

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.

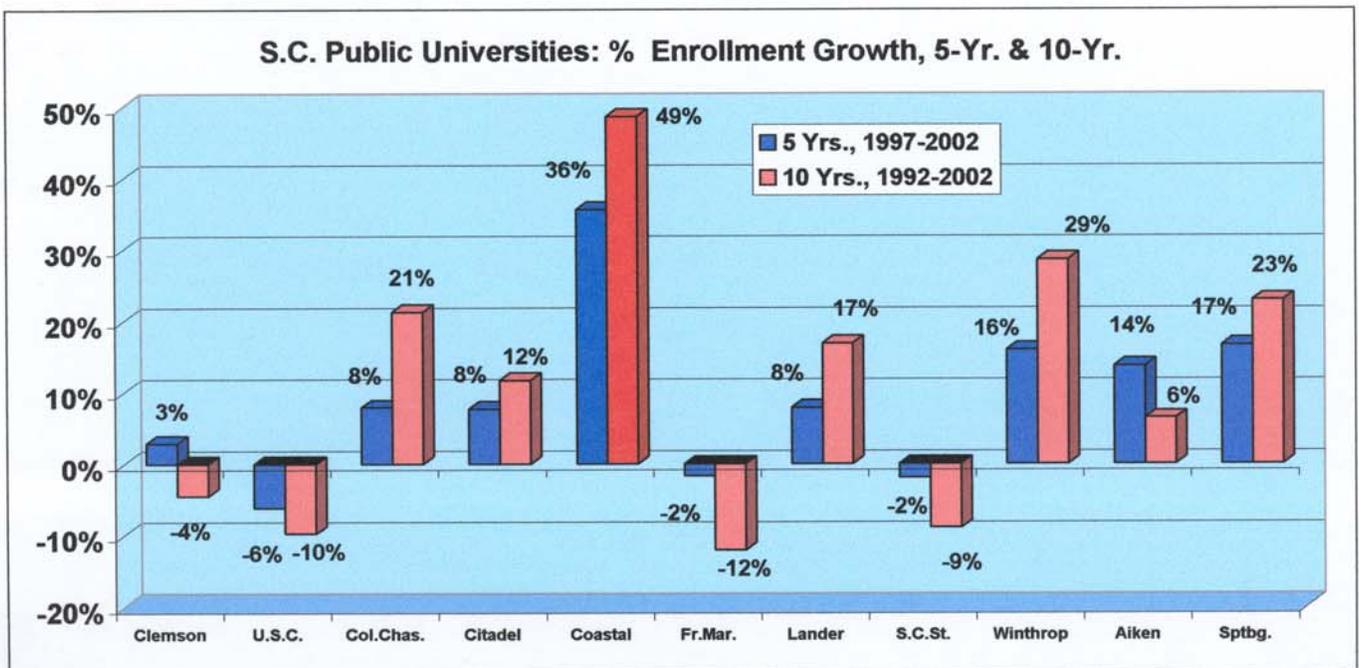
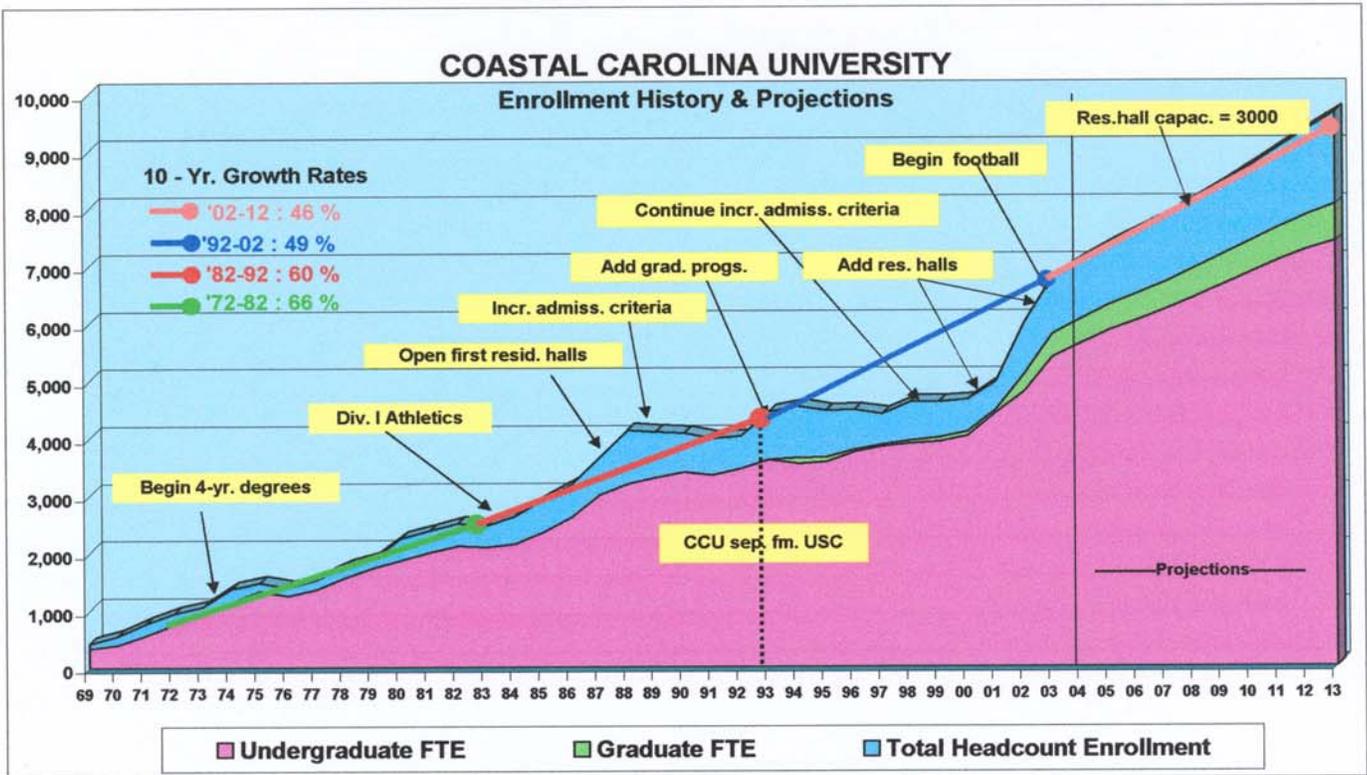
ENROLLMENT FACTS, FALL 2003

- Total Enrollment – 6,780; Graduate 1,170, Undergraduate 5,610
- FTE Enrollment – 5,795; Graduate 403; Undergraduate 5,392
- SC Residents – 63% (graduate and undergraduate)
- Male/Female Ratio – 44%:56%
- Full-Time Students, Undergraduate – 88%
- Traditional Age Students (25 & Under), Undergraduate– 87%
- Students Living on Campus (including University Place) – 1,844

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 49 percent reflects the dramatic changes which have occurred throughout the institution during the past decade.



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

Fall Semester													
FALL Semester	Headcount Enrollment					FULL-TIME		F.T.E. Enrollment					
	Undergrad	% Growth	Graduate	% Growth	Total	% Growth	Enroll.	% Growth	Undergrad	Grad.	Total	% Growth	
1982	2,512		0		2,512		1,761		2,113		2,113		
1983	2,470	-1.7%	0		2,470	-1.7%	1,742	-1.1%	2,093		2,093	-0.9%	
1984	2,631	6.5%	0		2,631	6.5%	1,810	3.9%	2,148		2,148	2.6%	
1985	2,923	11.1%	0		2,923	11.1%	2,005	10.8%	2,353		2,353	9.5%	
1986	3,176	8.7%	0		3,176	8.7%	2,266	13.0%	2,607		2,607	10.8%	
1987	3,650	14.9%	0		3,650	14.9%	2,587	14.2%	3,005		3,005	15.3%	
1988	4,135	13.3%	0		4,135	13.3%	2,747	6.2%	3,190		3,190	6.2%	
1989	4,101	-0.8%	0		4,101	-0.8%	2,922	6.4%	3,301		3,301	3.5%	
1990	4,080	-0.5%	0		4,080	-0.5%	3,008	2.9%	3,396		3,396	2.9%	
1991	3,983	-2.4%	0		3,983	-2.4%	2,974	-1.1%	3,340		3,340	-1.6%	
1992	4,023	1.0%	0		4,023	1.0%	3,113	4.7%	3,455		3,455	3.4%	
10 Yr. Summary, 1982-1992													
10 Yr.Tot.		60.2%				60.2%		76.8%		63.5%		63.5%	63.5%
10 Y.Av.*		6.0%		0.0%		6.0%		7.7%					6.4%
1992	4,023		0		4,023		3,113		3,455		3,455		
1993	4,194	4.3%	259		4,453	10.7%	3,032	-2.6%	3,610		3,610	4.5%	
1994	4,198	0.1%	344	32.8%	4,542	2.0%	3,270	7.8%	3,541	105	3,646	1.0%	
1995	4,200	0.0%	268	-22.1%	4,468	-1.6%	3,098	-5.3%	3,576	80	3,656	0.3%	
1996	4,304	2.5%	173	-35.4%	4,477	0.2%	3,393	9.5%	3,744	49	3,793	3.7%	
1997	4,283	-0.5%	125	-27.7%	4,408	-1.5%	3,547	4.5%	3,845	29	3,874	2.1%	
1998	4,487	4.8%	128	2.5%	4,615	4.7%	3,625	2.2%	3,894	49	3,943	1.8%	
1999	4,370	-2.6%	245	91.2%	4,615	0.0%	3,572	-1.5%	3,919	72	3,991	1.2%	
2000	4,254	-2.7%	399	62.9%	4,653	0.8%	3,687	3.2%	4,026	75	4,101	2.8%	
2001	4,771	12.2%	194	-51.4%	4,965	6.7%	4,013	8.8%	4,428	59	4,487	9.4%	
2002	5,058	6.0%	922	375.3%	5,980	20.4%	4,488	11.8%	4,796	299	5,095	13.6%	
10 Yr. Summary, 1992-2002													
10 Yr.Tot.		25.7%		168.0%		48.6%		44.2%		38.8%	184.8%	47.5%	47.5%
10 Y.Av.*		2.6%		16.8%		4.9%		4.4%					4.7%
2002	5,058		922		5,980		4,488		4,796	299	5,095		
2003	5,610	10.9%	1,170	26.9%	6,780	13.4%	5,015	11.7%	5,392	403	5,795	13.7%	
2004	5,857	4.4%	1,223	4.5%	7,079	4.4%	5,241	4.5%	5,635	421	6,055	4.5%	
2005	6,074	3.7%	1,278	4.5%	7,351	3.8%	5,461	4.2%	5,860	439	6,299	4.0%	
2006	6,256	3.0%	1,333	4.3%	7,588	3.2%	5,668	3.8%	6,036	459	6,494	3.1%	
2007	6,443	3.0%	1,390	4.3%	7,833	3.2%	5,838	3.0%	6,217	479	6,696	3.1%	
2008	6,669	3.5%	1,447	4.1%	8,116	3.6%	6,054	3.7%	6,428	500	6,928	3.5%	
2009	6,902	3.5%	1,505	4.0%	8,407	3.6%	6,272	3.6%	6,647	522	7,169	3.5%	
2010	7,137	3.4%	1,572	4.5%	8,710	3.6%	6,492	3.5%	6,860	545	7,404	3.3%	
2011	7,380	3.4%	1,651	5.0%	9,031	3.7%	6,719	3.5%	7,079	572	7,651	3.3%	
2012	7,601	3.0%	1,742	5.5%	9,343	3.5%	6,941	3.3%	7,263	603	7,867	2.8%	
2013	7,791	2.5%	1,846	6.0%	9,638	3.2%	7,170	3.3%	7,405	640	8,045	2.3%	
Projected, 2002-2012													
10 Yr.Tot.		50.3%		88.9%		56.2%		54.7%		51.4%	101.8%	54.4%	54.4%
10 Y.Av.		5.0%		8.9%		5.6%		5.5%					5.4%

NEW STUDENT ADMISSIONS, UNDERGRADUATE

FALL SEMESTER

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
APPLICATIONS RECEIVED							
Freshmen	2,354	2,473	2,420	2,533	3,094	3,603	4,526
Transfer	932	848	861	862	1,024	1,160	1,320
Other	549	570	535	557	591	448	446
Total	3,835	3,891	3,816	3,952	4,709	5,211	6,292
ACCEPTED FOR ADMISSION							
Freshmen	1,850	1,944	1,753	1,813	2,296	2,580	3,208
Transfer	725	654	667	699	766	852	949
Other	533	550	527	545	580	431	433
Total	3,108	3,148	2,947	3,057	3,642	3,863	4,590
Acceptances % of Applications	81%	81%	77%	77%	77%	74%	73%
DENIED ADMISSION							
Freshmen	374	415	567	669	710	906	1,008
Transfer	82	63	66	67	86	108	161
Other	4	9	1	2	3	2	8
Total	460	487	634	738	799	1,016	1,177
Denials % of Applications	12%	13%	17%	19%	17%	19%	19%
ENROLLED							
Freshmen	841	877	766	792	941	1,078	1,272
Transfer	502	457	470	486	513	545	626
Other	443	457	497	487	328	224	196
Total	1,786	1,791	1,733	1,765	1,782	1,847	2,094
Enrolled % of Applications	47%	46%	45%	45%	38%	35%	33%
PERCENT OF ACCEPTED APPLICANTS ENROLLING							
Freshmen	45%	45%	44%	44%	41%	42%	40%
Transfer	69%	70%	70%	70%	67%	64%	66%
Other	83%	83%	94%	89%	57%	52%	45%
Total	57%	57%	59%	58%	49%	48%	46%

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 eight 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 2003 average for Coastal's new freshmen of 1045 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 3.27 during the seven-year period.

