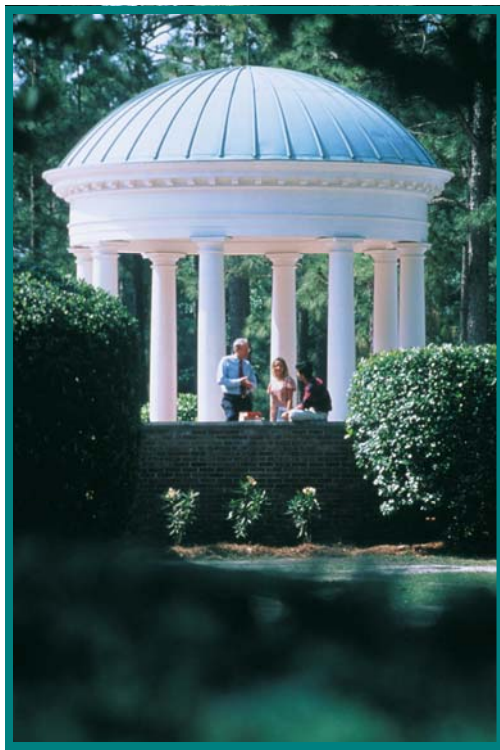


Coastal Carolina University

Conway, South Carolina



Comprehensive Annual Financial Report

Included in the Higher Education Funds of the State of South Carolina

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

COASTAL CAROLINA UNIVERSITY

Conway, South Carolina

Comprehensive Annual Financial Report

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

For the Fiscal Year Ended June 30, 2004

**Prepared by the Office of the Assistant Vice President/Controller
and the
Office of the Executive Vice President**

COASTAL CAROLINA UNIVERSITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2004

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COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT



INTRODUCTORY SECTION



President's Letter

Dear Coastal Carolina Friends:

Last fall we marked ten years as an independent public university, and now, Coastal Carolina celebrates 50 years as an institution of learning and teaching. At 50, Coastal Carolina is as dynamic, if not more dynamic, than at any time in our history.

- Enrollment has increased by more than 41 percent over the past three years, reflecting growth in quality as well as quantity. The entering class of 2004, with an average SAT score of 1041, reflects the sustained increases in scores for Coastal Carolina, significantly higher than the South Carolina and national averages. In fall 2004, Coastal's enrollment has exceeded 7,000 students. Student retention has improved, by nearly 20 percentage points since 1990, with approximately 70 percent of the 2003 entering class returning for 2004.
- Two profound changes have taken place in campus life in recent years. The university has become a much more traditional residential campus since the year 2000, with the addition of approximately 1,000 beds in student residence halls, both on and adjacent to campus. Approximately 40 percent of our full-time students are now housed on campus, creating attendant needs for student services and campus life. The second profound change was the beginning of NCAA Division I-AA football with its inaugural season in fall 2003. Greatly helped by a 6-5 record in its first season and having won nine games to date in our second season, the football program has had a dramatically positive impact on institutional image, community interest, and student involvement in campus life. An internal evaluation and audit of the value of the football program at the end of its first year of operation indicates that it has been well worth the cost, creating increased enrollment, gifts, and alumni support.
- Coastal Carolina University has always prided itself on corporate citizenship and public engagement. A new initiative involves faculty members on public engagement leave using their expertise by working directly with local community organizations and businesses.



Coastal Carolina has a well-established reputation for effective use of resources integrated with strategic planning. I am proud of this institution's reputation for sound fiscal practices and public accountability.

In celebration of our 50th anniversary, Coastal Carolina has been engaged in exploring planning and action initiatives that will prepare Coastal Carolina for a future that we have only begun to envision:

- The 50th Anniversary Initiatives Campaign both recognizes the University's increasing stature in the community and the University's increasing need for self-reliance. Thanks to excellent organization and community involvement, the initial \$10 million fund raising goal had been exceeded by the September 2004 formal kick-off of the campaign, allowing the Foundation and Trustees to raise the goals of the campaign.
- The Trustees and the Foundation undertook the development of a long-range visionary Campus Master Plan, which addresses Coastal's long-term future needs for space and resources to accommodate the responsible management of growth. The university's Strategic Planning Committee has completed the first year of a two-year planning process to update an overall strategic plan which addresses all aspects of the future of the university.

The 50th Anniversary Initiatives campaign, a Comprehensive Master Plan, and the deliberations of the Strategic Planning Committee have helped to shape Coastal Carolina for new challenges and new opportunities.

Sincerely,

A handwritten signature in black ink, reading "Ronald R. Ingle". The signature is fluid and cursive, with the first name "Ronald" being more prominent and the last name "Ingle" following in a similar style.

Ronald R. Ingle
President



LETTER OF TRANSMITTAL

November 5, 2004

To the President and
Members of the Board of Trustees:

We are pleased to present to you the Comprehensive Annual Financial Report of Coastal Carolina University for the fiscal year ended June 30, 2004.

This report consists of management's representations concerning the finances of Coastal Carolina University. Consequently, management accepts full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the University has established a comprehensive internal control framework that is designed both to protect the University's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the University's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the University's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The University's financial statements have been audited by Walda Wildman, LLC, a licensed certified public accountant. The goal of the independent audit was to provide reasonable assurance that the financial statements of the University for the fiscal year ended June 30, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the University's financial statements for the fiscal year ended June 30, 2004, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the University was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only the fair presentation of the financial statements but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in this comprehensive annual financial report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The University's MD&A can be found immediately following the report of the independent auditor.

Profile of the University

History and Background

Coastal Carolina University was founded in 1954 by a group of Horry County citizens who lent their vision and support to bringing higher education to the local area. Initially a two-year college, the new school was supported by private funds, and was operated under the auspices of the College of Charleston. A referendum in 1958 resulted in a county property tax millage being made available for the support of the college, and Coastal entered into an agreement in 1959 with the University of South Carolina to become a campus of the University System. In 1963, with the support of the Coastal Educational Foundation, Inc. and the Horry County Higher Education Commission, the college moved to its current location, with the completion of the Edward M. Singleton Administration Building.

Coastal Carolina College became a four-year institution in 1974, awarding baccalaureate degrees in several areas. During the decade of the 1980's, Coastal Carolina College experienced a dramatic growth, with the enrollment doubling in size from approximately 2,000 to 4,000 students.

In 1991, the Coastal Educational Foundation, Inc. and the Horry County Higher Education Commission voted to seek legislative approval to establish an independent Coastal Carolina University. The University of South Carolina president and Board of Trustees agreed to the proposed independence for Coastal. In the 1993 session, the South Carolina legislature established Coastal Carolina University as an independent state-supported institution, effective July 1, 1993. The university for the first time had acquired its own Board of Trustees, which met July 1, 1993, and named Ronald R. Ingle as the university's first president.

Coastal Carolina University began offering its first graduate programs in education in the fall of 1993. Today, the university offers 38 baccalaureate degree programs through its four academic colleges and six graduate programs. Coastal houses approximately 1,300 students on campus, with a total FTE enrollment of over 6000. Although available space continues to lag behind the need for educational space, Coastal has grown from the one building in 1963 to 44 buildings totaling 1.06 million square feet.

Strategic Themes

Coastal Carolina University maintains its strategic plan through an ongoing and active process of planning and assessment, which emphasizes the integration of resource allocation and planning. As a part of the strategic planning process, certain strategic themes have been identified which are derived from the mission statement, and which define Coastal's institutional identity. These themes represent characteristics which the Coastal community believes it has already attained to some degree. More importantly, the themes shape the values and the vision for the university for greater attainment in the future.

- I. *A predominantly undergraduate university with a reputation for excellence in teaching and for significant value added to the student.*
- II. *A learning process which is inquiry-based, participatory, involving undergraduate research and public engagement experiences, and includes broad application and the effective use of technology.*
- III. *Academic programs founded on the arts and sciences, with the aim of furthering an enlightened populace in a modern global society.*
- IV. *A teacher-scholar model for faculty performance with emphasis on student-faculty interactions and mentoring.*
- V. *Graduate program development based on strong undergraduate programs and on meeting specific local needs.*
- VI. *Proactive engagement with the external community, to address critical societal issues by fully utilizing the intellectual and cultural capacity of the institution.*
- VII. *Support services which provide a learning environment and quality of life for students to enhance all facets of their development and campus community experience.*
- VIII. *Administrative processes which are informed by management data, integrating financial considerations with institutional planning, for maximum effectiveness and service.*

Demographic data related to student characteristics, enrollment history and projections, student retention, faculty and the academic departments are presented in the statistical section of this report.

The mission of the University is complemented by five separately chartered legal entities which exist primarily to provide financial assistance and other support to the University and its educational program. These entities are the Coastal Educational Foundation (which was chartered prior to the founding of Coastal Carolina College), the Horry County Higher Education Commission, the Georgetown County Advisory Board for Coastal Carolina University, the Coastal Carolina Booster Club, Inc. (Chanticleer Club) and the CCU Student Housing Foundation, Inc. Of these, the Coastal Educational Foundation is considered a component unit of the University and its financial statements are presented as such in the University's basic financial statements. Information about the other entities is included in Note 14 to the financial statements. Audited statements for all five entities are available in the University Controller's Office.

FACTORS AFFECTING FINANCIAL CONDITION

Operating Revenues

Coastal Carolina University's financial profile fits more closely with that of a private institution than with a typical public institution. The university is highly dependent on tuition revenues, with more than 51 percent of its total net revenues coming from student tuition and fees, while only 16 percent of its net revenues come from state appropriations. Because the university is required to charge out-of-state students the full cost of their education, these student revenues make up more than 59 percent of all tuition, although only 39 percent of students are from out-of-state.

The state economic outlook continues to decline related to the support of higher education. Even if revenue streams begin to improve, it is the consensus among state higher education policy analysts that funding for K-12 and human service programs will consume the lion's share of any recovery proceeds. The legislature has earmarked South Carolina Education Lottery funding for tuition assistance directly to students and institutional technology projects, but has steadily decreased funding for general operations. The fiscal year 2005 state budget appropriated to the University for general operations represents only 80 per cent of the amount appropriated for fiscal year 2001. During the same time period Coastal has experienced the largest enrollment growth in its history, an increase of approximately 37 percent in FTE enrollment.

The university has been fortunate to continue to attract high-quality students in record numbers. The fall 2004 opening of almost 500 more beds in University Place, an off campus housing project of the CCU Student Housing Foundation, has been a major factor driving the continued enrollment surge.

The University is located nine miles from Myrtle Beach, one of the fastest growing metropolitan areas in the United States. Even though the economy has taken a downturn over the last four years, the growth of the surrounding area continues to impact the University's potential for growth. In addition, the local technical college, Horry-Georgetown Tech, has experienced similar growth in enrollment, preparing many more students for transfer to Coastal Carolina University for their junior and senior years.

The University's in-state tuition continues to be among the lowest in the state, which gives management the choice of raising resident tuition while still being competitive in South Carolina. In addition, since the portion of Coastal Carolina's budget funded by the state is much smaller than that of many of its sister institutions, state budget cutbacks have a diluted impact on the University.

The University operates five auxiliary enterprises which have helped to build and sustain cash reserves in tight economic times. These consist of the University bookstore (outsourced to Follett's), University housing, vending (outsourced to Pepsi-Cola and C.A. Timbes, Inc.), food service (outsourced to Aramark), and health services (outsourced to Conway Medical Center).

The University is also fortunate to receive county appropriations from both Horry County and Georgetown County. This gives the University flexibility to take on specific projects in the interest of the citizens of each of those counties which also benefits the entire University community.

Operating Expenses

The University continues to focus new spending on areas that will recruit, welcome and retain students and preserve desirable class size. This has included funds for more class sections, better mentoring, longer lab hours, and incentives to faculty for on-line course development, as well as the hiring of many new permanent full-time and temporary faculty. The ongoing technology plan, funded by a dedicated technology fee and technology support from the state lottery, serves to keep the University abreast of new developments in instructional methods.

Cash Management Policies and Practices

All of the University's receipts and disbursements are handled through bank accounts registered to the Treasurer of the State of South Carolina. The State Treasurer handles most cash management activities on behalf of the University. The University participates in the State's cash management pool, sharing investment income or loss on investment of the funds of certain restricted fund groups as well as on deposits of its auxiliary services activities. Note 2 to the financial statements addresses cash on hand at June 30, 2004.

Risk Management

The University is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Settled claims have not exceeded this coverage in any of the past three years. Risk management details can be found in Note 15 to the financial statements.

Pension Benefits and Post-Employment Benefits

A discussion of pension benefits available to employees and retirees of Coastal Carolina University may be found in Note 12 to the financial statements. The majority of employees of Coastal Carolina University 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.

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State of South Carolina provides certain health care, dental, and life insurance benefits to certain active and retired State employees and certain surviving dependents of retirees. Details of these other benefits may be found in Note 13 to the financial statements.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Coastal Carolina University for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2003. This was the second year that the University received this prestigious award. In order to be awarded a Certificate of Achievement, the University published an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and legal requirements.

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

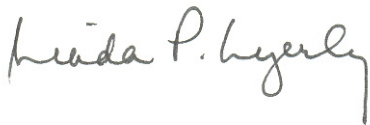
The preparation of this report is the result of dedicated teamwork by the staff in the offices of the Controller, Institutional Research and Assessment, Internal Audit, Information Technology Services, Printing Services, the Executive Vice President and the President. A good report depends as much on

data integrity at the level of each transaction as it does on statistical analysis and spreadsheet preparation. In these days when more is expected ever sooner, we appreciate the hard work and good humor of staff members and their adherence to quality professional standards. Significant credit is also due to the President and Board of Trustees for their hands-on leadership, dedication, vision, and encouragement to each member of the University community to strive for excellence. The staff especially appreciates the invaluable guidance and encouragement of the University's external auditor, Walda Wildman, LLC.

Respectfully submitted,

A handwritten signature in dark ink that reads "Sally M. Horner". The script is fluid and cursive, with the first letters of each word being capitalized and prominent.

Sally M. Horner, Ph. D.
Executive Vice President

A handwritten signature in dark ink that reads "Linda P. Lyerly". The script is cursive, with the first letters of each word being capitalized and prominent.

Linda P. Lyerly, M. S. Ed., M. Acc.
Assistant Vice President and Controller



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Coastal Carolina
University, South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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.



A handwritten signature in black ink, appearing to read "Edward Haney".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

COASTAL CAROLINA UNIVERSITY
BOARD OF TRUSTEES
2004-2005

Marshall C. Sanford, Jr.	Ex Officio Chairman
Clark B. Parker, Chair	First Congressional District - Seat One
Robert L. Rabon	First Congressional District - Seat Two
Oran P. Smith	Second Congressional District - Seat Three
James F. Kane	Second Congressional District - Seat Four
Payne H. Barnette, Jr.	Third Congressional District - Seat Five
William L. Lyles, Jr., Vice Chair	Third Congressional District - Seat Six
Charles J. Hodge	Fourth Congressional District - Seat Seven
Keith S. Smith	Fourth Congressional District - Seat Eight
Samuel J. Swad	Fifth Congressional District - Seat Nine
Robert D. Brown	Fifth Congressional District - Seat Ten
Fred F. DuBard, Jr.	Sixth Congressional District - Seat Eleven
Cathy B. Harvin	Sixth Congressional District - Seat Twelve
Eugene C. Spivey	At-Large - Seat Thirteen
Dean P. Hudson	At-Large - Seat Fourteen
Daniel W. R. Moore, Sr.	At-Large - Seat Fifteen
Samuel H. Frink	Gubernatorial Designee
Joseph L. Carter	Gubernatorial Appointee
Gene Anderson	Trustee Emeritus
James J. Johnson	Trustee Emeritus
Juli S. Powers	Trustee Emeritus

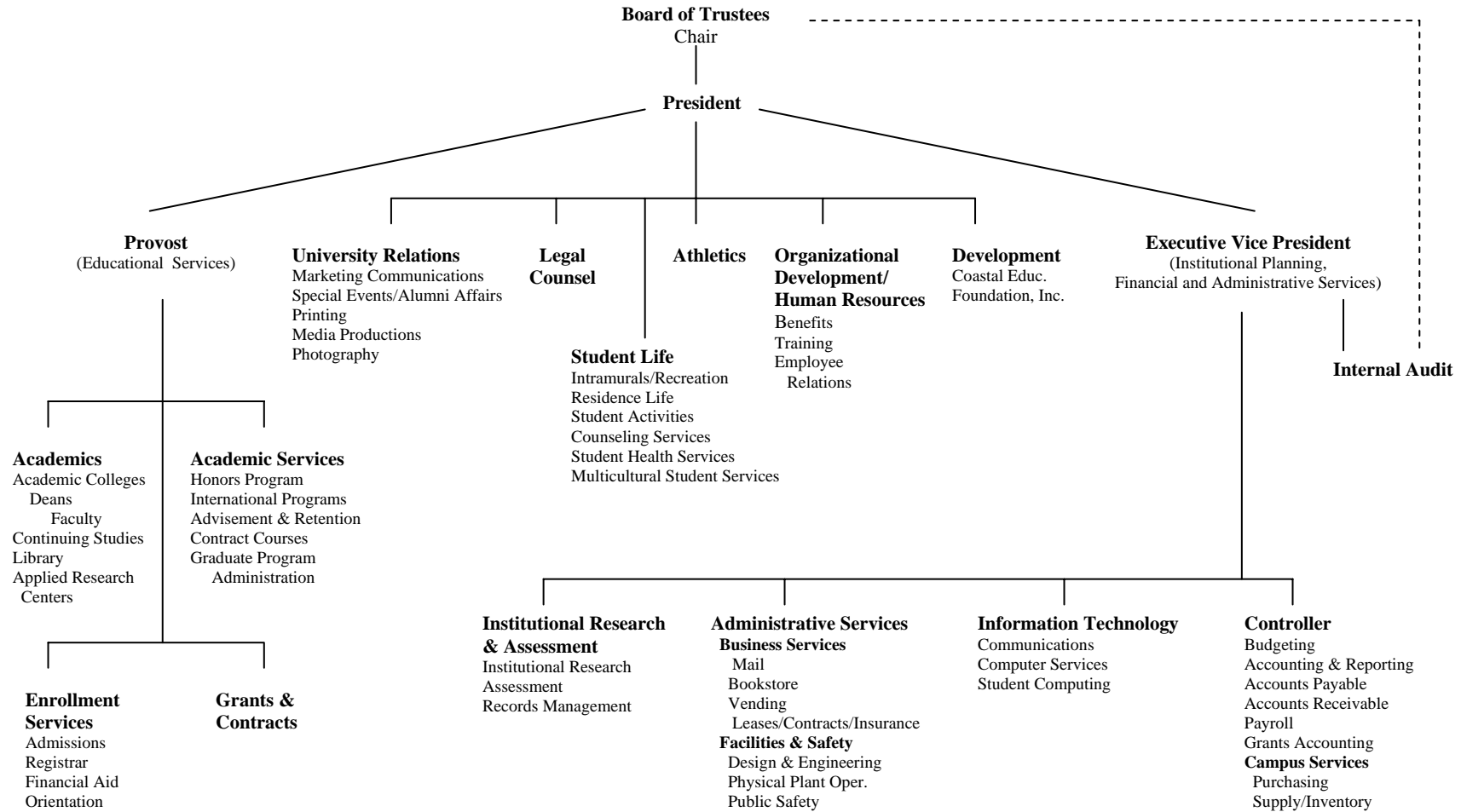
COASTAL CAROLINA UNIVERSITY
ADMINISTRATIVE OFFICERS
2004-2005

Ronald R. Ingle, Ph.D.	President
Peter B. Barr, Ph.D.	Provost
Sally M. Horner, Ph.D.	Executive Vice President
Edgar L. Dyer, J.D.	Vice President, University Relations/Legal Counsel
William D. Nicholson II, M.A.	Vice President, Development
Janis W. Chesson, Ph.D.	Vice Pres., Organizational Dev., Human Res. & Equal Opp.
Lynn Willett, Ph.D.	Vice President for Student Affairs
Warren Koegel, B.S.	Director of Athletics
Dennis G. Wiseman, Ph.D.	Associate Provost, Academic Affairs
Valgene L. Dunham, Ph.D.	Assoc. Vice President, Grants, Contract Admin. & Res. Planning
Colleen A. Lohr, Ph.D.	Associate Provost, Academic Affairs
David A. DeCenzo, Ph.D.	Dean, Wall College of Business
Douglas D. Nelson, Ph.D.	Dean, College of Natural and Applied Sciences
Lynn Franken, Ph.D.	Dean, Edwards College of Humanities & Fine Arts
Gilbert H. Hunt, Ph.D.	Dean, Spadoni College of Education
D. Lynne Smith, D.L.S.	Dean, Library Services
Judy W. Vogt, Ed.D.	Associate Vice President, Enrollment Services
Linda P. Lysterly, M.Acc.	Assistant Vice President/Controller
Stan R. Godshall, M.B.A.	Associate Vice President, Executive Director of Foundations
Marvin Marozas, B.S.	Associate Vice President, Chief Information Officer
Richard N. Weldon, J.D.	Associate Vice President for Administration
Frances B. Gilbert, M.B.A.	Associate Vice President for Advancement
Richard H. Moore, Ph.D.	Assistant Vice President, Grants/Sponsored Research
Stella F. Cooper, M.Ed.	Director, Business Services
David A. Bredekamp, B.S.	Internal Auditor
Christine L. Mee, M.Ed.	Director, Institutional Research and Assessment
Deborah K. Conner, M.E.	Assistant Vice President, Community Relations
Anne T. Monk, B.A.	Assistant Vice President, Marketing Communication

**COASTAL CAROLINA UNIVERSITY
BUSINESS AND FINANCE OFFICERS
2004-2005**

Sally M. Horner	<i>Executive Vice President</i>
Brenda Cox	<i>Administrative Assistant</i>
Linda P. Lyerly	<i>Assistant Vice President/Controller</i>
Mirinda Chestnut	<i>Administrative Specialist</i>
Pat West	<i>Assistant Controller</i>
Bill Douglas	<i>Payroll Manager, Payroll</i>
Jill Sokolik	<i>Fiscal Technician, Payroll</i>
Sherrell Richardson	<i>Accountant, Payroll</i>
Vicky Rabon	<i>Supervisor, Accounts Payable/Travel</i>
Virginia Altman	<i>Fiscal Technician, Accounts Payable/Travel</i>
Brenda Rabon	<i>Fiscal Technician, Accounts Payable/Travel (Athletics)</i>
Lila Taylor	<i>Fiscal Technician, Accounts Payable/Travel (Provost)</i>
Regina Lee	<i>Director, University Receivables</i>
Lill Heit	<i>University Receivables Accountant</i>
Scott Callahan	<i>Bursar</i>
Elaine Bridges	<i>Head Cashier, Bursar</i>
Sheila Mooney	<i>Fiscal Technician, Bursar</i>
Patty Dudley	<i>Fiscal Technician, Collections, Bursar</i>
Erin Rabon-Poszywak	<i>Student Loan Receivables, Bursar</i>
Carolyn Singleton	<i>Cashier</i>
Bob Lundgren	<i>Senior Accountant, Financial Accounting</i>
Tim Martin	<i>Budget Director</i>
Tammy Holt	<i>Grants Accountant</i>
Tammy Hardee	<i>Fiscal Technician, Grants Accounting</i>
Mary Slaby	<i>Finance Director, University Advancement</i>
Julianne Hughes	<i>Fiscal Technician, University Advancement</i>
Stella F. Cooper	<i>Director, Business Services</i>
Randall F. Cox	<i>Director, Procurement</i>
Vicki E. Williams	<i>Procurement Officer, Procurement</i>
Robin B. Strickland	<i>Procurement Officer, Procurement</i>
June Barfield	<i>Procurement Officer, Procurement</i>
Sabra Kelly	<i>Admin. Specialist, Procurement</i>
Suzanne Beverly	<i>Supply Manager, Campus Supply/Inventory</i>
Faye Tyler	<i>Supply Specialist, Campus Supply/Delivery</i>
Greg Edwards	<i>Supply Specialist, Campus Supply/Delivery</i>
Jim Mee	<i>Postal Director, Mail Services</i>
Shelby Dillon	<i>Postal Clerk, Mail Services</i>
Outsourced:	
<i>Aramark Food Services, Follett Bookstore, Pepsi-Cola Bottling Co., C.A. Timbes, Inc.</i>	
David A. Bredekamp	<i>Internal Auditor</i>
Richard N. Weldon, J.D.	<i>Assoc. Vice President for Administration</i>
Stella F. Cooper	<i>Director, Business Services</i>
T. Rein Mungo	<i>Director, Facilities Management</i>

ORGANIZATIONAL CHART BY FUNCTION



10-25-04

COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT



FINANCIAL SECTION

State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
COLUMBIA, S.C. 29201

THOMAS L. WAGNER, JR., CPA
STATE AUDITOR

(803) 253-4160
FAX (803) 343-0723

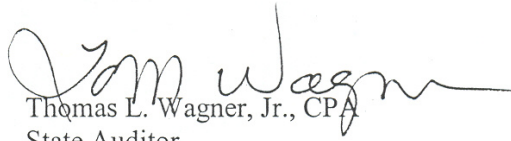
October 6, 2004

The Honorable Mark Sanford, Governor
and
Members of the Board of Trustees
Coastal Carolina University
Conway, South Carolina

This report on the audit of the basic financial statements and the additional reports required by OMB Circular A-133 of Coastal Carolina University for the fiscal year ended June 30, 2004, was issued by Walda Wildman, LLC, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,


Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/trb

WALDA WILDMAN, LLC
CERTIFIED PUBLIC ACCOUNTANT

Synergy Business Park · Congaree Building · 121 Executive Center Drive · Suite 206
Columbia, South Carolina · 29210
Telephone 803.216.9800 · Fax 803.216.9498

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

September 3, 2004

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

I have audited the accompanying basic financial statements of Coastal Carolina University (the University) as of June 30, 2004, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the University's management. My responsibility is to express an opinion on these financial statements based on my audit. I did not audit the financial statements of the Coastal Educational Foundation which statements reflect total assets of \$20,140,384 as of June 30, 2004, and total revenues of \$5,177,915 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to me, and my opinion on the financial statements, insofar as it relates to the amounts included for the discretely presented component unit, Coastal Educational Foundation, is based on the report of the other auditors.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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. I believe that my audit and the report of other auditors provide a reasonable basis for my opinion.

As described in Note 1 to the financial statements, the University's financial statements are intended to present the financial position, results of operations, and cash flows of only that portion of the financial reporting entity of the State of South Carolina that is attributable to the transactions of the University. These financial statements do not include other funds, enterprises or component units of the State. These financial statements are not intended to present fairly the financial position of the State of South Carolina as of June 30, 2004, and 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, and do not include other agencies, divisions, or component units of the State of South Carolina.

In my opinion, based on my audit, the basic financial statements referred to above present fairly, in all material respects, the financial position of the University at June 30, 2004, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 3, 2004, on my consideration of the University's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 considered in assessing the results of my audit.

The Management's Discussion and Analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules required by the Office of the South Carolina Comptroller General, as listed in the table of contents, are presented for purposes of additional analysis as required by the Office of the South Carolina Comptroller General and are not a required part of the basic financial statements of Coastal Carolina University. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole. The information in the Introductory and Statistical Sections, as listed in the table of contents, is presented for purposes of additional analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on it.

Walda Wildman LLC

WALDA WILDMAN, LLC
Certified Public Accountant

Coastal Carolina University Management's Discussion and Analysis

Coastal Carolina University is pleased to present its financial report for the year ended June 30, 2004. This section, Management's Discussion and Analysis, will describe each of the statements, present a condensed, comparative version of each one, and offer financial highlights of the year.

Using the Annual Financial Report

The University's financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. During fiscal 2004, the University implemented GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14*, and has incorporated one non-governmental component unit, the Coastal Educational Foundation.

The basic financial statements prescribed by GASB No. 35 (the Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows) are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Statement of Net Assets includes all assets and liabilities of the University. Over time, increases or decreases in net assets (the difference between assets and liabilities) is one indicator of the improvement or erosion

of the University's financial health when considered with non-financial facts such as enrollment levels and the condition of facilities.

The Statement of Revenues, Expenses and Changes in Net Assets presents the revenues earned and the expenses incurred during the year. Activities are reported as either operating or non-operating. A public University's dependency on State aid and gifts could result in operating deficits because the financial reporting model classified State appropriations and gifts as non-operating revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, non-capital financing, capital financing and related investing activities, and helps measure the ability to meet financial obligations as they mature.

Financial Highlights

In January of 2004, Coastal Carolina University launched a \$10 million fund-raising campaign, anticipating the observance of the institution's 50th anniversary in September. The campaign is the largest fund-raising effort in the university's history. The three-part campaign is designed to raise private funds to support the academic, physical and athletic needs of the university, including scholarships, endowed professorships and programmatic endeavors.

A major commitment to Coastal received during the silent phase of the campaign included a \$2 million pledge for the football stadium, to be received over 10 years. Commitments to the Foundation include a \$1.5 million pledge for a marine educational research center at Waites Island, and a \$1 million pledge for the college of education. By the end of the fiscal year, pledges and gifts in the campaign had reached approximately \$9.5 million.

Enrollment at the University continued to grow at double digit rates. The full-time equivalency (FTE) enrollment for the fall of 2003 was 5,795, representing a 14% increase over the previous fall, and a 45% increase over five years. This was fueled by an increase in applications for undergraduate admissions of 21% over the previous year, and 65% over five years. In the same year, the University implemented the largest percentage increase in undergraduate in-state tuition in its history. Undergraduate fees rose by 19.3% to \$5,190 for the academic year, a figure which was still 5% under the average cost of higher education offered by South Carolina public institutions with a similar mission.

Expansion in enrollment brought the need for expanded facilities. With State funding for capital projects very limited, the University turned to its related parties and component unit. The Horry County Higher Education Commission (the Commission), the Georgetown County Advisory Board for CCU (the Georgetown Board), the Coastal Educational Foundation (the Foundation) the CCU Student Housing Foundation (the Housing Foundation), and the Coastal Carolina Booster Club (the Chanticleer Club) all made significant contributions to expand and enhance the campus.

The Commission assisted the University by providing over \$900,000 to renovate and upfit the Burroughs and Chapin Center for Marine and Wetlands Studies, used for

research equipment and instrument design. The Georgetown Board provided funds to lease and equip the newly-constructed Waccamaw Center for Higher Education in Litchfield Beach, which offers both credit and non-credit courses.

The Foundation entered into a lease-purchase for a manufacturing facility in the nearby Atlantic Center complex, and borrowed funds to assist the University in converting the facility for use by computer science and other disciplines. The Foundation also spearheaded the work to construct a campus bell tower funded by a restricted gift.

The Housing Foundation opened apartment-style housing for 517 upperclassmen a half mile from campus in the fall of 2003, and began construction on another 480 beds in an adjacent location, to be opened in the fall of 2004.

The Chanticleer Club coordinated a privately funded project to partially renovate the baseball stadium, including installation of a more player-friendly outfield wall.

State lottery funds of \$1.6 designated for technology uses assisted the University in opening the Center for Effective Teaching and Learning (CETL). The Center serves as a faculty and student support and training center to incorporate all aspects of technology into traditional classroom courses. By spring 2004 courses were being delivered to and received from the Georgetown Higher Education Center and the Myrtle Beach Higher Education Center through the use of videoconferencing technology. The CETL provides programs that support faculty use of technology in their work as teachers, including workshops on such topics as course design, creating interactive lesson plans, building learning communities, classroom assessment techniques, teaching for multiple learning styles, and integrating technology in instruction.

Statement of Net Assets

Total assets of the University increased by \$1.8 million during fiscal 2004. This was comprised of a decrease in current assets of \$3 million and an increase in net capital assets of \$4.8 million.

- The drop in current assets was a result of an increase in unrestricted cash of \$2.7 million and a decrease in restricted cash for capital projects of \$5.7 million.
- The increase in net capital assets was due to capitalization of \$14.4 million in new buildings and land improvements (less \$8.2 million of converted construction-in-progress from fiscal year 2003), the acquisition of \$991 thousand worth of equipment, vehicles, and software, the addition of \$376 thousand in new construction-in-progress, and \$2.7 million in depreciation.

Current liabilities were down by approximately \$489 thousand. This decrease was comprised of fluctuations in vendor payables, payroll and related liabilities, unearned revenues, capital leases payable, and funds held for others.

- Vendor payables were down by \$1.2 million due to construction project and retainage payments during fiscal year 2004 of amounts due at June 30, 2003.
- Payroll and related liabilities increased by \$1.2 million due mainly to a rising labor pool, change in the timing of both Summer I faculty payments and a State retirement remittance, and the uneven billing of State workmen's compensation.
- **I.** Unearned revenues decreased by \$362 thousand. This was comprised primarily of an increase of \$164 thousand in prepayments for tuition and housing, a

decrease of \$1.2 million in unspent lottery technology grant funds, an increase of \$65 thousand in unearned football ticket revenue, and an increase of \$643 thousand due to the unamortized portion of a capital contribution from the University's food service and catering contractor, Aramark.

- Funds held for others decreased by \$192 thousand, principally due to the Northeast Strategic Alliance rotating its base of operations to Frances Marion University.
- The current portion of capital leases payable increased by approximately \$95 thousand.

