

**THE COLLEGE OF CHARLESTON  
DEPARTMENT OF ATHLETICS**

Statement of Revenues and Expenditures  
(with Independent Auditors' Report thereon)

For the Year Ended June 30, 2004

State of South Carolina



Office of the State Auditor

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STATE AUDITOR

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March 21, 2005

The Honorable Mark Sanford, Governor  
and  
Members of the Board of Trustees  
College of Charleston  
Charleston, South Carolina

This report on the audit of the statement of revenues and expenditures of the College of Charleston's Department of Athletics for the fiscal year ended June 30, 2004, was issued by Cherry, Bekaert & Holland, LLP, 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,

A handwritten signature in cursive script that reads "Tom Wagner".

Thomas L. Wagner, Jr., CPA  
State Auditor

TLWjr/trb

**THE COLLEGE OF CHARLESTON  
DEPARTMENT OF ATHLETICS**

For the Year Ended June 30, 2004

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## Independent Auditors' Report

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

Mr. Leo I. Higdon Jr.  
President  
The College of Charleston  
Charleston, South Carolina

We have audited the accompanying statement of revenues and expenditures of the College of Charleston's Department of Athletics for the year ended June 30, 2004. The financial statement is the responsibility of the College's management. Our responsibility is to express an opinion on the statement of revenues and expenditures based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenues and expenditures referred to above was prepared for the purpose of complying with the rules and regulations of the National Collegiate Athletics Association as described in Note 1 and is not intended to be a complete presentation of the College of Charleston's or the College of Charleston's Department of Athletics' revenues and expenditures.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and expenditures of the College of Charleston's Department of Athletics for the year ended June 30, 2004, in conformity with accounting principles generally accepted in the United States of America.

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

*Cherry, Bekaert + Holland, L.L.P.*

Beaufort, South Carolina  
February 16, 2005

COLLEGE OF CHARLESTON  
DEPARTMENT OF ATHLETICS  
STATEMENT OF REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004

Categories	Men's		Women's		Coed	Non-program Specific	Total
	Basketball	Other Sports	Basketball	Other Sports			
Revenues:							
Student Activity Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,784,505	\$ 4,784,505
Commissions	-	-	-	-	-	14,891	14,891
Ticket Sales	226,223	18,749	1,094	2,056	-	-	248,122
NCAA Distribution	-	-	-	-	-	76,914	76,914
NIT/SOCON Distribution	1,905	7,926	1,905	-	-	13,615	25,351
Contributions Restricted for Scholarships	-	-	-	-	1,500	317,496	318,996
Rental Income	-	-	-	-	-	5,200	5,200
Royalties	-	-	-	-	-	32,043	32,043
Guarantees	50,073	-	-	750	-	-	50,823
Entry Fees	-	200	-	95,022	-	-	95,222
Other	-	-	-	-	-	4,400	4,400
<b>Total Revenues</b>	<b>\$ 278,201</b>	<b>\$ 26,875</b>	<b>\$ 2,999</b>	<b>\$ 97,828</b>	<b>\$ 1,500</b>	<b>\$ 5,249,064</b>	<b>\$ 5,656,467</b>
Expenditures:							
Personal Services	\$ 300,319	\$ 372,404	\$ 179,103	\$ 401,371	\$ 7,711	\$ 375,219	\$ 1,636,127
Fringe Benefits	66,482	95,006	40,326	107,199	665	76,322	386,000
Contractual Services	145,881	181,164	74,214	376,179	20,434	228,586	1,026,458
Supplies	19,241	86,418	22,168	118,431	-	97,852	344,110
Scholarship	283,518	526,158	233,815	876,164	-	5,180	1,924,835
Fixed Charges	60,283	18,818	10,643	15,566	150	122,128	227,588
Travel	41,736	27,966	24,250	40,633	-	9,773	144,358
<b>Total Expenditures</b>	<b>\$ 917,460</b>	<b>\$ 1,307,934</b>	<b>\$ 584,519</b>	<b>\$ 1,935,543</b>	<b>\$ 28,960</b>	<b>\$ 915,060</b>	<b>\$ 5,689,476</b>
Excess(Deficiency) of Revenues over Expenditures	<b>\$ (639,259)</b>	<b>\$ (1,281,059)</b>	<b>\$ (581,520)</b>	<b>\$ (1,837,715)</b>	<b>\$ (27,460)</b>	<b>\$ 4,334,004</b>	<b>\$ (33,009)</b>

The accompanying notes are an integral part of this financial statement.

**THE COLLEGE OF CHARLESTON  
DEPARTMENT OF ATHLETICS**

Notes to Financial Statements  
June 30, 2004

**Note 1 - Summary of Significant Accounting Policies**

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

**Basis of Presentation** - The accompanying statement presents the recorded amounts of revenues and expenditures of the College of Charleston's Department of Athletics. It is not intended to be a complete presentation of the revenues and expenditures of the College of Charleston or the College of Charleston's Department of Athletics. The statement of revenues and expenditures has been prepared using the accrual basis of accounting. However, no provision has been made for depreciation of physical plant assets. Revenue is recognized when earned and expenditures when supplies or services are received. Indirect costs, including general administrative costs, maintenance, and other related costs, are allocated to the Department of Athletics as a percentage of Athletics' salaries to total College salaries. These costs of \$130,384 were recorded as contractual services non-program specific.

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

**Student Activity Fees** - For the year ended June 30, 2004, the Board of Trustees of the College of Charleston approved a student fee of \$238 per full time student to support intercollegiate athletics. The fee is prorated for part-time students. The Department of Athletics recognized \$4,784,505 in student athletic fees for the year ended June 30, 2004.

**Fund Accounting** - In order to ensure observance of limitations and restrictions placed on the use of resources available to the College's Department of Athletics, the accounts are maintained in accordance with fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. Separate accounts are maintained for each auxiliary enterprise.

**THE COLLEGE OF CHARLESTON  
DEPARTMENT OF ATHLETICS**

Notes to Financial Statements  
June 30, 2004

**Note 2 - NCAA Legislation**

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

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

In January 1988, effective January 14, 1988, the constitution was again amended. This amendment removed the audit requirement from the NCAA constitution and incorporated its provision into three separate bylaws, which contain revisions specific to each membership division.

As a Division 1 member of the NCAA, the College of Charleston is required to have an audit of the Department's annual statement of revenues and expenditures completed by the end of the subsequent fiscal year. NCAA bylaws require all expenditures for, or on behalf of the College's intercollegiate athletics program, including those by outside organizations, to be included on the Department's statement of revenues and expenditures.

**Note 3 - Outside Organizations**

The Cougar Club is a 501 (C) (3) organization with its own charter and Board. The primary mission of the Cougar Club is to promote intercollegiate athletics at the College of Charleston. Season tickets to athletic games are available only through membership in the Cougar Club and entitle the purchaser to entrance at many athletic events. Net revenues from ticket sales, after the deduction of certain expenses, are remitted to the College annually. During the fiscal year 2004, \$215,617 was remitted to the College and is included in ticket sales revenue.

Contributions to the College from the Cougar Club are restricted for scholarships, however, they are non-program specific. During the year ended June 30, 2004, the Cougar Club contributed \$317,496 to the College of Charleston's department of athletics.

**THE COLLEGE OF CHARLESTON  
DEPARTMENT OF ATHLETICS**

Notes to Financial Statements  
June 30, 2004

**Note 4 - Contributions**

For the year ended June 30, 2004 contributions from individual donors to the department of athletics in excess of ten percent of all contributions to the department were as follows:

<u>Donor</u>	<u>Amount</u>
College of Charleston Cougar Club	\$ 317,496