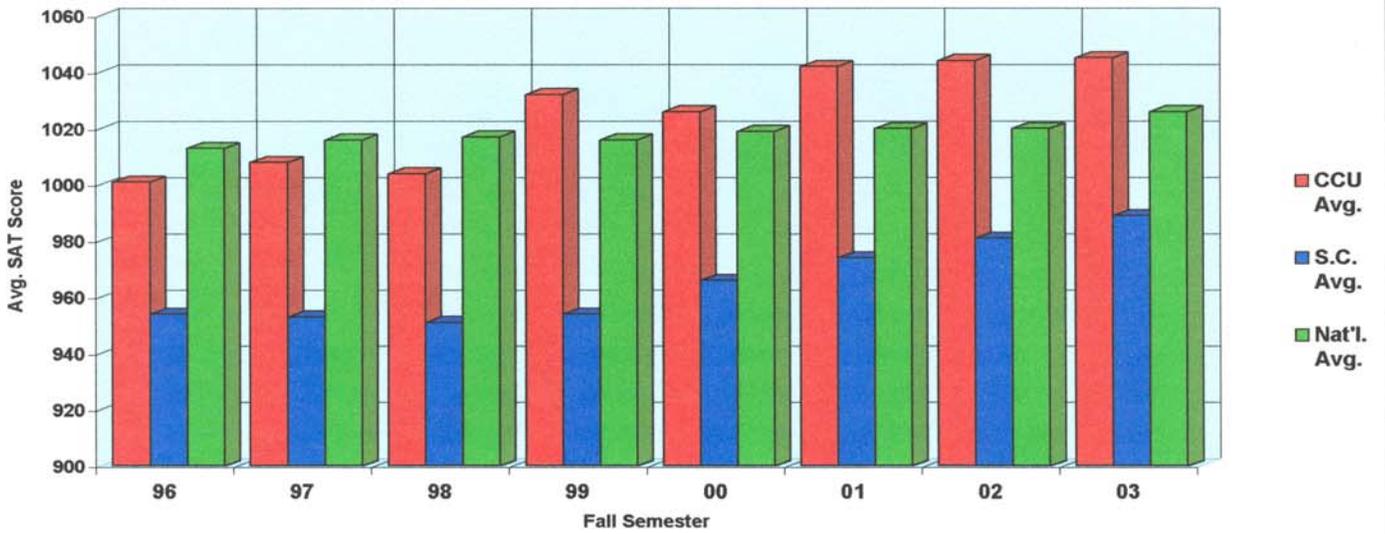
RETENTION

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 more than 20 percentage points over the past twelve years.

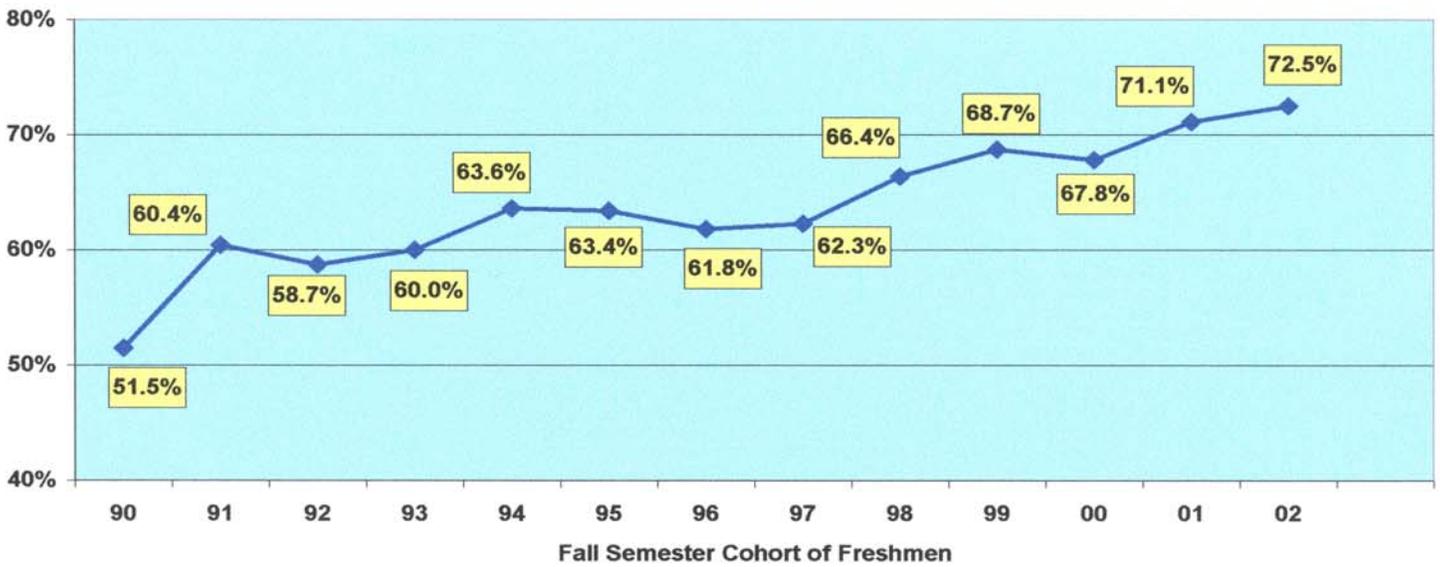
In the overall effort to improve retention, Coastal added a faculty mentoring program, freshman success seminars, and academic faculty and departmental incentives for improving retention within academic majors. A special focus has been on improving campus life. Examples include: a new residence hall (2000), a new residence hall complex adjacent to campus (2003), the wiring of all computer connections in the residence halls, adding an on-campus student health center, improving the snack bar and student cafeteria, environments and options, increasing emphasis on and access to intramural and intercollegiate sports, including the development of a women's soccer program (2001) and NCAA Division I AA football program fall 2003.

The Provost has also 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 for fall 2003, bringing a renewed emphasis on student services and campus involvement for all students

**Coastal Carolina University Average SAT Scores, New Freshmen
Comparison with S.C. & National Averages**



**New Freshmen One-Year Retention
Percent of Full-Time Freshmen Who Return the Following Fall**



ACADEMIC DEPARTMENTS

Organization

The academic areas are organized into four colleges -- Business, Education, Science, and Humanities and Fine Arts. The university offers 36 baccalaureate degree programs and nine master's degree programs. Additionally, seven undergraduate and graduate degree programs are offered in cooperation with other South Carolina institutions.

Undergraduate Academic Majors

The number of majors enrolled in the traditional liberal arts and sciences has increased dramatically over the past decade. The proportion of majors is now almost evenly distributed between the professional colleges of business and education (48 percent) and the traditional liberal arts and sciences (52 percent). This distribution is characteristic of a mature and well-balanced university.

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 36 programs leading to the baccalaureate degree, nine 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	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	Physical Education <i>Teacher Certification (K-12)</i> <i>Recreation & Leisure Serv. Mgmt option</i> Health Promotion <i>Sports Medicine option</i>
Other	Interdisciplinary Studies	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, Educational Technology, Elementary Education, and Secondary Education
With a concentration in English, Natural Sciences, Mathematics, and Social Studies
Master of Science in Coastal Marine and Wetland Studies

COOPERATIVE PROGRAMS

Bachelor of Science in Engineering (with Clemson University)
Bachelor of Science in Nursing (with Medical University of South Carolina & 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 2003

	Science	Humanities	Business	Education	Library
Professor	18	22	7	8	1
Associate Professor	20	20	9	7	5
Assistant Professor	24	33	12	9	2
Instructor/Other	14	13	2	3	1
Total	76	88	30	27	9

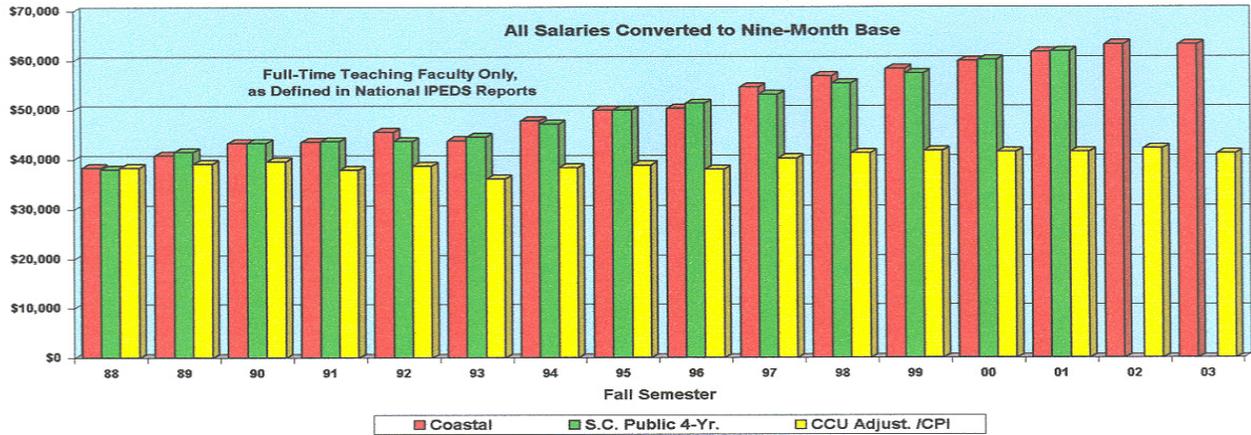
Summary, All Faculty

	<u>Fall 2003</u>
All Full-Time Employees with Faculty Rank	230
Full-Time Teaching Faculty	210
Ph.D. or Terminal Degree	83%
Tenured	53%
Total Part-Time Faculty	177
FTE of Total Part-Time Faculty	85
Total FTE Faculty	295

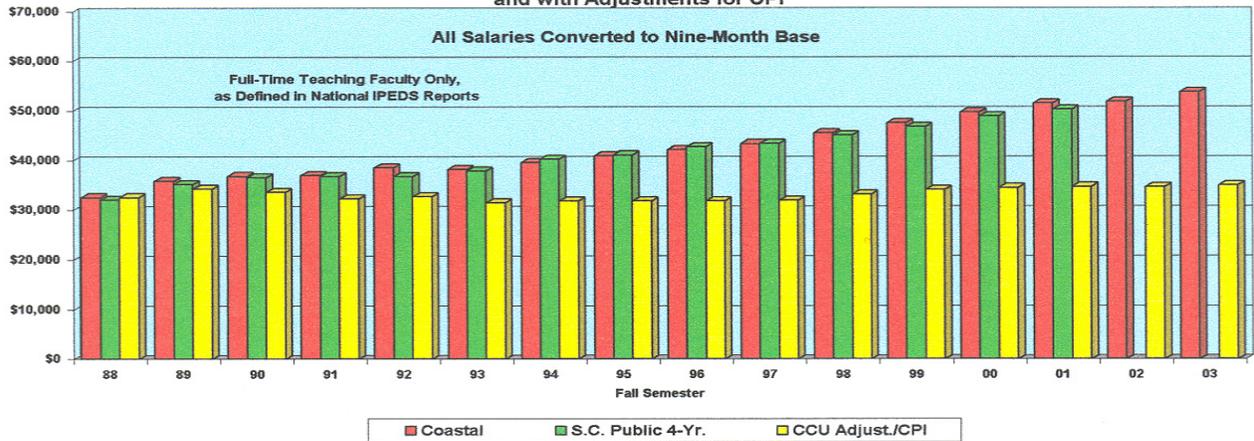
Average Nine-Month Salary, Fall 2003

Professor	\$63,123
Associate Professor	\$53,697
Assistant Professor	\$45,617
Instructor/Other	\$30,698
All Ranks	\$49,356

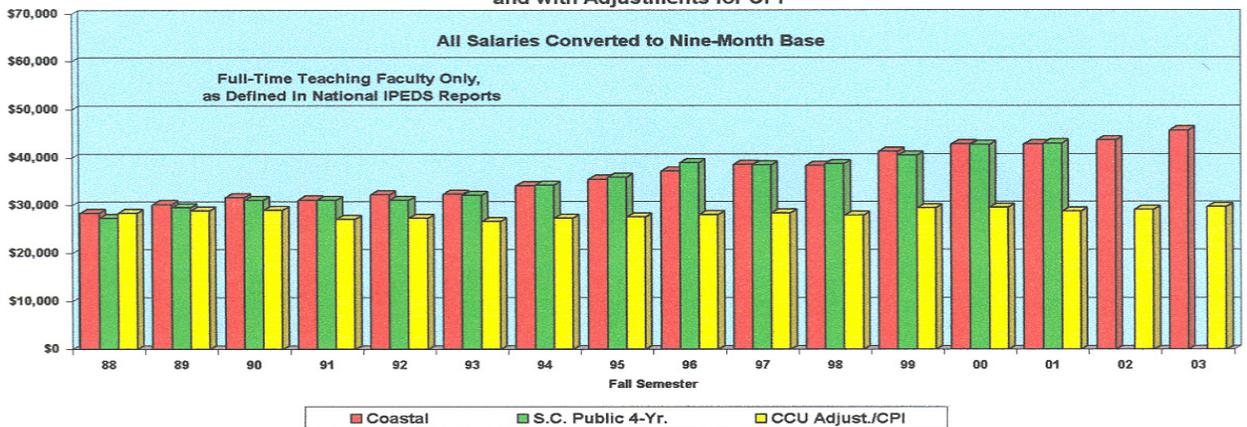
Coastal Carolina Faculty Salaries, Professor
Comparisons with S.C. Public 4 - Yr. Institutions
and with Adjustments for CPI