Non-current liabilities were down approximately \$251 thousand. Contributing to this decrease were a reduction in bonds payable of \$955 thousand, the increase in capital leases payable of \$522 thousand, addition of a master lease payable of \$615 thousand, an increase in accrued compensated absences of \$142 thousand, and an increase in the federal loan program liability of \$40 thousand.

The increase in net capital assets, as described in the total assets narrative above, was due in part to the completion of the following projects:

Brooks Football Stadium	\$ 11,800,000
Bursar's Office	153,000
Continued upfit of Science Building	63,000
Atheneum Hall renovation	403,000
Burroughs and Chapin Center	
for Marine and Wetlands Studies	1,600,000
Spadoni Park renovations	148,000
Vrooman Baseball Field renovations	161,000
Total	<u>\$ 14,328,000</u>

Of the \$14.3 million in projects completed, \$8.2 million was construction-in-progress at June 30, 2003.

The decrease in restricted – expendable net assets is due to the \$4 million decrease in funding available for restricted capital projects. The increase in unrestricted net assets represents an increase in general operating funds of \$1.534 million, an

increase in self-generated and other funds designated for specific activities of \$286 thousand, and a decrease in auxiliary funds and auxiliaries-funded activities of \$247 thousand.

Condensed Summary of Net Assets				
Assets	2004	2003	Increase/ (Decrease)	Per Cent Change
Current assets	\$ 14,250,571	\$ 17,251,398	\$ (3,000,827)	-17%
Capital assets, net	89,384,586	84,581,757	4,802,829	6%
Other assets	1,685,628	1,613,460	72,168	4%
Total Assets	105,320,785	103,446,615	1,874,170	2%
Liabilities				
Current liabilities	6,746,306	7,235,724	(489,418)	-7%
Non-current liabilities	37,418,227	37,669,488	(251,261)	-1%
Total Liabilities	44,164,533	44,905,212	(740,679)	-2%
Net Assets				
Invested in capital assets, net of debt	53,844,656	48,759,779	5,084,877	10%
Restricted - non-expendable	102,934	103,546	(612)	-1%
Restricted - expendable	1,238,953	5,282,000	(4,043,047)	-77%
Unrestricted	5,969,709	4,396,078	1,573,631	36%
Total Net Assets	\$ 61,156,252	\$ 58,541,403	\$ 2,614,849	4%

Statement of Revenues, Expenses, and Changes in Net Assets

A \$10.6 million increase in operating revenues was fueled by a \$7.3 million increase in student tuition and fees. This increase was a result of both the 19.3% tuition increase and the 14% full-time equivalency enrollment increase. Other operating revenue increases included approximately:

- \$534 thousand in federal scholarships and contracts, \$485 thousand of which was Pell grant funds;

- an increase of \$845 thousand in State scholarships and contracts, comprised of an increase in State-funded aid to students of \$1.04 million and a decrease in other State contracts of \$196 thousand; (the increase in state funded aid to students was offset by a \$1.36 million decrease in direct state appropriations to the University);
- an increase of local and non-governmental scholarships and contracts of \$540 thousand; and
- an increase in sales and services of educational activities of \$769 thousand.

Other revenue, representing endowment and investment income, decreased by \$810 thousand. This is due to the liquidation of investments held for capital projects in fiscal year 2003.

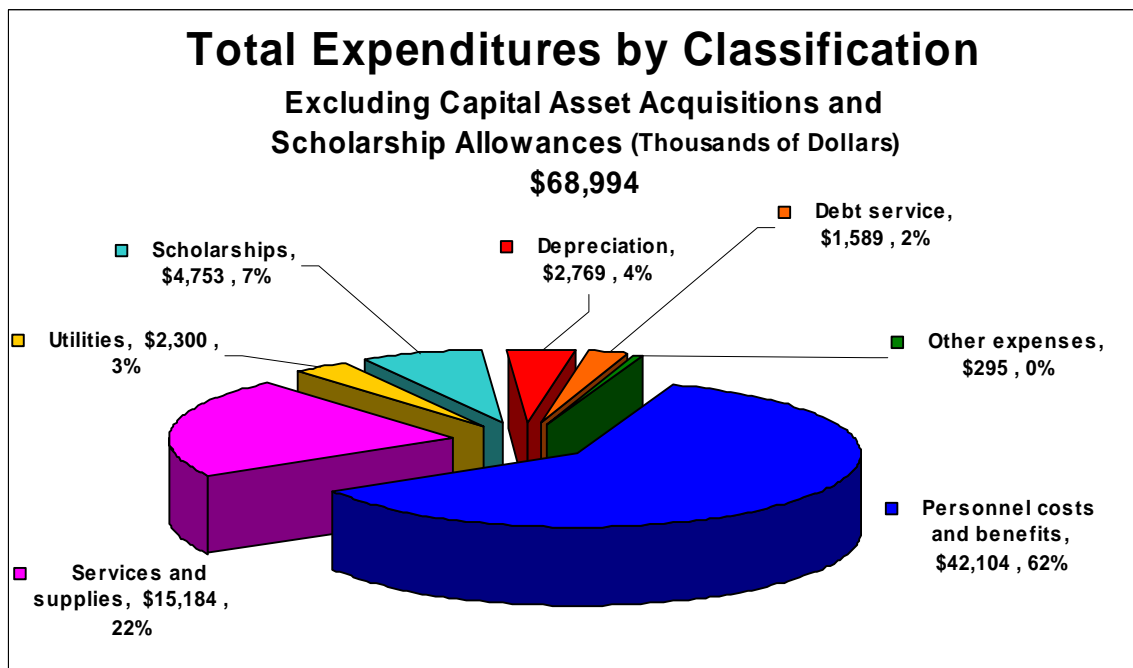
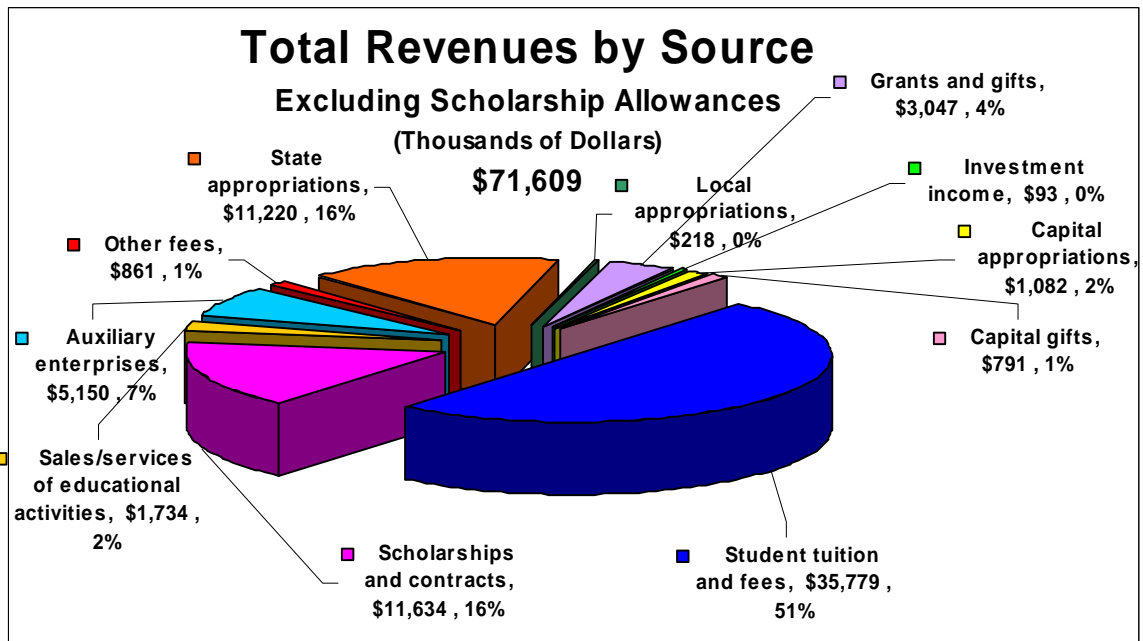
Operating expenses increased by \$8.6 million, led by a \$4.1 million boost in personnel costs and benefits. The student body continued to grow at a fast pace, requiring added faculty, administrative and student service support personnel. The cost of services and supplies increased by \$3.4 million, including approximately \$900 thousand in State lottery-funded technology enhancements.

Non-operating revenues, principally appropriations and gifts, decreased by \$598 thousand. This was comprised of a decrease in state and local non-capital appropriations of \$1.38 million, an increase in grants and gifts of \$1.6 million, and a decrease in investment and endowment revenue of \$810 thousand.

Capital appropriations decreased by \$2.7 million and capital grants and gifts increased by \$581 thousand.

Net assets increased as a result of these transactions by \$2.615 million.

Condensed Summary of Revenues, Expenses and Changes in Net Assets					
	2004	2003	Increase/ (Decrease)	Per Cent Change	
Revenues:					
Program revenues					
Charges for services	\$ 55,157,891	\$ 44,461,094	\$ 10,696,797	24%	
Operating grants and contributions	14,485,413	14,273,327	212,086	1%	
Capital grants and contributions	1,873,176	4,031,784	(2,158,608)	-54%	
General revenues					
Other	92,688	903,026	(810,338)	-90%	
Total revenues	71,609,168	63,669,231	7,939,937	12%	
Expenses:					
Higher education	67,110,608	58,461,346	8,649,262	15%	
Interest on long-term debt	1,588,650	1,678,510	(89,860)	-5%	
Other	295,041	87,776	207,265	236%	
Total expenses	68,994,299	60,227,632	8,766,667	15%	
Increase in net assets	2,614,869	3,441,599	(826,730)	-24%	
Net assets, beginning of year	58,541,403	55,099,804	3,441,599	6%	
Net assets, end of year	\$ 61,156,272	\$ 58,541,403	\$ 2,614,869	4%	



Capital Assets and Debt

Capital assets at June 30, 2004 consisted of \$376 thousand construction in progress, and \$88.8 million in land improvements, buildings, equipment, vehicles, and intangible assets, net of accumulated depreciation. The small portion of campus land owned by the University is booked at historical value of \$194 thousand. The construction in progress is comprised of renovations to the exterior of Kearns Hall, housing the Spadoni College of Education, in the amount of \$145 thousand and renovations to the Singleton administration building and Founders Drive totaling \$231 thousand. Please see Note 5 to the financial statements for further details of capital asset activity.

Debt on capital assets is approximately \$35.5 million, representing \$1.1 million in current liabilities and \$34.4 million in long-term liabilities. Revenue bonds in the amount of \$3.8 million, series 1994, were refunded in 2004 to take advantage of lower interest rates, and the description of that activity may be found in Note 9 to the financial statements. A new master lease was implemented in fiscal year 2004, generating proceeds of \$700 thousand. Details on the two capital leases owed by the University at June 30, 2004 may be found in Note 8 to the financial statements. Detail of long-term obligations of the University is listed in Note 10.

Looking Ahead

A campus master plan process was begun in fiscal year 2004, which examined enrollment growth and its various accommodating activities. With the opening of Phase II of new apartment-style housing by the Housing Foundation in August of 2004, enrollment growth was spurred again. Having expanded its central campus 0.4 mile in one direction for housing for

upperclassmen, and across a main highway for classroom and research facilities, the University has had to substantially increase the frequency and availability of student mass transit options. University staff is also studying how to move parking from the center of campus to allow for more green space and how to provide better access across the main highway now separating a substantial portion of instructional activity from the original campus.

Fiscal year 2005 brings new faces in the appointment of the first Dean of Students, a new Director of Counseling Services and a new Director of Residence Life. Activities in the academic areas include a major initiative in public engagement which promises to integrate University instructional activities with the mentoring needs of students in the public schools.



COASTAL CAROLINA UNIVERSITY
STATEMENT OF NET ASSETS
June 30, 2004

	Coastal Carolina University	Component Unit Coastal Educational Foundation
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,691,663	\$ 2,080,699
Accounts and pledges receivable, net	2,066,829	2,564,595
Investments	-	11,940,133
Intergovernmental receivables	100,159	-
Due from component unit	389,996	-
Inventories	308,443	-
Prepays	186,476	12,562
Restricted current assets:		
Restricted cash and cash equivalents	1,324,734	-
Loans to students, current portion	182,271	-
Total current assets	<u>14,250,571</u>	<u>16,597,989</u>
Non-current assets:		
Capital assets, net of accumulated depreciation		
Land	194,265	3,056,943
Construction in progress	376,209	200,698
Buildings and improvements	85,813,172	1,641
Equipment, vehicles and intangible assets	3,000,940	-
Other assets, net	407,199	283,113
Restricted non-current assets:		
Restricted cash and cash equivalents	102,934	-
Loans to students, net	1,175,495	-
Total non-current assets	<u>91,070,214</u>	<u>3,542,395</u>
TOTAL ASSETS	<u>105,320,785</u>	<u>20,140,384</u>
LIABILITIES		
Current liabilities:		
Accounts payable	1,081,632	102,755
Due to primary government	-	389,996
Accrued payroll and related liabilities	2,442,453	-
Intergovernmental payables	23,228	-
Unearned revenue	1,534,362	-
Accrued interest payable	230,363	-
Funds held for others	12,357	-
Accrued compensated absences, current	169,507	-
Bonds and notes payable, current	1,060,000	35,385
Capital lease payable, current	132,329	-
Current liabilities payable from restricted current assets:		
Accounts payable	60,075	-
Total current liabilities	<u>6,746,306</u>	<u>528,136</u>

Continued

COASTAL CAROLINA UNIVERSITY
STATEMENT OF NET ASSETS
June 30, 2004

	Coastal Carolina University	Component Unit Coastal Educational Foundation
Non-Current Liabilities:		
Accrued compensated absences	1,595,704	-
Bonds and notes payable	33,645,000	264,615
Capital lease payable	702,601	-
Other liabilities	69,142	-
Non-current liabilities payable from restricted non-current assets:		
Federal loan program liability	1,405,780	-
Total non-current liabilities	37,418,227	264,615
TOTAL LIABILITIES	44,164,533	792,751
 NET ASSETS		
Invested in capital assets, net of debt	53,844,656	-
Restricted for:		
Non-expendable/permanently restricted	102,934	6,613,579
Temporarily restricted for University support	-	7,824,866
Expendable for research	28,789	-
Expendable for capital projects	1,186,748	-
Expendable for sponsored projects	23,416	-
Unrestricted	5,969,709	4,909,188
TOTAL NET ASSETS	\$ 61,156,252	\$ 19,347,633

The accompanying notes are an integral part of these statements

COASTAL CAROLINA UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the year ended June 30, 2004

	Coastal Carolina University	Component Unit Coastal Educational Foundation
Operating Revenues		
Student tuition and fees, net of scholarship allowance of \$9,409,781; \$968,436 is pledged for debt service on general obligation bonds	\$ 35,779,409	\$ -
Gifts and contributions	-	3,760,246
Government scholarships and contracts	11,632,812	-
Sales and services of educational departments	1,734,367	-
Sales and commissions of auxiliary enterprises, net of scholarship allowance of \$1,283,152	5,149,927	-
Other fees	861,376	-
Total Operating Revenues	55,157,891	3,760,246
Operating Expenses		
Personnel costs and benefits	42,104,080	-
Services and supplies	15,184,331	-
Utilities	2,300,106	-
Administration and fund raising	-	574,292
Support of Coastal Carolina University	-	541,219
Scholarships	4,753,108	158,774
Depreciation	2,768,983	-
Total Operating Expenses	67,110,608	1,274,285
Operating Income (Loss)	(11,952,717)	2,485,961
Non-Operating Revenue (Expenses)		
State appropriations	11,220,170	-
Local appropriations	218,067	-
Grants and contracts	1,959,611	-
Gifts, including \$541,219 from Coastal Educational Foundation	1,087,565	-
Investment and endowment income	92,668	1,417,669
Interest on capital asset related debt	(1,588,650)	-
Other non-operating revenues (expenses)	(295,041)	-
Net Non-Operating Revenues (Expenses)	12,694,390	1,417,669
Income (loss) before other revenues, expenses, gains and losses	741,673	3,903,630
Capital appropriations	1,082,042	-
Capital grants and gifts	791,134	-
Increase (Decrease) in Net Assets	2,614,849	3,903,630
Net Assets		
Net Assets, beginning of year	58,541,403	15,444,004
Net Assets, end of year	\$ 61,156,252	\$ 19,347,634

The accompanying notes are an integral part of these statements.

COASTAL CAROLINA UNIVERSITY
STATEMENT OF CASH FLOWS
For the year ended June 30, 2004

Cash Flows from Operating Activities

Cash received from students for tuition and fees	\$ 36,266,596
Cash received from governmental scholarships and contracts	11,858,954
Cash paid to suppliers	(17,581,510)
Cash paid to employees and fringe benefit providers	(40,644,067)
Cash paid for scholarship payments to students	(4,753,108)
Cash paid for Perkins loans advanced to students	(303,224)
Cash received from Perkins loan program	220,012
Cash received from Stafford and parent loans on behalf of students	21,355,570
Cash from Stafford and parent loans paid to students or applied to student accounts	(21,355,570)
Cash received on behalf of other organizations	2,830,166
Cash paid on behalf of other organizations	(4,019,110)
Cash received from sales and commissions of auxiliary enterprises	
Residence halls and food service	4,301,286
Bookstore	259,643
Vending	1,136,095
Health Service	144,665
Cash received from other receipts	1,799,775
Net Cash Used by Operating Activities	<u>(8,483,827)</u>

Cash Flows from Non-capital Financing Activities

State appropriations	11,220,170
Local Appropriations	218,067
State Grants	723,799
Gifts	1,002,206
Net Cash Flows Provided by Non-Capital Financing Activities	<u>13,164,242</u>

Cash Flows from Capital Financing Activities

Master lease proceeds	700,000
State capital appropriations	178,719
Federal capital grants	-
State capital grants	-
Local capital appropriations	881,867
Capital gifts	791,134
Purchases of capital assets	(7,890,861)
Principal paid on capital debt and lease	(982,048)
Interest paid on capital debt and lease	(1,611,487)
Other non-operating cash flows	(20,041)
Net Cash Used by Capital Financing Activities	<u>(7,952,717)</u>

Continued

COASTAL CAROLINA UNIVERSITY
STATEMENT OF CASH FLOWS
For the year ended June 30, 2004

Cash Flows from Investing Activities

Interest on deposits	135,873
Net Cash Provided by Investing Activities	<u>135,873</u>

Increase in cash and cash equivalents (3,136,429)

Cash, beginning of year 14,255,760

Cash, end of year \$ 11,119,331

Reconciliation of net operating loss to net cash used by operating activities:

Operating loss	\$ (11,952,717)
Depreciation expense	2,768,983
Net cash flow Federal loan program	(83,212)
Bad debt expense	130,510
Net cash flow from funds held for others	(850,023)
Change in current assets and liabilities:	
Accounts receivable	(519,550)
Grants and contracts receivable	226,502
Inventories	(30,382)
Prepaid expenses	15,048
Unearned revenue	874,015
Accounts payable	(184,093)
Retainage payable	(338,921)
Accrued compensated absences	184,506
Accrued payroll and related liabilities	<u>1,275,507</u>
Net cash used by operating activities	<u><u>\$ (8,483,827)</u></u>

Supplemental disclosure:**Operating activities --**

Donated goods and use of facilities for athletics department	\$ 95,825
Computer software for research project	<u>273,777</u>
Total	<u><u>\$ 369,602</u></u>

The accompanying notes are an integral part of these statements.

COASTAL CAROLINA UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Coastal Carolina University is a public, mid-sized (6,500 students) comprehensive liberal arts institution offering baccalaureate degrees in the traditional liberal arts and sciences, interdisciplinary studies, and professional schools, along with master's degrees in several specialized areas. The campus primarily serves its immediate five-county area, while honoring its commitment to the citizens of Horry County who founded the University and continue to provide funding to it. Recognizing its responsibility to ensure a student population that is diverse both culturally and geographically, the institution also aggressively recruits statewide, out-of-state, and internationally.

The University is a part of the primary government of the State of South Carolina and its funds are reported in the State's higher education enterprise funds in the Comprehensive Annual Financial Report of the State of South Carolina. Generally, all State departments, agencies, and colleges are included in the State's reporting entity. These entities are financially accountable to and fiscally dependent on the State. Although the State-supported universities operate somewhat autonomously, they lack full corporate powers. In addition, the Governor and/or the General Assembly appoint most of their board members and budget a significant portion of their funds.

Financial Statements Presentation

The financial statement presentation for the University conforms to 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*, Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*. The University has also adopted GASB Statement No. 38, *Certain Financial Statement Note Disclosures* and Statement No. 39, *Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14*. The financial statement presentation provides a comprehensive, entity-wide perspective of the University's net assets, revenues, expenses and changes in net assets and cash flows as well as the net assets, revenues, expenses and changes in net assets of its separately audited component unit.

Reporting Entity

The financial reporting entity, as defined by GASB Statement No. 14, *The Financial Reporting Entity*, consists of the primary government and all of 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 relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete. Accordingly, the financial statements present the University as the primary government and one discretely presented component unit, the Coastal Educational Foundation (the Foundation), which is reported in a separate column to emphasize that it is legally separate from the University:

The Coastal Educational Foundation is a legally separate, tax-exempt entity which was chartered in the State of South Carolina in October 1954 for the purpose of soliciting, receiving, managing and distributing gifts for educational purposes in support of Coastal Carolina University. The Foundation's support comes primarily from contributions from alumni, and local individuals and businesses. The Coastal Educational Foundation is deemed not to be a governmental entity because a controlling majority of the membership is not appointed by the University, there is no potential for unilateral dissolution by the University with the net assets reverting to the University, and the Foundation does not have the power to enact and enforce a tax levy or the ability to issue directly debt that pays interest exempt from federal taxation.

COASTAL CAROLINA UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources and income thereon that the Foundation holds and invests is restricted to the activities of the University by donors. Because these restricted resources can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University.

The Foundation reports its financial results under Financial Accounting Standards Board (FASB) statements, the most significant of which are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Statements of Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Significant note disclosures applicable to the Foundation's financial statements have been incorporated into the University's statements.

The Foundation owns parcels of real property on which portions of the University's campus is located. The Foundation does not charge rent for most of this property. The University, in turn, provides operational and fundraising staff for which it does not charge the Foundation. The University does lease from the Foundation one parcel of land and one building under terms of annually renewable leases. During the year, the University paid the Foundation \$23,070 to lease this real property. During the year ended June 30, 2004, the University recorded non-operating gifts revenues of \$541,219 received from donors through the Foundation. Of those amounts, \$389,996 was receivable by the University and payable by the Foundation at year end. Copies of the separately issued financial statements of the Foundation can be obtained by sending a request to the following address: Executive Director, Coastal Educational Foundation, University Advancement, P.O. Box 261954, Conway, South Carolina, 29528-6054.

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using 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 auxiliary enterprise fees are presented net of scholarships and fellowships 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 University has elected not to apply all applicable GASB pronouncements and, in accordance with GASB Statement No. 20, has elected to apply only those Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, which are not in conflict with GASB standards.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the University and its component unit consider 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.

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students, gift pledges and auxiliary enterprise services provided to students, faculty and staff. 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 University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories and Prepaid Items

Inventories are carried at the lower of cost or market determined on a moving weighted average basis. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

COASTAL CAROLINA UNIVERSITY
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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 University follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The University capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 12 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 the year the asset is placed in service and no depreciation is taken in the year of disposition.

Unearned Revenues

Unearned 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. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement. Also included in unearned revenue are non-operating State grant funds received but not yet expended for their restricted purpose and amounts paid in advance for football tickets.

Compensated Absences

Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued vacation 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.

Federal Perkins Loans Receivable and Related Liability

The loans receivable on the balance sheet are due to the University under the federal Perkins loan program. This program is funded primarily by the federal government with the University providing a required match. The amount reported as federal loan liability is the amount of cumulative federal contributions and a pro-rata share of net earnings on the loans under this program which would have to be repaid to the federal government if the University ceases to participate in the program.

Net Assets

The University's net assets are classified as follows:

Invested in capital assets, net of related debt: Assets invested in capital assets, net of related debt, represents the University'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 in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

COASTAL CAROLINA UNIVERSITY
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Restricted net assets - nonexpendable: Nonexpendable restricted net assets consist of endowment and similar type funds in 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 and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, as well as to repair and renovations to the physical plant, and may be used at the discretion of the governing board to meet current expenses for any purpose.

The University policy for applying expenses that can use both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources then to unrestricted resources.

Classification of Revenue and Expense

The University classifies its revenues and expenses as either operating or non-operating depending on whether or not they generally result from exchange transactions arising in connection with its principal on-going activity, the provision of higher education. Operating revenues include (1) student tuition and fees received in exchange for providing educational services, housing, and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients or eligibility criteria; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the University; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the University would not otherwise undertake. Operating expenses result from providing the goods and services exchanged for the respective revenues.

All revenues and expenses not meeting the definition of operating revenues are reported as non-operating revenues and expenses. Such transactions generally arise from activities that have characteristics of non-exchange transactions. Examples include gifts and contributions, government 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.

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 revenue, expenses, and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, 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 nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance. Scholarships for certain individuals that are required by State law or out-of-state fee differential abatements facilitated by intra-state agreements are recorded as neither tuition and fee revenue nor scholarship 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 University receives such

COASTAL CAROLINA UNIVERSITY
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revenues primarily from grant-related activities, rental of University space, travel-study courses, research and public service centers, and the physical education center.

Auxiliary Enterprises and Internal Service Activities

Auxiliary enterprise revenues primarily represent revenues generated by housing, bookstore, vending/canteen, food service and health service activities. Transactions between the University and its auxiliary enterprises activities have been eliminated.

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. Governments are exempt from the rebate requirement if they meet certain temporary investment tests, if their bond proceeds are "available construction proceeds", or if they issue no more than \$5 million in total of all such debt in a calendar year. For this purpose, tax-exempt indebtedness includes bonds and certain capital leases and installment purchases. Potential rebate liability must be calculated annually, and the actual liability must be paid every five years or at maturity of the debt, whichever is earlier. The University has no rebatable arbitrage liability at June 30, 2004.

Income Taxes

The University, 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. The Foundation is exempt from income tax under the provisions of Internal Revenue Code Section 501(c)(3). No provision for income taxes has been made.

Use of Estimates

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 and affect disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Significant Component Unit Accounting Policies

Coastal Educational Foundation's net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as unrestricted, temporarily restricted or permanently restricted net assets. Unrestricted net assets are not subject to donor-imposed stipulations. Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time. Permanently restricted net assets are assets subject to donor-imposed stipulations that they be maintained permanently by the organization. Generally, all or part of the income earned on any related investments may be used for general or specific purposes.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Expenses are reported as decreases in unrestricted, undesignated net assets as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted, undesignated or unrestricted, designated net assets unless their use is restricted by explicit donor stipulation.

Unconditional promises to give due in the next year are recorded as received at their net realizable value. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to

COASTAL CAROLINA UNIVERSITY
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June 30, 2004

discount the amounts. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year end.

NOTE 2—DEPOSITS AND INVESTMENTS

All deposits of the University are under the control of the State Treasurer who, by law, has sole authority for investing State funds. Deposits and investments of the University's component unit are not under the State Treasurer's control and are deposited with or invested by financial institutions or brokers.

The following schedule reconciles deposits reported within the notes to the statement of net assets amounts:

<u>Per Statement of Net Assets:</u>		<u>Deposits and Investments Plus Reconciling Items Per Notes:</u>	
Current assets		Cash on hand	\$ 3,771,662
Cash and cash equivalents	\$ 11,016,397	Deposits held by State Treasurer	7,347,669
Noncurrent assets		Total per the Notes plus reconciling items	<u>\$ 11,119,331</u>
Cash and cash equivalents	<u>102,934</u>		
Total Per Statement of Net Assets	<u>\$ 11,119,331</u>		

Deposits Held by 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, 2004, 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, and credit risk of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

Restricted current assets of the University at June 30, 2004 include restricted cash deposits of \$1,246,823 for capital projects, \$28,789 held in endowment earnings, and \$49,122 in the federal Perkins loan program. Restricted non-current assets represent cash deposits of \$102,934 in endowment funds.

Component Unit Deposits and Investments

The Coastal Educational Foundation maintains its cash accounts at one financial institution. All cash accounts are insured in the aggregate by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At June 30, 2004, the Foundation's cash balances totaled \$2,080,699, of which \$100,000 was covered by the FDIC

The Foundation carries at fair value those marketable equity securities with readily determinable fair market values. The Foundation carries investments in non-publicly traded securities of closely held entities with no readily determinable market value at the fair value established at the date of donation. Investments at June 30, 2004 consisted of the following:

Publicly traded mutual funds	\$ 11,659,164
Publicly traded common stock	75,002
Non-publicly traded investments	<u>205,967</u>
Total investments	<u>\$ 11,940,133</u>

COASTAL CAROLINA UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

NOTE 3—ACCOUNTS RECEIVABLE

University current and non-current receivables for June 30, 2004 are as follows:

<u>Current Accounts Receivable:</u>	
Student accounts receivable	\$ 494,704
Less allowance for uncollectibles	(111,490)
Student accounts receivable, net	383,214
Third party receivables	109,864
Accrued interest and endowment income receivable	102,905
Federal grants and contracts receivable	336,680
State grants and contracts receivable	2,290
Other grants and contracts receivable	96,541
CCU Student Housing Foundation	509,146
Coastal Carolina Booster Club	240,000
Gifts receivable	143,394
Other receivables	142,795
Net total current receivables	<u>\$ 2,066,829</u>
 <u>Non-current Accounts Receivable:</u>	
Loans to students	\$ 1,288,461
Less allowance for uncollectibles	(112,966)
Net loans to students	<u>\$ 1,175,495</u>

Allowances for uncollectible accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio.

Component Unit Receivables

At June 30, 2004, the Coastal Educational Foundation receivables were as follows:

Accounts receivable	\$ 2,876
Pledges receivable less than one year	785,577
Pledges receivable one to four years	2,474,171
Total pledges receivable	3,262,624
Less unamortized discounts of pledges receivable	(517,494)
Less allowance for uncollectible pledges receivable	(180,535)
Net accounts and pledges receivable	<u>\$ 2,564,595</u>

Unconditional promises to give expected to be collected in future years are reported at the present value of their estimated future cash flows discounted at rates ranging from 4.25% to 5.00% percent.

COASTAL CAROLINA UNIVERSITY
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NOTE 4—LOANS RECEIVABLE

Student loans made through the Federal Perkins Loan Program of the University comprise all of the loans receivable as of June 30, 2004. The Perkins Loan program provides various repayment options; students have the right to repay the loans over periods up to 10 years depending on the amount of the loan and loan cancellation privileges the student decides to exercise. As the University determines that loans are uncollectible, the loans are written off and assigned to the United States Department of Education. At June 30, 2004, the allowance for uncollectible student loans is valued at \$112,966.

NOTE 5—CAPITAL ASSETS

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

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

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

COASTAL CAROLINA UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

NOTE 6—ENDOWMENTS

The University holds one permanent endowment of \$100,000. The cash and cash equivalents, with a fair market value at June 30, 2004 of \$102,934 are recorded in non-current assets, restricted cash. If a donor has not provided specific instructions otherwise, section 34-6-20 of the South Carolina Code of laws permits the Board of Trustees to authorize for expenditure the net appreciation (realized and unrealized) over historical dollar value of the endowment funds. The income earned on the endowment is spent for the purpose for which it was established, faculty research support. It is the University's policy to authorize and spend investment income only to the extent it is available at the most recent June 30. At June 30, 2004, the income available to be spent was \$28,789.

NOTE 7—UNEARNED REVENUE

Unearned revenue for the University at year-end is comprised of tuition prepayments of \$481,243, housing prepayments of \$230,285, State grant funds of \$6,489, advance football ticket sales of \$171,488, advance catering commissions of \$642,857 and miscellaneous deposits of \$2,000.

NOTE 8— LEASE OBLIGATIONS

Operating Leases

The University leases copiers in accordance with operating leases with fixed annual payments and terms of one year or less. Copier lease payments for the fiscal year were \$178,797.

Capital Leases

The University has entered into two lease agreements as lessee in order to finance the acquisition of pianos and various other pieces of equipment. The first lease is payable in annual installments of \$54,558, including interest at 8.15%, through fiscal 2008, and the second is payable in annual installments of \$111,969, including interest at 3.09%, through fiscal 2011. These lease agreements qualify as capital leases for accounting purposes and therefore have been recorded at the present value of their future minimum lease payments as of their inception dates.

Carrying value of the leased assets is \$772,894, net of accumulated depreciation of \$144,090.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2004 were as follows:

<u>Year ending June 30</u>	<u>Capital Lease Payments</u>
2005	\$ 166,527
2006	166,527
2007	166,527
2008	166,527
2009	111,969
2010-2011	167,952
Total minimum lease payments	946,029
Less: Interest	(111,099)
Present value of minimum lease payments	<u>\$ 834,930</u>

COASTAL CAROLINA UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

NOTE 9—BONDS PAYABLE

For the University, bonds payable consisted of the following at June 30, 2004:

		Balance at Inception	Interest Rates	Maturity Dates	Balance June 30, 2004
Revenue Bonds					
Series 1999S	\$	24,545,000	4.875% to 5.3%	6/1/2026	\$ 22,330,000
Series 2004 Refunded		13,895,000	4.09%	6/1/2018	<u>3,885,000</u>
Total Revenue Bonds					26,215,000
State Institution General					
Obligation Bonds	\$	8,750,000	3.25% to 4.625%	9/1/2022	<u>8,490,000</u>
Total Bonds Payable					<u>\$ 34,705,000</u>

Revenue bonds are payable from and secured by a pledge of net revenues derived by the University from the operation of the facilities constructed with the bond proceeds, and by a pledge of additional funds, which are all available funds and academic fees of the University except for those which are not (i) otherwise designated or restricted; (ii) funds derived from State appropriations; and (iii) tuition funds pledged to the repayment of State institution bonds, if any. The University has also secured insurance contracts for its revenue bonds which guarantee payment of principal and interest, in the case such required payment has not been made, for a period equal to the final maturity of the bonds. Certain of the bonds payable are callable at the option of the University.

