

**WINTHROP UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM  
ROCK HILL, SOUTH CAROLINA**

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**Independent Auditors' Report On  
Applying Agreed-Upon Procedures  
June 30, 2006**

**WINTHROP UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
For the Year Ended June 30, 2006

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# *State of South Carolina*



## *Office of the State Auditor*

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January 18, 2007

The Honorable Mark Sanford, Governor  
and  
Members of the Board of Trustees  
Winthrop University  
Rock Hill, South Carolina

This report on the review of the statement of revenues, expenditures and transfers of the Winthrop University Intercollegiate Athletics Program for the fiscal year ended June 30, 2006, and the application of certain agreed-upon procedures to the accounting records of the Winthrop University Intercollegiate Athletics Program was issued by Cline Brandt Kochenower & Co., P.A., 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 black ink, appearing to read "Richard H. Gilbert, Jr.", written in a cursive style.

Richard H. Gilbert, Jr., CPA  
Deputy State Auditor

RHGjr/trb

Independent Auditors' Report On  
Applying Agreed-Upon Procedures

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Dr. Anthony J. DiGiorgio  
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We have audited the financial statements of Winthrop University as of and for the year ended June 30, 2006, and have issued our unqualified report thereon under date of September 1, 2006. At your request, we have also performed the procedures described below which were agreed to by the South Carolina Office of the State Auditor and the Board of Trustees and management of Winthrop University, solely to assist these users in evaluating the performance of the University's Intercollegiate Athletics Program and to assist the University in complying with NCAA Bylaw 6.2.3.1 for the fiscal year ended June 30, 2006. Management is responsible for Winthrop University's compliance with the requirements of NCAA Bylaw 6.2.3.1, the Intercollegiate Athletics Program's financial records, internal controls and compliance with applicable laws, rules and regulations. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we made no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

1. We obtained the statement of revenues, expenditures and transfers of Winthrop University Intercollegiate Athletics Program for the year ended June 30, 2006, as prepared by management of the University and shown on pages 6 and 7 (Attachment A) in this report. We recalculated the addition of the amounts on the statement, traced the individual line item amounts from the Statement of Revenues, Expenditures and Transfers to management's worksheets and compared the amounts on management's worksheets to the 191000 & 192000 series of accounts in the University's general ledger.

We found no exceptions as a result of this procedure.

2. We obtained from management a list of all outside organizations not under the University's accounting control that have as its principal or one of its principal purposes the generating of resources for or on behalf of the University's Intercollegiate Athletics Program or the promotion of the Program. We then confirmed the amounts received from these outside organizations directly with the responsible official of these organizations. We compared the amount per the confirmation with the amount recorded in the Athletic Department's general ledger and on the Statement of Revenues, Expenditures and Transfers.

We found no exceptions as a result of this procedure.

3. We scanned the Intercollegiate Athletics Program contributions revenue account detail to identify each individual contribution received directly that constitutes more than ten percent of all contributions received for intercollegiate athletics. For these recorded receipts, we obtained and read correspondence from the donor to determine the receipts were classified in accordance with NCAA guidelines, to identify those received from independent outside sources and to determine that the source and value of each such contribution is disclosed in a footnote to the statement.

We found the contribution described in Note 1 of Attachment A to be the only individual contribution in excess of ten percent of all contributions.

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

We found no exceptions as a result of this procedure.

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

We found no exceptions as a result of this procedure.

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

We found no exceptions as a result of this procedure.

7. We obtained a schedule of athletics department salaries from management. We compared the amounts listed on the schedule to amounts recorded in the general ledger and on the Statement of Revenues, Expenditures and Transfers. We calculated the related fringe expenditures using Winthrop's fringe benefit rate and compared the amounts calculated with the reported expenditures in the appropriate general ledger accounts.

We found no exceptions as a result of this procedure.

### Procedures Related to Internal Control Over Financial Reporting

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

We found no exceptions as a result of this procedure.

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

We found no exceptions as a result of this procedure. The control weakness noted in the prior year's findings was corrected during the fiscal year.

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

	Event	Date	Amount
1.	Women's Basketball	February 22, 2006	\$ 70
2.	Women's Basketball	March 3, 2006	54
3.	Women's Basketball	March 7, 2006	214
5.	Men's Baseball	February 24, 2006	232
6.	Men's Baseball	February 19, 2006	163
7.	Men's Baseball	March 18, 2006	832
9.	Men's Basketball	January 24, 2006	2,160
10.	Men's Basketball	February 11, 2006	6,710
11.	Men's Basketball	February 8, 2006	244
13.	Volleyball	August 26, 2005	138
14.	Women's Soccer	September 11, 2005	72
15.	Men's Soccer	August 24, 2005	\$ 140

We found no exceptions as a result of this procedure.