Coastal Carolina Faculty Salaries, Associate Professor
Comparisons with S.C. Public 4 - Yr. Institutions
and with Adjustments for CPI

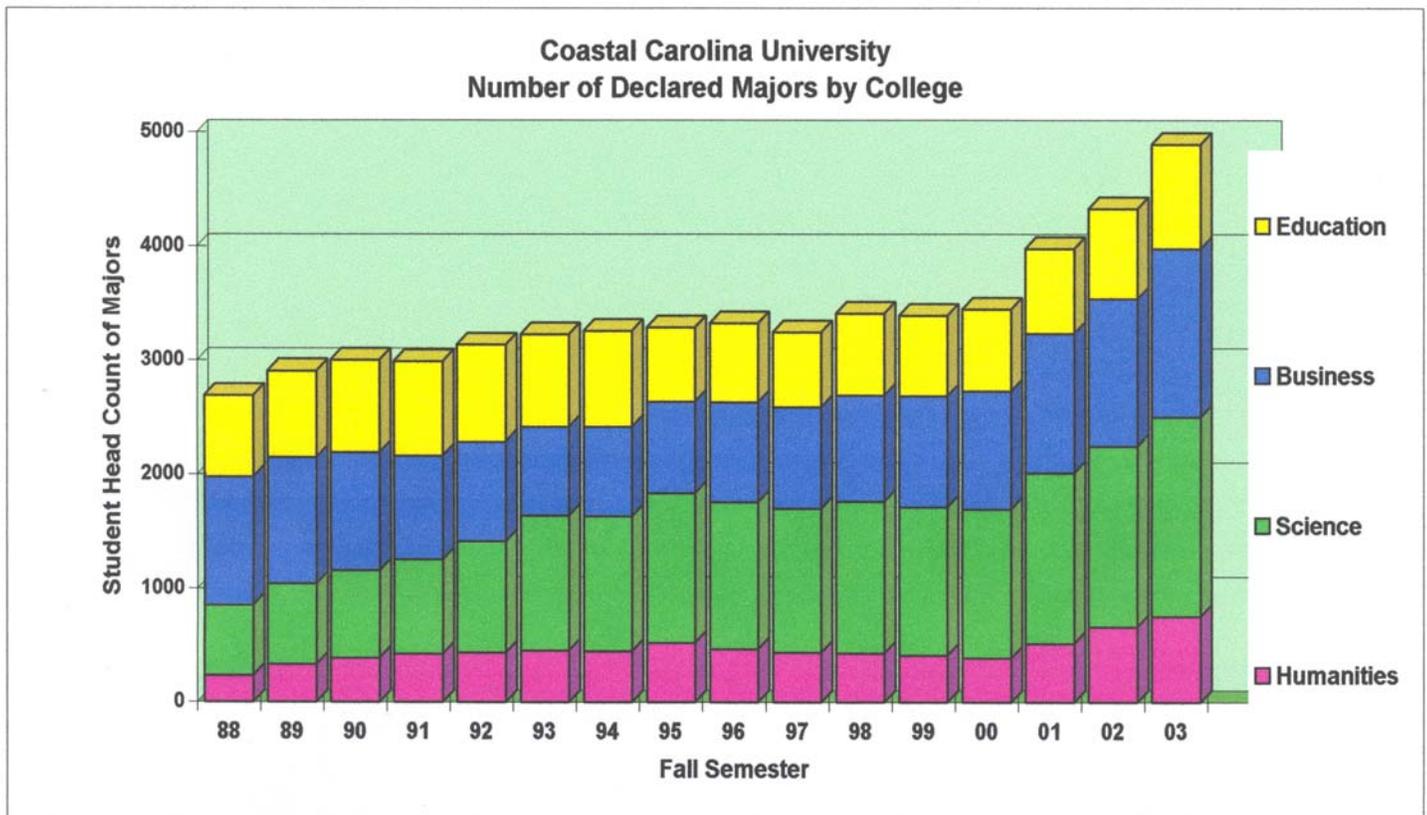


Coastal Carolina Faculty Salaries, Assistant Professor
Comparisons with S.C. Public 4 - Yr. Institutions
and with Adjustments for CPI



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 (48 percent) and the traditional liberal arts and sciences (52 percent). This distribution is characteristic of a mature and well-balanced university.



ACADEMIC MAJORS

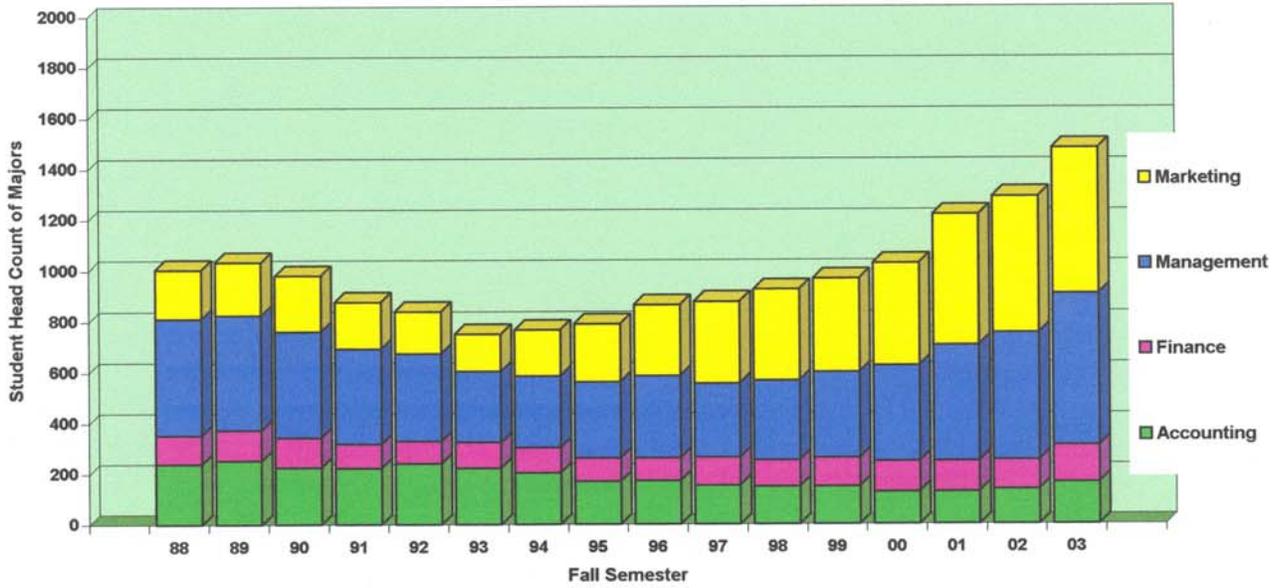
Science: The greatest growth has been in the sciences, which has grown from approximately 600 student majors in 1988 to 1,750 in 2003. The dramatic increase in science enrollments is primarily driven by marine science and biology. Marine Science, an interdisciplinary degree program involving marine geology, 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.

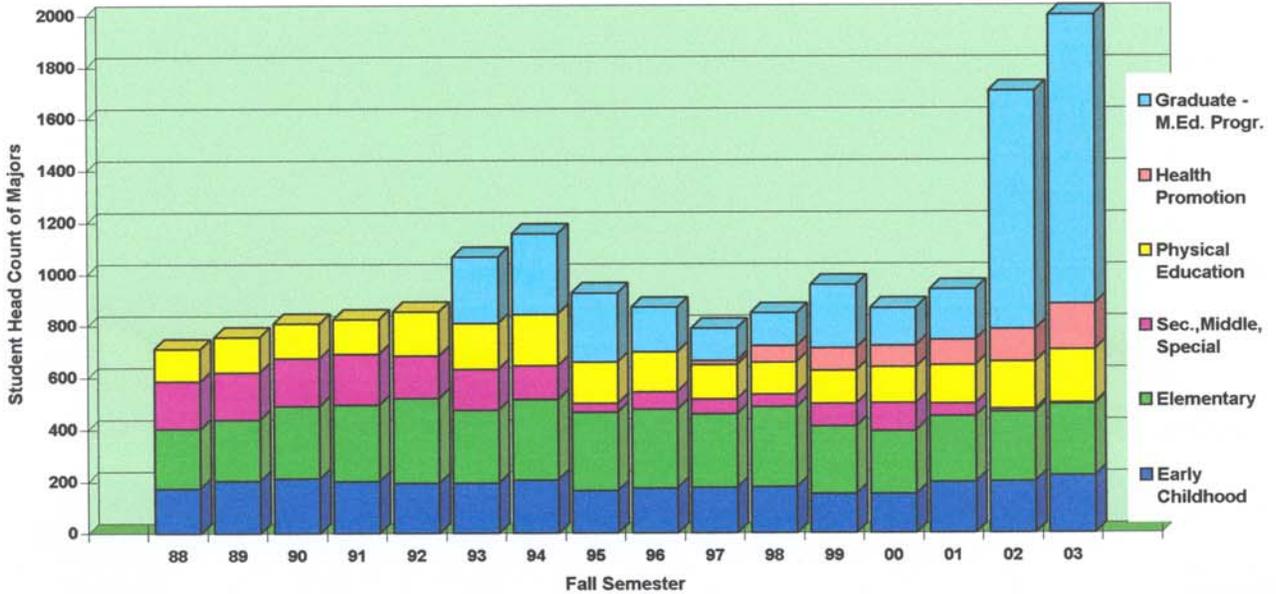
Business: The College of Business experienced a modest decline in the number of declared majors during the mid-90's, reflecting more a national trend at all universities, rather than being unique to Coastal Carolina University. The recent surge in enrollment reflects the development of the tourism and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

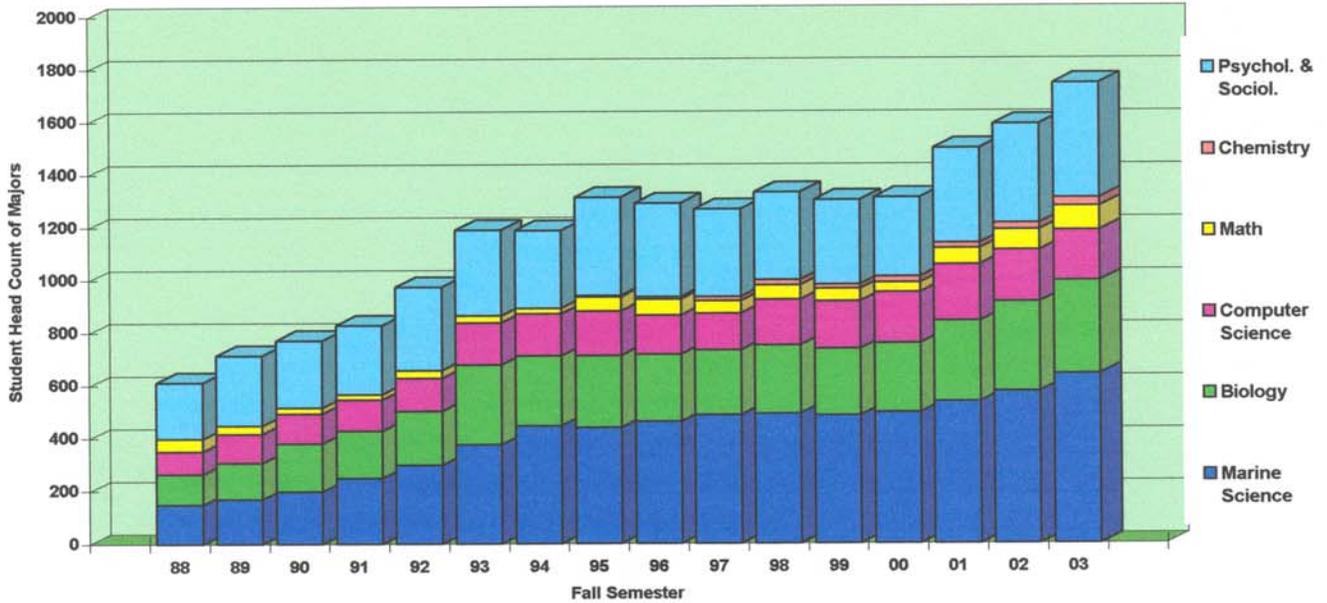
E. Craig Wall College of Business Number of Declared Majors by Discipline