State institution bonds are general obligation bonds backed by the full faith, credit, and taxing power of the State. Tuition revenue is pledged in the amount of \$100 per full time student and \$10 per graduate credit hour. The legal debt margin for general obligation bonds is that the maximum amount of annual debt service shall not exceed ninety percent of the sums received from tuition and fees for the preceding fiscal year. Tuition bonds fees for the preceding year were \$864,426, which results in a legal annual debt service of June 30, 2004 of \$777,983.

The scheduled maturities of the bonds payable by type are as follows:

		Principal	Interest	Payments
<u>Revenue Bonds</u>	2005	<u>790,000</u>	<u>1,302,197</u>	<u>2,092,197</u>
	2006	825,000	1,271,891	2,096,891
	2007	870,000	1,233,297	2,103,297
	2008	905,000	1,192,690	2,097,690
	2009	945,000	1,150,314	2,095,314
	2010-2014	5,455,000	5,041,772	10,496,772
	2015-2019	6,515,000	3,922,472	10,437,472
	2020-2023	3,815,000	2,221,760	6,036,760
		6,095,000	646,070	6,741,070
		<u>\$26,215,000</u>	<u>\$17,982,463</u>	<u>\$44,197,463</u>

COASTAL CAROLINA UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

		Principal	Interest	Payments
<u>General Obligation Bonds</u>	2005	270,000	338,457	608,457
<u>(State Institution Bonds)</u>	2006	285,000	329,439	614,439
	2007	300,000	319,932	619,932
	2008	315,000	309,939	624,939
	2009	335,000	298,958	633,958
	2010-2014	1,945,000	1,293,325	3,238,325
	2015-2019	2,510,000	850,203	3,360,203
	2020-2023	2,530,000	237,875	2,767,875
		<u>\$8,490,000</u>	<u>\$3,978,128</u>	<u>\$12,468,128</u>

Defeased Debt

On June 16, 2004, the University issued Auxiliary Facilities Revenue Bonds, Series 2004, in the amount of \$3,885,000 with an average interest rate of 4.09%. Proceeds were used to advance refund the \$3,780,000 balance of Series 1994 bonds which had an average interest rate of 6.5%. Of the remainder, \$75,600 was used to pay a redemption premium, and \$11,017 was used to pay accrued interest, and \$18,383 was used to pay issuance costs for the Series 2004 bonds. The aggregate difference in debt service between the refunded debt and the refunding debt is \$545,024. The University's economic gain on the transaction is \$499,097.

NOTE 10—LONG-TERM LIABILITIES

Long-term liability activity for the University for the year ended June 30, 2004 was as follows:

	Balance June 30, 2003	Additions	Reductions	Balance June 30, 2004	Due Within One Year
Bonds Payable					
General Obligation Bonds	\$ 8,750,000	\$ -	\$ 260,000	\$ 8,490,000	\$ 270,000
Revenue Bonds	26,855,000	3,885,000	4,525,000	26,215,000	790,000
Total Bonds Payable	<u>35,605,000</u>	<u>3,885,000</u>	<u>4,785,000</u>	<u>34,705,000</u>	<u>1,060,000</u>
Capital Lease Obligations	216,978	700,000	82,048	834,930	132,329
Perkins loan fund liability	1,361,423	44,357	-	1,405,780	-
Accrued Compensated Absences	<u>1,580,705</u>	<u>311,686</u>	<u>127,180</u>	<u>1,765,211</u>	<u>169,507</u>
Total Long-Term Liabilities	<u>\$38,764,106</u>	<u>\$ 4,941,043</u>	<u>\$4,994,228</u>	<u>\$38,710,921</u>	<u>\$1,361,836</u>

Additional information regarding Capital Lease Obligations is included in Note 8. Additional information regarding Bonds Payable is included in Note 9.

COASTAL CAROLINA UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

NOTE 11—OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2004 are summarized as follows:

Functional Classification	Natural Classification						Total
	Personnel Costs and Benefits	Services and Supplies	Utilities	Scholarships	Depreciation		
Instruction	\$ 21,561,103	\$ 4,189,062	\$ 48,453	\$ -	\$ -	\$	25,798,618
Research	344,873	617,110	4,364	-	-		966,347
Public Service	924,796	607,771	711	-	-		1,533,278
Academic Support	3,664,659	816,617	4,630	-	-		4,485,906
Student Services	5,770,138	3,537,215	34,072	-	-		9,341,425
Institutional Support	4,953,731	1,325,366	95,339	-	-		6,374,436
Plant Operation	3,564,285	2,191,325	1,575,261	-	-		7,330,871
Scholarships	248,139	-	-	4,753,108	-		5,001,247
Auxiliary Enterprises	1,072,356	1,899,865	537,276	-	-		3,509,497
Depreciation	-	-	-	-	2,768,983		2,768,983
Total Expenses	\$ 42,104,080	\$ 15,184,331	\$ 2,300,106	\$ 4,753,108	\$ 2,768,983	\$	67,110,608

NOTE 12—PENSION PLANS

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. The financial statements of the Retirement Division may also be found on the State Auditor's website: www.osa.state.sc.us. 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 on average final compensation.

South Carolina Retirement System

The majority of employees of Coastal Carolina University 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 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 adjustment, death, and group-life insurance benefits to eligible employees and retirees.

COASTAL CAROLINA UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

Employees participating in the SCRS are required to contribute 6.0 percent of all compensation. Effective July 1, 2003, the employer contribution rate became 10.85 percent, which included a 3.30 percent surcharge to fund retiree health and dental insurance coverage. The University's actual contributions to the SCRS for the three most recent fiscal years ending June 30, 2004, 2003, and 2002, were \$1,546,955, \$1,448,596, and \$1,319,320, respectively, and equaled the required contributions of 7.55 percent (excluding the surcharge) for each year. Also, Coastal Carolina University paid employer group-life insurance contributions of \$30,726 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 full-time employees who are policemen and firemen 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 fund which provides annuity 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.

Employees participating in the PORS are required to contribute 6.5 percent of all compensation. Effective July 1, 2003, the employer contribution rate became 13.60 percent, which, as for the SCRS, included the 3.30 percent surcharge. The University's actual contributions to the PORS for the years ending June 30, 2004, 2003, and 2002 were \$37,639, \$36,943, and \$33,269, respectively, and equaled the required contributions of 10.3 percent (excluding the surcharge) for each year. Also, the University paid employer group-life insurance contributions of \$731 and accidental death insurance contributions of \$731 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 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 irrevocably waive SCRS membership within their first fifteen days of employment.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 7.55 percent plus the retiree surcharge of 3.30 percent from the employer in fiscal year 2004.

Certain of the Coastal Carolina University's employees have elected to be covered under optional retirement plans. For the fiscal year, total contribution requirements to the ORP were \$649,925 (excluding the surcharge) from the University as employer and \$516,497 from its employees as plan members. 6.00 percent of all contributions was remitted to the Retirement Division of the State Budget and Control Board and 11.00 percent of all contributions was remitted directly to the respective annuity policy providers. The obligation for payment of benefits resides with the insurance companies.

COASTAL CAROLINA UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

Deferred Compensation Plans

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of Coastal Carolina University have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. 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. Because participants are considered retired during the TERI period, they do not make SCRS contributions, do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits.

NOTE 13—POST-EMPLOYMENT AND OTHER EMPLOYEE BENEFITS

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State of South Carolina provides certain health care, dental, and life insurance benefits to certain active and retired State employees and certain surviving dependents of retirees. All permanent full-time and certain permanent part-time employees of Coastal Carolina University are eligible to receive these benefits. The State provides post-employment health and dental benefits to employees who retire from State service or who terminated with at least 20 years of State service who meet one or more of the eligibility requirements, such as age, length of service, and hire date. Generally those who retire must have at least 10 years of retirement service credit to qualify for these State-funded benefits. Benefits are effective at date of retirement when the employee is eligible for retirement benefits.

These benefits are provided through annual appropriations by the General Assembly to Coastal Carolina University for its active employees and to the State Budget and Control Board for all participating State retirees except the portions funded through the pension surcharge and provided from other applicable fund sources of the University for its active employees who are not funded by State General Fund appropriations. The State finances health and dental plan benefits on a pay-as-you-go basis.

Coastal Carolina University recorded compensation and benefit expenses for these insurance benefits for active employees in the amount of \$2,315,581 for the year ended June 30, 2004. As discussed in Note 12, the University paid \$972,104 applicable to the 3.30 percent surcharge included with the employer contributions for retirement benefits. These amounts were remitted to the South Carolina Retirement Systems for distribution to the Office of Insurance Services for retiree health and dental insurance benefits.

Information regarding the cost of insurance benefits applicable to Coastal Carolina University retirees is not available. By State law, the University has no liability for retirement benefits. Accordingly, the cost of providing these benefits for retirees is not included in the accompanying financial statements.

In addition, the State General Assembly periodically directs the Retirement Systems to pay supplemental (cost of living) increases to retirees. Such increases are primarily funded from Systems' earnings; however, a portion of the required amount is appropriated from the State General Fund annually for the SCRS and PORS benefits.

COASTAL CAROLINA UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

NOTE 14—RELATED PARTIES

There are several separately chartered legal entities which do not meet the criteria established by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14*, to be treated as component units of the University. These entities include the CCU Student Housing Foundation, the Horry County Higher Education Commission, the Georgetown County Advisory Board for Coastal Carolina University, and the Coastal Carolina Booster Club, Inc. While they are not financially accountable to the University, these organizations exist primarily to provide financial assistance and other support to the University and its educational program. The activities of these entities are not included in the University's financial statements. However, the University's statements for the year ended June 30, 2004, include significant transactions between them and the University which are as follows:

The CCU Student Housing Foundation

The CCU Student Housing Foundation (the Housing Foundation) is a not-for-profit corporation which was organized in June 2002 to provide housing for students at Coastal Carolina University. The initial project, which was occupied in the 2003 fall semester, included eleven residence buildings and a clubhouse located approximately one-half miles from the University campus. A second phase of housing, located at the same site as the first, will be ready for occupancy in August 2004. Construction has been financed by revenue bonds issued by the South Carolina Jobs-Economic Development Authority. The Housing Foundation's revenue is room fees paid by students. At June 30, 2004, the Foundation had assets of \$41,459,812.

Beginning August 1, 2003, the Housing Foundation entered into a management agreement with Coastal Carolina University to market, operate, and maintain phase I of the student residence project. The agreement provides that the University receive 4 percent of collected revenues and an additional 2 percent after applicable debt ratios and bond covenants are met. The agreement is for one year ending July 31, 2004, but may be renewed annually under substantially similar terms. During the year, the Housing Foundation paid the University \$86,453 in management fees, \$1,747 of which was payable at year end.

The Horry County Higher Education Commission

The Horry County Higher Education Commission was created by Act No. 114 in the 1959 Session of the South Carolina General Assembly. The Commission is composed of sixteen members who are appointed by the Horry County Legislative Delegation. The Commission is responsible for providing resources to meet the goals and carry out the mission of Coastal Carolina University, and to expend funds, including proceeds of bonds issued by Horry County, to provide buildings and equipment for the University. The Commission receives an annual appropriation from Horry County to accomplish these objectives. During the year ended June 30, 2004, the Commission made grants to Coastal Carolina University totaling \$1,120,140, none of which was receivable at year end. Of the total, \$69,317 was for scholarships, \$147,500 was for academic enhancement projects, and \$903,323 was for capital improvements. The Commission leases its land and buildings to the University at a below-market rental under terms of annual leases. Rent paid by the University during fiscal 2004 was \$24,000, none of which was payable at year end. Also, as required by the lease, the University insures the Commission's buildings and improvements. The University provides accounting and cash management services to the Commission at no charge, including management of the operating portion of its cash. At June 30, 2004, the Commission had assets of \$2,139,078.

COASTAL CAROLINA UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

Georgetown County Advisory Board for Coastal Carolina University

Georgetown County annually appropriates funds to support the mission of Coastal Carolina University in Georgetown County. The Georgetown County Advisory Board for Coastal Carolina University is responsible for the budgeting and distribution of these funds. During the year ending June 30, 2004, the University recorded no revenue from the Advisory Board. Expenditures made on behalf of the University for scholarships and the development of facilities in Georgetown County were approximately \$128,000.

Coastal Carolina Booster Club, Inc.

The Booster Club, also known as the Chanticleer Club, was organized solely to raise funds for Coastal Carolina University's athletics programs. During the year ended June 30, 2004, the Club donated \$501,560 to University athletics programs, of which, \$240,000 was payable at year end. The Club receives management and accounting services from the University. At June 30, 2004, the Club had assets of \$464,850.

Transactions with the State of South Carolina

The University has significant transactions with the State of South Carolina and various State agencies. The University receives various business, banking and legal services at no cost, and purchases various goods and services from State agencies and component units. The amounts of such expenditures for 2004 are not readily available. At June 30, 2004, accounts receivable included \$100,159 due from other State agencies for Federal and State sponsored projects, and accounts payable included \$23,228 due to other State agencies, primarily for the purchase of vehicles, fleet maintenance and communications services.

NOTE 15—RISK MANAGEMENT

The University is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

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 the risk for the following claims of covered employees:

- Unemployment compensation benefits
- Worker's compensation benefits for job-related illnesses or injuries
- Health and dental insurance benefits
- Long-term disability and group-life insurance benefits

Employees elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

The University and other entities pay premiums to the State's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities:

- Theft, damage to, or destruction of assets
- Real property, its contents, and other equipment
- Motor vehicles and watercraft
- Torts
- Natural disasters
- Malpractice by counselors and athletic trainers

The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

COASTAL CAROLINA UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

The University obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation and for officers' and directors' errors and omissions.

NOTE 16—CONTINGENCIES AND LITIGATION

The University 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.

The University is a defendant in various legal actions the outcome of which is not presently determinable. In the opinion of the University's counsel, the resolution of these matters will not have a material adverse effect on the University's financial position.

NOTE 17—SUBSEQUENT EVENT

In July 2004, the University paid \$205,961, including \$180,103 of principal and \$25,859 of interest, to retire a capital lease which was originally scheduled to mature in the year ended June 2008.

COASTAL CAROLINA UNIVERSITY
SCHEDULE OF INFORMATION ON BUSINESS-TYPE ACTIVITIES REQUIRED FOR THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES IN THE STATE COMPREHENSIVE
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2004

	2004	2003	Increase (Decrease)
Charges for services	\$ 55,157,891	\$ 44,461,094	\$ 10,696,797
Operating grants and contributions	1,398,300	1,976,491	(578,191)
Capital grants and contributions	1,694,457	210,503	1,483,954
Less: expenses	<u>(68,994,299)</u>	<u>(60,227,632)</u>	<u>(8,766,667)</u>
Net program revenue (expense)	<u>(10,743,651)</u>	<u>(13,579,544)</u>	<u>2,835,893</u>
General revenues:			
Earnings on investments	-	-	-
Special items	-	-	-
Extraordinary items	-	-	-
Contributions to permanent and term endowments	-	-	-
Transfers:			
State appropriations	11,220,170	12,579,167	(1,358,997)
State capital improvement bond proceeds	178,719	3,821,281	(3,642,562)
Other transfers in from state agencies	<u>1,959,611</u>	<u>620,695</u>	<u>1,338,916</u>
Total general revenue and transfers	<u>13,358,500</u>	<u>17,021,143</u>	<u>(3,662,643)</u>
Changes in net assets	2,614,849	3,441,599	(826,750)
Net assets - beginning	<u>58,541,403</u>	<u>55,099,804</u>	<u>3,441,599</u>
Net assets - ending	<u>\$ 61,156,252</u>	<u>\$ 58,541,403</u>	<u>\$ 2,614,849</u>

COASTAL CAROLINA UNIVERSITY
SCHEDULE RECONCILING STATE APPROPRIATION PER THE FINANCIAL STATEMENTS
TO STATE APPROPRIATION RECORDED IN STATE ACCOUNTING RECORDS
For the Year Ended June 30, 2004

Following is a reconciliation of the original base budget amount presented in the General Funds Column of Section 5F of Part IA of the 2003-2004 Appropriation Act enacted by the South Carolina General Assembly to State appropriations revenue reported in the financial statements for the year ended June 30, 2004:

Non-capital appropriation:

Original appropriation	\$ 11,327,050
Less, appropriation reductions	
Sequestered, 1%	(113,271)
State Budget and Control Board allocations for	
Employee base pay increases and related employee benefits	-
SC Endowment Incentive Act of 1997	<u>6,391</u>
Total non-capital appropriation	<u><u>11,220,170</u></u>

Capital improvement bond proceeds:

Total capital improvement bond proceeds	4,000,000
Less amount recognized as revenue in fiscal year 2003	<u>(3,821,281)</u>
Capital improvement bond proceeds per South Carolina Comptroller General's schedule	
of capital improvement draws for the year ended June 30, 2004*	<u>\$ 178,719</u>

*Capital appropriations of \$1,060,586 in the Statement of Revenues, Expenses and Changes in Net Assets include \$881,867 in local appropriations and \$178,719 in State appropriations.

COASTAL CAROLINA UNIVERSITY
SCHEDULE OF TUITION FEES FOR THE YEAR ENDED JUNE 30, 2004
For the Year Ended June 30, 2004

South Carolina Code of Laws Section 59-107-90 requires 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 (as defined by Code Section 59-107-30) for the preceding year. The applicable amount for the year ended June 30, 2004 is as follows:

Amount of tuition fees as defined by Code Section 59-107-30 for the fiscal year ended June 30, 2003	<u>\$ 864,426</u>
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Legal annual debt service limit at June 30, 2004	<u>\$ 777,983</u>
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COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT



STATISTICAL SECTION

The statistical information presented in this section is provided by the Coastal Carolina University Office of the Executive Vice President and is unaudited. Where appropriate, the information includes data and projections for the 2004-2005 fiscal year.

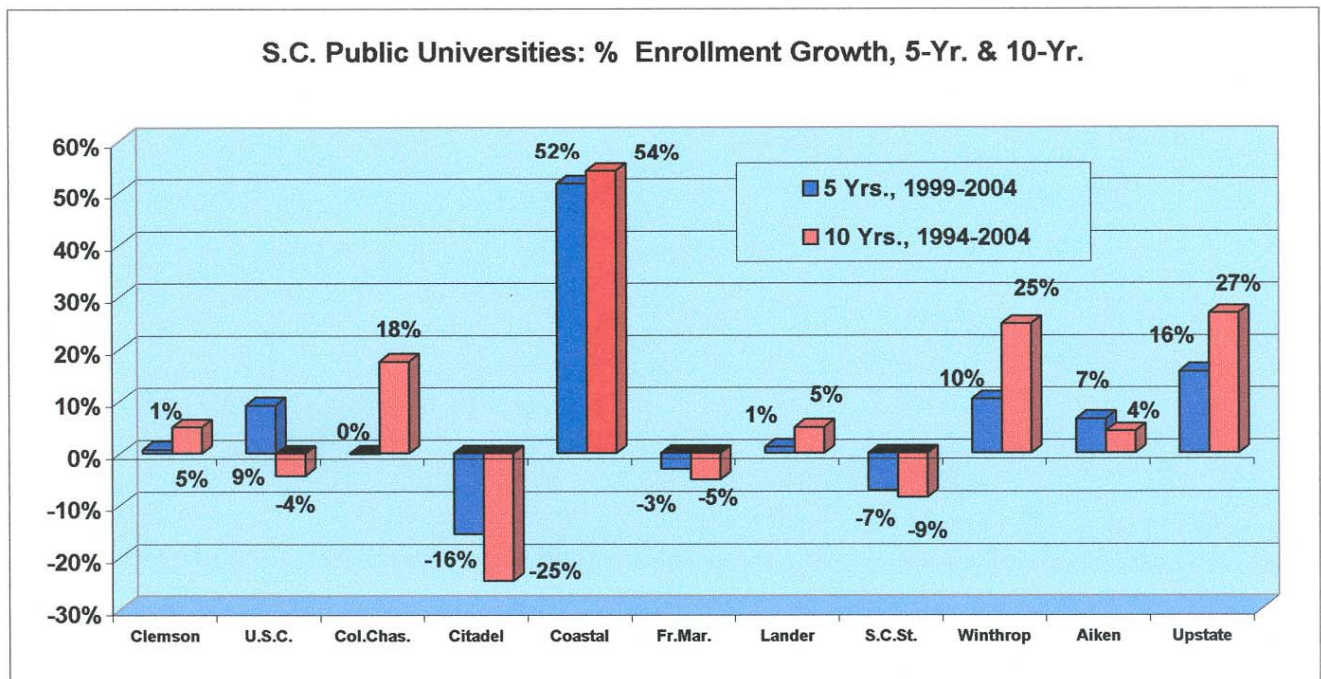
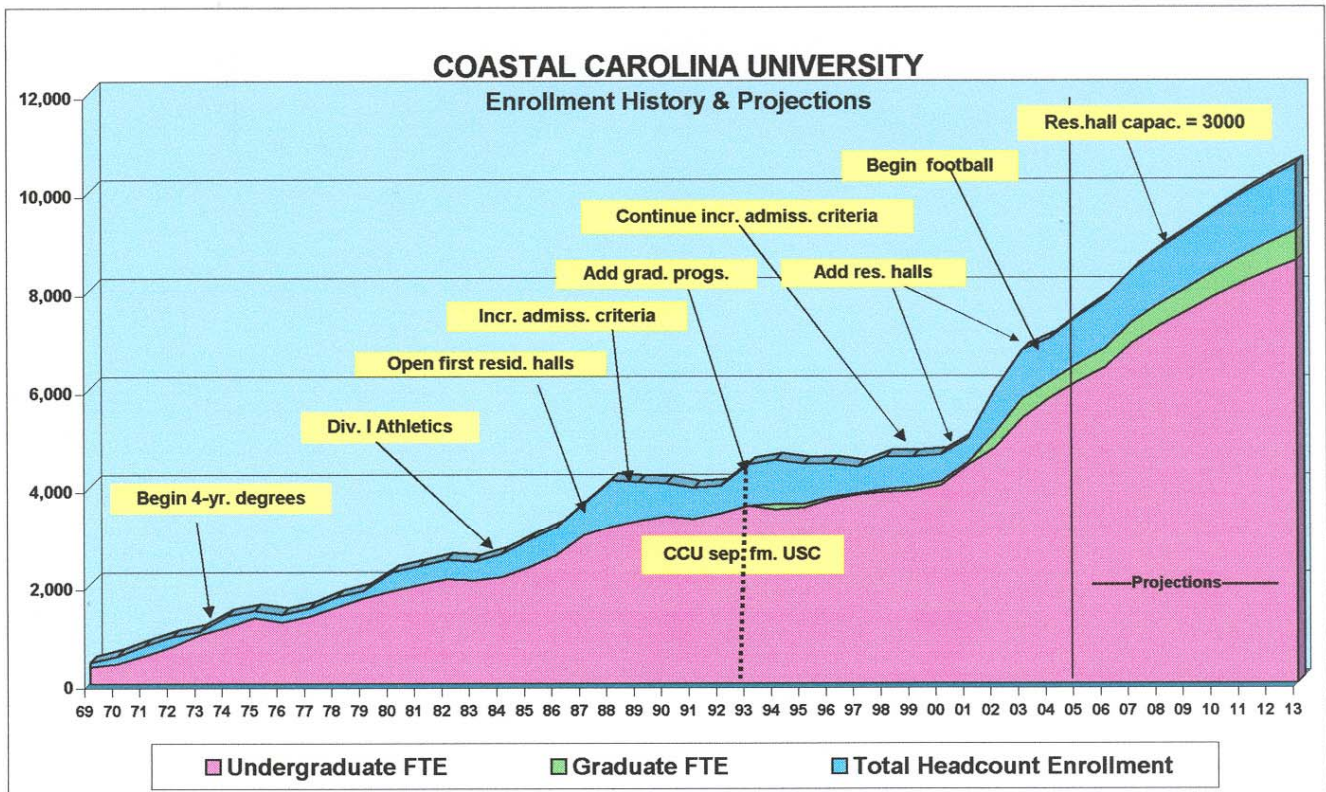
ENROLLMENT FACTS, FALL 2004

- Total Enrollment – 7,021; Graduate 1,001, Undergraduate 6,020
- FTE Enrollment – 6,141; Graduate 334; Undergraduate 5,807
- SC Residents – 60% (graduate and undergraduate)
- Male/Female Undergraduate Ratio – 48%:52%
- Full-Time Students, Undergraduate – 89%
- Traditional Age Students (25 & Under), Undergraduate– 92%
- Students Living on Campus (including University Place) – 2,093

ENROLLMENT TRENDS

Coastal Carolina University has experienced more than three decades of sustained growth. The graph on the facing page tracks both the headcount enrollment and the full-time equivalent (FTE) enrollment since 1969. Based on this long trend line, and on admissions data and projections, projections for the next decade are assumed to continue the trend. The growth rate for succeeding decades actually decreases in percentage growth. As demonstrated on some of the following pages, not only the number but the quality of Coastal's students has continued to increase. The overall upward spiral of increased reputation of the university, combined with improved academic, athletics, and campus life programs, have resulted in a broader and better qualified pool of applicants as well as a geographically broader interest in Coastal Carolina University.

Coastal Carolina University has exceeded all other South Carolina public universities in percentage growth, when compared over the last five-year as well as the last ten-year periods. Coastal's ten-year growth in total headcount enrollment of 54 percent reflects the dramatic changes which have occurred throughout the institution during the past decade.



S.M. HORNER
November 10, 2004

COASTAL CAROLINA UNIVERSITY
20 YR. ENROLLMENT HISTORY AND 10 YR. PROJECTIONS

Fall Semester											
FALL Semester	Headcount Enrollment					FULL-TIME Enrollm.	%	F.T.E. Enrollment			
	Undergrad	% Growth	Graduate	% Growth	Total			Undergrad.	Grad.	Total	% Growth
1982	2,512		0		2,512	1,761		2,113		2,113	
1983	2,470	-1.7%	0		2,470	1,742	-1.1%	2,093		2,093	-0.9%
1984	2,631	6.5%	0		2,631	1,810	3.9%	2,148		2,148	2.6%
1985	2,923	11.1%	0		2,923	2,005	10.8%	2,353		2,353	9.5%
1986	3,176	8.7%	0		3,176	2,266	13.0%	2,607		2,607	10.8%
1987	3,650	14.9%	0		3,650	2,587	14.2%	3,005		3,005	15.3%
1988	4,135	13.3%	0		4,135	2,747	6.2%	3,190		3,190	6.2%
1989	4,101	-0.8%	0		4,101	2,922	6.4%	3,301		3,301	3.5%
1990	4,080	-0.5%	0		4,080	3,008	2.9%	3,396		3,396	2.9%
1991	3,983	-2.4%	0		3,983	2,974	-1.1%	3,340		3,340	-1.6%
1992	4,023	1.0%	0		4,023	3,113	4.7%	3,455		3,455	3.4%
1993	4,194	4.3%	259		4,453	3,032	-2.6%	3,610		3,610	4.5%
10 Yr. Summary, 1983-1993											
10 Yr.Tot.		69.8%			1,983	80.3%	#	1,290	74.1%		72.5%
10 Y.Av.*		7.0%				8.0%			7.4%		7.2%
1993	4,194	4.3%	259		4,453	3,032	-2.6%	3,610		3,610	4.5%
1994	4,198	0.1%	344	32.8%	4,542	3,270	7.8%	3,541	105	3,646	1.0%
1995	4,200	0.0%	268	-22.1%	4,468	3,098	-5.3%	3,576	80	3,656	0.3%
1996	4,304	2.5%	173	-35.4%	4,477	3,393	9.5%	3,744	49	3,793	3.7%
1997	4,283	-0.5%	125	-27.7%	4,408	3,547	4.5%	3,845	29	3,874	2.1%
1998	4,487	4.8%	128	2.5%	4,615	3,625	2.2%	3,894	49	3,943	1.8%
1999	4,370	-2.6%	245	91.2%	4,615	3,572	-1.5%	3,919	72	3,991	1.2%
2000	4,254	-2.7%	399	62.9%	4,653	3,687	3.2%	4,026	75	4,101	2.8%
2001	4,771	12.2%	194	-51.4%	4,965	4,013	8.8%	4,428	59	4,487	9.4%
2002	5,058	6.0%	922	375.3%	5,980	4,488	11.8%	4,796	299	5,095	13.6%
2003	5,610	10.9%	1,170	26.9%	6,780	5,015	11.7%	5,392		5,795	13.7%
10 Yr. Summary, 1993-2003											
10 Yr.Tot.		33.8%		351.7%	2,327	52.3%		1,983	65.4%		49.4%
10 Y.Av.*		3.4%		35.2%		5.2%			6.5%		60.5%
2003	5,610	10.9%	1,170	26.9%	6,780	5,022	11.9%	5,392	403	5,795	13.7%
2004	6,020	7.3%	1,001	-14.4%	7,021	5,248	4.5%	5,807	334	6,141	6.0%
2005	6,351	5.5%	1,101	10.0%	7,452	5,468	4.2%	6,138	359	6,497	5.8%
2006	6,637	4.5%	1,189	8.0%	7,826	5,676	3.8%	6,420	386	6,806	4.8%
2007	7,135	7.5%	1,261	6.0%	8,395	5,846	3.0%	6,921	415	7,336	7.8%
2008	7,491	5.0%	1,336	6.0%	8,828	6,063	3.7%	7,267	446	7,713	5.1%
2009	7,791	4.0%	1,404	5.1%	9,195	6,281	3.6%	7,558	477	8,035	4.2%
2010	8,103	4.0%	1,475	5.0%	9,577	6,501	3.5%	7,860	508	8,368	4.1%
2011	8,386	3.5%	1,548	5.0%	9,935	6,728	3.5%	8,135	541	8,677	3.7%
2012	8,638	3.0%	1,626	5.0%	10,264	6,950	3.3%	8,379	574	8,953	3.2%
2013	8,854	2.5%	1,699	4.5%	10,553	7,180	3.3%	8,589	603	9,191	2.7%
Projected, 2003-2013											
10 Yr.Tot.		57.8%		45.2%	3,773	55.6%		2,158	43.0%		59.3%
10 Y.Av.		5.8%		4.5%		5.6%			4.3%		5.9%

NEW STUDENT ADMISSIONS, UNDERGRADUATE

FALL SEMESTER

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
APPLICATIONS RECEIVED							
Freshmen	2,473	2,420	2,533	3,094	3,603	4,527	5,041
Transfer	848	861	862	1,024	1,160	1,324	1,325
Other	570	535	557	591	448	479	497
Total	3,891	3,816	3,952	4,709	5,211	6,330	6,863
ACCEPTED FOR ADMISSION							
Freshmen	1,944	1,753	1,813	2,296	2,580	3,208	3,661
Transfer	654	667	699	766	852	953	975
Other	550	527	545	580	431	465	477
Total	3,148	2,947	3,057	3,642	3,863	4,626	5,113
Acceptances % of Applications	81%	77%	77%	77%	74%	73%	75%
DENIED ADMISSION							
Freshmen	415	567	669	710	906	1,285	1,309
Transfer	63	66	67	86	108	217	225
Other	9	1	2	3	2	4	2
Total	487	634	738	799	1,016	1,506	1,536
Denials % of Applications	13%	17%	19%	17%	19%	23%	22%
ENROLLED							
Freshmen	877	766	792	941	1,078	1,272	1,323
Transfer	457	470	486	513	545	626	587
Other	457	497	487	328	224	199	186
Total	1,791	1,733	1,765	1,782	1,847	2,097	2,096
Enrolled % of Applications	46%	45%	45%	38%	35%	33%	31%
PERCENT OF ACCEPTED APPLICANTS ENROLLING							
Freshmen	45%	44%	44%	41%	42%	40%	36%
Transfer	70%	70%	70%	67%	64%	66%	60%
Other	83%	94%	89%	57%	52%	43%	39%
Total	57%	59%	58%	49%	48%	45%	41%

QUALIFICATIONS OF ENTERING FRESHMEN

It is important to note that Coastal Carolina University's enrollment growth has been growth in quality as well as quantity of new students. The academic credentials of entering freshmen have improved steadily and significantly. Prior to 1988, Coastal functioned as an open-admissions institution. Admissions criteria were first increased for fall 1988, were increased again in 1993 at the time of separation from the University of South Carolina System, and again in fall 1997 and 1999. The 1997 and 1999 changes in criteria established minimums in both in SAT/ACT scores and in high school grade point averages on core subjects.

