	2009	2008	2007	2006	2005	2004	2003	2002	2001
Academic buildings									
Net assignable square feet (in thousands)	708	712	705	703	605	604	611	597	641
Administrative and support buildings									
Net assignable square feet (in thousands)	155	155	168	160	174	174	164	157	157
Laboratories									
Net assignable square feet (in thousands)	121	123	122	121	126	126	125	123	123
Auxiliary and independent operations buildings									
Net assignable square feet (in thousands)	1,190	1,191	918	922	920	933	535	532	532
Libraries	1	1	1	1	1	1	1	1	1
Number of volumes (in thousands)	762	741	720	702	680	662	643	620	602
Volumes per student	67	65	64	62	59	57	55	53	54
Student Housing:									
Residence Halls	8	8	7	7	7	7	7	6	6
Apartments	3	3	2	2	2	1	1	-	-
Other housing options	29	29	30	30	31	21	23	23	23
Units available	3,402	3,402	2,840	2,842	2,770	2,550	2,644	1,958	1,989
Units in use	3,169	3,281	2,860	2,834	2,778	2,567	2,488	2,008	2,056
Percent occupancy	93.2%	96.0%	100.7%	99.7%	100.3%	100.7%	94.1%	102.6%	103.4%
Dining facilities:									
Locations	6	6	6	6	4	4	4	3	3
Average daily customers	6,450	5,854	5,574	4,991	3,688	3,725	2,528	1,807	a
Parking facilities:									
Parking spaces available	2,300	2,287	2,232	2,372	2,534	2,550	2,675	2,592	a
Parking permits issued to students	1,136	1,240	1,181	1,101	1,324	1,408	1,373	1,441	a
Parking permits issued to faculty/ staff	921	934	1,053	1,030	1,004	995	1,071	939	a

Note: Prior fiscal year data is not readily available

a: Data not readily available

Sources:

Student Housing

College of Charleston Residence Life and Housing

Parking Facilities

College of Charleston Business and Auxiliary Services

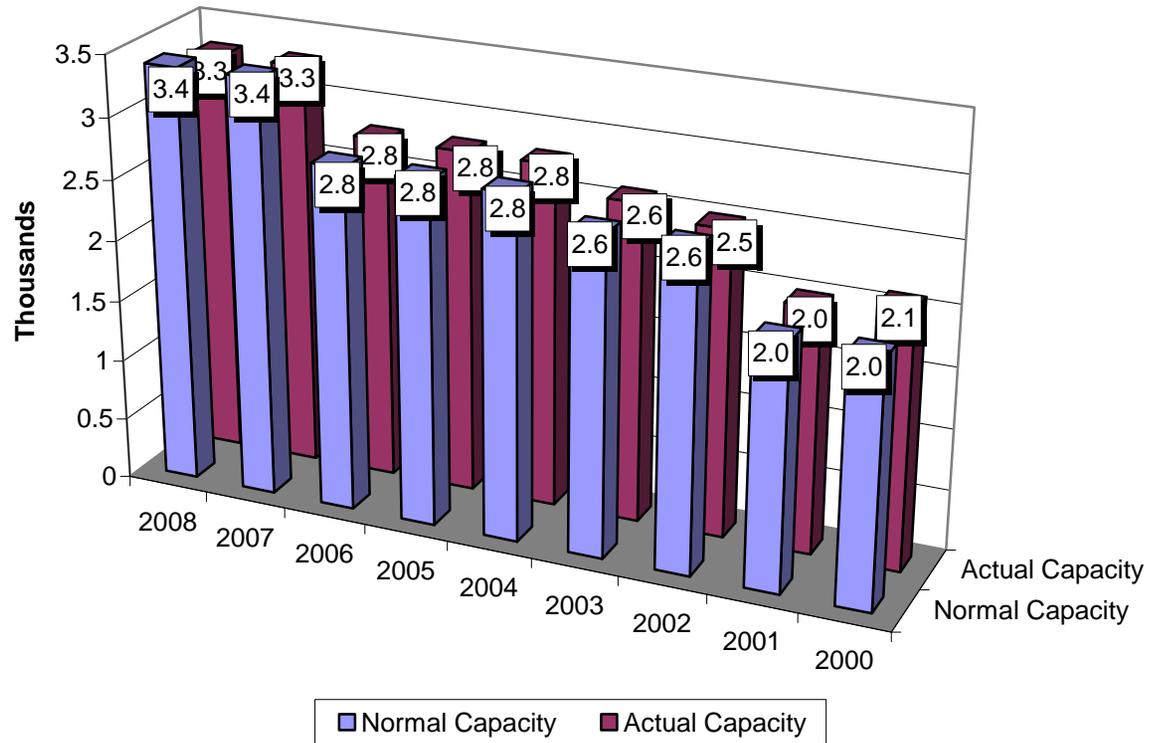
Dining Facilities

College of Charleston Dining Services

Building Square Footage

College of Charleston Office of Institutional Research

**College of Charleston
Residence Hall Occupancy
For The Last Academic 9 Years**



Source: College of Charleston Office of Institutional Research /Dean of Residence Life

ACADEMIC SUBJECT AREAS AND DEGREES OFFERED
Spring 2008

UNDERGRADUATE				GRADUATE			
Accounting	A.B., B.S.	History	A.B., B.A.	Accounting	M.S.	Environmental Studies	M.S.
Anthropology	A.B., B.S.	Hospitality and Tourism Management	A.B., B.S.	Arts Management	CER	Historic Preservation	M.S.
Art History	A.B., B.A.	International Business	A.B., B.S.	Bilingual Interpreting	M.A.	History	M.A.
Arts Management	A.B., B.A.	Latin American and Caribbean Studies	A.B., B.A.	Bilingual Legal Interpreting	CER	Languages	M.Ed.
Astronomy	B.A.	Marine Biology	A.B., B.S.	Communication	M.A.	Marine Biology	M.S.
Astrophysics	B.S.	Mathematics	A.B., B.S.	Organizational and Corporate Communication	CER	Mathematics	M.S.
Athletic Training	A.B., B.S.	Middle Level Education	A.B., B.S.	Computer and Information Sciences	M.S.	Bilingual Medical and Health Care Interpreting	CER
Biochemistry	A.B., B.S.	Music	A.B., B.A.	Early Childhood Education	M.A.T.	Middle Level Education	M. Ed.
Biology	A.B., B.A., B.S.	Philosophy	A.B., B.A.	Elementary Education	M.A.T.	Performing Arts	M.A.T.
Business Administration	A.B., B.S.	Physical Education and Health	A.B., B.S.	English	M.A.	Public Administration	M.P.A.
Chemistry	A.B., B.A., B.S.	Physics	A.B., B.A., B.S.	English to Speakers of Other Languages	CER	Science and Math for Teachers	M. Ed.
Classical Studies	A.B., B.A.	Political Science	A.B., B.A.			Special Education	M.A.T.
Communication	A.B., B.A.	Psychology	A.B., B.S.			Statistics	CER
Computer Science	A.B., B.A., B.S.	Religious Studies	A.B., B.A.			Urban and Regional Regional Planning	CER
Computer Information Systems	A.B., B.S.	Sociology	A.B., B.S.				
Discovery Informatics	A.B., B.S.	Spanish	A.B., B.A.				
Early Childhood Education	A.B., B.S.	Special Education	A.B., B.S.				
Economics	A.B., B.S.	Studio Arts	A.B., B.A.				
Elementary Education	A.B., B.S.	Theatre	A.B., B.A.				
English	A.B., B.A.	Urban Studies	A.B., B.A.				
French	A.B., B.A.	Bachelor of Science - Denistry Emphasis	B.S.D.				
Geology	A.B., B.A., B.S.	Bachelor of Science - Medicine Emphasis	B.S.M.				
German	A.B., B.A.						
Historic Preservation and Community Planning	A.B., B.A.						

A.B. - Artium Baccalaureatus (Classical Studies)
 B.A. - Bachelor of Arts
 B.S. - Bachelor of Science
 CER - Master's Certificate
 M.A. - Master of Arts

M.A.T. - Master of Arts in Teaching
 M.Ed.-Master of Education
 M.P.A. - Master of Public Administration
 M.S. - Master of Science