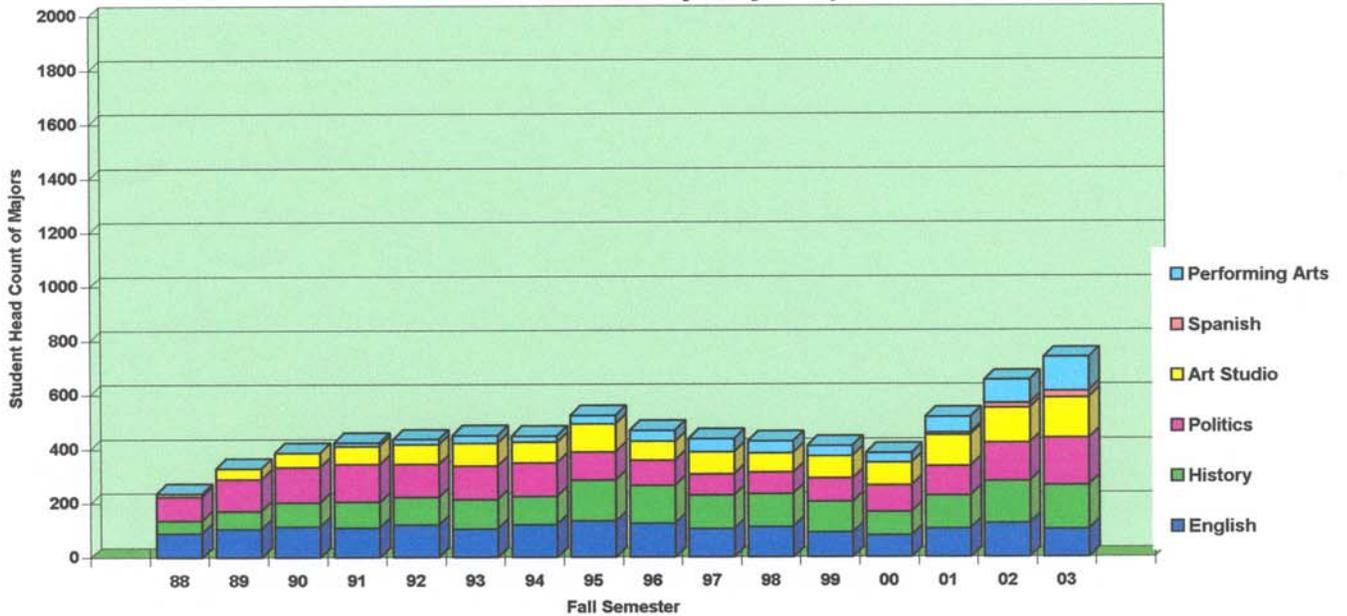
College of Education Number of Declared Majors by Discipline



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

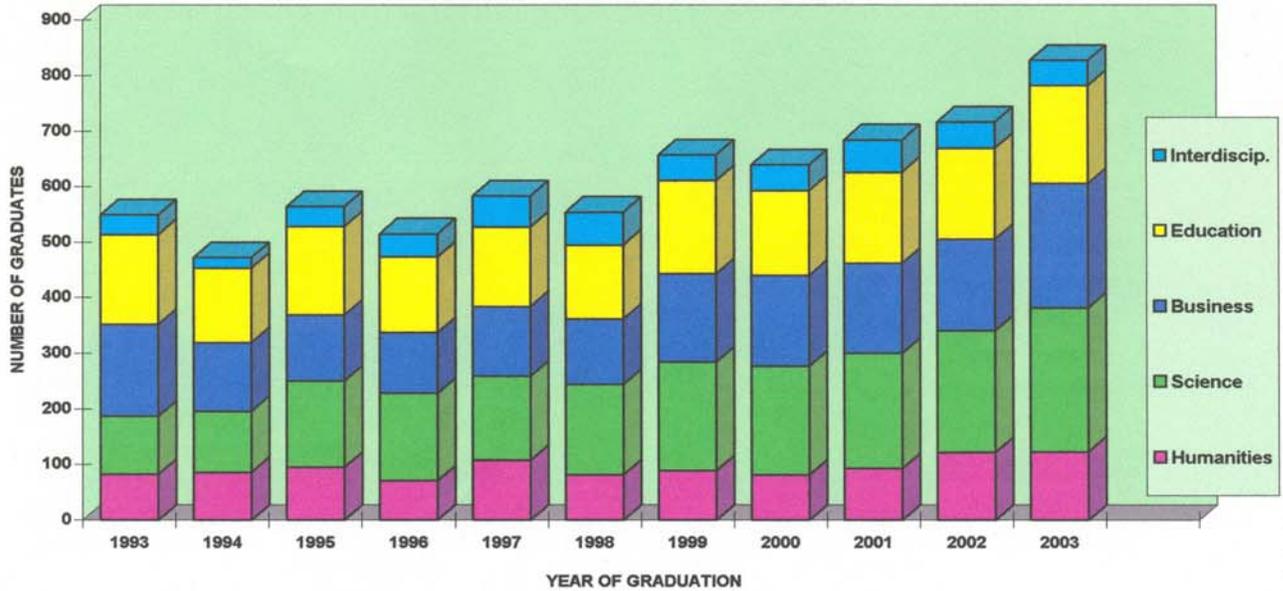
The number of graduates has increased significantly for each of the past several years, reflecting improved retention as well as Coastal's growing attractiveness for transfer students. The distribution by college has also changed significantly, reflecting the increased growth in enrollment in the sciences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

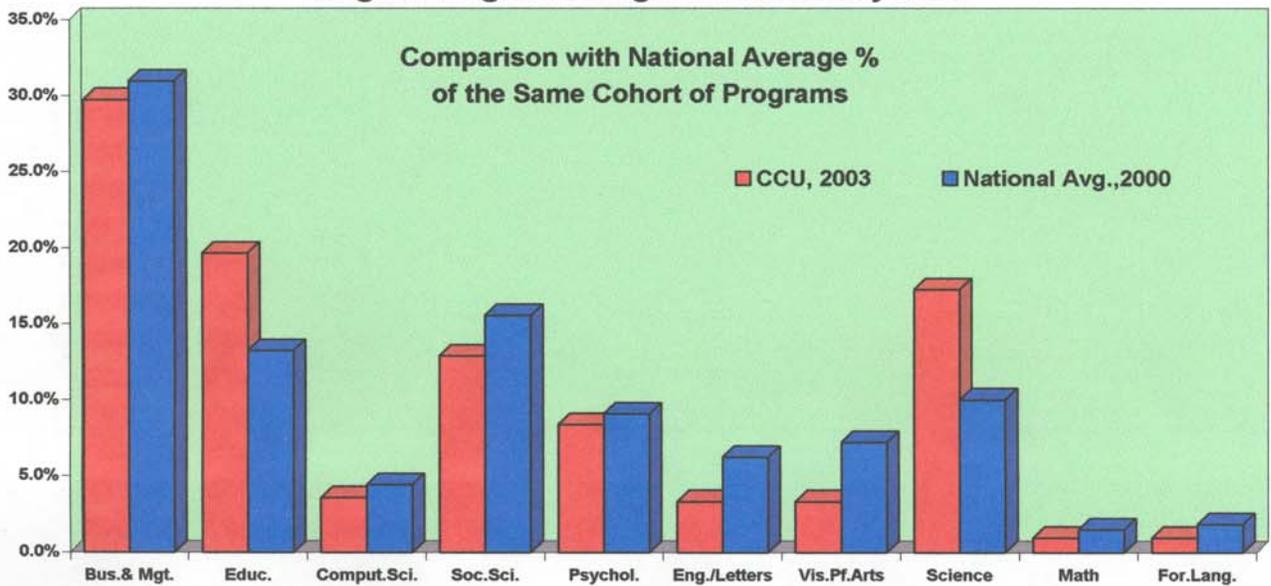
Coastal's graduates differ in some respects from the national average percentage distribution of fields in which baccalaureate degrees are awarded. The graph on the bottom of the facing page compared the percentage distribution of Coastal's 2003 graduates with the distribution by degree program category of all baccalaureate degrees awarded nationally in 2000, 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 program nationally was 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 at approximately one-half 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.

COASTAL CAROLINA UNIVERSITY Number of Graduates by College



Percent Distribution of Graduates in Degree Program Categories Offered by CCU



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 twice Coastal's 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 2002, 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.

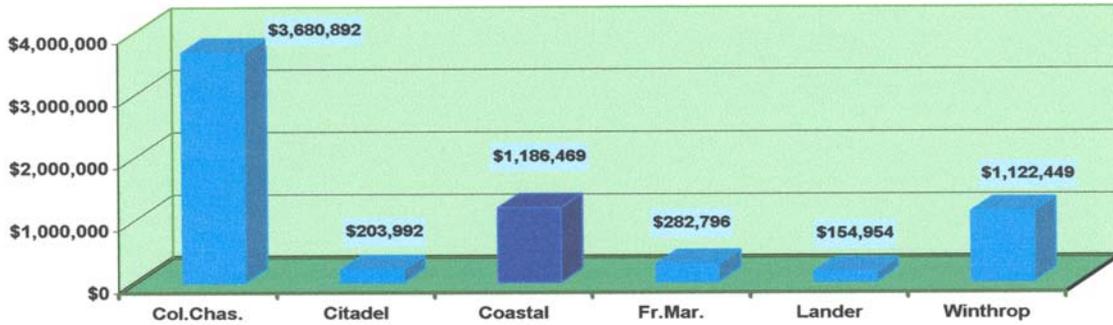
The federal grants are primarily for research and public service, and exclude all forms of student financial aid. Coastal's marine science department is the most productive with respect to receiving federal grants, as well as other disciplines in the College of Science.

**SELECTED S.C. PUBLIC UNIVERSITIES -
NUMBER OF FEDERAL GRANTS, FY 2002**



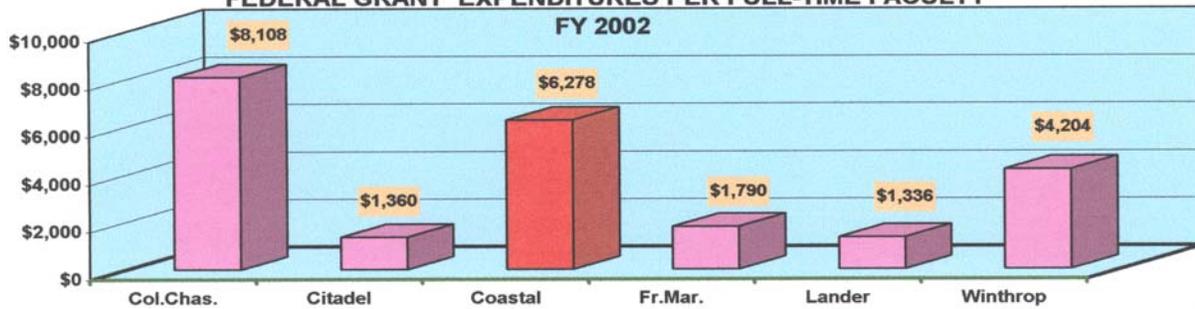
Excluding All Forms of Student Financial Aid

**SELECTED S.C. PUBLIC UNIVERSITIES -
FEDERAL GRANT \$ EXPENDITURES FY 2002**



Excluding All Forms of Student Financial Aid

**SELECTED S.C. PUBLIC UNIVERSITIES -
FEDERAL GRANT EXPENDITURES PER FULL-TIME FACULTY
FY 2002**



Excluding All Forms of Student Financial Aid

TOTAL CURRENT FUNDS

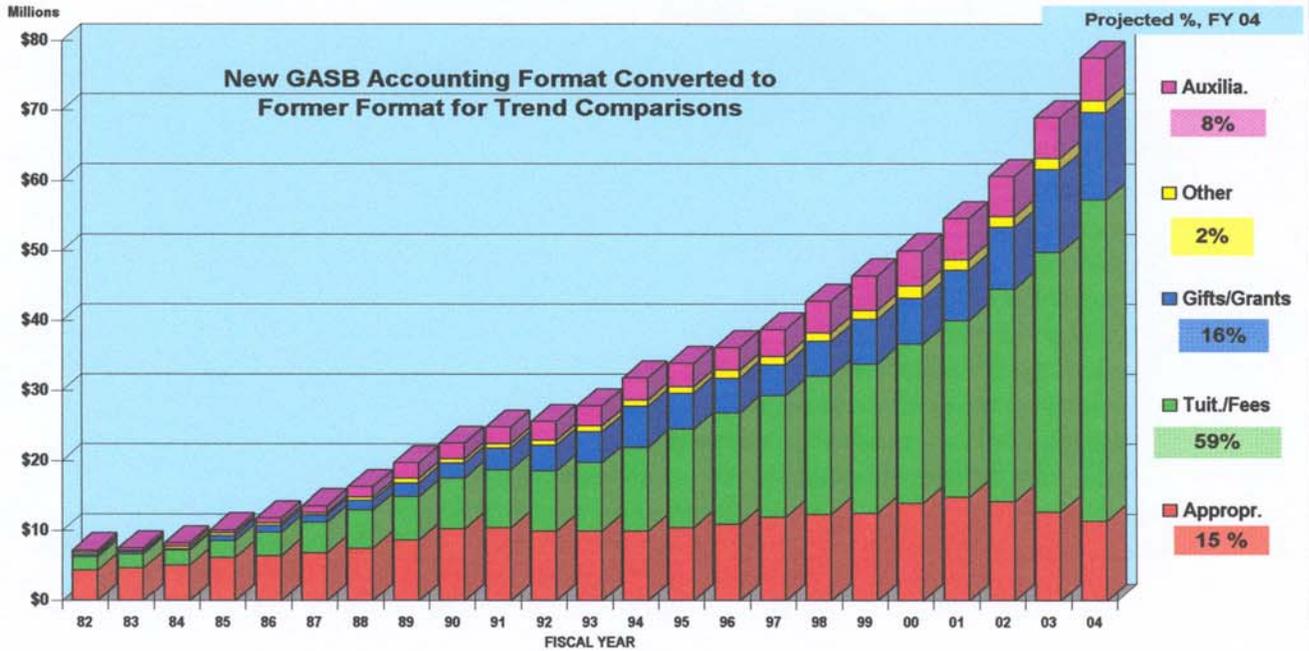
The University adopted Government Accounting Standards Board (GASB) Statement No. 34 as of July 1, 2001. For the sake of trends and historical comparisons, FY 02 and FY 03 figures have been recalculated to fit the former model of total current funds, and are shown on the facing page.