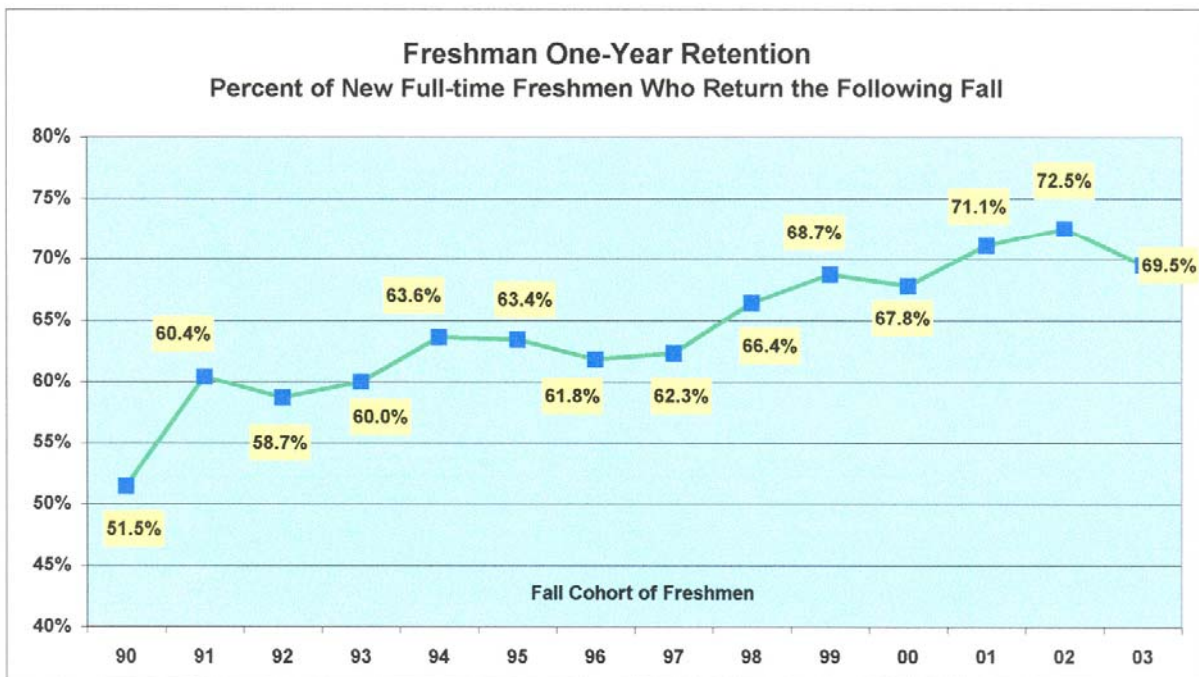
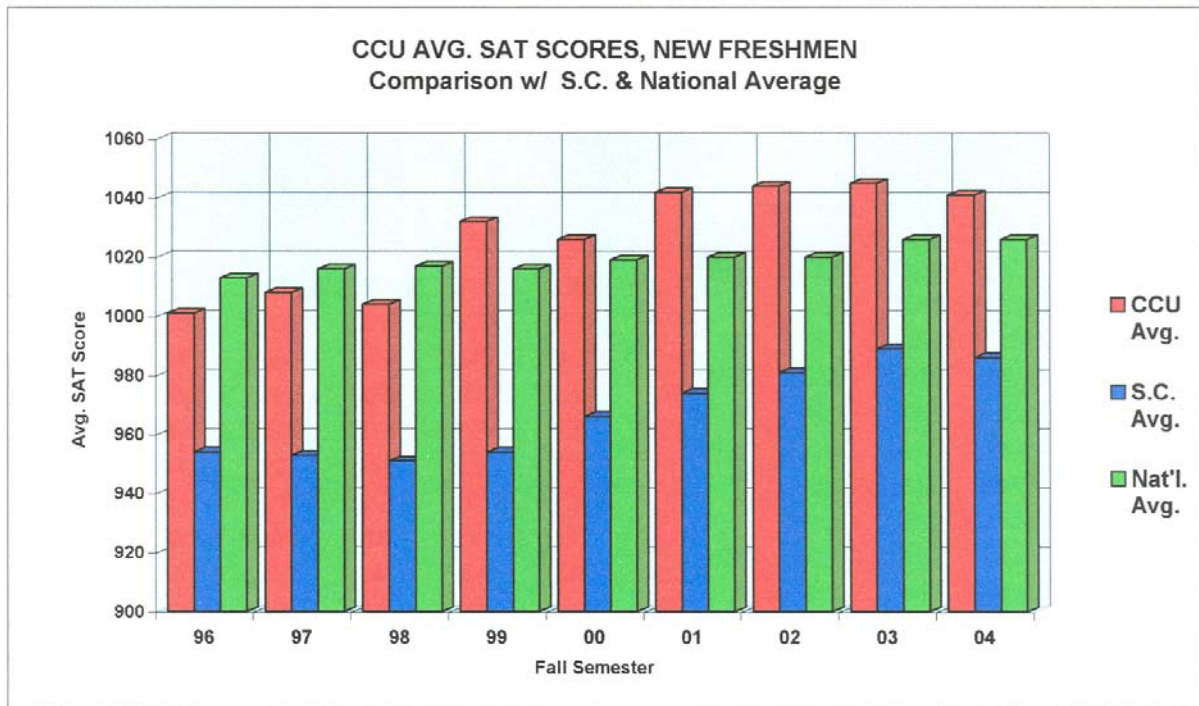
The graph on the facing page compares the past nine years of SAT scores for Coastal's entering freshmen to those of the state and national averages of SAT scores for the cohort of high school students taking the SAT. The fall 2004 average for Coastal's new freshmen of 1041 significantly exceeds the South Carolina statewide average. At the same time, the average high school grade point average (GPA) for first-time freshmen has increased from 2.74 to 3.31 during the nine-year period.

RETENTION

A high priority of President Ronald Ingle for Coastal Carolina University has been improving student retention. The one-year retention from the freshman to the sophomore year has increased approximately 20 percentage points over the past 14 years.

In the overall effort to improve retention, Coastal has added a faculty mentoring program, freshman success seminars, and academic faculty and departmental incentives for improving retention within academic majors. A special focus has been on improving campus life. Examples include: the addition of residence halls both on and adjacent to campus which have increased the number of students in residence halls from 500 students in 1993 to approximately 2,200 students in fall 2004, the addition of a new campus student health center, an increased emphasis on intramural and intercollegiate sports, including the development of women's soccer (2001) and NCAA Division I AA football (2003).

The Provost has increased departmental resources to serve as a stimulus for special efforts targeted at retaining students majoring in that department. A new Vice President for Student Affairs joined the Coastal administration in fall 2003, bringing a renewed emphasis on student services and campus involvement for all students, including living-learning communities.



ACADEMIC DEPARTMENTS

Organization

The academic areas are organized into four colleges -- Business, Education, Science, and Humanities and Fine Arts. The university offers 38 baccalaureate degree programs and six master's degree programs. Additionally, six undergraduate and graduate degree programs are offered in cooperation with other South Carolina institutions.

ACCREDITATIONS

SACS Accreditation

Coastal Carolina University is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools (SACS) to award the baccalaureate degree and the master's degree. Coastal offers masters degree programs in education and in marine and wetland studies. Coastal's reaffirmation was completed in December, 2001 with two commendations in the SACS report.

Other Accreditations

- AACSB – Association for the Advancement of Collegiate Schools of Business (College of Business)
- NCATE – National Council for Accreditation of Teacher Education (Teacher Education)
- NASAD – National Association of Schools of Art and Design (Studio Art Program)
- ABET – Accrediting Board for Engineering and Technology, Inc. (Computer Science Program)

ACADEMIC PROGRAMS

The academic areas are organized into four colleges – Business, Education, Science, and Humanities and Fine Arts. Coastal offers 38 programs leading to the baccalaureate degree, six master’s degree programs, six cooperative programs with other South Carolina universities, and several international study opportunities.

<u>COLLEGE</u>	<u>UNDERGRADUATE MAJORS</u>	
Science	Biology Chemistry Computer Science <i>Theoretical option</i> <i>Information Systems option</i>	Marine Science Mathematics (Applied) Psychology Sociology
Humanities & Fine Arts	Art Studio Dramatic Arts English <i>Literature option</i> <i>Technical & Professional Writing option</i> Spanish	History Political Science Music Musical Theater Philosophy
Business	Accounting <i>Certified Public Accountant option</i> <i>Certified Managerial Accountant/</i> <i>Certified Financial Manager option</i> Finance Economics	Management <i>International Tourism option</i> <i>Resort Tourism option</i> <i>Prof. Golf Mgmt. option</i> Marketing <i>Prof. Golf Mgmt. option</i>
Education	Early Childhood Education (Pre-K-4) Elementary Education (1-8) Middle Grades Education Special Education-Learning Disabilities Interdisciplinary Studies	Physical Education <i>Teacher Certification (K-12)</i> <i>Recreation & Sport Mgmt. option</i> Health Promotion <i>Sports Medicine option</i>
Other	Gerontology Certificate	

GRADUATE PROGRAMS

Master of Arts in Teaching
With a concentration in Art, English, Foreign Language, Mathematics, Music, Social Studies, and Science
 Master of Education in Early Childhood Education, Elementary Education, and Secondary Education
With a concentration in English, Natural Sciences, Mathematics, and Social Studies, Spanish
 Master of Science in Coastal Marine and Wetland Studies
 Master of Science in Instructional Technology

COOPERATIVE PROGRAMS

Bachelor of Science in Engineering (with Clemson University)
 Bachelor of Science in Nursing (with Francis Marion University)
 Master of Business Administration (with Winthrop University)
 Professional Master of Business Administration (with University of South Carolina)
 Master of Educational Administration (with University of South Carolina Graduate Regional Studies Program)
 Doctorate in Educational Leadership, K-12 School Administration, Higher Education Administration (with Clemson University)

FACULTY

Faculty (Full-Time Employees) by College and Rank, Fall 2004

	Science	Humanities	Business	Education	Library
Professor	18	23	7	7	2
Associate Professor	21	21	10	7	3
Assistant Professor	30	30	12	15	2
Instructor/Other	<u>14</u>	<u>15</u>	<u>3</u>	<u>3</u>	<u>1</u>
Total	83	89	32	32	8

Summary of Employees Holding Faculty Rank, Fall 2004

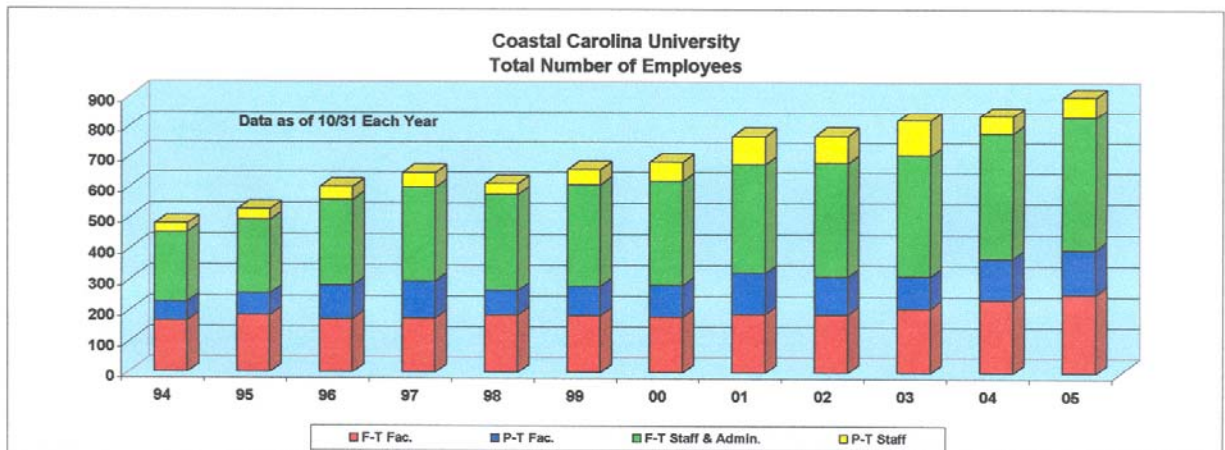
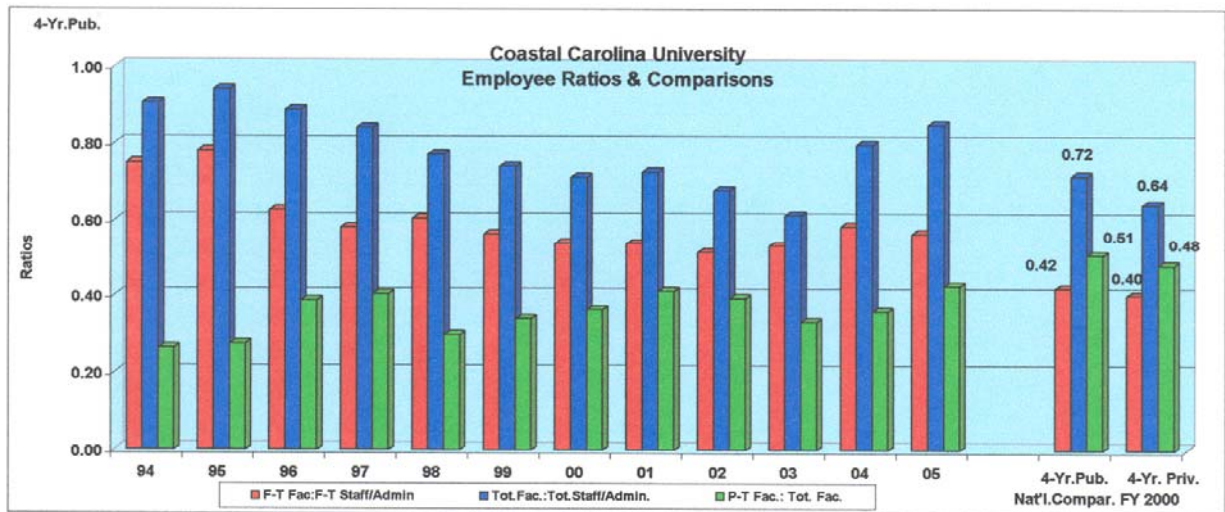
Full-Time Teaching Faculty	220
Faculty on Leave/Special Assignment	4
Part-Time Teaching Faculty	180
Total Teaching Faculty	404
Administrators Holding Faculty Rank	12
Librarians	8
Total Full-Time Employees Holding Faculty Rank	244
Total Faculty Employees	424
Total FTE of Full-Time Faculty	220.00
Total FTE of Part-Time Faculty	100.38
Total FTE Faculty	320.38

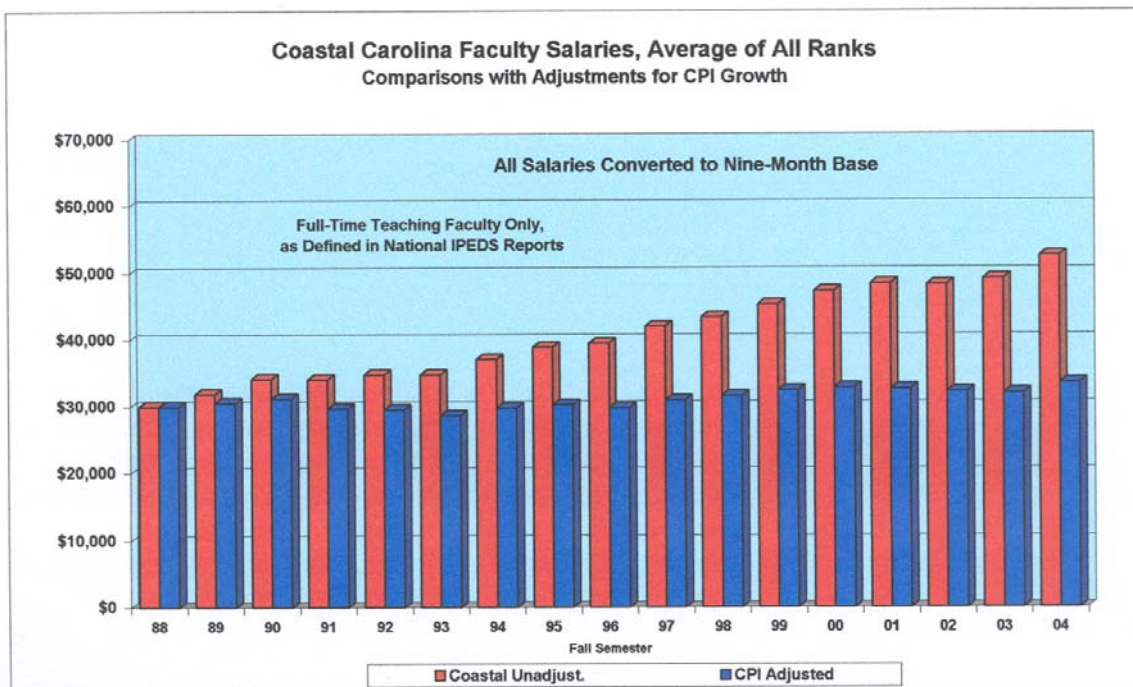
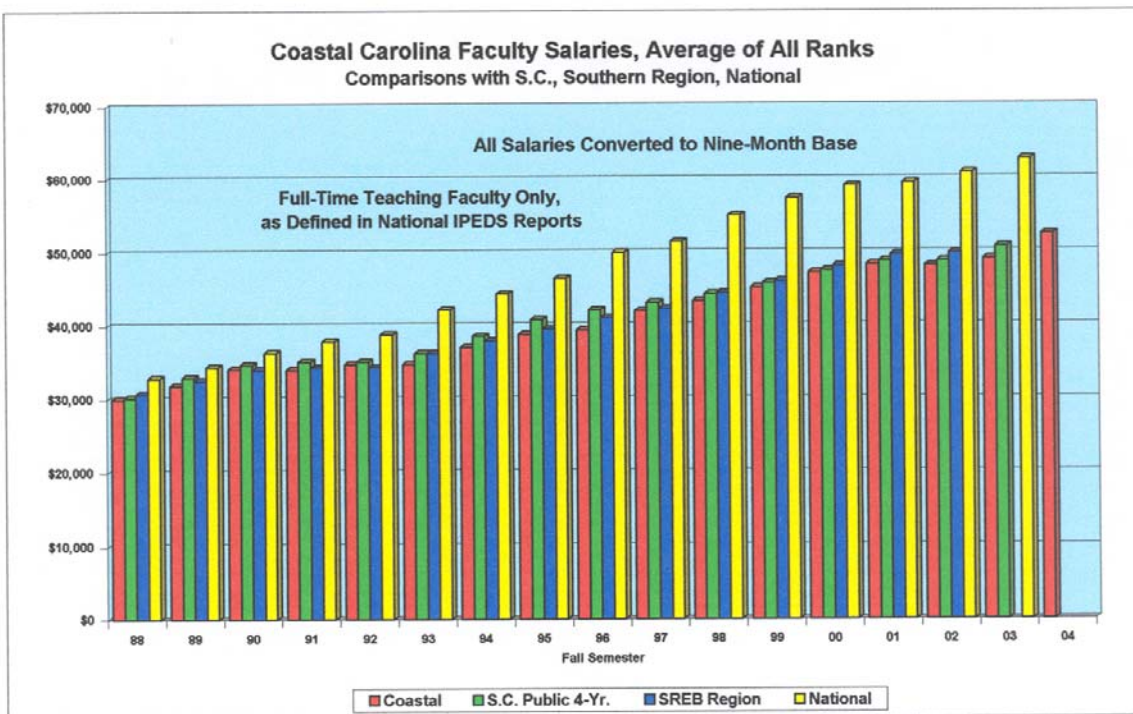
Average Nine-Month Salary, Fall 2004

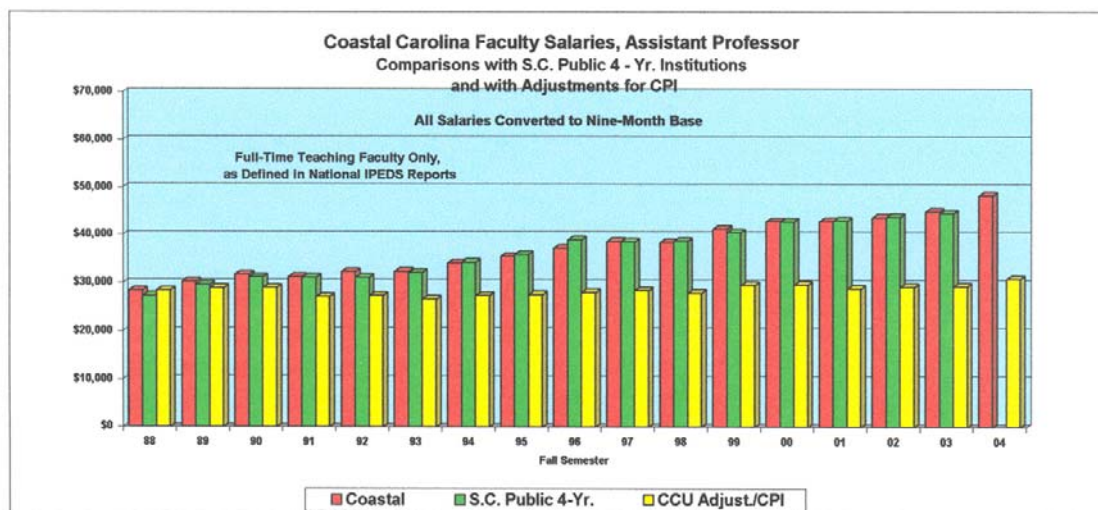
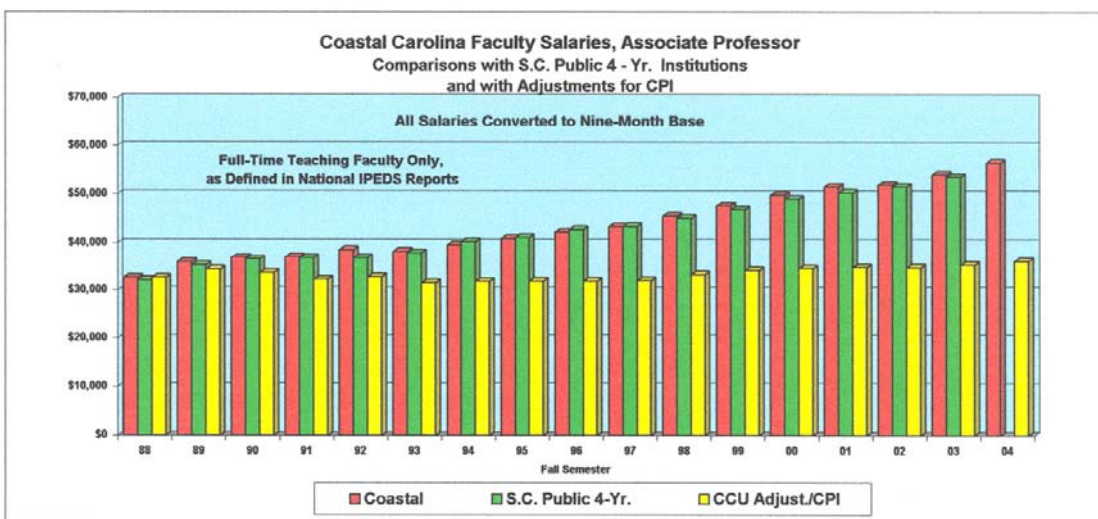
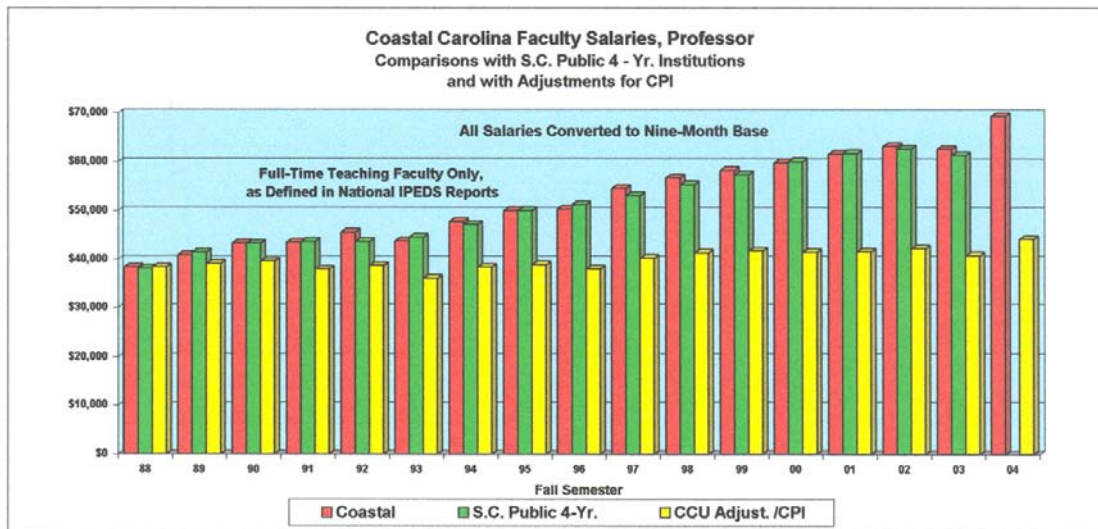
Professor	\$69,248
Associate Professor	\$56,374
Assistant Professor	\$48,248
Instructor/Other	\$32,564
All Ranks	\$52,497

Coastal Carolina University Employees - Trends and Percentages

Fiscal Year	94	95	96	97	98	99	00	01	02	03	04	05	FY 2000	
													4-Yr. Pub.	4-Yr. Priv.
Full-Time Faculty	168	185	173	176	187	185	181	190	189	209	238	244	302,598	174,362
Part-Time Faculty	60	70	109	119	79	95	103	133	122	103	133	180	310,881	160,982
Total Faculty	228	255	282	295	266	280	284	323	311	312	371	424	613,479	335,334
P-T Faculty FTE	44.5	40.2	43.5	46.4	50.4	38.3	46.5	48.7	53.0	64.0	93.3	100.4		
FTE Teaching Faculty	198.1	207.6	198.2	198.1	225.4	213.3	222.5	228.7	232.0	264.0	301.3	325.4		
Total F-T Staff & Admin.	224	237	276	303	309	328	336	353	368	393	408	432	722,171	435,950
Total Staff & Admin.	252	271	318	351	345	378	399	445	459	509	466	500	857,363	522,486
Total F-T Employees	392	422	449	479	498	513	517	543	567	602	646	676	1,024,769	610,302
Total Employees	480	526	600	646	611	658	683	768	770	821	837	924	1,579,534	958,436
Ratios														
F-T Fac:F-T Staff/Admin.	0.75	0.78	0.63	0.58	0.61	0.56	0.54	0.54	0.51	0.53	0.58	0.56	0.42	0.40
Tot.Fac.:Tot.Staff/Admin.	0.90	0.94	0.89	0.84	0.77	0.74	0.71	0.73	0.68	0.61	0.80	0.85	0.72	0.64
P-T Fac.: Tot. Fac.	0.26	0.27	0.39	0.40	0.30	0.34	0.36	0.41	0.39	0.33	0.36	0.42	0.61	0.48

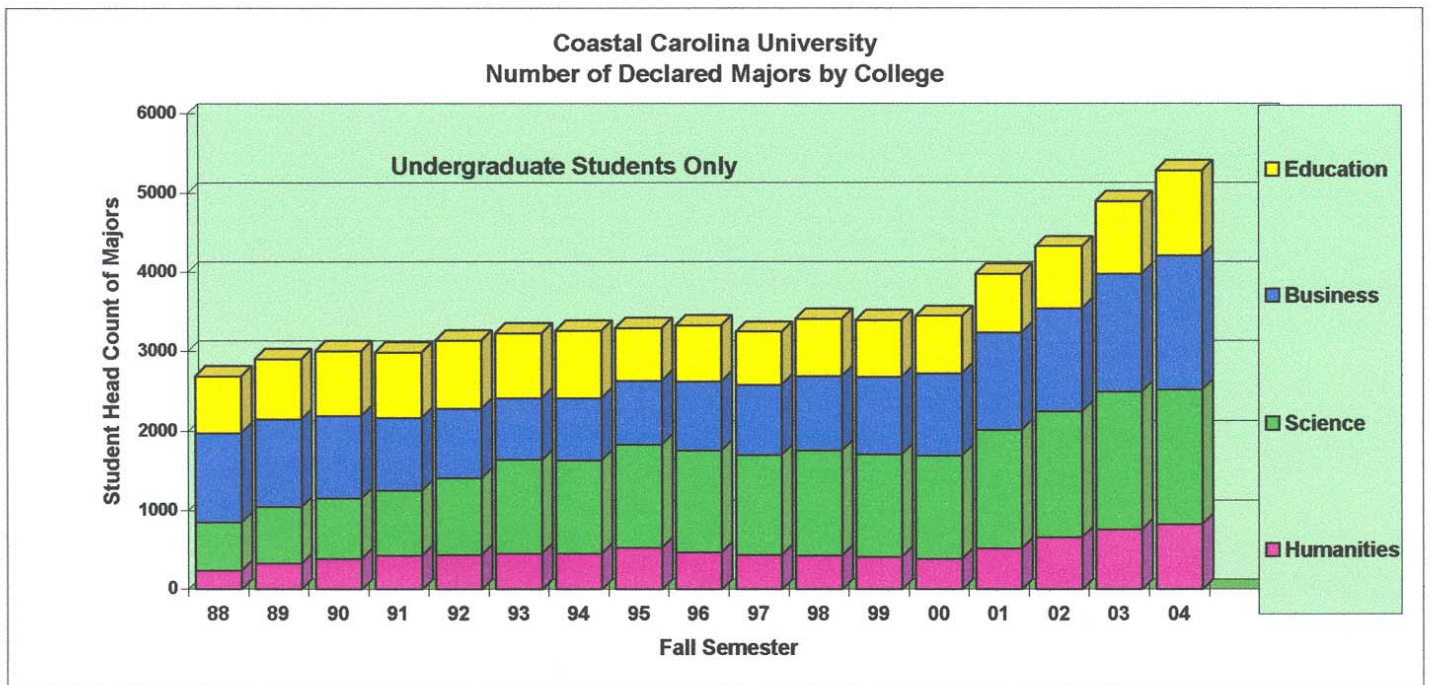






ACADEMIC MAJORS

Over the past 15 years, the distribution of students by undergraduate academic majors has changed significantly. The number of students declaring majors in the traditional arts and sciences has moved from approximately one-fourth of all majors to approximately one-half of all undergraduate majors. The proportion of majors is now almost evenly distributed between the professional colleges of business and education and the traditional liberal arts and sciences. This distribution is characteristic of a mature and well-balanced university.



ACADEMIC MAJORS

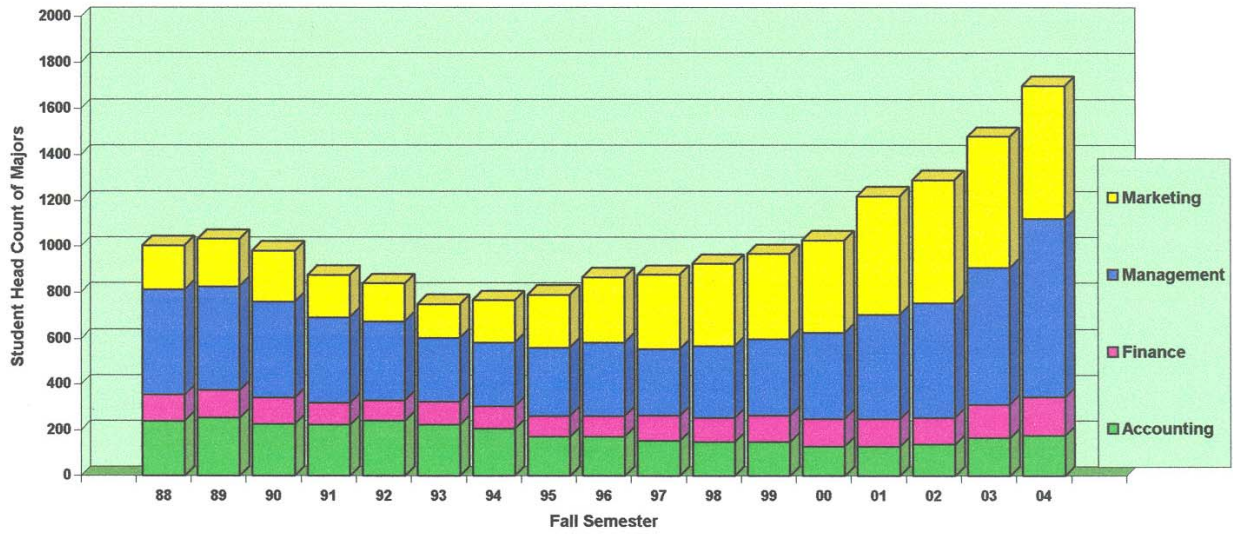
Science: The greatest growth has been in the sciences, primarily driven by marine science and biology. Marine Science, an interdisciplinary degree program involving marine geology, marine chemistry, and marine biology, enjoys a national reputation, drawing students from the entire eastern part of the United States. Coastal's science programs contain a substantial component of undergraduate research opportunities for students, reflecting the broad involvement of science faculty in scholarly activity as well as teaching.

Humanities: Although the number of declared majors in the humanities disciplines is relatively small compared to Coastal's other colleges, the large component of humanities courses in the core curriculum requires a substantial number of courses and faculty in this area. The number of humanities majors has recently experienced significant growth in all individual disciplines.