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 \$77 million total operating budget projected for 2003-2004. From FY 90 through FY 97, state appropriations remained in the \$10 to \$11 million range. Seven years later, the FY 04 appropriations are already below the FY 97 level, and the potential exists for further reductions during the FY 04 fiscal year. For FY 2004, state appropriations (\$11 million) are projected to comprise only 15 percent of total current funds.

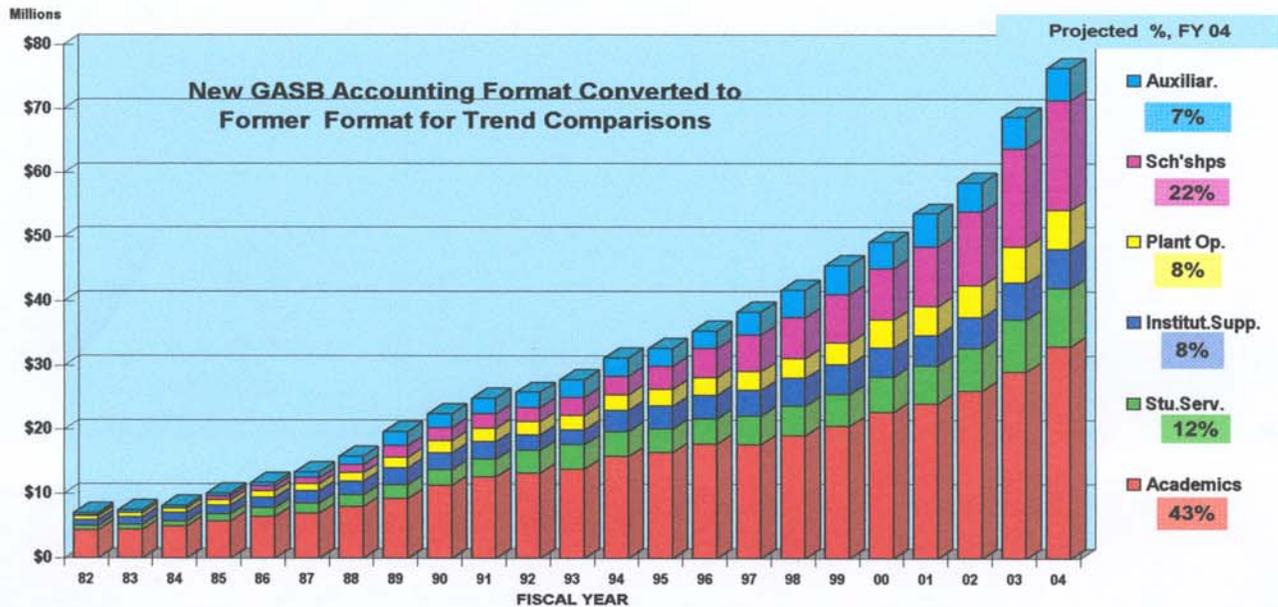
The tuition and auxiliary revenues shown under the new GASB format are net of scholarship allowances, which are still included in the total budget as passed by the state legislature. Therefore, when scholarship monies are excluded from revenues as shown on page 72, the state appropriations appear as 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.

Although tuition has risen significantly in the immediate past, the long-term growth in tuition revenues is primarily a factor of enrollment growth and out-of-state tuition collections rather than increased tuition costs to South Carolina residents.

COASTAL CAROLINA UNIVERSITY Total Current Fund Revenues



COASTAL CAROLINA UNIVERSITY Total Current Funds Expenditures

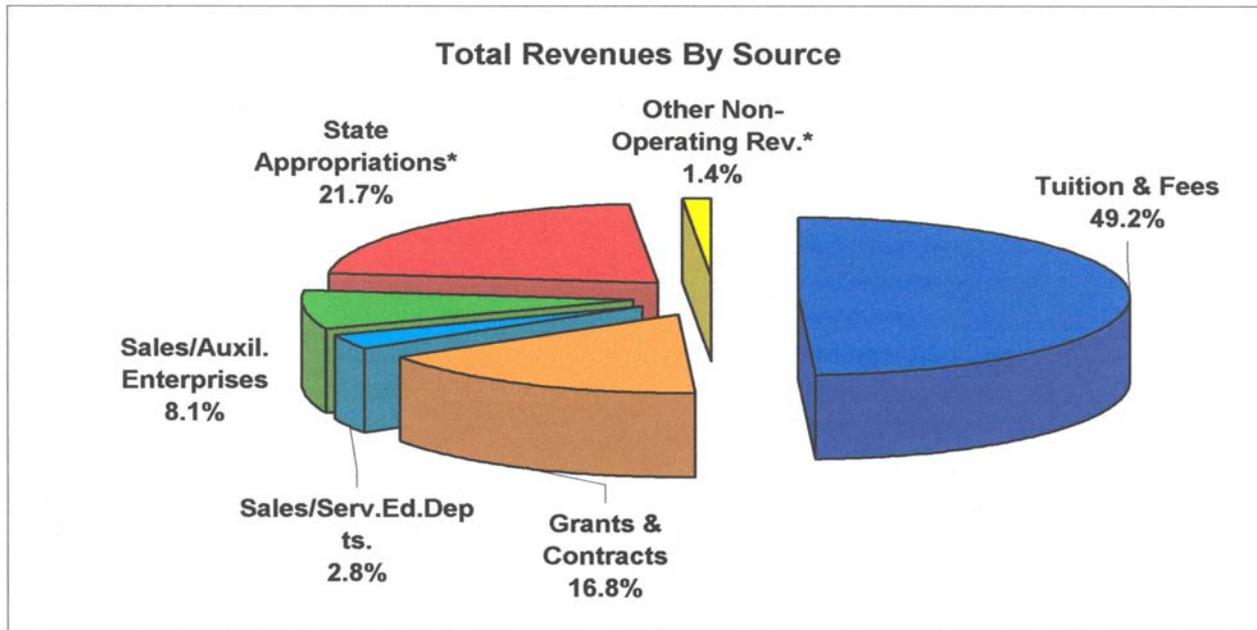


TOTAL REVENUES BY SOURCE

Under the new GASB 34-35 reporting format, the financial statement categories are changed from previous years. 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.

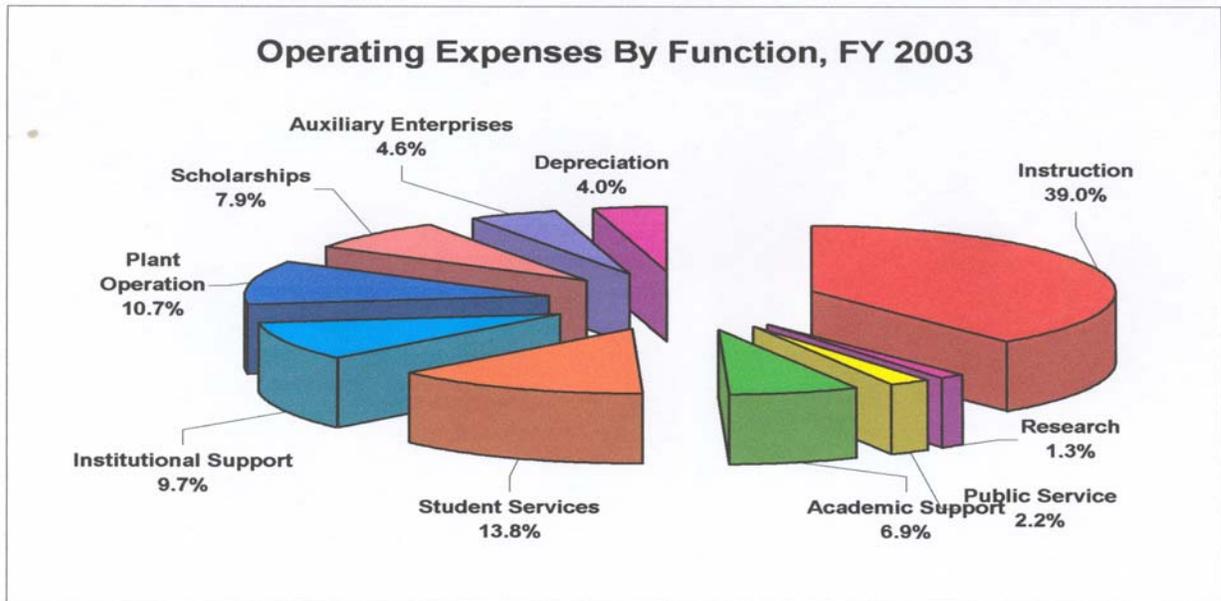
The facing page shows only operating expenses by function rather than total expenses.



OPERATING EXPENSES BY FUNCTION

The following table presents operating expenses by function. 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.

	2003 Amount	Percent of Total
Instruction	\$ 22,786,032	39.0%
Research	743,184	1.3%
Public Service	1,290,221	2.2%
Academic Support	4,032,686	6.9%
Student Services	8,053,622	13.8%
Institutional Support	5,645,194	9.7%
Plant Operation	6,266,252	10.7%
Scholarships	4,630,717	7.9%
Auxiliary Enterprises	2,695,134	4.6%
Depreciation	2,318,304	4.0%
Total Operating Expenses	\$ 58,461,345	100.0%

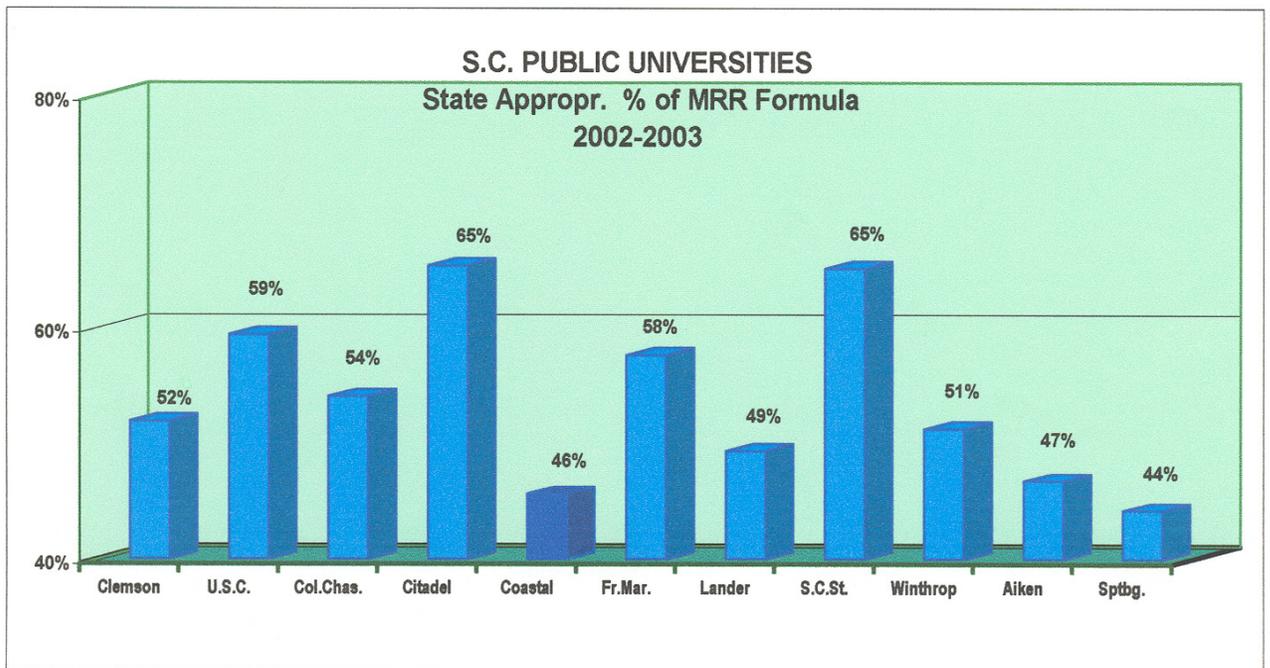
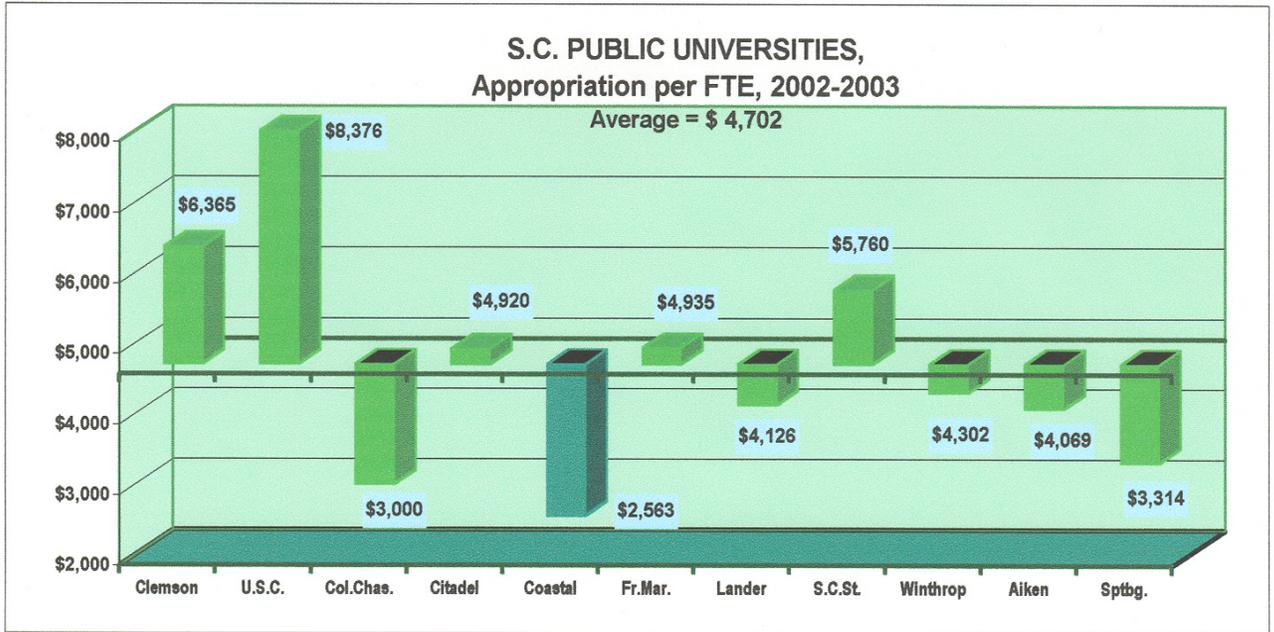


FINANCIAL COMPARISONS – STATE APPROPRIATIONS

For 2002-2003, Coastal Carolina University received the smallest appropriation per FTE student of all of the South Carolina public universities, at \$2,563 per FTE. This calculation was calculated after the December 2002 appropriation reduction, and uses total institutional appropriations divided by each institution's total FTE enrollment for fall 2003. When the 22 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 \$3,286 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.