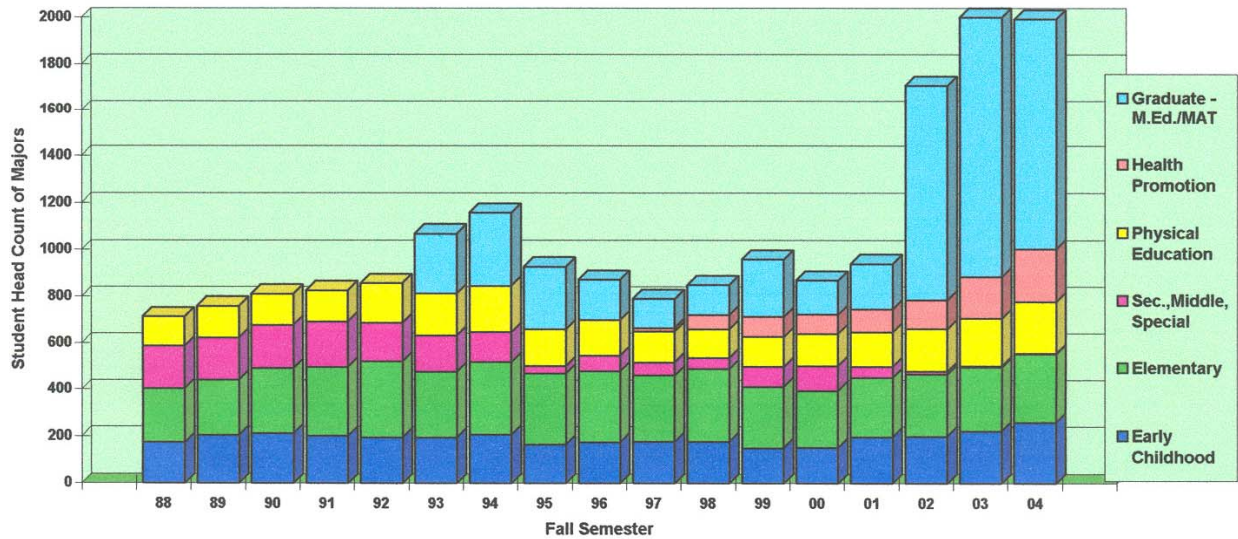
Business: The College of Business experienced a modest decline in the number of declared majors during the mid-90's, reflecting more a national trend at all universities, rather than being unique to Coastal Carolina University. The recent surge in enrollment reflects the development of the tourism and golf management options in the management and marketing degrees.

Education: The College of Education has made recent dramatic progress in its service to South Carolina teachers, offering graduate courses at the request of numerous school districts throughout the state. The health promotion major is growing rapidly, and the development of the new majors in middle school and special education reflect demand from both students and school districts. The graduate programs have increased significantly as a result of the addition of the MAT program, which is based on a broad number of academic disciplines.

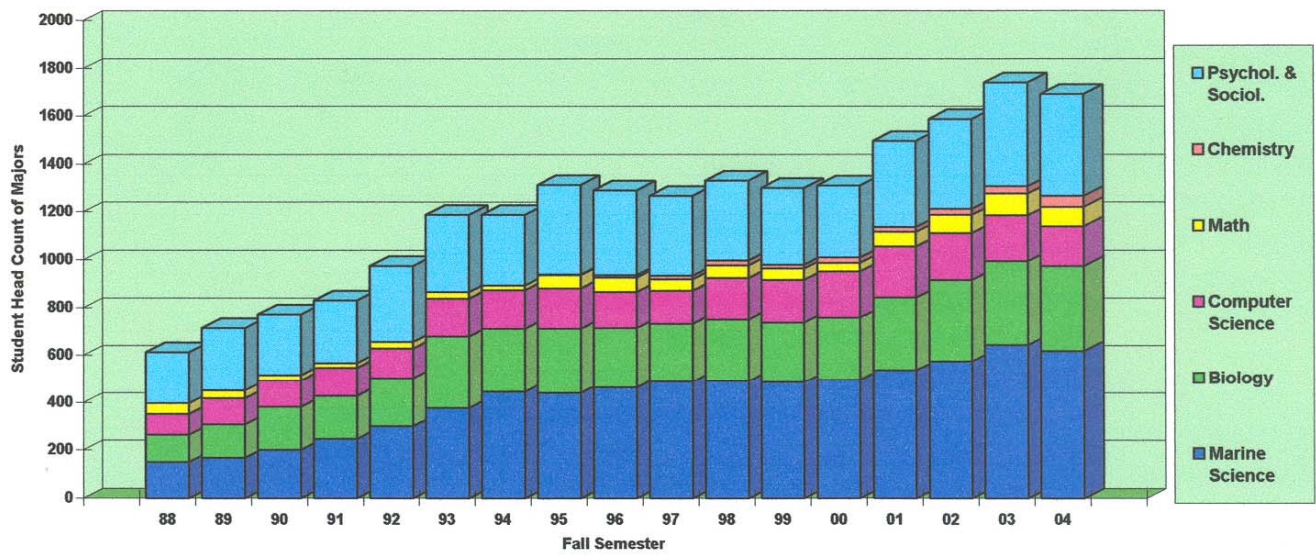
E. Craig Wall College of Business
Number of Declared Majors by Discipline



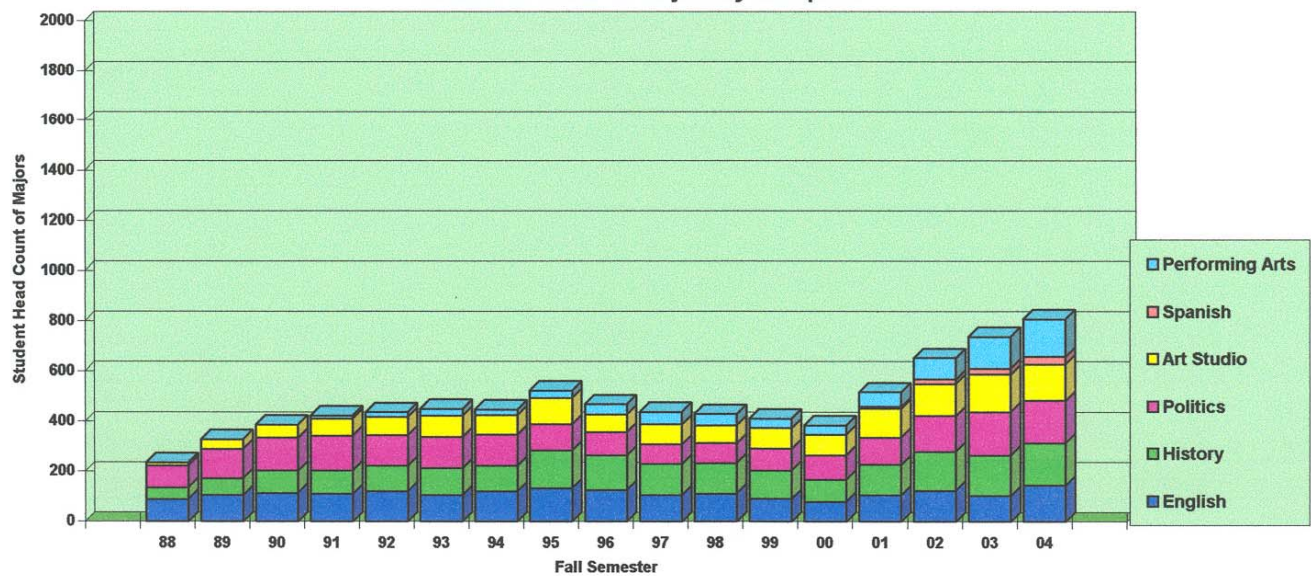
Spadoni College of Education
Number of Declared Majors by Discipline



College of Natural & Applied Sciences
Number of Declared Majors by Discipline



Edwards College of Humanities & Fine Arts
Number of Declared Majors by Discipline



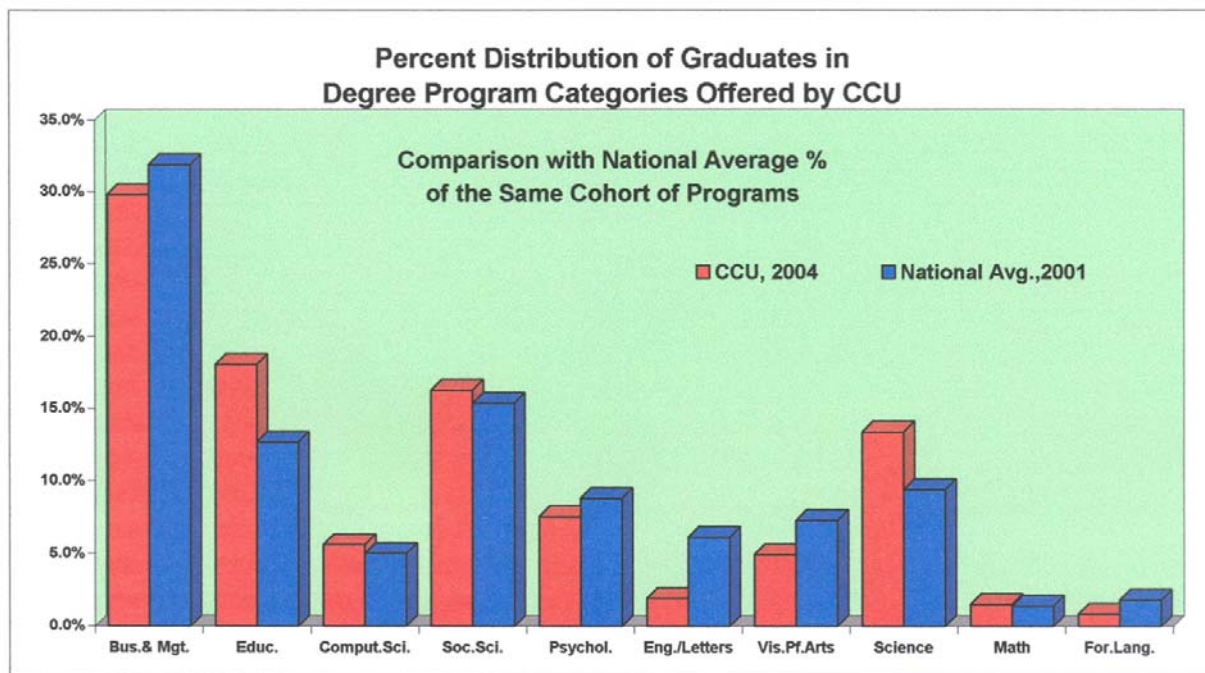
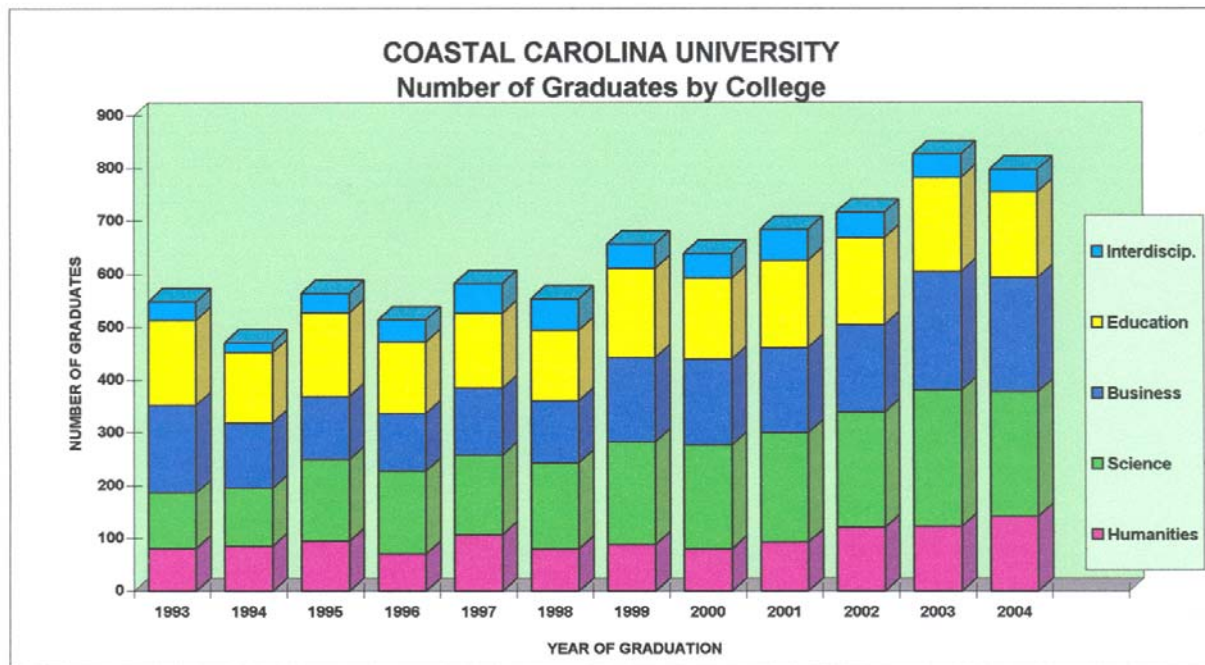
DISTRIBUTION OF GRADUATES BY ACADEMIC DEPARTMENT

The number of graduates has increased significantly for each of the past several years, reflecting improved retention as well as Coastal's growing attractiveness for transfer students. The distribution by college has also changed significantly, reflecting the increased growth in enrollment in the sciences and the resurgence of popularity of degrees in business.

The data for number of majors by department is based on the student's initial declaration of an academic major. Because students may change majors before they graduate, the distribution by academic program of student graduates will always be slightly different from data on initial choice of major.

Coastal's graduates differ in some respects from the national average percentage distribution of fields in which baccalaureate degrees are awarded. The graph on the bottom of the facing page compared the percentage distribution of Coastal's 2004 graduates with the distribution by degree program category of all baccalaureate degrees awarded nationally in 2001, using data from the National Center for Educational Statistics (NCES). In order to get a comparable cohort for national statistical comparisons, the total of baccalaureate degrees awarded nationally was used for only those programs which are also offered by Coastal. (For example, engineering and health sciences, which are popular degree programs nationally, were not included in the national base total.)

Coastal graduates a significantly higher percentage of its students in the sciences than the national average. Education also exceeds the national percentage, while business, computer sciences, and psychology are comparable to the national distribution of baccalaureate degrees. The humanities, as exemplified by English, philosophy, foreign language, and visual and performing arts, are generally lower than the level of national participation. The comparison of social sciences includes for both Coastal and the national percentage numbers the fields of sociology, history, and political science.

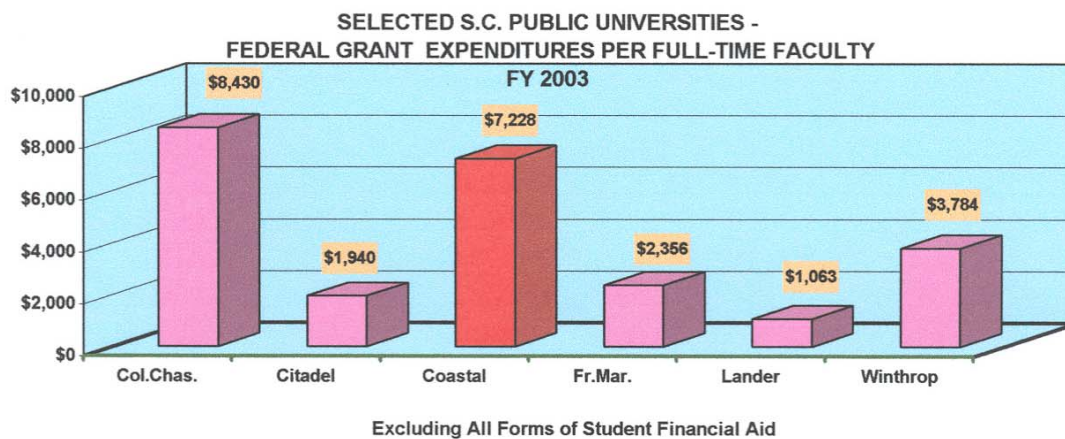
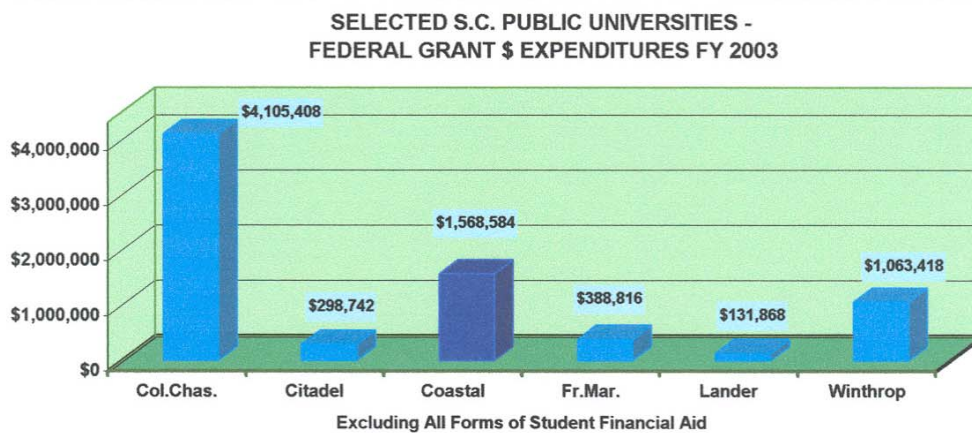
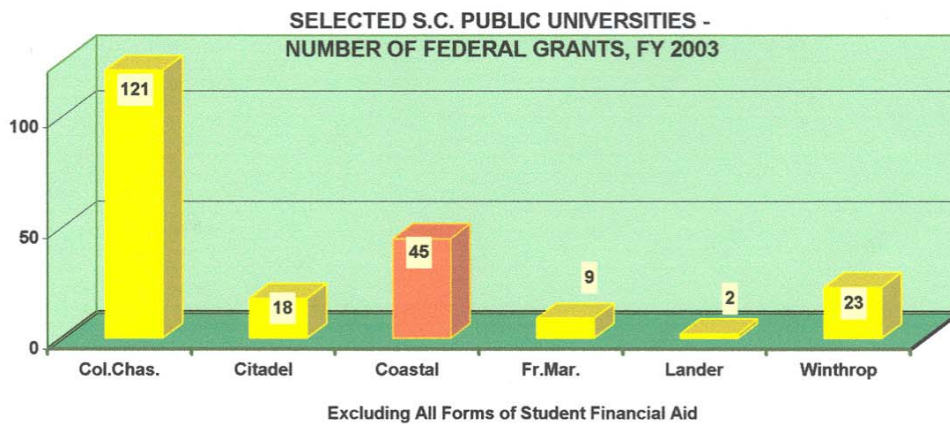


FEDERAL GRANT ACTIVITY - COMPARISONS

The model for faculty performance at Coastal Carolina University embraces the integration of teaching, research, and public engagement, coupled with emphasis on the involvement of undergraduates in the various research and public service activities.

It is a measure of the success of Coastal's faculty model that the university compares very favorably with its peer institutions in South Carolina with respect to federal grant activity. Among the comprehensive universities, the College of Charleston, at nearly twice Coastal's FTE enrollment, has significantly more federal grant activity than the others. Using Winthrop, Francis Marion, The Citadel, and Lander as other South Carolina peer institutions, and based on the latest available data for FY 2003, Coastal received a larger number of federal grants and more federal dollars than any institution in this peer group except the College of Charleston. The comparison is even more impressive when federal grant dollars per number of full-time faculty are compared as shown on the facing page.

The federal grants are primarily for research and public service, and exclude all forms of student financial aid and capital grants for construction. Coastal's marine science department is the most productive with respect to receiving federal grants, as well as other disciplines in the College of Science.

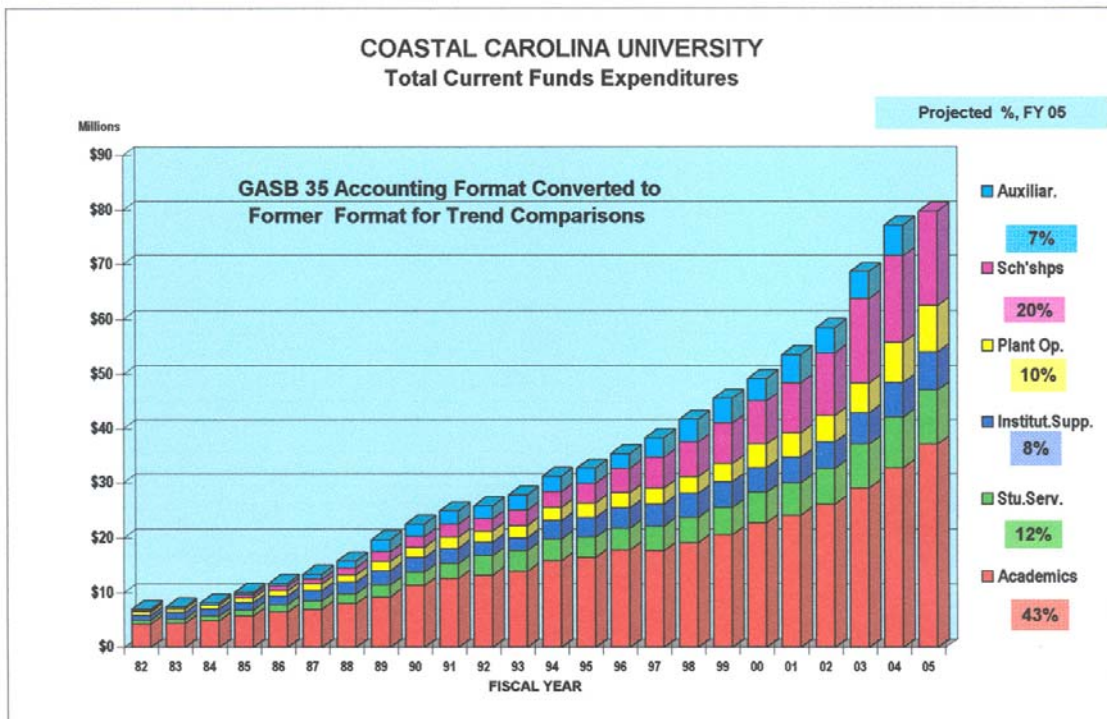
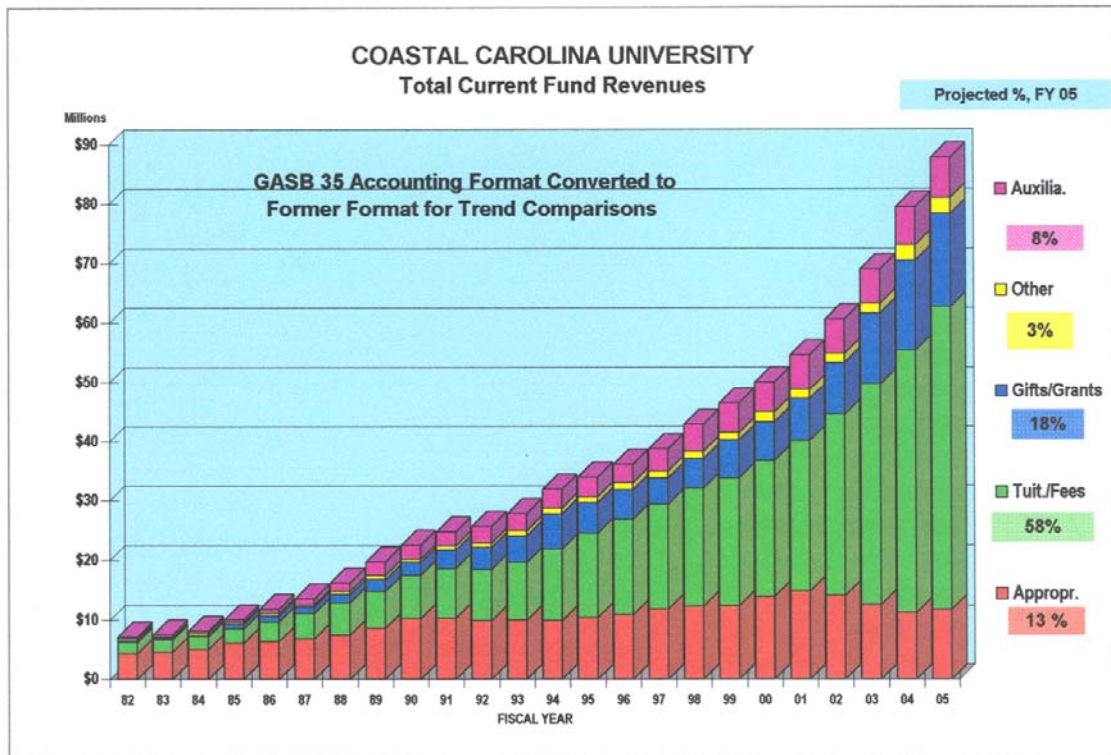


TOTAL CURRENT FUNDS

The University adopted Government Accounting Standards Board (GASB) Statements No. 34 and 35 as of July 1, 2001. For the sake of trends and historical comparisons, FY 02 through FY 04 figures have been recalculated to fit the former model of total current funds, and are shown on the facing page.

The graphs showing trends in total current funds show the relative proportion of tuition revenues, other fees and programs, and state appropriations, which comprise Coastal's \$86 million total operating budget projected for 2004-2005. From FY 90 through FY 97, state appropriations remained in the \$10 to \$11 million range. Eight years later, the FY 05 appropriations are below the FY 97 level. For FY 2005, state appropriations (\$11.8 million) are projected to comprise only 13 percent of total current funds.

The tuition and auxiliary revenues shown under the new GASB format are net of scholarship allowances, which are still included in the total budget as passed by the state legislature. Therefore, when scholarship monies are excluded from revenues as shown on page 78, the state appropriations appear as a larger percentage of total revenues, and tuition and fees appear as a smaller percentage, than the amounts shown under the former model of total current funds.

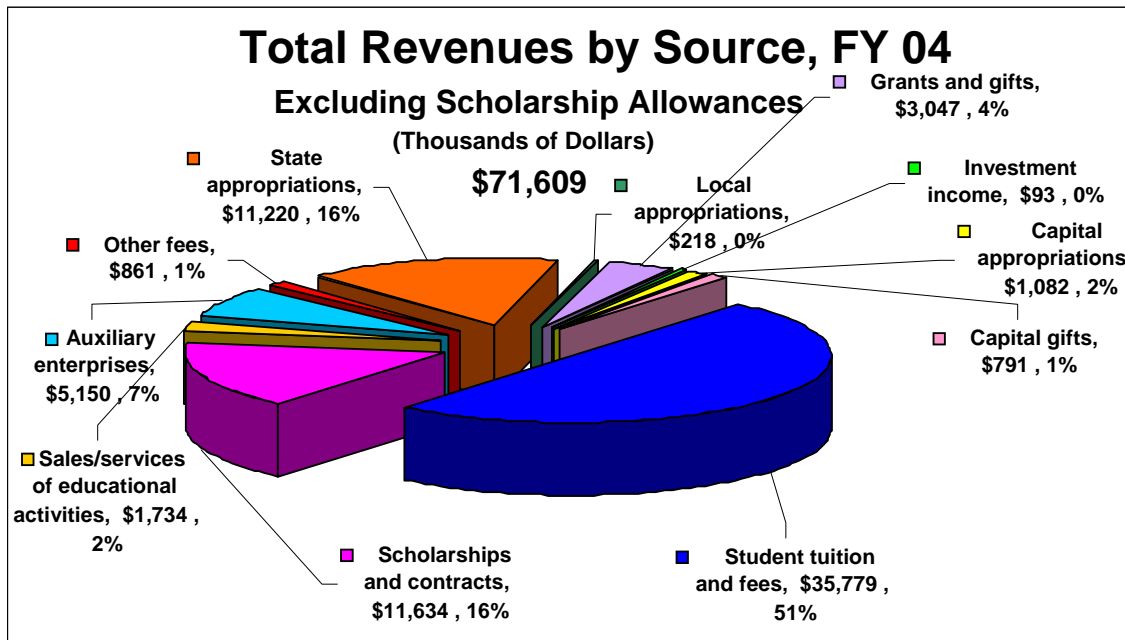


TOTAL REVENUES BY SOURCE

Under the new GASB 34-35 reporting format, the financial statement categories are changed from years before FY 02. Rather than using the categories of current funds and plant funds, for example, the revenues are broadly grouped by operating and non-operating revenues. The following table shows total revenues by source, with non-operating revenues labeled with an asterisk. These figures are found in the audited Statement of Revenues, Expenses and Changes in Net Assets.

The tuition and auxiliary revenues shown under the new format are net of scholarship allowances, which are still included in the total budget as passed by the state legislature. Therefore, when scholarship monies are excluded from revenues, the state appropriations appear as a larger percentage of total revenues, and tuition and fees appear as a smaller percentage, than the amounts shown under the former model of total current funds.

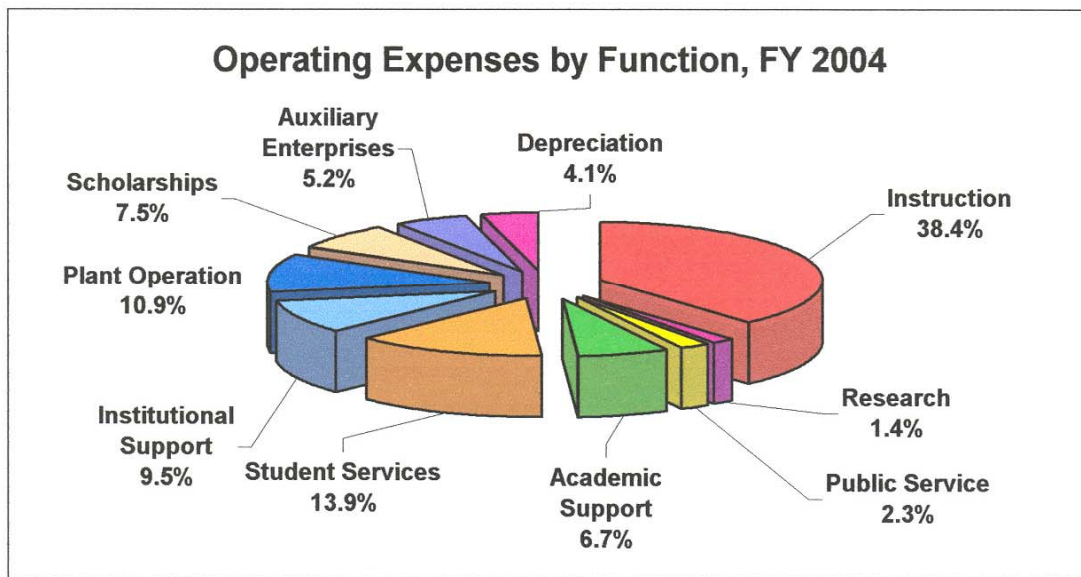
The facing page shows only operating expenses by function rather than total expenses.



OPERATING EXPENSES BY FUNCTION

The following table presents operating expenses by function, and excludes capital expenditures. The Statement of Revenues, Expenses and Changes in Net Assets presents operating expenses by natural classification. Note 11 to the financial statements displays a matrix which shows dollar values for both classifications.