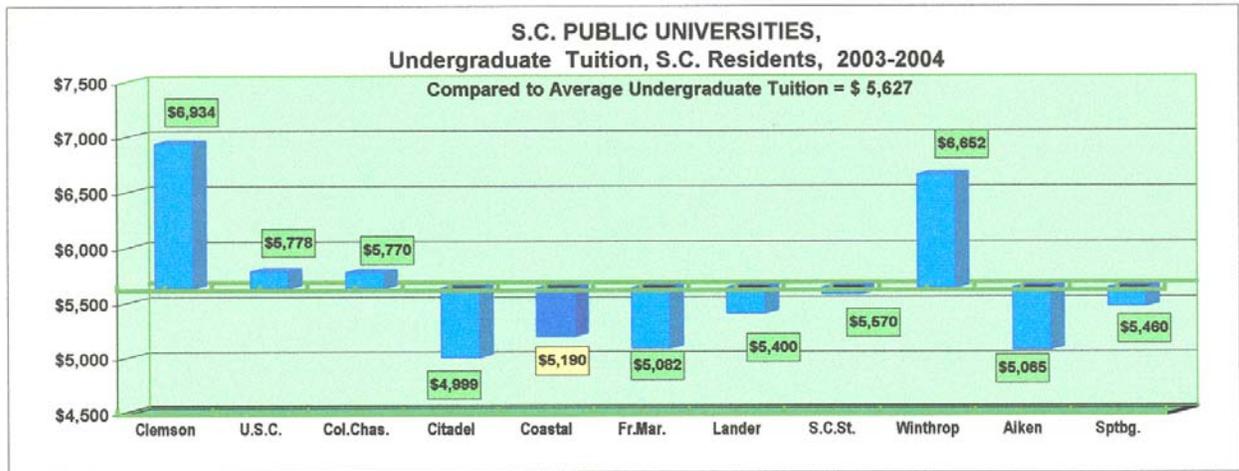
However, all institutions do not receive the same percent of the formula, due to agreements dating back before 1990, in which institutions which were decreasing in enrollment were held harmless with respect to state appropriations, while the appropriation level was not increased proportionately for institutions who were experiencing significant growth. The resulting discrepancy in percent of funding is spread over 20 percentage points.



TUITION FOR SOUTH CAROLINA RESIDENTS

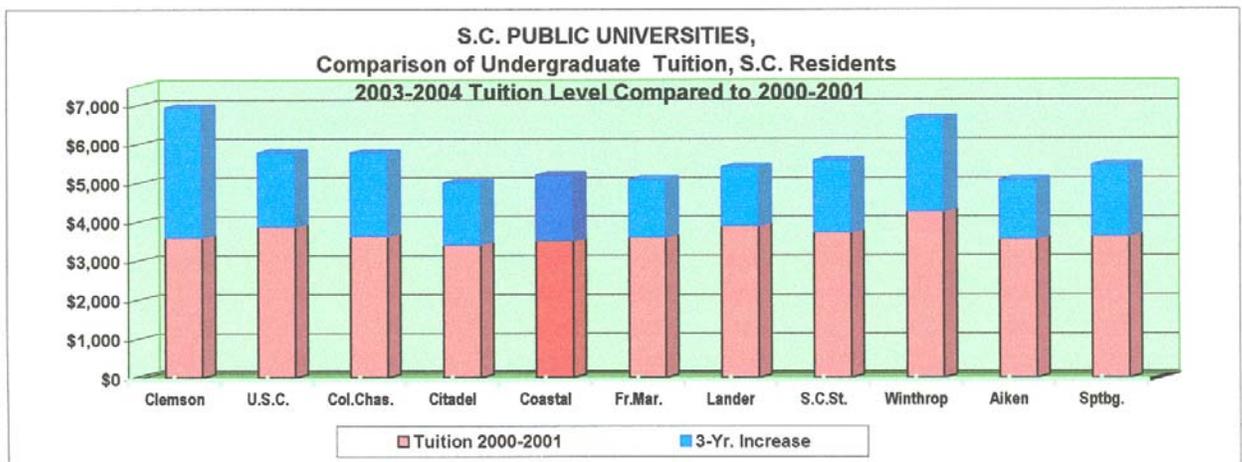
Throughout its history, Coastal has placed a high priority on keeping tuition as low as possible for its South Carolina residents. For the past decade, Coastal has ranked third or fourth lowest among the South Carolina universities in undergraduate tuition for South Carolina residents. In spite of its 19.3 percent increase for fall 2003, Coastal's tuition is still fourth lowest among the public South Carolina universities.

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 one-year increase of 18 percent seems 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 52.3 percent.



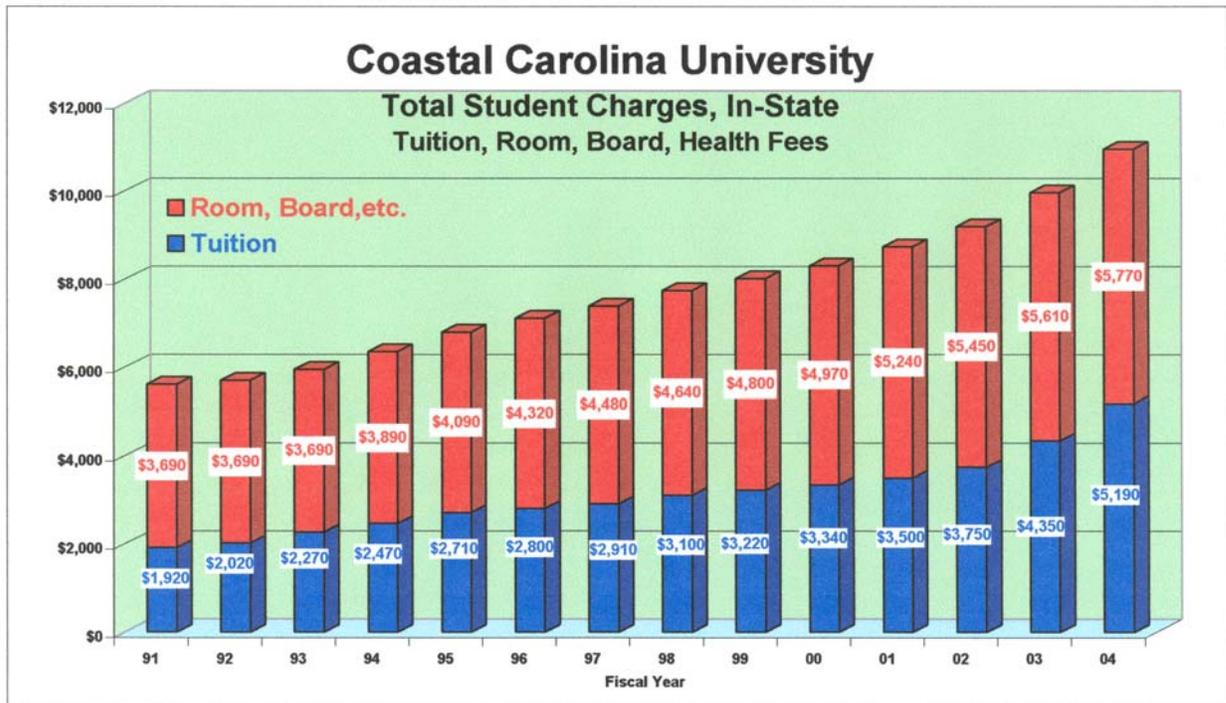
In-State Undergraduate Tuition

	<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>	<u>1-yr. %</u>	<u>3-yr. %</u>
Clemson	\$3,590	\$5,090	\$5,834	\$6,934	18.9%	93.1%
U.S.C.	\$3,868	\$4,064	\$4,984	\$5,778	15.9%	49.4%
Col.Chas.	\$3,630	\$3,780	\$4,858	\$5,770	18.8%	59.0%
Citadel	\$3,404	\$3,727	\$4,067	\$4,999	22.9%	46.9%
Coastal	\$3,500	\$3,770	\$4,350	\$5,190	19.3%	48.3%
Fr.Mar.	\$3,600	\$3,790	\$4,340	\$5,082	17.1%	41.2%
Lander	\$3,888	\$4,152	\$4,704	\$5,400	14.8%	38.9%
S.C.St.	\$3,724	\$4,096	\$4,556	\$5,570	22.3%	49.6%
Winthrop	\$4,262	\$4,668	\$5,600	\$6,652	18.8%	56.1%
Aiken	\$3,558	\$3,738	\$4,404	\$5,065	15.0%	42.3%
Sptbg.	\$3,624	\$3,868	\$4,748	\$5,460	15.0%	50.7%
Average	\$3,695	\$4,068	\$4,768	\$5,627	18.0%	52.3%



SUMMARY OF STUDENT COSTS

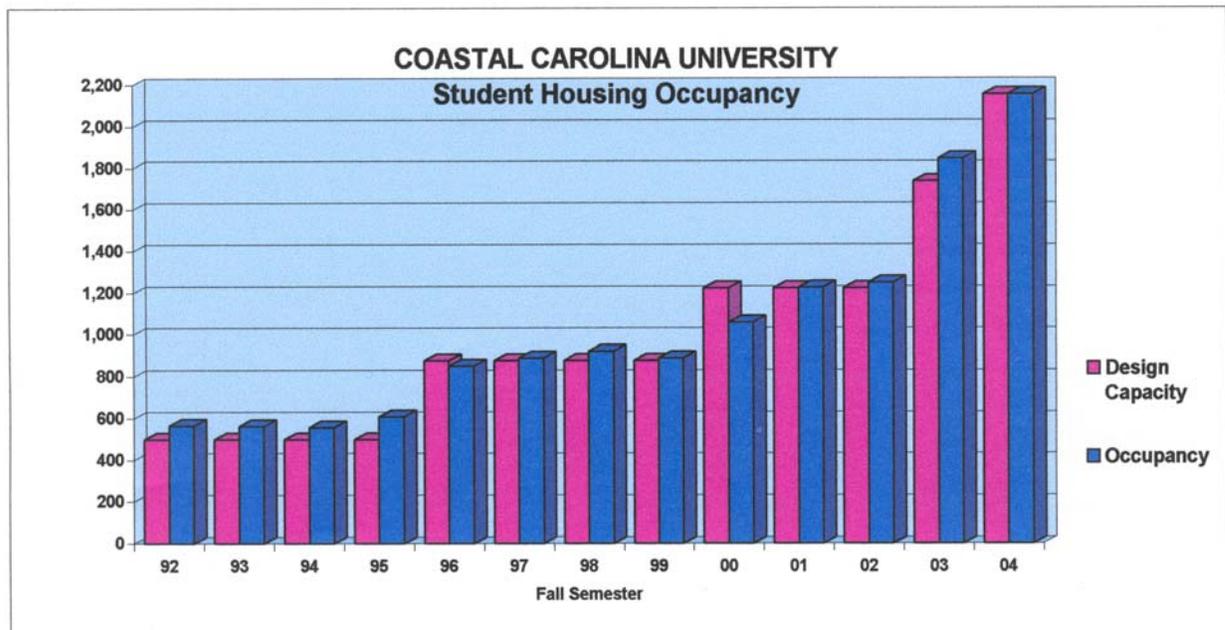
	<u>2003-2004</u>	<u>1-Yr Percent Increase</u>
Tuition		
Undergraduate In-State Tuition	\$2,595/semester	19.31%
Undergraduate Out-of-State Tuition	\$6,435/semester	9.44%
Graduate, In-State Tuition	\$ 215/credit hour	6.44%
Graduate, Out-of-State Tuition	\$ 545/credit hour	6.86%
Room, Board, & Health Services		
Housing Fee	\$1,850/semester	
Board Fee	\$ 970/semester	
Health Fee	<u>\$ 65/semester</u>	
Total Room, Board, & Health Svcs.	\$2,885/semester	2.85%



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 is planned for fall 2004, adding another 500 beds.



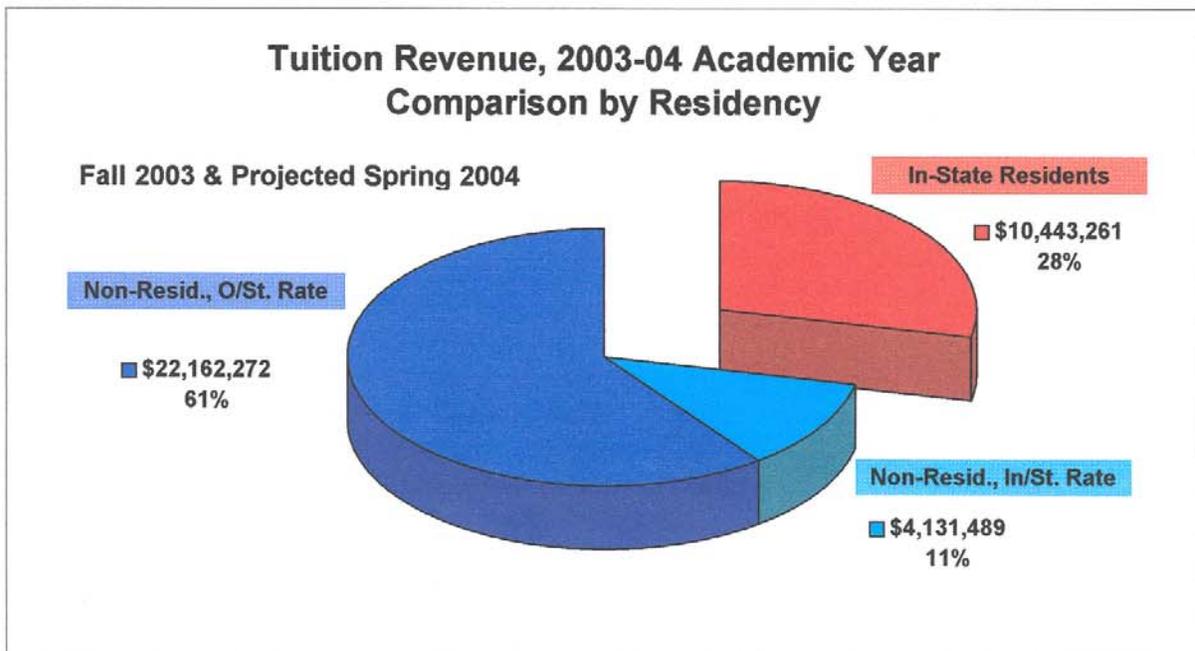
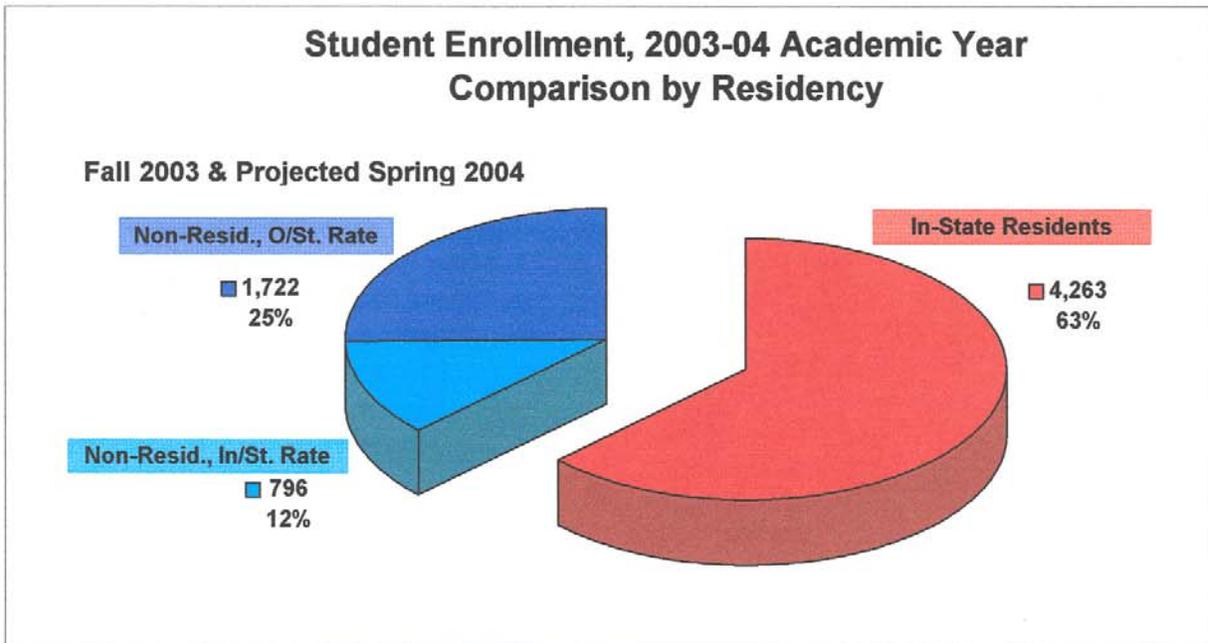
REVENUE FROM OUT-OF-STATE STUDENTS

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 2003-2004 academic year, the actual tuition projected to be collected from out-of-state students will significantly exceed the amount of state appropriations, with \$22.2 million received from out-of-state revenues, compared to less than \$11.3 million from state appropriations. The 25 percent of students who pay the out-of-state rate provided 61 percent of tuition revenues. The 12 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 \$64 million for the 2002-2003 fiscal year, and projected at \$77 million for 2003-2004. Out-of-state students are responsible for 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.

Comparisons of In-State and Out-of-State Enrollments Numbers of Students and Tuition Revenues Realized



EDUCATIONAL & GENERAL EXPENDITURES AND STUDENT COSTS

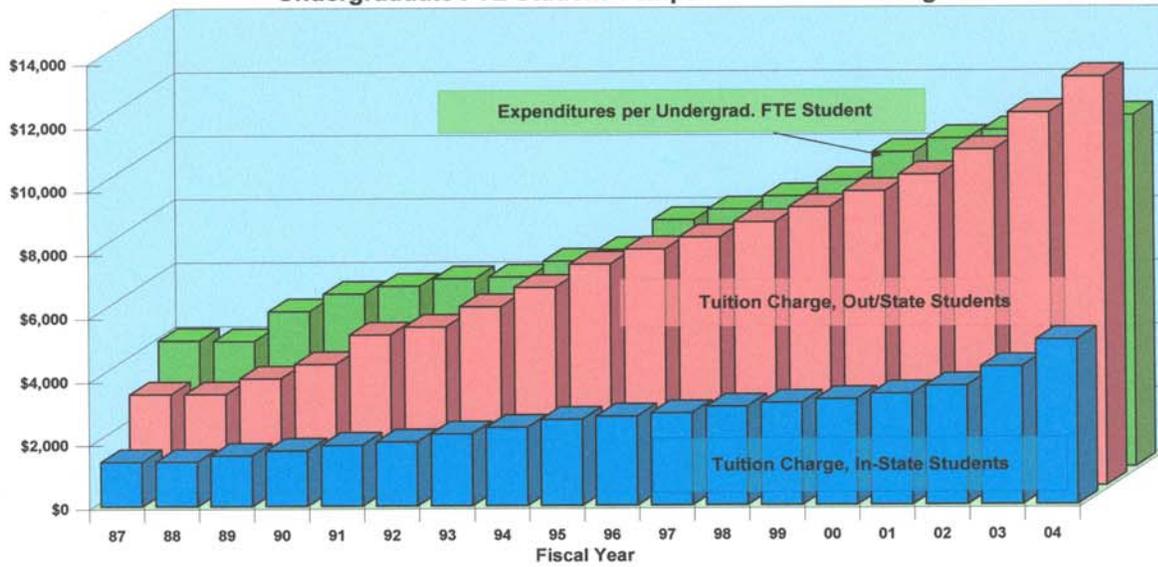
Educational Costs Compared to Tuition Charges

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 graph on the facing page shows that, since 1994, the amount charged to out-of-state students has been approximately equal to the actual dollars expended per student. The amount charged in-state students is approximately 39 percent of the actual cost expended per student.

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

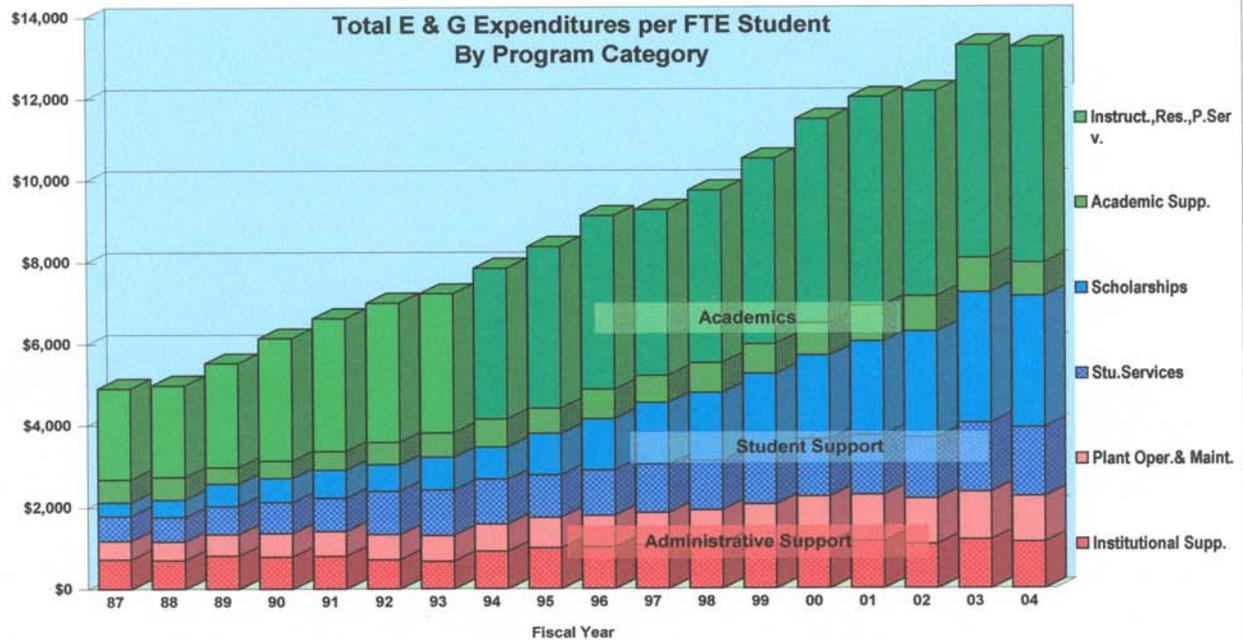
The most significant measure of how an institution spends money in educating the student is the total E & G expenditures per FTE student. Theoretically, the total amount expended per FTE student should increase only as a measure of inflation. The graph on the opposite page shows that, in the two administrative 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