	<u>2004 Amount</u>	<u>Percent of Total</u>
Instruction	\$25,798,618	38.44%
Research	966,347	1.44%
Public Service	1,533,278	2.28%
Academic Support	4,485,906	6.68%
Student Services	9,341,425	13.92%
Institutional Support	6,341,425	9.50%
Plant Operation	7,220,871	10.92%
Scholarships (excluding allowances)	5,001,247	7.45%
Auxiliary Enterprises	3,509,497	5.23%
Depreciation	2,768,983	4.13%
Total Operating Expenses	<u>\$67,110,608</u>	<u>100.0%</u>



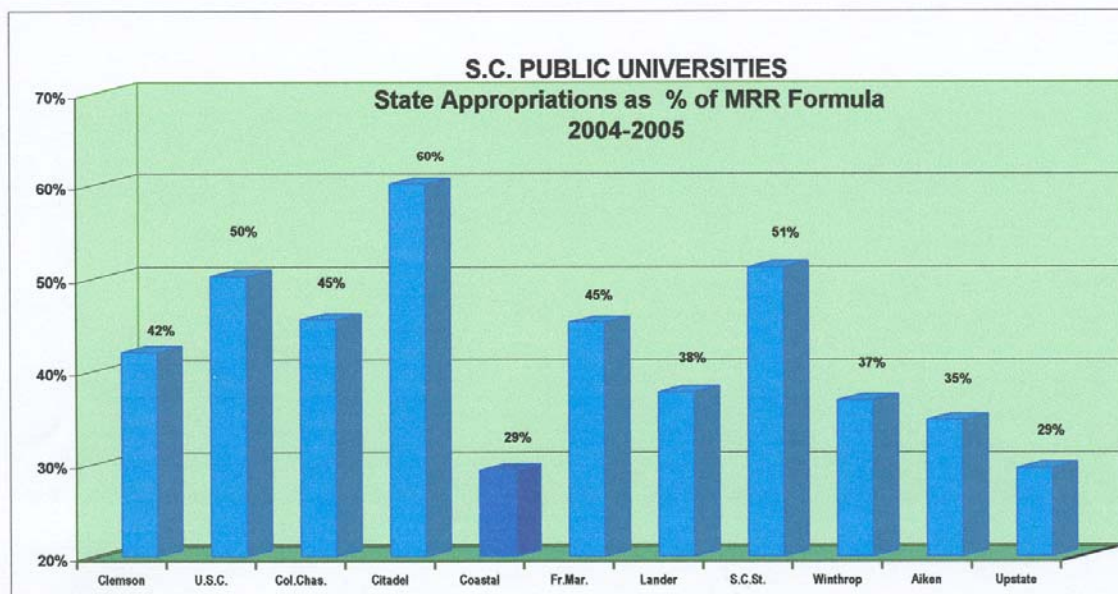
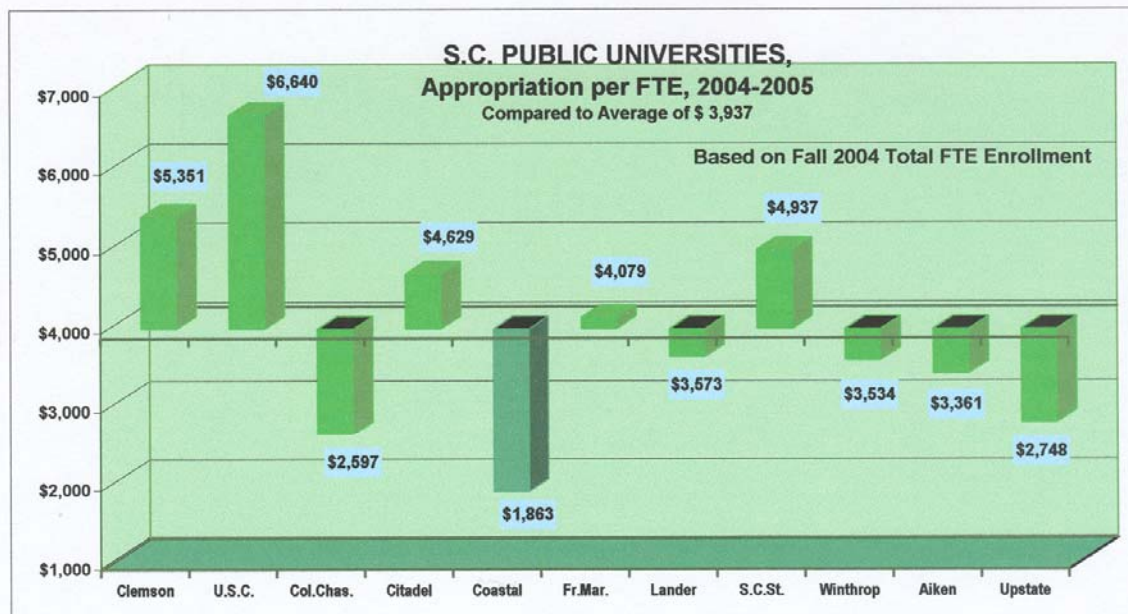
STATE APPROPRIATIONS

Comparisons with Other South Carolina Public Universities

For 2004-2005, Coastal Carolina University received the smallest appropriation per FTE student of all of the South Carolina public universities, at \$1,863 per FTE. This calculation uses total institutional appropriations divided by each institution's total FTE enrollment for fall 2004. When the 28 percent of students who were classified as out-of-state for fee payment purposes are removed from the total FTE base, Coastal still only received an average of \$2,588 per resident student.

The funding formula which has been developed by the South Carolina Commission on Higher Education (CHE) is referred to as the Mission Resource Requirement (MRR). This formula takes into account the individual institution's distribution of students and academic programs, and is intended to represent the amount of funds which should be provided by the state for an adequate educational program. State appropriations as a percent of formula have decreased significantly in recent years for all institutions.

However, all institutions do not receive the same percent of the formula, due to agreements dating back before 1990, in which institutions which were decreasing in enrollment were held harmless with respect to state appropriations, while the appropriation level was not increased proportionately for institutions who were experiencing significant growth. The resulting discrepancy in percent of funding is spread over 30 percentage points.



TRENDS IN STATE APPROPRIATIONS

Comparisons with Other South Carolina Public Universities

The problem of inequities in Coastal's funding from state appropriations is one of long standing, which has continued to worsen over many years. Data on the following three pages show the long-term trends in the appropriated funds received by all South Carolina public universities per full-time equivalent (FTE) student. These data have been calculated based on information from the South Carolina Commission on Higher Education using total state appropriations and the corresponding fall FTE enrollment for each institution for the appropriate year.

Coastal's percent difference in funding per FTE for the comprehensive universities over the past ten years has moved from approximately \$1,000 per student (25 percent below the average) to approximately \$1,800 (49 percent below the average) in funds received from state appropriations.

SOUTH CAROLINA PUBLIC INSTITUTIONS

State Appropriated Funds per FTE, 1994 - 2005

Institution	1993-94 \$/FTE	1994-95 \$/FTE	1995-96 \$/FTE	1996-97 \$/FTE	1997-98 \$/FTE	1998-99 \$/FTE	1999-00 \$/FTE	2000-01 \$/FTE	2001-02 \$/FTE	2002-03 \$/FTE	2003-04 \$/FTE	2004-05 \$/FTE
Clemson University	\$5,130	\$5,484	\$5,846	\$6,002	\$6,211	\$6,411	\$6,609	\$6,855	\$6,686	\$6,260	\$5,501	\$5,351
USC Columbia	\$5,652	\$6,008	\$6,282	\$6,563	\$6,717	\$6,263	\$9,122	\$9,765	\$9,329	\$8,163	\$6,877	\$6,640
College of Charleston	\$2,633	\$2,759	\$2,785	\$2,823	\$3,033	\$3,067	\$3,308	\$3,542	\$3,304	\$2,945	\$2,677	\$2,597
The Citadel	\$3,901	\$4,094	\$4,442	\$4,641	\$5,208	\$5,427	\$5,617	\$5,892	\$5,326	\$5,082	\$4,629	\$4,629
Francis Marion	\$3,382	\$3,728	\$4,018	\$4,365	\$4,858	\$4,843	\$5,318	\$5,864	\$5,555	\$4,772	\$4,166	\$4,079
Lander	\$3,540	\$3,707	\$3,871	\$4,054	\$4,254	\$4,586	\$4,742	\$5,141	\$4,850	\$4,200	\$3,734	\$3,573
S.C. State	\$4,312	\$4,581	\$4,713	\$4,835	\$5,200	\$5,305	\$5,764	\$6,335	\$6,333	\$5,705	\$5,108	\$4,937
Winthrop	\$4,158	\$4,440	\$4,459	\$4,647	\$4,720	\$4,932	\$5,006	\$5,229	\$4,881	\$4,142	\$3,619	\$3,534
USC Aiken	\$3,184	\$3,462	\$3,724	\$3,947	\$4,139	\$4,042	\$4,475	\$4,701	\$4,553	\$3,918	\$3,450	\$3,361
USC Upstate	\$3,675	\$3,746	\$4,028	\$4,056	\$4,083	\$4,219	\$4,263	\$4,560	\$3,978	\$3,190	\$2,763	\$2,748
Coastal Carolina	\$2,756	\$2,840	\$2,864	\$3,020	\$3,071	\$3,157	\$3,471	\$3,605	\$3,133	\$2,487	\$1,955	\$1,863
Avg. 4-Yr. Excluding Coastal	\$3,598	\$3,814	\$4,005	\$4,171	\$4,437	\$4,550	\$4,815	\$5,158	\$4,849	\$4,244	\$3,768	\$3,682
Coastal Difference fm. Avg.	(\$842)	(\$975)	(\$1,041)	(\$1,151)	(\$1,366)	(\$1,394)	(\$1,344)	(\$1,553)	(\$1,716)	(\$1,777)	(\$1,814)	(\$1,820)
Coastal % Difference fm. Avg.	-23.41%	-25.55%	-25.99%	-27.60%	-30.80%	-30.63%	-27.91%	-30.12%	-35.39%	-41.88%	-48.13%	-49.41%

Data derived from the S.C. Commission on Higher Education, using total State Appropriations and Fall FTE enrollment for the appropriate year.

Institution	SOUTH CAROLINA PUBLIC INSTITUTIONS STATE APPROPRIATIONS														
	Appropriated Funds per FTE Student														
	1996-96 Total Appropriation	1996-96 Fall FTE	1996-96 \$/FTE	1996-97 Total Appropriation	1996-97 Fall FTE	1996-97 \$/FTE	1997-98 Total Appropriation	1997-98 Fall FTE	1997-98 \$/FTE	1998-99 Total Appropriation	1998-99 Fall FTE	1998-99 \$/FTE	1999-00 Total Appropriation	1999-00 Fall FTE	1999-00 \$/FTE
Clemson University	\$88,790,548	14,847	\$5,846	\$89,802,149	14,978	\$6,002	\$93,704,323	15,087	\$6,211	\$97,815,027	15,257	\$6,411	\$103,659,862	15,885	\$6,609
USC Columbia	\$128,914,293	20,522	\$6,282	\$133,018,805	20,268	\$6,563	\$138,161,856	20,719	\$6,717	\$169,462,312	20,509	\$8,263	\$180,025,903	19,798	\$9,122
College of Charleston	\$23,731,558	8,520	\$2,785	\$25,258,825	8,948	\$2,823	\$27,142,927	8,948	\$3,033	\$28,429,609	9,270	\$3,087	\$31,363,289	9,480	\$3,308
The Citadel	\$13,591,912	3,053	\$4,442	\$14,138,564	3,046	\$4,641	\$14,507,372	2,843	\$5,208	\$15,548,741	2,885	\$5,427	\$16,282,910	2,889	\$5,617
Francis Marion	\$12,856,642	3,200	\$4,018	\$13,425,391	3,076	\$4,365	\$14,019,921	2,898	\$4,858	\$14,875,471	3,030	\$4,843	\$15,455,388	2,908	\$5,318
Lander	\$3,445,495	2,182	\$3,871	\$3,986,825	2,217	\$4,054	\$9,474,430	2,227	\$4,254	\$9,922,861	2,173	\$4,566	\$10,631,904	2,242	\$4,742
S.C. State	\$20,810,980	4,373	\$4,713	\$21,102,005	4,384	\$4,835	\$21,886,016	4,205	\$5,200	\$22,874,220	4,312	\$5,305	\$23,957,050	4,158	\$5,784
Winthrop	\$19,142,559	4,293	\$4,459	\$19,947,889	4,293	\$4,647	\$20,844,189	4,418	\$4,720	\$21,854,944	4,431	\$4,932	\$23,428,478	4,860	\$5,008
USC Aiken	\$8,398,388	2,255	\$3,724	\$9,046,118	2,292	\$3,947	\$9,507,317	2,297	\$4,139	\$9,947,507	2,481	\$4,042	\$11,254,783	2,515	\$4,475
USC Upstate	\$10,303,739	2,558	\$4,028	\$10,796,953	2,682	\$4,056	\$11,453,712	2,805	\$4,083	\$11,968,644	2,837	\$4,219	\$12,650,382	2,947	\$4,293
Coastal Carolina	\$10,821,421	3,651	\$2,964	\$11,453,262	3,793	\$3,020	\$11,895,702	3,874	\$3,071	\$12,430,306	3,938	\$3,157	\$13,853,783	3,991	\$3,471
Avg. 4-Yr. Excluding Coast	\$14,631,403	3,804	\$4,005	\$15,337,521	3,862	\$4,171	\$16,139,486	3,828	\$4,437	\$16,802,775	3,922	\$4,550	\$18,128,023	3,978	\$4,815
Coastal Difference fm. Avg.	(\$3,809,982)	-153	(\$1,041)	(\$3,884,259)	-69	(\$1,151)	(\$4,243,784)	46	(\$1,386)	(\$4,472,489)	16	(\$1,384)	(\$4,274,240)	13	(\$1,344)
Coastal % Difference fm. Av	-26.04%	-4.03%	-25.98%	-25.33%	-1.79%	-27.60%	-26.29%	1.18%	-30.80%	-28.46%	0.40%	-30.63%	-23.58%	0.32%	-27.81%

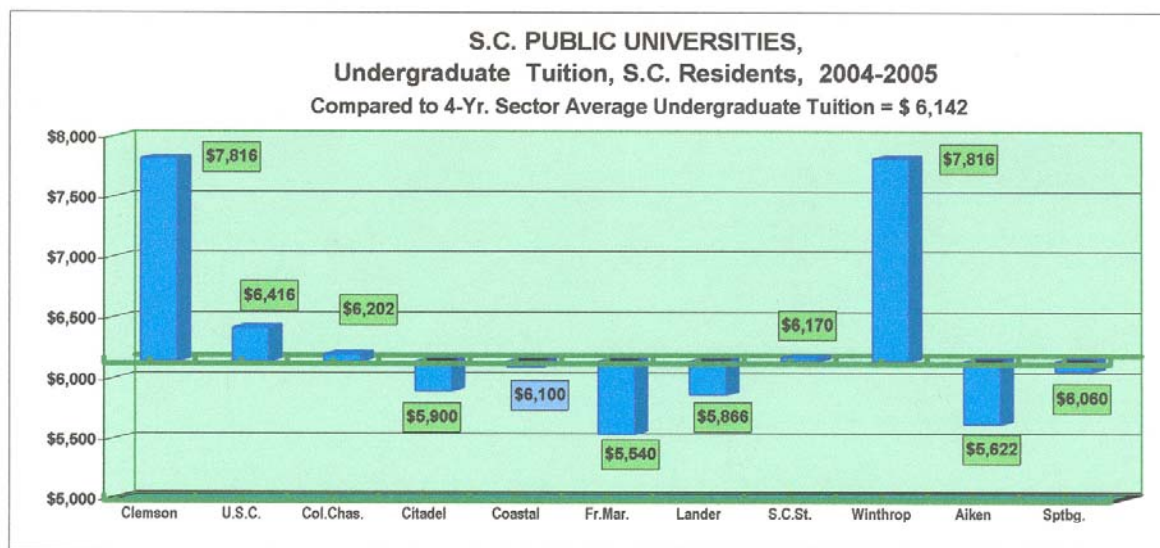
Institution	SOUTH CAROLINA PUBLIC INSTITUTIONS STATE APPROPRIATIONS														
	Appropriated Funds per FTE Student														
	2000-01 Total Appropriation	2000-01 Fall FTE	2000-01 \$/FTE	2001-02 Total Appropriation	2001-02 Fall FTE	2001-02 \$/FTE	2002-03 Total Appropriation	2002-03 Fall FTE	2002-03 \$/FTE	2003-04 Total Appropriation	2003-04 Fall FTE	2003-04 \$/FTE	2004-05 Total Appropriation	2004-05 Fall FTE	2004-05 \$/FTE
Clemson University	\$110,036,062	16,053	\$6,855	\$106,647,205	15,801	\$6,688	\$96,323,543	15,388	\$6,260	\$98,806,777	15,780	\$5,501	\$84,723,685	15,833	\$5,351
USC Columbia	\$161,177,665	19,578	\$9,765	\$163,664,311	19,691	\$9,329	\$166,205,166	20,360	\$8,163	\$149,764,096	21,782	\$6,877	\$149,764,096	22,557	\$6,640
College of Charleston	\$33,478,821	9,451	\$3,542	\$32,159,700	9,732	\$3,304	\$29,282,534	9,947	\$2,945	\$28,368,432	9,860	\$2,877	\$26,175,247	10,078	\$2,597
The Citadel	\$17,204,904	2,920	\$5,892	\$16,451,476	3,069	\$5,326	\$15,723,900	3,064	\$5,062	\$14,170,379	3,061	\$4,629	\$13,756,335	2,972	\$4,629
Francis Marion	\$16,395,070	2,796	\$5,864	\$15,745,965	2,834	\$5,555	\$14,156,528	2,967	\$4,772	\$12,760,567	3,063	\$4,166	\$12,791,666	3,136	\$4,079
Lander	\$11,397,679	2,211	\$5,141	\$10,795,408	2,228	\$4,850	\$10,173,295	2,422	\$4,200	\$9,168,173	2,455	\$3,734	\$8,019,266	2,524	\$3,573
S.C. State	\$25,348,018	4,001	\$6,335	\$24,349,522	3,845	\$6,333	\$22,384,854	3,924	\$5,705	\$20,173,320	3,949	\$5,108	\$19,593,878	3,967	\$4,937
Winthrop	\$25,404,503	4,858	\$5,229	\$24,477,409	5,015	\$4,881	\$21,900,504	5,268	\$4,142	\$19,736,734	5,454	\$3,619	\$18,289,652	5,459	\$3,534
USC Aiken	\$12,205,044	2,598	\$4,701	\$11,722,180	2,569	\$4,563	\$10,479,378	2,675	\$3,918	\$9,444,015	2,737	\$3,450	\$9,278,360	2,761	\$3,361
USC Upstate	\$13,734,942	3,012	\$4,560	\$13,205,610	3,320	\$3,976	\$11,809,149	3,702	\$3,190	\$10,642,405	3,652	\$2,763	\$10,428,153	3,795	\$2,748
Coastal Carolina	\$14,783,267	4,101	\$3,605	\$14,055,608	4,487	\$3,133	\$12,668,853	5,095	\$2,467	\$11,327,050	5,795	\$1,955	\$11,439,028	6,141	\$1,863
Avg. 4-Yr. Excluding Coastal	\$19,392,122	3,931	\$5,158	\$18,612,606	4,079	\$4,649	\$16,690,363	4,252	\$4,244	\$15,311,793	4,304	\$3,768	\$15,040,724	4,337	\$3,662
Coastal Difference fm. Avg.	(\$4,608,855)	120	(\$1,553)	(\$4,556,968)	408	(\$1,716)	(\$4,421,540)	843	(\$1,777)	(\$3,984,703)	1,491	(\$1,814)	(\$3,601,696)	1,805	(\$1,820)
Coastal % Difference fm. Avg.	-23.77%	3.02%	-30.12%	-24.46%	10.01%	-35.39%	-26.02%	19.82%	-41.86%	-26.02%	34.65%	-48.13%	-23.95%	41.61%	-49.41%

TUITION FOR SOUTH CAROLINA RESIDENTS

Throughout its history, Coastal has placed a priority on keeping tuition as low as possible for its South Carolina residents. For the past decade, Coastal has ranked third or fourth lowest among the South Carolina universities in undergraduate tuition for South Carolina residents. In spite of its 17.5 percent increase for fall 2004, Coastal's in-state tuition is still below the average for South Carolina public universities.

With the decreasing support for higher education through state appropriations, there has been a significant increase by the South Carolina Legislature on its emphasis of funding scholarships for individual students in order to support the cost of higher education. It is, therefore, no longer possible to maintain academic quality while keeping tuition low. In its institutional strategic plan, Coastal has identified a goal of using financial aid dollars wisely and increasing funds available for need-based awards, while moving tuition to a realistic level that allows the appropriate quality in the university's educational programs.

It is an unfortunate commentary on state support for higher education throughout the nation that there has been a precipitous rise in tuition at state colleges and universities in every region in the country. Tuition for in-state students had a one-year increase of as much as 21 percent in Maryland, almost 30 percent in Virginia, New York, and Oklahoma, and approximately 40 percent in Arizona and California. Compared to these numbers, South Carolina's public universities average increases seem relatively small. However, as shown on the facing page, within the last three years the average tuition for undergraduates at South Carolina public universities increased by 71 percent.

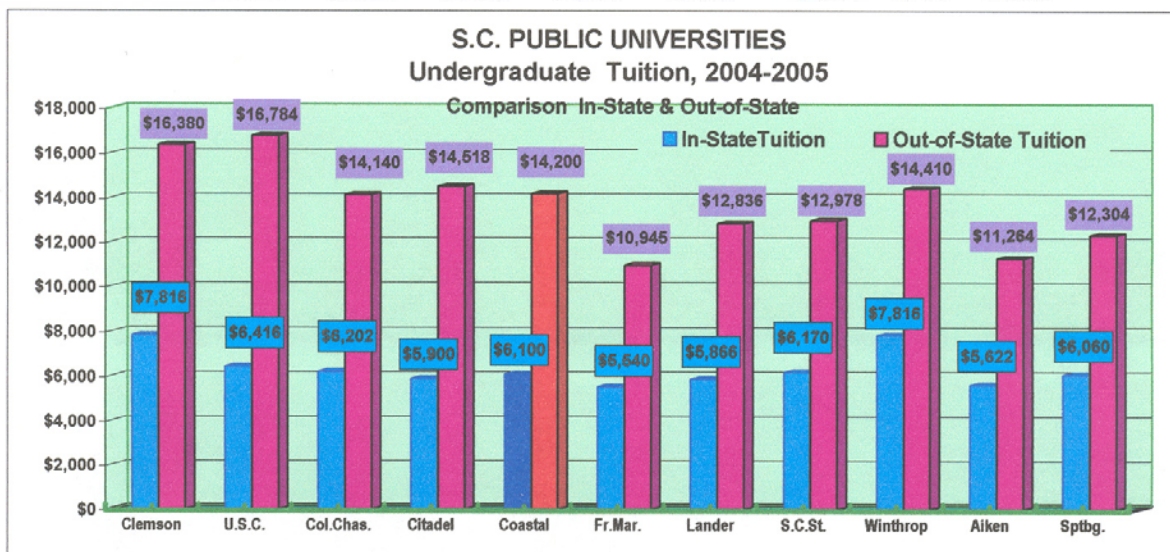


Source: South Carolina Commission on Higher Education

July 19, 2004

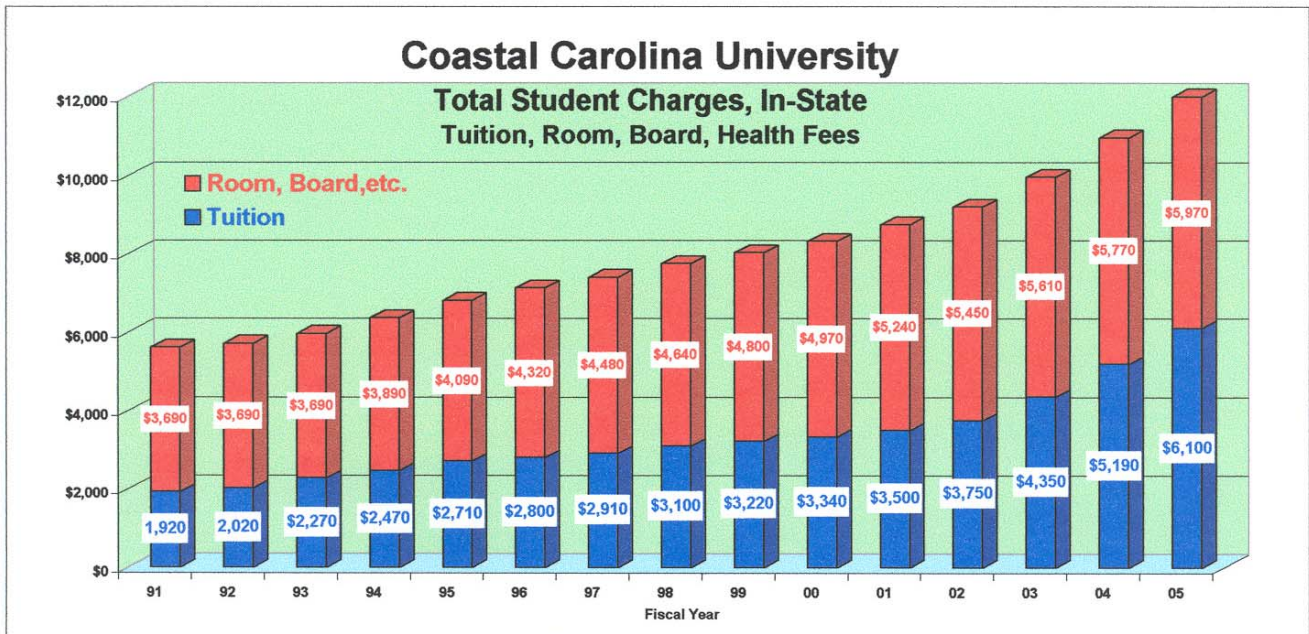
In-State Undergraduate Tuition

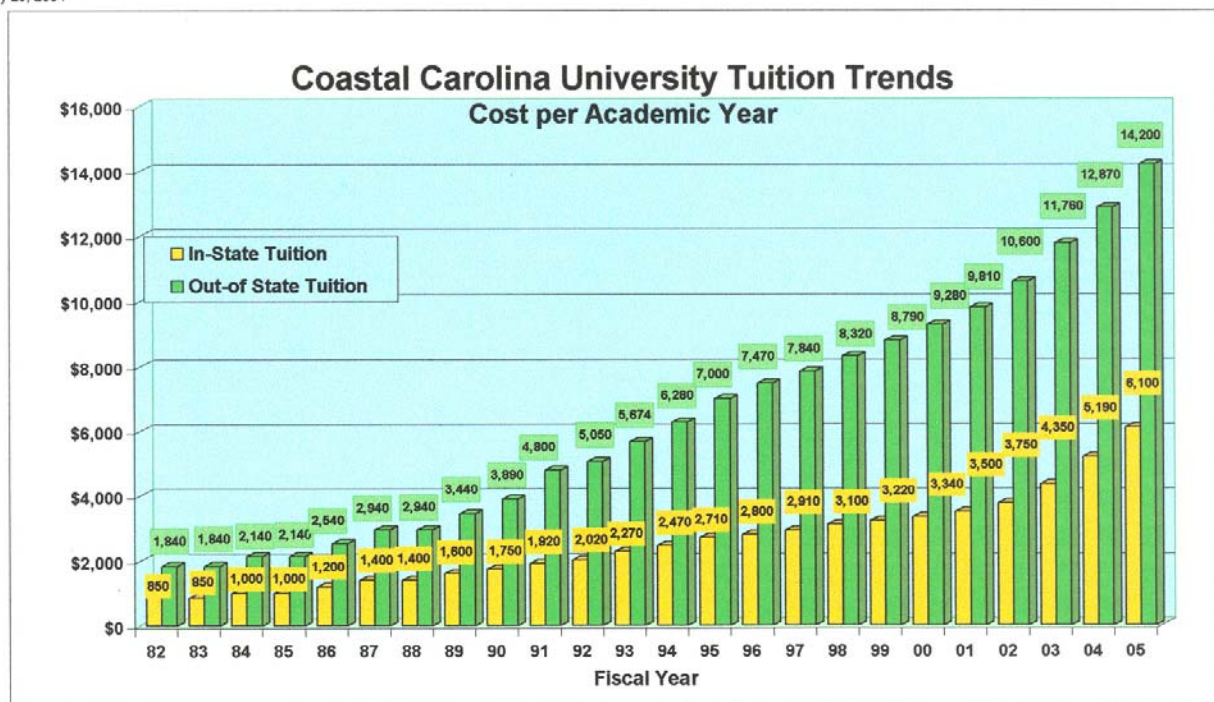
	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	1-yr. %	4-yr. %
Clemson	\$3,590	\$5,090	\$5,834	\$6,934	\$7,816	12.7%	117.7%
U.S.C.	\$3,868	\$4,064	\$4,984	\$5,778	\$6,416	11.0%	65.9%
Col.Chas.	\$3,630	\$3,780	\$4,858	\$5,770	\$6,202	7.5%	70.9%
Citadel	\$3,404	\$3,727	\$4,067	\$4,999	\$5,900	18.0%	73.3%
Coastal	\$3,500	\$3,770	\$4,350	\$5,190	\$6,100	17.5%	74.3%
Fr.Mar.	\$3,600	\$3,790	\$4,340	\$5,082	\$5,540	9.0%	53.9%
Lander	\$3,888	\$4,152	\$4,704	\$5,400	\$5,866	8.6%	50.9%
S.C.St.	\$3,724	\$4,096	\$4,556	\$5,570	\$6,170	10.8%	65.7%
Winthrop	\$4,262	\$4,668	\$5,600	\$6,652	\$7,816	17.5%	83.4%
Aiken	\$3,558	\$3,738	\$4,404	\$5,065	\$5,622	11.0%	58.0%
Sptbg.	\$3,624	\$3,868	\$4,748	\$5,460	\$6,060	11.0%	67.2%
Average	\$3,695	\$4,068	\$4,768	\$5,627	\$6,319	12.3%	71.0%
4-Yr Sector Av	\$3,688	\$3,954	\$4,625	\$5,465	\$6,142	12.4%	66.5%



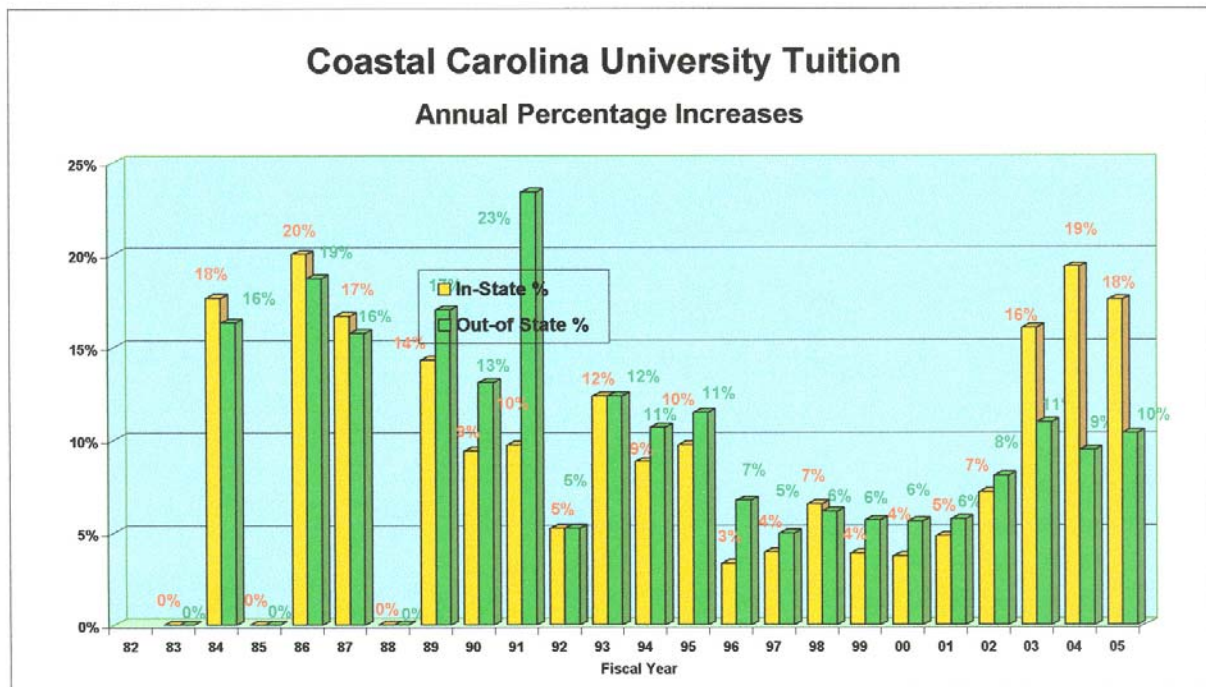
SUMMARY OF STUDENT COSTS

	<u>2004-2005</u>	<u>1-Yr Percent Increase</u>
Undergraduate Fees		
Full-Time In-State Resident, 12-18 hr. course load	\$3,050/semester	17.53%
Full-Time Out-of-State Resident, 12-18 hr. course load	\$7,100/semester	10.33%
Part-Time In-State Resident, per credit hour	\$250	16.28%
Part-Time Out-of-State Resident, per credit hour	\$595	10.19%
Graduate Fees		
In-State Resident, per credit hour	\$255	15.91%
Out-of-State Resident, per credit hour	\$600	10.09%
Room, Board, & Health Services		
Housing Fee	\$1,910/semester	
Board Fee	\$1,010/semester	
Health Fee	\$ 65/semester	
Total Room, Board, & Health Svcs.	\$2,985/semester	3.47%





Fiscal Year	95	96	97	98	99	00	01	02	03	04	05
In-State Tuition	\$2,710	\$2,800	\$2,910	\$3,100	\$3,220	\$3,340	\$3,500	\$3,750	\$4,350	\$5,190	\$6,100
% Increase	9.72%	3.32%	3.93%	6.53%	3.87%	3.73%	4.79%	7.14%	16.00%	19.31%	17.53%
Out-of-State	\$7,000	\$7,470	\$7,840	\$8,320	\$8,790	\$9,280	\$9,810	\$10,600	\$11,760	\$12,870	\$14,200
% Increase	11.46%	6.71%	4.95%	6.12%	5.65%	5.57%	5.71%	8.05%	10.94%	9.44%	10.33%



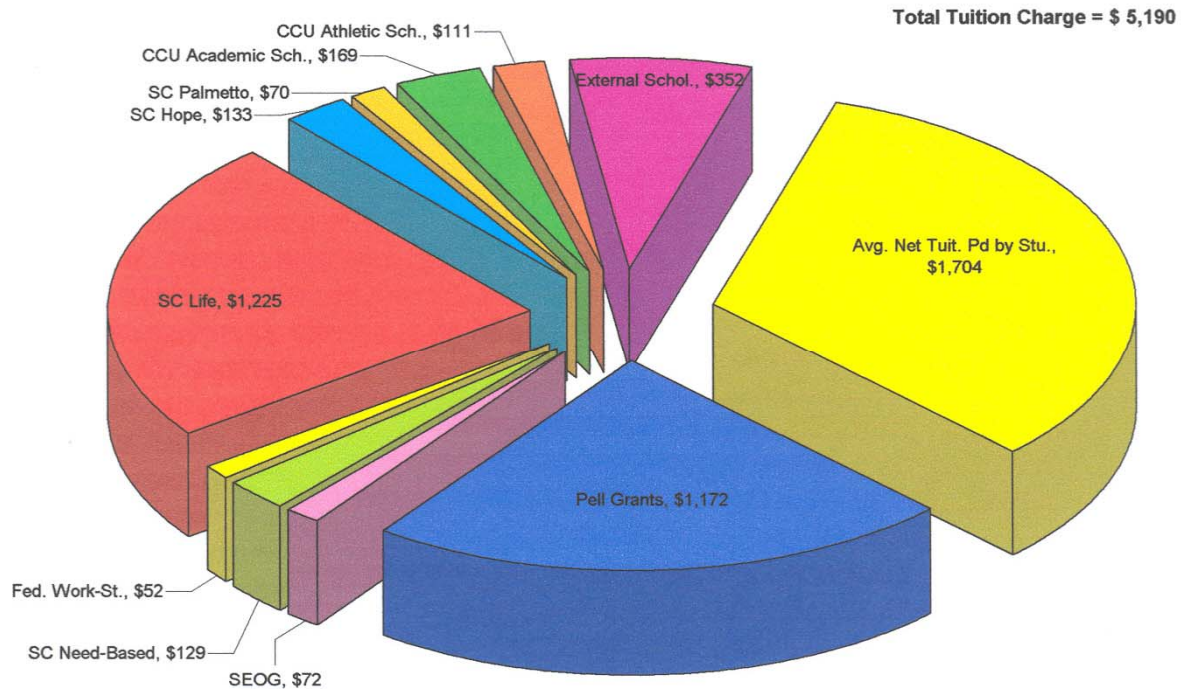
COASTAL CAROLINA UNIVERSITY

ACTUAL TUITION COSTS INCURRED BY IN-STATE STUDENTS, AFTER FINANCIAL AID

- The South Carolina Legislature has recently shifted emphasis in its way of supporting higher education. With the availability of lottery funds, the Legislature has funded scholarships for individual students rather than increasing direct state appropriations to public colleges and universities.
- The Life Scholarships require a “B” average, 1100 SAT, and are awarded to approximately 30 percent of Coastal’s entering freshmen. The Hope Scholarships require only a high school “B” average. A Palmetto Fellowship requires a 3.5 GPA, 1200 SAT, and are awarded to approximately 60 percent of Coastal’s entering freshmen.
- With actual decreases in state appropriations over the past four years, tuition costs for South Carolina residents have risen by approximately 70 percent at all South Carolina public universities (Coastal Carolina University by 74 percent).
- For the 2003-2004 academic year, the actual average cost borne by South Carolina resident students was offset substantially by various forms of financial aid received.
- The financial aid amounts shown on the next page does not include loan funds. The numbers shown include the total aid received by the student, which in some cases may exceed the actual cost of tuition and allow for related educational expenses, such as books, room and board.
- For Fall 2003, there were 2,413 full-time degree-seeking in-state undergraduate students enrolled. There were an additional 126 part-time students enrolled with a course load of six hours or more. These part-time students may also be eligible for some Federal financial aid.
- Of the total 2,539 degree-seeking undergraduate students who could have been eligible for some form of financial aid, 2,154, or 85 percent of the students, received a financial aid award. The average value of the financial aid award was \$4,419.
- The tuition charge per academic year was \$5,190.
- The average net tuition paid directly by all degree-seeking in-state students was \$1,704, or 33 percent of the actual tuition charged.

Coastal Carolina University

Distribution of Sources Providing Student Tuition Payments, Average of All Students Who Were S.C. Residents, 2003-2004



Analysis of Resources Used to Pay Tuition for S.C. Residents, 2003-2004

Source of Funds	Total Dollars	% of Total \$ Collected	Average per Student
Federal			
Pell Grants	\$3,201,713	22.6%	\$1,172
Supplemental Ed. Opp. Grants (SEOG)	\$197,967	1.4%	\$72
Fed. Work-Study	\$140,833	1.0%	\$52
State			
SC Need-Based	\$351,915	2.5%	\$129
SC Life Scholarships	\$3,346,055	23.6%	\$1,225
SC Hope Scholarships	\$362,500	2.6%	\$133
SC Palmetto Fellows	\$190,950	1.3%	\$70
Institutional			
CCU Academic Scholarships	\$462,588	3.3%	\$169
CCU Athletic Scholarships	\$302,633	2.1%	\$111
External			
External Scholarships	\$961,827	6.8%	\$352
Total Gift Financial Aid	\$9,518,981	67.2%	\$3,486
Net Tuition Paid by Students	\$4,653,328	32.8%	\$1,704
Total In-State Tuition Collected (Including Financial Aid Awarded)	\$14,172,309	100.0%	\$5,190

REVENUE FROM OUT-OF-STATE STUDENTS

Coastal Carolina University's largest single revenue stream is derived from the tuition paid by its out-of-state students. The university observes the spirit as well as the letter of the law which requires that out-of-state students pay the full cost of their education.

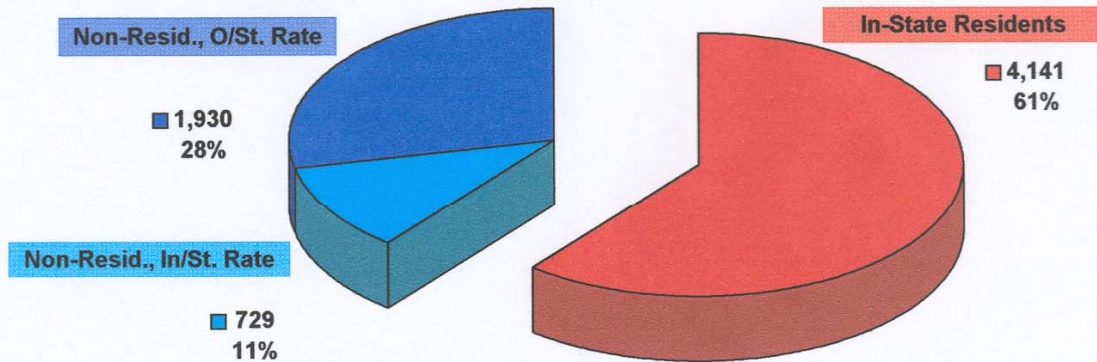
During the 2004-2005 academic year, the actual tuition projected to be collected from out-of-state students will significantly exceed the amount of state appropriations, with \$32 million received from out-of-state revenues, compared to less than \$11.8 million from state appropriations. The 28 percent of students who pay the out-of-state rate provided 59 percent of tuition revenues. The 11 percent of students who are from out-of-state and also receive scholarships, therefore paying in-state tuition, provide another 11 percent of tuition revenues.

The total revenue from all sources was approximately \$79 million for the 2003-2004 fiscal year, and projected at \$88 million for 2004-2005. Out-of-state students provide more than half of the auxiliaries, which include residence halls and food service. When other assorted fees are added to the tuition revenues, it is clear that Coastal is heavily dependent on revenues from its out-of-state students.

Numbers of Students and Tuition Revenues Realized

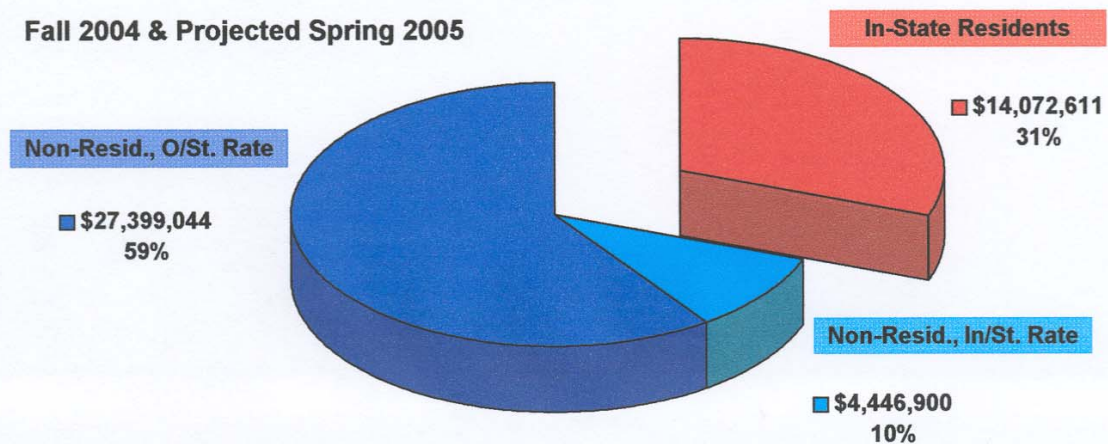
Student Enrollment, 2004-05 Academic Year Comparison by Residency

Fall 2004 & Projected Spring 2005



Tuition Revenue, 2004-05 Academic Year Comparison by Residency

Fall 2004 & Projected Spring 2005



EDUCATIONAL & GENERAL EXPENDITURES AND STUDENT COSTS

Educational Costs Compared to Tuition Charges

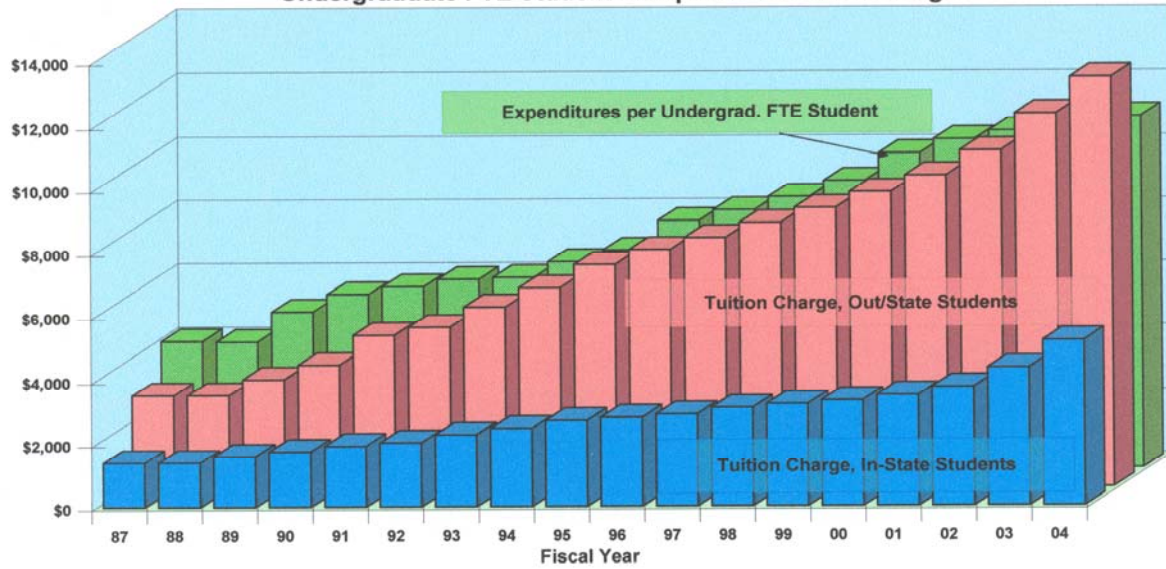
In ensuring that out-of-state students pay the full cost of their education, Coastal calculates and projects the unrestricted Education & General (E & G) expenditures per FTE, and uses this projected cost as a benchmark for setting out-of-state tuition. The actual average academic year cost per undergraduate student for FY 04 and projected for FY 05 is approximately \$13,000 to \$14,000. The graphs on the following page show that for these two years, the amount charged to out-of-state students slightly exceeded these average costs. The amount charged in-state students is approximately 40 to 45 percent of the actual cost expended per student.

E & G Expenditures per FTE: Administrative Costs vs. Other Educational Costs

The most significant measure of how an institution spends money in educating the student is the total E & G expenditures per FTE student. Theoretically, the total amount expended per FTE student should increase only as a measure of inflation. The graph on the opposite page shows that, in the two administrative areas of institutional support and plant operation and maintenance, Coastal's expenditures have remained relatively flat. The largest growth areas have been in scholarships and in instruction.

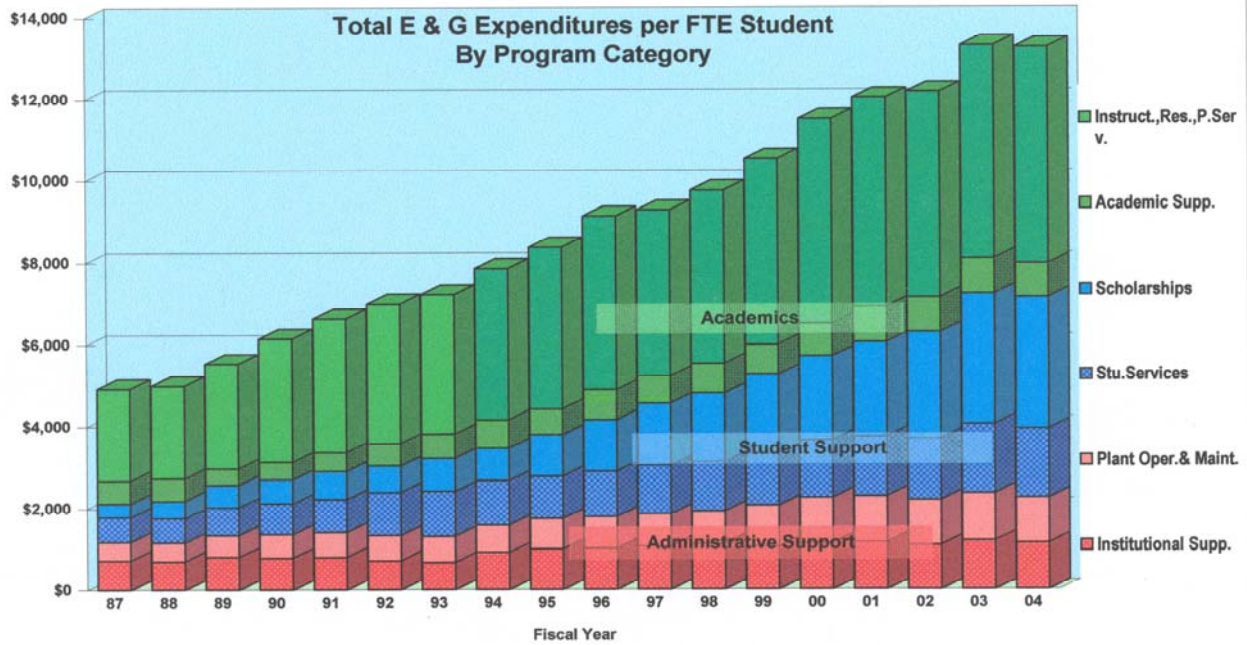
COASTAL CAROLINA UNIVERSITY Tuition Compared to Educational Cost

Unrestricted Educational & General (E&G) Expenditures per Undergraduate FTE Student Compared to Tuition Charged



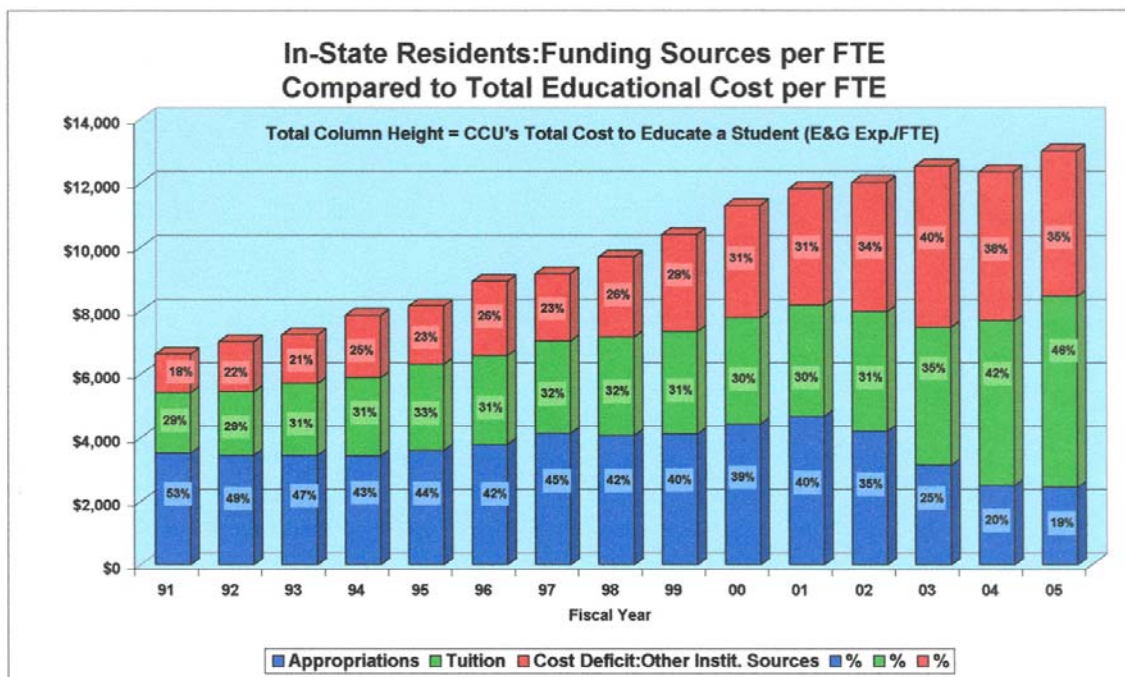
COASTAL CAROLINA UNIVERSITY

**Total E & G Expenditures per FTE Student
By Program Category**

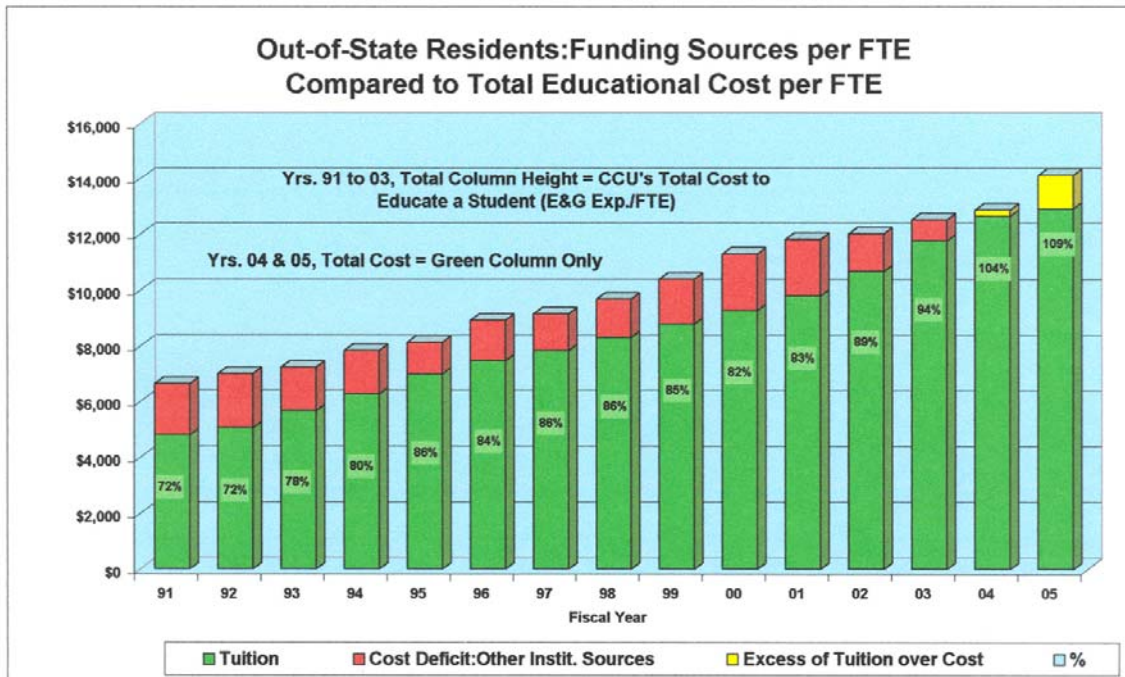


Coastal Carolina University

October 25, 2004



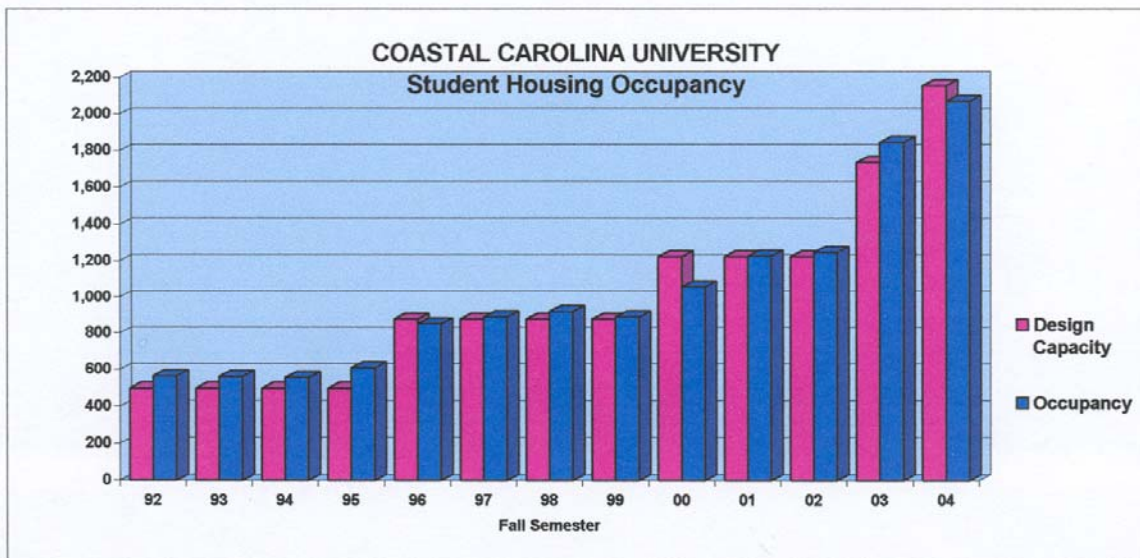
In calculating appropriations per FTE, the total of all state appropriations is considered applied toward the cost of educating in-state students or Other institutional resources used to make up the cost deficit include campus-generated income, admissions and other fees, certain gift and grant funds, and revenues from non-credit programs and auxiliary enterprises. It should be noted that CCU's total cost, E&G expenditures/FTE, equals the total column height, has increased at an average annual inflation of 2.7% over the last five years, less than the CPI.



STUDENT HOUSING

The nature of campus life for students has changed dramatically since the first residence halls opened in 1987. As a commuter college viewed by many as only a stepping stone to transferring to the University of South Carolina, Coastal was historically sadly lacking in attributes which caused students to identify with the institution as their alma mater. The impact of this climate created poor student retention and drastically lessened potential of alumni activity. The campus essentially become empty of life by 3 p.m. daily, and had no weekend activity. The advent of on-campus residence halls made a significant impact and began a wave of change which continues to build in size and scope.

The history of student residence halls include the original construction of six residence halls with approximately 400 beds in 1987 and the purchase of two additional apartment-style buildings adjacent to the campus, containing 100 beds, two years later. Two large traditional on-campus residence halls, each containing nearly 400 beds, were added in 1996 and 2000, respectively. Beginning in 2003, through an agreement with a private developer, nearby private housing managed by the university added 500 beds. Phase II of this project was implemented in the fall 2004, adding another 500 beds.



ATHLETICS

Coastal Carolina University has 17 athletic programs which compete in the Big South Conference at the NCAA Division I level. The programs are:

Women's

Basketball, Cross Country, Golf, Indoor Track, Outdoor Track and Field, Soccer, Softball, Tennis, and Volleyball

Men's

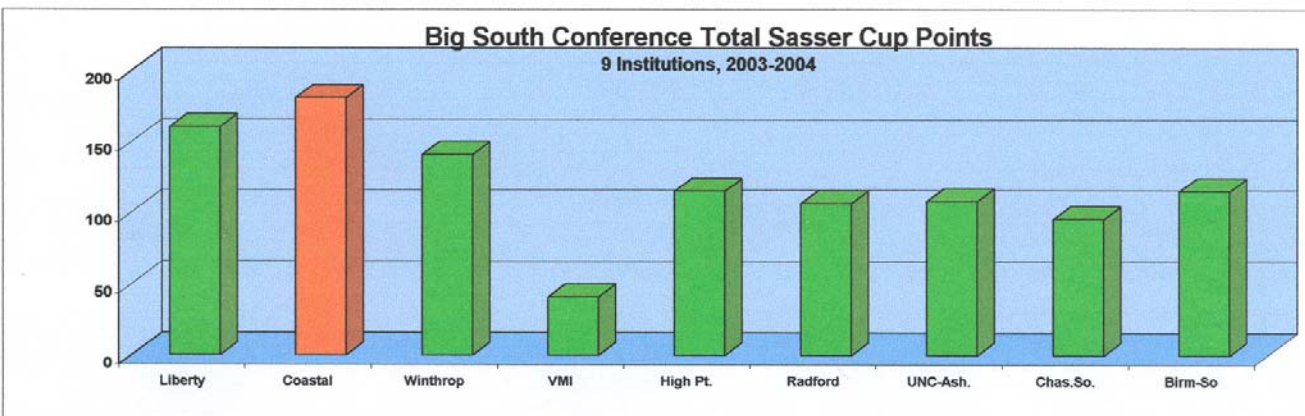
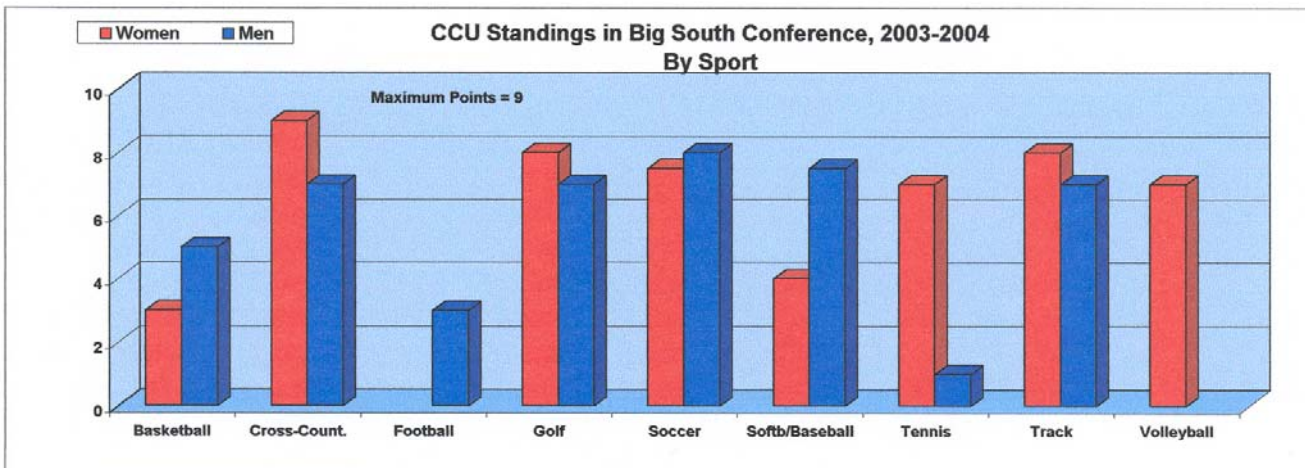
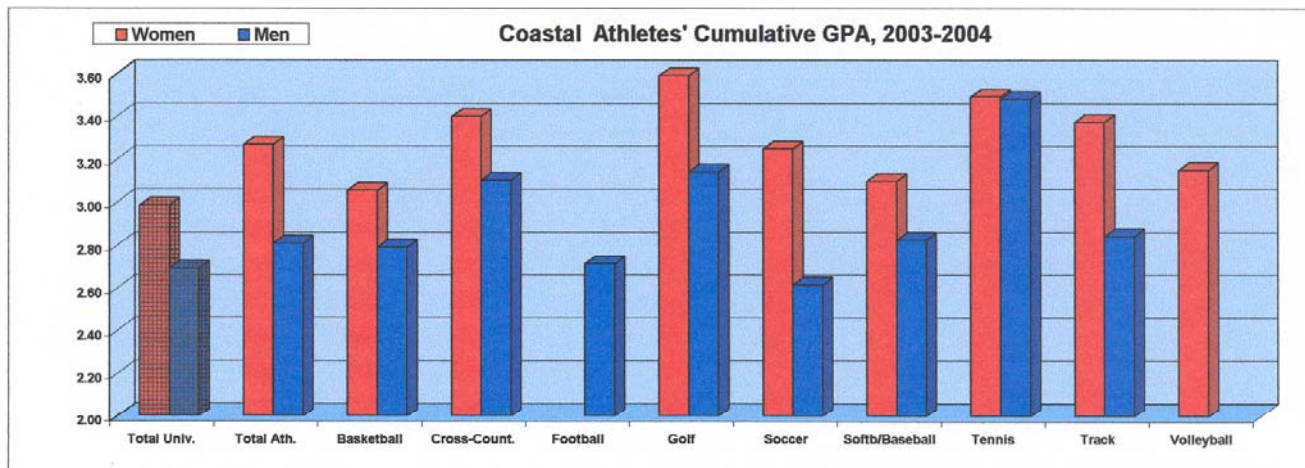
Baseball, Basketball, Cross Country, Golf, Soccer, Tennis, and Outdoor Track and Field, and Football (Fall 2003, Division I-AA)

Coastal Carolina University is especially proud of the academic performance of its student athletes. As the graph indicates, student athletes consistently perform at a higher grade point level than the overall average of Coastal's degree-seeking undergraduate students. This is related to the dedication of coaches in supervising students and emphasizing academic performance.

Coastal's athletes are highly competitive within the Big South Conference, which consists of nine universities: Birmingham-Southern, Liberty, Winthrop, High Point, Radford, UNC-Asheville, Charleston Southern, VMI, and Coastal Carolina University.

The overall conference championship in all sports combined is represented by the award of the George F. Sasser Cup. Institutions receive points toward the Sasser Cup by the rankings of each of the individual sports in which they compete. Coastal's rankings by sport for both men and women are shown on the facing page, as well as the total overall points for each institution. For 2003-2004, Coastal received the most points in the conference in total performance in all of its sports programs and was awarded the Sasser Cup. Coastal now leads the way in Sasser Cups won with six, followed by Liberty University with five.

Coastal Carolina University



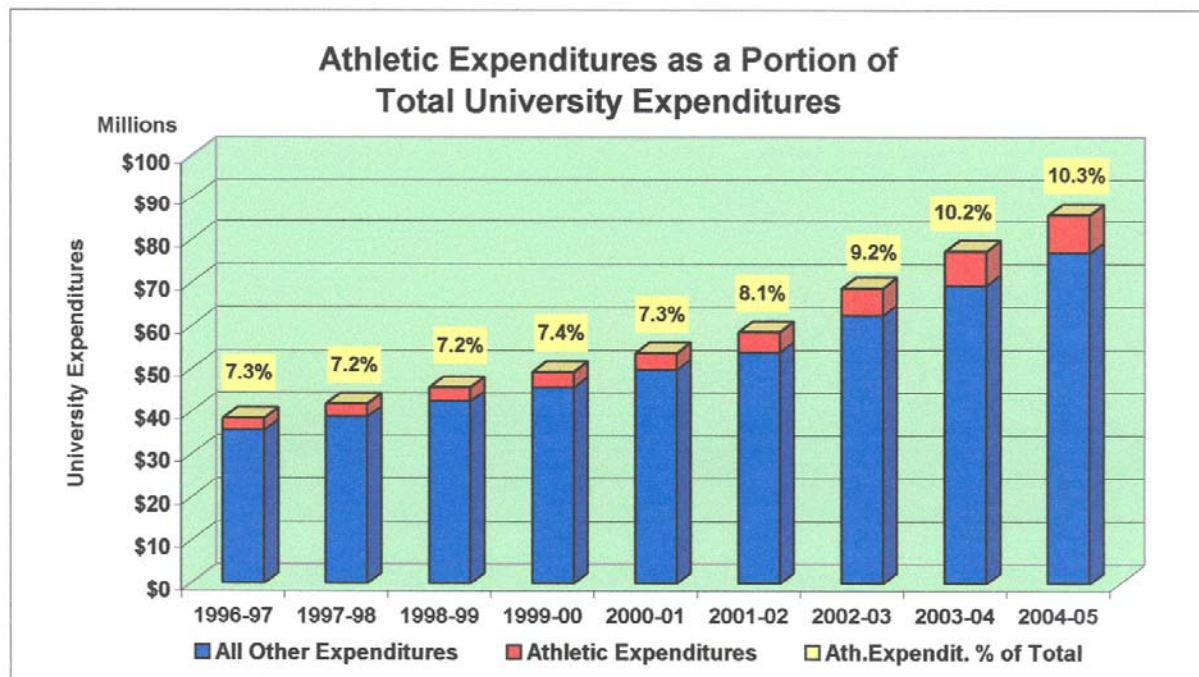
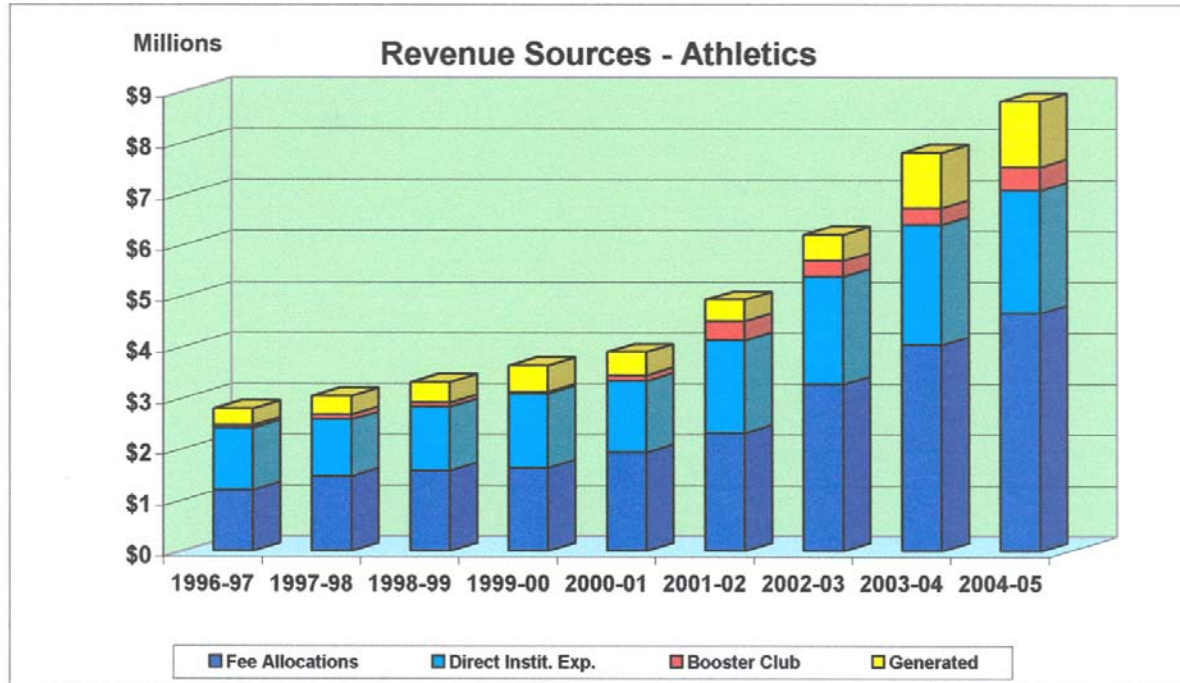
ATHLETICS – FINANCIAL RESOURCES

The growth in athletic financial activity has generally mirrored the overall growth in the university's operational expenditures. The financial impact of the decision to add football created a steeper rise in the need for institutional resources and in corresponding expenditures. The beginning of this impact was felt in startup costs during the 2001-2002 year, primarily funded by a large increase in CINO Club donations for that particular year. After surveys of student opinions and with the approval of the Board of Trustees, a one-time sharp increase in allocation from tuition and fees was implemented in 2002-2003 (a \$75 per semester increase for in-state students). The subsequent growth in revenues from tuition and fee allocations reflects not only the increased cost per student, but primarily the steep increase in enrollments for fall 2002 and succeeding years.