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

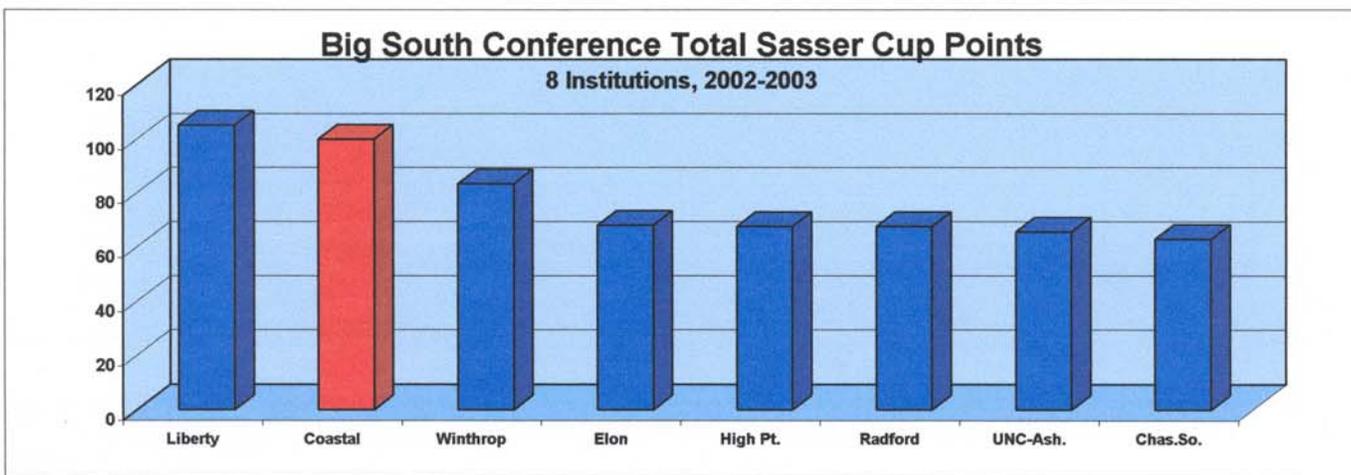
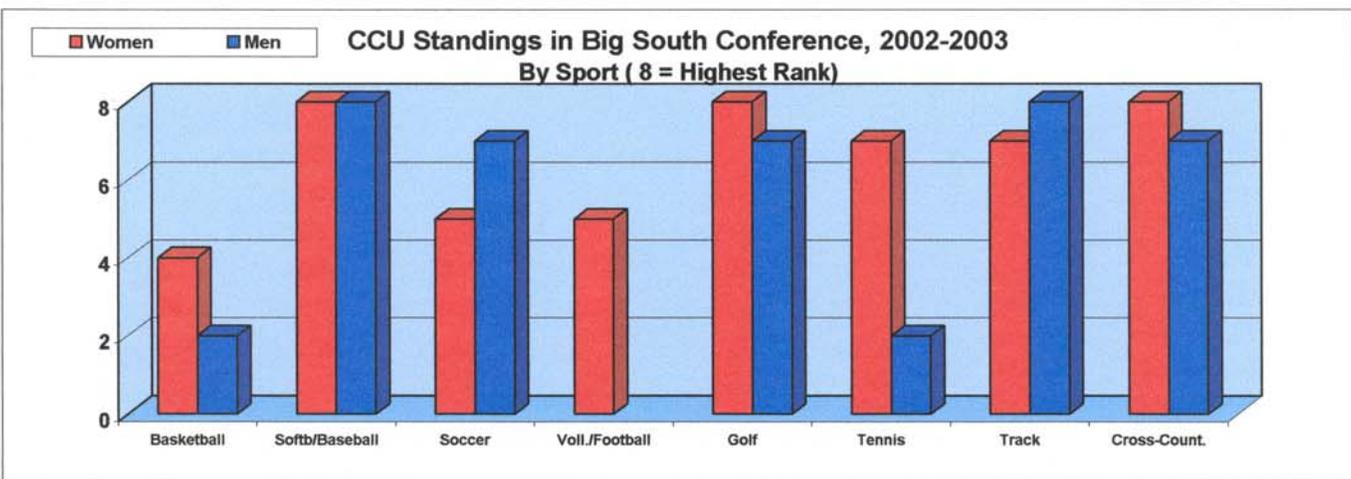
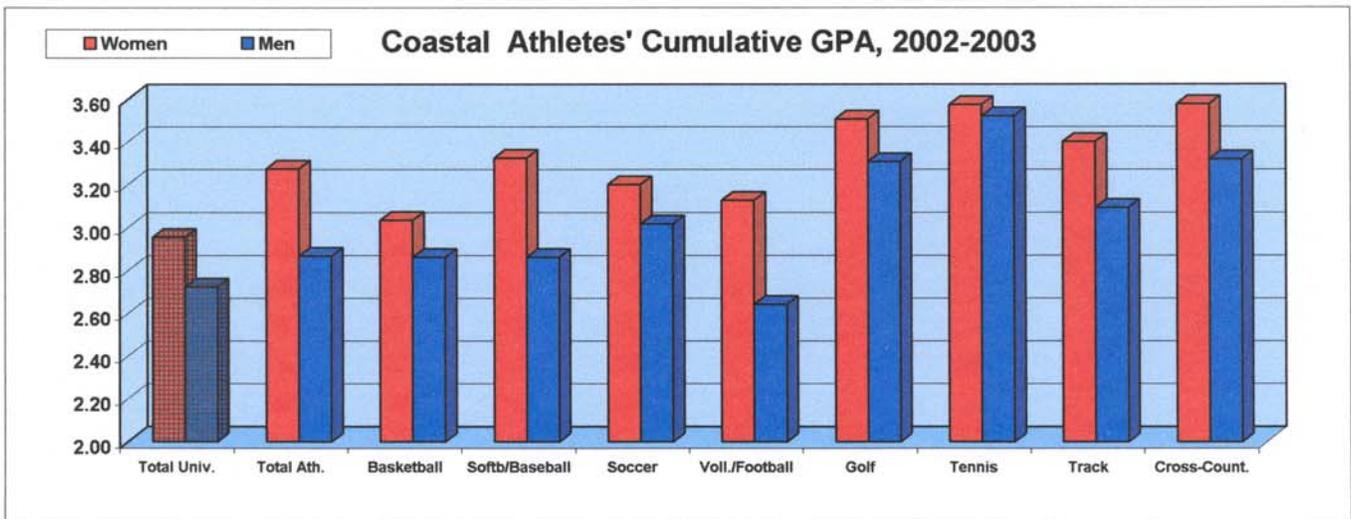
Baseball, Basketball, Cross Country, Golf, Soccer, Tennis, and Outdoor Track and Field, and Football (Fall 2003, Division I-AA)

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 eight universities: Liberty, Winthrop, Elon, High Point, Radford, UNC-Asheville, Charleston Southern, 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 2002-2003, Coastal ranked second in the conference in total performance in all of its sports programs.

Coastal Carolina University



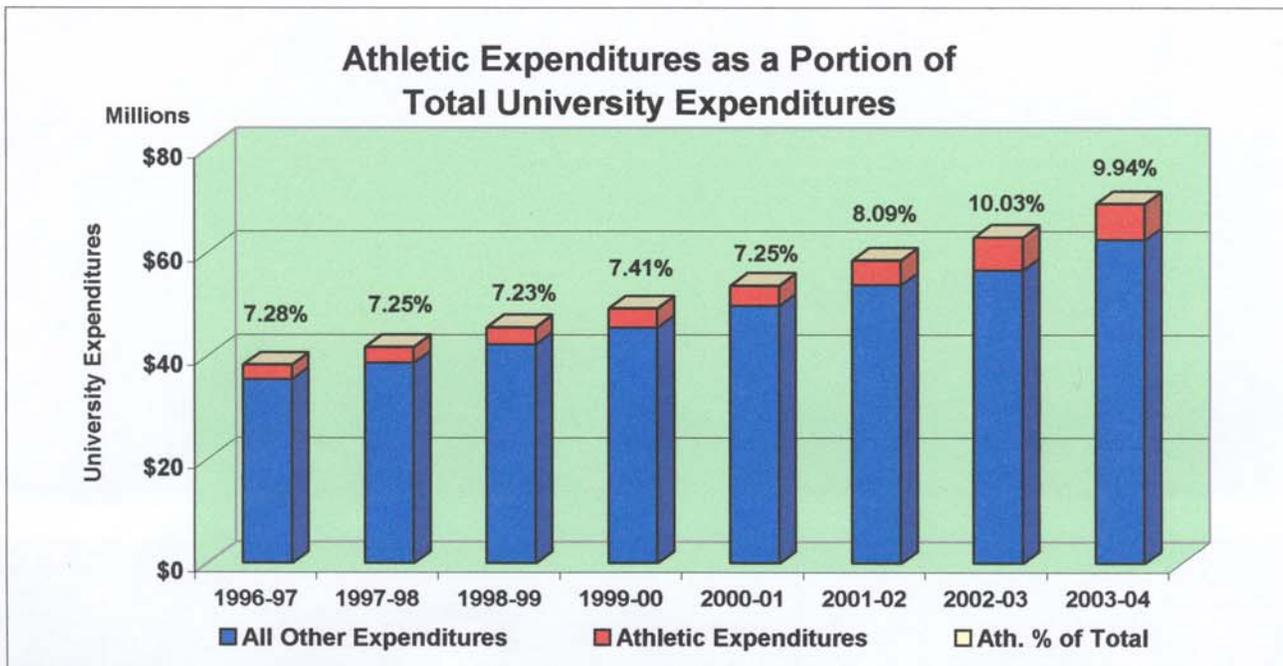
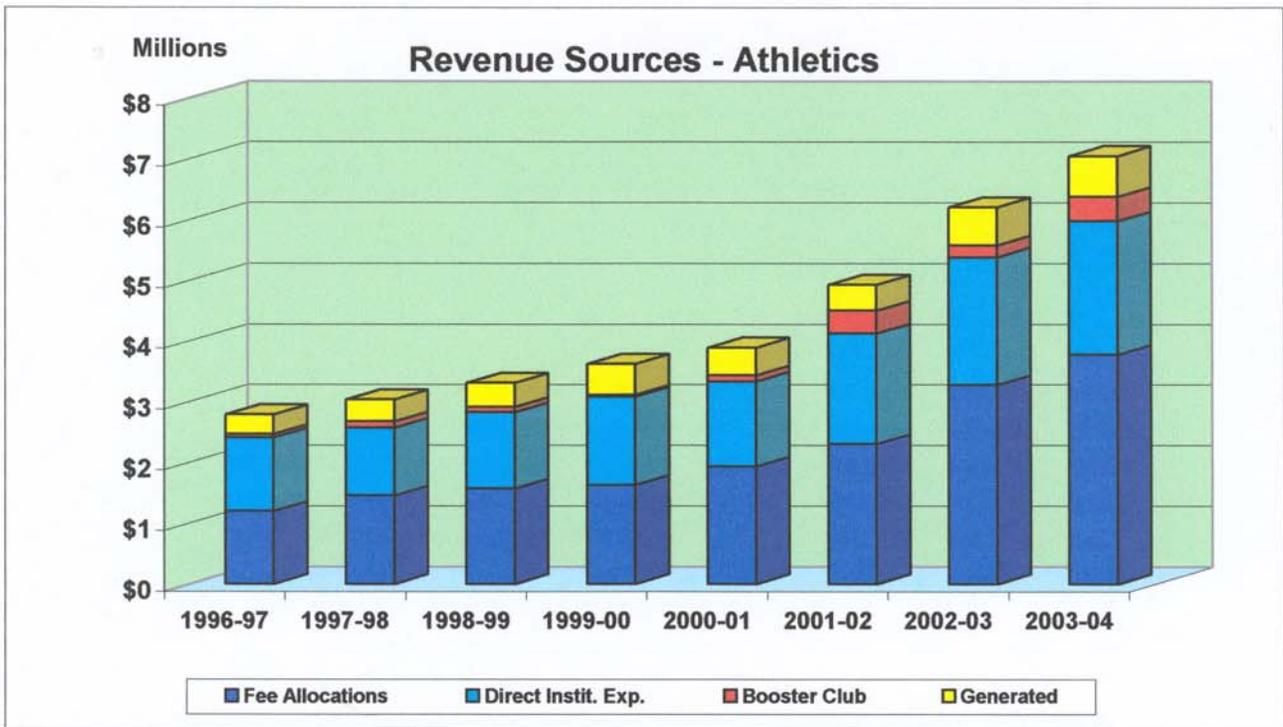
ATHLETICS – FINANCIAL RESOURCES

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 2003.

The direct institutional expenditures include scholarships which are awarded in the form of waivers of out-of-state tuition (slightly over \$1 million) and salaries of athletic administrative personnel and senior coaches who are paid directly from the university operating budget (approximately \$900,000). Generated funds include gate receipts, advertising, guarantees, etc.

For the last several years, expenditures on athletics constituted approximately 7 to 8 percent of total institutional expenditures. With the advent of football, this percentage appears to be increasing to approximately the 10 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



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, in the fall of 2003, the university entered into an agreement with the Coastal Carolina University Student Housing Foundation to manage 517 beds close to campus at the newly-constructed University Place apartments for upperclassmen.

The university outsources bookstore operations to Folletts and food service operations to Aramark, while managing its own vending activities. 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 five years.

Coastal Carolina University
Auxiliary Funds
1999-2003

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

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.

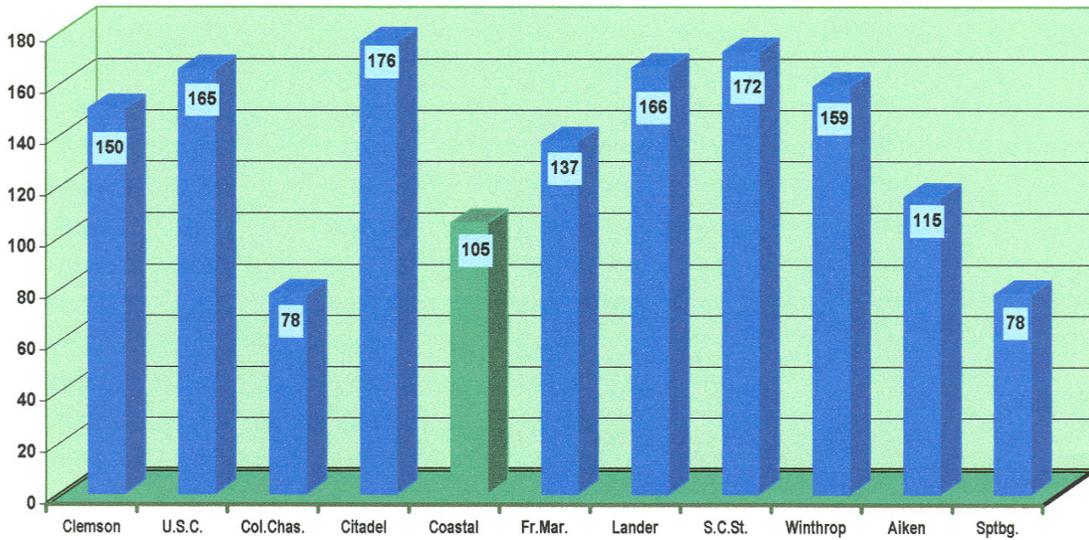
Coastal Carolina University has built a number of its campus buildings without the aid of state capital improvement bonds. Using a combination of private funds, county funded bond issues, institutional bonds, and institutional revenue bonds, Coastal's buildings, including residence halls, now total more 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 2002. The institutions experiencing a recent growth clearly suffer from inadequacy of educational space. Coastal ranks third lowest among South Carolina public institutions.

S.C. PUBLIC UNIVERSITIES
Total Capital Improvement Bonds, 1970-2003
 In Millions (Average = \$ 48.8 Million)



S.C. PUBLIC UNIVERSITIES
Assignable E & G Sq.Ft. per FTE - Fall 2002



SCHEDULE OF BOND COVERAGE Last Nine Fiscal Years

State Institution Bonds

Note: Coastal Carolina University became independent of the University of South Carolina July 1, 1993. Figures from the transition years of 1993 and 1994 are not readily available.

Fiscal Year Ended June 30,	Tuition Pledged for Debt Service	Principal	Interest	Total	Coverage Ratio
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
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.