The direct institutional expenditures include scholarships which are awarded in the form of waivers of out-of-state tuition (approximately \$1.1 million) and salaries of athletic administrative personnel and senior coaches who are paid directly from the university operating budget (approximately \$1 million). Generated funds include gate receipts, advertising, guarantees, etc.

For several years, expenditures on athletics had constituted approximately seven to eight percent of total institutional expenditures. With the advent of football, this percentage has increased to the ten percent range. In view of the increased student interest and institutional image which has helped to lead to dramatic enrollment increases for the last two years, an early analysis would indicate that football brings more value to the university than the percentage of dollars expended for its ongoing operation.

Coastal Carolina University



IMPLEMENTATION OF FOOTBALL AT COASTAL CAROLINA UNIVERSITY A Financial Analysis

The 2003-2004 year marks the close of the first full year of operation of the football program. The implementation of the program began in 2001-2002, with strong support from the Coastal Carolina University Board of Trustees. To ensure that the university-wide goals which the football program was intended to accomplish are being met, President Ingle has directed that a complete audit of the financial viability of the operation be carried out by Mr. David Bredekamp, Internal Auditor of Coastal Carolina University.

With respect to the image of the institution, the addition of football has clearly made a major impact on the external community, on prospective students, and on related programs, such as music, with the advent of the marching band. In planning for the initial costs of football, a special increase in allocation from student tuition into the athletic budget was implemented for fiscal 2002-2003. This one-time increase of \$75 per in-state student per semester, with corresponding increases in out-of-state and part-time allocations, resulted in a one-year increase of approximately \$1.2 million in the athletic budget, and a more modest increase of \$25 per in-state student per semester, implemented for 2003-2004, resulted in an increase over the preceding year of an additional \$600,000. Of course, other sports required additional support due to inflation, increased costs of scholarships, and general program support, but the special increases in allocation, planned and implemented for the advent of football, had been accurately forecasted, and matched the additional expenditures which the university experienced. It should be noted that FY04 football expenditures comprised approximately 20% of the total expenditures for athletics, which in turn constituted 9% of the total university operations of \$77 million.

The attached summary of financial analyses is taken directly from the audited report carried out by the University Office of Internal Audit. Because football is one of 17 sports, and because the greatest impact on university finances is indirect rather than direct, there is no specific "bottom line" to the report. The greatest impact is clearly related to enrollment increases. Using only the number of new student athletes who went out for football in fall 2002 and in 2003, the total tuition, room, and board revenues generated by these students amounted to approximately \$2.2 million. Obviously, one cannot offset total increased tuition revenues against direct expenditures for football, but it is interesting to note that the increase in the total pool of revenues from student tuition corresponds to the direct operational expenditures for football. An analysis of the marching band impact is even more favorable, with revenues generated from the enrollment from new students participating in band more than double the direct expenditures for the band.

In summary, the institution has increased in reputation, visibility, and community interest. Fund raising and alumni interest have increased markedly, primarily attributable to the visibility of the football program. It appears that the goals of the university are being met by the implementation of football at Coastal Carolina University.

S.M.Horner
April 4, 2004

Coastal Carolina University
Football - Summary Financial Analysis
Based on Audits by the University Office of Internal Audit

Fiscal Year	2001-02	2002-03	2003-04	3 - Yr. Total
Capital Construction				
Expenditures		\$7,557,933	\$4,010,485	\$11,568,418
Revenues/Source of Funds				
State Capital Improvement Bonds (CIB's) - Paid by State of S.C.				\$4,000,000
Institutional Bonds - Paid by CCU Revenue Stream				\$4,000,000
Private Gifts				\$2,500,000
Institutional Revenues - Generated Funds				\$1,068,418
Total				\$11,568,418
Operational (Recurring) Activities				
Expenditures -Direct Football Costs				
Number of New Employees (State Positions)	3	4	1	8
Salaries & Fringe Benefits (Includes Temp. & Students)	\$162,526	\$550,978	\$660,185	\$1,373,689
Scholarships	\$1,839	\$177,594	\$315,662	\$495,095
Supplies/Travel/Other	\$35,614	\$244,763	\$281,956	\$562,333
Total Direct Football Expenditures	\$199,979	\$973,335	\$1,257,803	\$2,431,117
Expenditures - Football Related Support				
Number of New Employees (State Positions)		1	1	2
Game Day Management			\$85,399	\$85,399
Athletic Trainers - Additional		\$52,826	\$61,134	\$113,960
Ticket Office & Marketing		\$75,246	\$97,139	\$172,385
Total Support Activities		\$128,072	\$243,672	\$371,744
Total Football Operational Expenditures	\$199,979	\$1,101,407	\$1,501,475	\$2,802,861
Revenues				
Direct Football Revenues				
Ticket Sales, Sponsorships	\$3,000	\$216,005	\$272,158	\$491,163
Football-Related Revenues				
Enrollment Increases Directly Related to Football				
New Football Student-Athletes, Scholarship & Walk-Ons		79	81	
Fall 2003 Student-Athletes Returning Fall 2004(72%)			57	
Students Paying In-State Tuition		61	101	
Students Paying Out-of-State Tuition		18	21	
Revenues Generated from Enrollment				
Tuition				
In-State		\$265,350	\$523,318	\$788,668
Out-of-State		\$211,680	\$272,947	\$484,627
Total Tuition		\$477,030	\$796,265	\$1,273,295
Room & Board				
(Estimated at 70% Living on Campus)		\$319,081	\$578,131	\$897,212
Total Revenues Generated from Football Enrollment		\$796,111	\$1,374,396	\$2,170,507
Marching Band Activities				
Expenditures		\$115,920	\$130,449	\$246,369
Band-Related Revenues				
Enrollment Increases Related to Band				
New Students Participating in Band		10	25	
Fall 2003 Students Participating Fall 2004			5	
Students Paying In-State Tuition		3	19	
Students Paying Out-of-State Tuition		7	11	
Tuition Revenues Generated from Enrollment				
In-State		\$13,050	\$98,610	\$111,660
Out-of-State		\$82,320	\$141,570	\$223,890
Total Tuition		\$95,370	\$240,180	\$335,550
Room & Board				
(Estimated at 70% Living on Campus)		\$40,390	\$125,790	\$166,180
Total Revenues Generated from Enrollment		\$135,760	\$365,970	\$501,730

AUXILIARY ENTERPRISES

The university operates five activities as auxiliary enterprises: student housing, the campus bookstore, food services, vending and health services. Student housing revenues are generated by approximately 1,300 beds on campus, and operations are managed internally. In addition, the university manages over 1,000 beds close to campus for the Coastal Carolina University Student Housing Foundation.

The university outsources bookstore operations to Folletts, food service operations to Aramark, and vending activities to Pepsi Cola Bottling Company and C.A. Timbes, Inc. Health services are provided under a contract with Conway Medical Center at a campus clinic built and maintained by the Center.

The table on the facing page gives a history of auxiliary activity over the past six years.

Coastal Carolina University
Auxiliary Funds
1999-2004

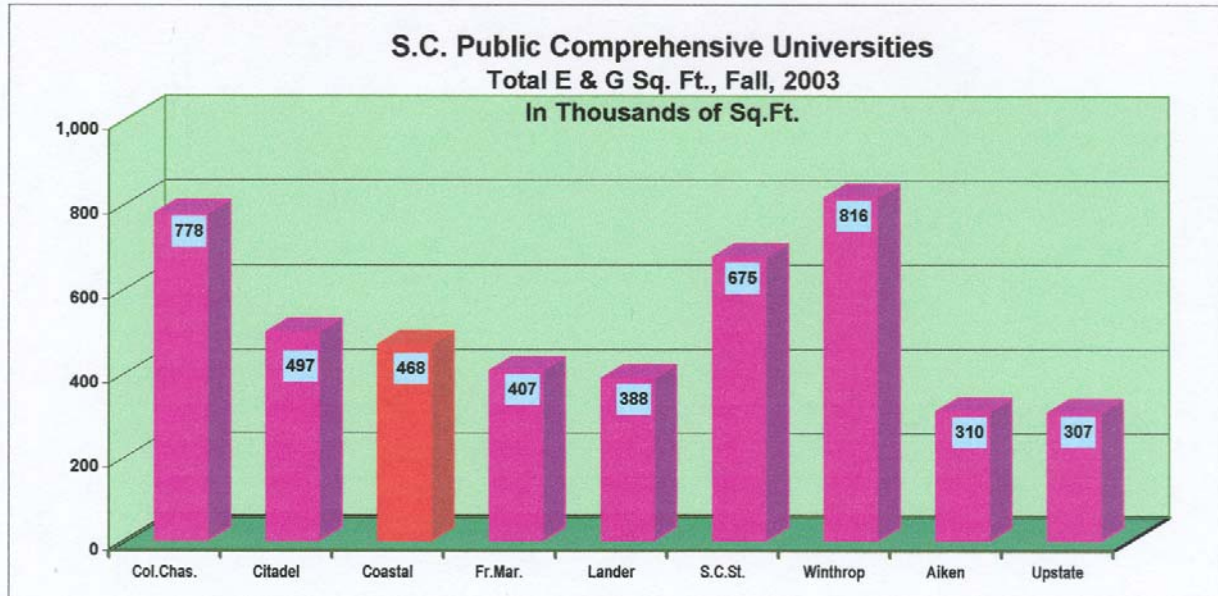
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Housing						
Beginning balance	\$ 299,463	\$ 289,009	\$ 672,374	\$ 964,044	\$ 1,336,454	\$ 1,469,755
Revenue	2,992,990	2,973,923	3,826,487	4,567,335	4,654,899	4,938,712
Expenditures	1,877,467	1,529,182	1,933,806	1,880,751	2,186,832	2,697,053
Transfers (debt service and renov)	1,125,977	1,061,376	1,601,011	2,314,174	2,334,766	2,414,351
Ending balance	289,009	672,374	964,044	1,336,454	1,469,755	1,297,063
Increase (decrease) in balance	(10,454)	383,365	291,670	372,410	133,301	(172,692)
Bookstore						
Beginning balance	1,005,143	999,447	1,012,221	1,080,877	1,059,152	1,090,836
Revenue	1,436,250	1,499,479	1,496,716	224,807	286,000	301,973
Expenditures	1,230,479	1,322,918	1,282,510	46,177	54,929	56,629
Transfers to fund other activities	211,467	163,787	145,550	200,355	199,387	200,612
Ending balance	999,447	1,012,221	1,080,877	1,059,152	1,090,836	1,135,568
Increase (decrease) in balance	(5,696)	12,774	68,656	(21,725)	31,684	44,732
Food Service						
Beginning balance	234,213	343,729	404,789	336,035	637,964	611,966
Revenue	354,577	384,768	490,975	596,613	578,566	736,121
Expenditures	95,061	87,449	183,823	122,715	119,030	390,793
Transfers to fund other activities	150,000	236,259	375,906	171,969	485,534	360,968
Ending balance	343,729	404,789	336,035	637,964	611,966	596,326
Increase (decrease) in balance	109,516	61,060	(68,754)	301,929	(25,998)	(15,640)
Vending						
Beginning balance	74,701	102,773	162,735	194,571	232,108	144,492
Revenue	260,263	279,659	249,521	409,277	356,377	493,237
Expenditures	164,918	186,447	196,292	211,852	200,713	213,988
Transfers to fund other activities	67,273	33,250	21,393	159,888	243,280	231,128
Ending balance	102,773	162,735	194,571	232,108	144,492	192,613
Increase (decrease) in balance	28,072	59,962	31,836	37,537	(87,616)	48,121
Health Services						
Beginning balance	1,984	5,086	5,614	6,575	18,850	45,653
Revenue	105,300	101,795	118,390	162,615	163,435	183,160
Expenditures	102,198	101,267	117,429	150,340	133,632	150,012
Transfers to fund other activities	-	-	-	-	3,000	21,660
Ending balance	5,086	5,614	6,575	18,850	45,653	57,141
Increase (decrease) in balance	3,102	528	961	12,275	26,803	11,488
Total Auxiliaries fund balances	\$ 1,740,044	\$ 2,257,733	\$ 2,582,102	\$ 3,284,528	\$ 3,362,702	\$ 3,278,711

FACILITIES

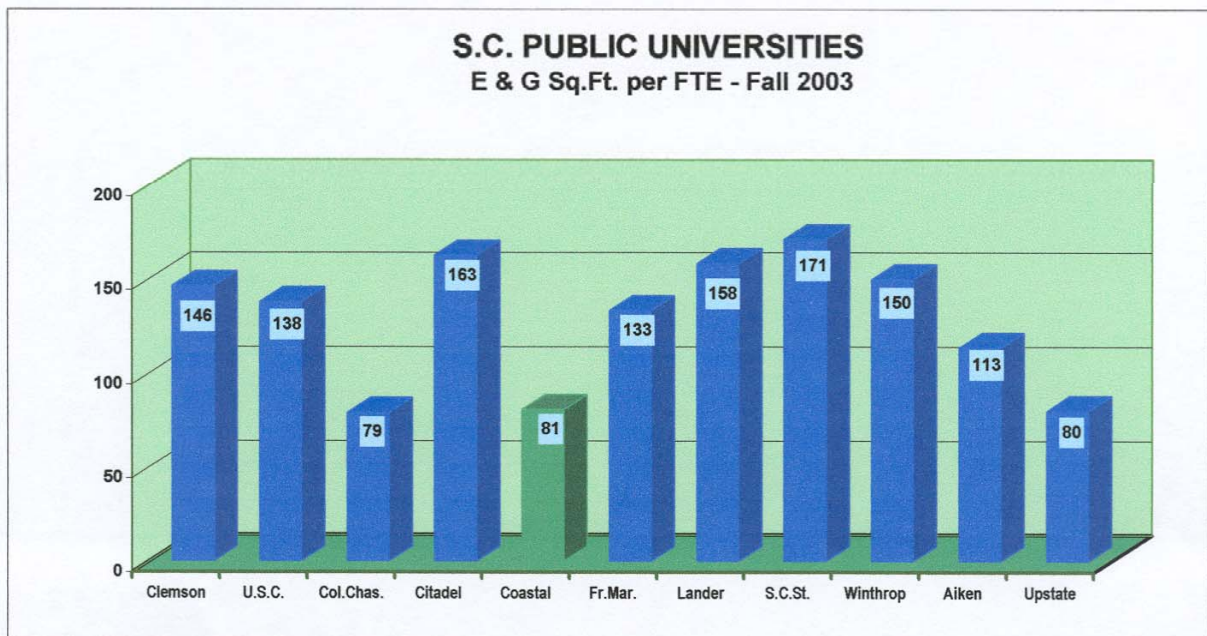
Among public institutions of higher education, Coastal Carolina University ranks as fourth lowest in the State of South Carolina in the total dollars it has received from State Capital Improvement Bonds (CIB's) to be applied to capital projects. The Capital Bond Bill was established in 1968, and the dollars received by each institution in the table below refer to the total CIB's received since that time. The State has not issued capital bonds since the 2000 legislative session. Coastal's total of \$42.3 million includes \$9.6 million received in the 1988 Bond Bill for the Wall School of Business Building and \$17.2 million received in the 1991, 1997 and 1999 Bond Bills for the Edwards Humanities and Fine Arts Building.

Coastal Carolina University has built a number of its campus buildings without the aid of state capital improvement bonds. Using a combination of private funds, county funded bond issues, institutional bonds, and institutional revenue bonds, Coastal's buildings, including residence halls, now total more than one million square feet, with a replacement cost of \$130 million. These statistics illustrate Coastal's attempt at self-sufficiency, rather than undue dependence upon the state.

The South Carolina Commission on Higher Education (CHE) regularly collects data on the number of campus square feet providing educational space per FTE student. The most recent data published by CHE is for fall 2003. The institutions experiencing a recent growth clearly suffer from inadequacy of educational space. Coastal ranks third lowest among South Carolina public institutions.



Coastal ranks third lowest in the state in E & G sq. ft. per FTE, primarily as a result of its dramatic growth. Additional space to support its programs and services is the university's most critical need.



SCHEDULE OF BOND COVERAGE

Last Ten Fiscal Years

State Institution Bonds

Fiscal Year Ended June 30,	Tuition Pledged for Debt Service	Principal	Interest	Total	Coverage Ratio
2004	968,436	260,000	118,335	378,335	2.56
2003	864,426	-	175,647	175,647	4.92
2002	841,252	325,000	10,969	335,969	2.50
2001	603,631	315,000	25,020	340,020	1.78
2000	577,234	300,000	38,160	338,160	1.71
1999	585,013	290,000	50,302	340,302	1.72
1998	574,413	275,000	61,732	336,732	1.71
1997	538,760	265,000	72,698	337,698	1.60
1996	490,194	255,000	83,256	338,256	1.45
1995	540,785	245,000	93,404	338,404	1.60

Revenue Bonds

Fiscal Year Ended June 30,	Designated* Net Revenues Available for Debt Service	Bond Proceeds and Interest Available for Debt Service	Principal	Interest	Total	Coverage Ratio
2004	2,832,331		640,000	1,444,574	2,084,574	1.36
2003	3,158,675		710,000	1,484,949	2,194,949	1.44
2002	3,351,989		675,000	1,520,460	2,195,460	1.53
2001	2,414,040	712,834	635,000	1,553,845	2,188,845	1.43
2000	1,918,622	956,379	320,000	1,572,755	1,892,755	1.52
1999	1,375,038		265,000	822,884	1,087,884	1.26
1998	1,370,197		245,000	874,733	1,119,733	1.22
1997	1,017,724	391,060	230,000	888,898	1,118,898	1.26
1996	780,895	241,194	125,000	897,089	1,022,089	1.00
1995	956,345	468,426	731,227	693,544	1,424,771	1.00

*Please see Note 9 to the financial statements for a discussion of the actual funds legally pledged for repayments.

The net revenues displayed represent housing operations in 1995 and 1996, the addition of food service beginning in 1997, and the addition of the bookstore in 2000.

COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT



SINGLE AUDIT SECTION

WALDA WILDMAN, LLC
CERTIFIED PUBLIC ACCOUNTANT

Synergy Business Park · Congaree Building · 121 Executive Center Drive · Suite 206
Columbia, South Carolina · 29210
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL
CONTROLS OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

September 3, 2004

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

I have audited the financial statements of the Coastal Carolina University (the University) as of and for the year ended June 30, 2004, and have issued my report thereon dated September 3, 2004. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the University's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs, item 2004-1.

This report is intended solely for the information and use of the University management and Board of Trustees and the Office of the South Carolina State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Walda Wildman, LLC

WALDA WILDMAN, LLC
Certified Public Accountant

WALDA WILDMAN, LLC
CERTIFIED PUBLIC ACCOUNTANT

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Columbia, South Carolina · 29210
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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

September 3, 2004

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

Compliance

I have audited the compliance of Coastal Carolina University (the University) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the University's management. My responsibility is to express an opinion on the County's compliance based on my audit.

I conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the University's compliance with those requirements.

In my opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of

performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the management and Board of Trustees of Coastal Carolina University, the Office of the South Carolina State Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Walda Wildman LLC

WALDA WILDMAN, LLC
Certified Public Accountant

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2004**

1. SUMMARY OF AUDITOR'S RESULTS:

- (I.) An unqualified opinion was issued on the financial statements of Coastal Carolina University.
- (ii.) The audit of the basic financial statements disclosed no reportable conditions in internal control.
- (iii.) The audit disclosed instances of noncompliance with laws, regulations and the provisions of contracts and grant agreements which were material to the financial statements.
- (iv.) The audit disclosed no reportable conditions in internal control over major programs.
- (v.) An unqualified opinion was issued on compliance for major programs.
- (vi.) The audit disclosed no findings related to Federal awards.
- (vii.) Major Federal programs for Coastal Carolina University for the fiscal year ended June 30, 2003 are:

<u>Program Name</u>	<u>CFDA Number</u>
National Science Foundation – Geosciences	47.050
Student Financial Aid Cluster	
Federal Supplemental Educational Opportunity Grants	84.007
Federal Work-study Program	84.033
Federal Pell Grant Program	84.063

- (viii.) The threshold for determining Type A programs for Coastal Carolina was \$300,000 for the year.
- (ix.) Coastal Carolina did qualify as a low-risk auditee under Section .530 of Circular No. A-133.

2. FINDINGS RELATED TO THE AUDIT OF THE BASIC FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS:

2004-1 *Condition:* The South Carolina Procurement Office determined that the University violated State procurement rules in several instances, one of which is material to the University's financial statements. The findings involved acquisition of equipment that State law defines as permanent improvements and sole source procurements in which the University had no choice of vendors.

Criteria: Internal control should be in place to insure compliance with all South Carolina Procurement rules.

Effect: The State's Procurement Office auditor noted several purchases, paperwork for which, did not comply with the requirements of the Procurement Office's checklist.

Recommendation: Management should institute procurement procedures to ensure that all paper work is properly completed and that the University and the Procurement Office are in agreement about what constitutes a capital improvement.

Grantee Response: Management has instituted procedures to insure that documentation is in place and management is in closer correspondence with State Procurement staff when questions arise regarding the definition of capital improvements.

3. FINDINGS AND QUESTIONED COSTS RELATED TO THE AUDIT OF FEDERAL AWARDS:
None.

COASTAL CAROLINA UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2004

Page 1 of 4

Federal Grantor/Pass through Grantor/Program Title	CFDA Number	Pass-through Grantor's Number	Expenditures
DEPARTMENT OF COMMERCE			
UNITED STATES DEPARTMENT OF AGRICULTURE, FORESTRY RESEARCH			
Effects of Timber Thinning on Bat Diversity, Abundance & Habitat use in the Francis Marion Forest	10.652	03-PA-11081209-040	\$ 7,018
DEPARTMENT OF COMMERCE			
NATIONAL OCEANIC AND ATMOSPHERIC AGENCY			
<i>Passed through South Carolina Sea Grant Consortium</i>			
Changes in the Geologic Framework of South Carolina's Grand Strand: Regional Stratigraphy, Onshore-Offshore Correlation, Data Integration & Synthesis	11.417	WRIGQ56H	3,704
Stratigraphy and Development of the North Island and Other Holocene Structures in the Grand Strand: Implications for Sediment Deposit along the Coastline	11.417	NA97RG0431	29
South Carolina - Georgia Coastal Erosion Study: GIS Data Compilation, Data Management and Shoreline Change Study	11.417	NA97RG0431	29
Stratigraphy and Development of the North Island and Other Holocene Structures in the Grand Strand Year 3	11.417	NA97RG0431	19,921
Geologic Framework of the Grand Strand Region: Distribution and Character of Near-Surface Geologic Strata at the Active Coast	11.417	00HQAG0208	9,505
South Carolinas - Georgia Coastal Erosion Study: GIS Data Compilation and Shoreline Change Study	11.417	00HQAG0208	70,999
Data Management, Manipulation, and Dissemination through Web-Based and Online Content for the South Carolina Coastal Erosion Program	11.417	Q56F	15,707
Watershed Conference	11.417	P/M-2N	2,000
			<u>121,894</u>
<i>Passed through South Carolina Department of Natural Resources</i>			
Contributions to the Biology of the Red Drum, <i>Sciaenops Ocellatus</i> , in South Carolina	11.472	NA97FL0359	4,723
DEPARTMENT OF DEFENSE			
DEPARTMENT OF DEFENSE, OFFICE OF CHIEF OF ENGINEERS, DEPARTMENT OF ARMY			
South Carolina Waves Project	12.101	W81D4A30296739	4,870
ACE Aerial Photo	12.101	DACW60-03-P-22	774
<i>Passed through South Carolina Department of Natural Resources</i>			
Charleston ODMDS Index Reef and Inshore Side Scan Sonar Characterization	12.101	73083527	12,886
Monitoring Studies at the Charleston ODMS	12.101	007700-83527	11,908
			<u>30,438</u>

COASTAL CAROLINA UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2004

Page 2 of 4

Federal Grantor/Pass through Grantor/Program Title	CFDA Number	Pass-through Grantor's Number	Expenditures
<i>Passed through South Carolina Department of Natural Resources</i>			
Charleston ODMDS Index Reef Characterization 2003	12.999	DNR#00700-83527	21,687
DEPARTMENT OF THE INTERIOR			
Partners for Fish and Wildlife	15.631	2003-0063-000	8,205
<i>Passed through University of South Carolina</i>			
Creation of a Coastal Carolina Watershed Academy	15.634	04-0903 (subgr)	1,048
<i>Passed through South Carolina Sea Grant Consortium</i>			
Project Berm: Beach Erosion Monitoring and Research	15.808	Q46K	22,331
Geologic Framework of the Beach and Shoreface of the North Carolina Coast: Lining the Beach and Inner Shelf	15.808	00HAAG0208USGS	89,845
Framework Geology of the Active Shoreface Along the Grand Strand Region of South Carolina: Linking the Beach and Inner Shelf	15.808	Q56B	25,661
Project BERM: Beach Erosion Research and Management	15.808	SCSGC Q56K	68,168
<i>Passed through South Carolina Department of Natural Resources</i>			
Side Scan Sonar Surveys at Charleston ODMDS	15.808	03-030557	1,992
<i>Passed through University of South Carolina</i>			
Experimental Cost-Benefit Analyses of Alternative Oyster Reef Restoration Procedures	15.808	P.O. #32228J	570
Shark Conservation at the Local Level: Connecting Student Research and Citizens	15.808	P.O. #32229J	805
<i>Passed through South Carolina Department of Natural Resources</i>			
Create a CD Project for the MMS Intermar Program	15.808	04 001647	11,800
			<u>221,172</u>
EDMAP Project: Myrtle Beach South Carolina. Geological Mapping of Portions of Myrtle Beach and Ocean Forest 7.5-minute quadrangles	15.809	02HQAG0073	2,897
DEPARTMENT OF JUSTICE			
OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION			
<i>Passed through South Carolina Alcohol and Drug Abuse</i>			
College and University Alcohol Risk-Reduction	16.727	COAS-EUDL-04	6,233
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
<i>Passed through College of Charleston</i>			
Development of Remote Sensing & Image Analysis Curricula for Integration into Selected Marine Science Courses	43.001	NGT5-40099	1,359

COASTAL CAROLINA UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2004

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Federal Grantor/Pass through Grantor/Program Title	CFDA Number	Pass-through Grantor's Number	Expenditures
Computational Simulations of Starburst Galaxies for Comparison with the Data from the Chandra and Hubble Space Telescopes	43.001	NGT5-40099	4,507
Course Development in Physical Meteorology	43.001	520384	3,757
			<u>9,623</u>
NATIONAL ENDOWMENT FOR THE HUMANITIES			
<i>Passed through SC Humanities Council</i>			
The Establishment and Evolution of Religious Institutions in Horry and Georgetown Counties	45.161	2-0882-2	1,191
NATIONAL SCIENCE FOUNDATION			
Physical Oceanography Curriculum Development	47.050	310474	25,459
Acquisition of Equipment for Comprehensive Marine and Sciences Research	47.050	OCE-0079658	6,577
Rising Tide Project: Changing How University Researchers and Secondary Educators Work Together	47.050	Geo-0122020	10,952
Seafloor Mapping Suite	47.050	OCE-0320793	220,250
Collaborative Research: Acquisition of a Dual, Complementary Ground Penetrating Radar System for Geoscience Research and Teaching in South Carolina	47.050	EAR-0323338	59,947
Large-Scale Dynamic Meteorology Climate Dynamics Program	47.050	ATM-0213248	46,319
			<u>* 369,504</u>
<i>Passed through SC-BRIN/EPSCOR</i>			
Biomedical Research Infrastructure Network Proposal	47.074	1 P20-RR16461-01	17,790
Oyster Reef Study	47.074	DEB 9509057	1,327
			<u>19,117</u>
<i>Passed through South Carolina Department of Education</i>			
Waccamaw Math & Science Hub Federal Funds 2002-2003	47.076	03 GA 310	3,335
DEPARTMENT OF ENERGY			
EPSOR: Thermodynamic and X-ray Studies of Electrically-Ordered Adsorbed Phases	81.119	DEFG0201ER45895	25,773
DEPARTMENT OF EDUCATION			
STUDENT FINANCIAL AID CLUSTER			
Federal Supplemental Educational Opportunity Grants	84.007	PO07A027401	1,500
Federal Supplemental Educational Opportunity Grants	84.007	PO07A037401	203,039
			<u>* 204,539</u>
Federal Work Study Program	84.033	PO33A037401	* 203,192

COASTAL CAROLINA UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2004

Page 4 of 4

Federal Grantor/Pass through Grantor/Program Title	CFDA Number	Pass-through Grantor's Number	Expenditures
Pell Grant Program	84.063	PO63PO22202	37,557
Pell Grant Program	84.063	PO063PO32202	3,985,867
			<u>* 4,023,424</u>
Internationalizing the Business Curriculum at the E. Craig Wall College of Business			
Administration: A Three-Part Process	84.153	P153A010032	43,505
Nature and Needs of Gifted and Talented Students Course	84.206	04IS310-02	4,000
<i>Passed through SC Commission of Higher Education</i>			
Standards-based Content and Methods Courses for Middle School Mathematics	84.281		32
<i>Passed through South Carolina Department of Education</i>			
Standards and Assessment Project: Implementation and Evaluation	84.336	03-F1310	6,993
<i>Passed through Association for Gerontology In Higher Education</i>			
Generations Together Grant: A Service-Learning Project to Assist Older Persons with AIDS	84.339		3,368
<i>Passed through National Writing Project</i>			
Coastal Area Writing Project 2003-2004	84.928	94-SC03 #10	38,000
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through National Youth Sports Corporation</i>			
National Youth Sports Summer Program at Coastal Carolina University	93.570		74,046
<i>Passed through South Carolina BRIN Network</i>			
SC BRIN/EPSCoR Network Seminar Application	93.854	PO#32354J	1,000
<i>Passed through Medical University of South Carolina</i>			
South Carolina Consortium of Geriatric Education Centers Grant	93.969	HRS#1D31HP70148	7,177
South Carolina Consortium of Geriatric Education Centers Oral Health Grant	93.969	3D31HP70148-03	5,000
			<u>12,177</u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 5,468,134</u></u>

*Denotes major program

COASTAL CAROLINA UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2004

1. Summary of Significant Accounting Policies

Basis of Accounting

The Schedule of Expenditures of Federal Awards was prepared on the accrual basis of accounting.

WALDA WILDMAN, LLC
CERTIFIED PUBLIC ACCOUNTANT

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STATUS OF PRIOR YEAR'S FINDINGS

September 3, 2004

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

During my audit of Coastal Carolina University's financial statements for the year ended June 30, 2003 no matters came to my attention on which I commented.

Walda Wildman LLC

WALDA WILDMAN, LLC
Certified Public Accountant