11. We selected a sample of recorded expenditures for contractual services, travel, uniforms, financial aid and equipment and supplies from the general ledger. We compared the classification of the selected expenditures in the statement to the classifications permitted by NCAA Guidelines as stated by the NCAA Audit Legislation. For the selected expenditures we obtained the related disbursement package to determine the items required by Winthrop's procurement policy were included and that the expenditure had been authorized in accordance with Winthrop's procurement policy.

Description	Voucher Number	Amount Disbursed
1. Cn2	6008483	\$ 10,440.00
2. Exxon/Gecc	6004048	1,708.03
3. Renaissance Agencies	6001390	64,200.00
4. Thomas N. Hickman	7000148	1,258.98
5. Ecolab, Inc.	6010972	1,084.95
6. Pal's Printing & Emb	6007234	7,685.00
7. Kristi Jordan	6012092	760.00
8. Thomas Tours	6000716	5,589.00
9. Joel McCartney	6012529	1,744.07
10. Robin Potera-Haskin	6009045	5,680.00
11. Mass Closeouts		746.46
12. Sports Shack	6006461	2,577.60
13. Jeff Muschik	6008120	740.00
14. Keen Sports Co.	6002582	12,622.00
15. Hilton Garden Inn	6003767	159.84
16. SMN Lodging, LLC	6010578	3,991.50
17. First Team Sports	6006947	1,588.66
18. Travel Lynx, LLC	6013551	16,855.00
19. Sunbelt Rentals	6004868	886.31
20. Sunderlin of Scotland	6000105	371.43

We found no exceptions as a result of this procedure.

### **Procedures Related to Expenditures by Outside Organizations**

12. We obtained from management a listing of all expenditures made directly by the respective outside organizations (not under the University's accounting control) on behalf of the University's Intercollegiate Athletics Program or employees to determine if they were included as revenues and expenditures on the University's Intercollegiate Athletics Program's accounting records and the Program's statement of revenues, expenditures, and transfers. We compared the amounts of this list with the amounts recorded on management's worksheets.

We noted \$18,000 of in-kind expenditures that had not been added to the statement. Management adjusted the statement numbers to reflect this change.

*Management's Response:* Action has been taken to include expenditures in the future.

13. We requested a listing of all expenditures made directly by other external parties (e.g. related parties, foundations, individuals, business, or other organizations) for or on behalf of the University's Intercollegiate Athletics program or the Program's employees to determine if they were included as revenues in the Program's statement of revenues, expenditures, and transfers.

We found no exceptions as a result of this procedure.

We were not engaged to, and did not conduct an audit the objective of which would be the expression of an opinion on compliance with NCAA Bylaw 6.2.3.1 or the expression of an opinion on The Statement of Revenues, Expenditures and Transfers of the Intercollegiate Athletics Program of Winthrop University for the year ended June 30, 2006 and, furthermore, we were not engaged to express an opinion on the effectiveness of the internal controls over compliance with the laws, rules and regulations described in paragraph one and procedures one through twelve of this report. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

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



January 4, 2007



**WINTHROP UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
Statement of Revenues, Expenditures and Transfers  
For the Year Ended June 30, 2006  
(Unaudited)

<b>REVENUES</b>	Men's Basketball	Women's Basketball	Other Sports	Nonprogram Specific	Total
Ticket Sales	\$ 149,181	5,092	42,769	-	197,042
Guarantees	295,000	21,000	14,850	-	330,850
Coliseum Parking	-	-	-	-	-
Coliseum Concessions	786	22	289	37,327	38,424
Coliseum Facility Leasing	-	-	-	56,296	56,296
Entry Fees	-	-	34,475	10,935	45,410
Summer Camps	-	-	-	12,147	12,147
Student Activity Fees	460,719	366,244	1,534,442	1,568,031	3,929,436
Student Athletic Fees	-	-	-	489,785	489,785
Advertising	77,093	-	2,000	62,638	141,731
Interest Income	-	-	-	26,772	26,772
Contributions - Restricted	1,530	520	41,505	-	43,555
Contributions - Unrestricted	-	-	-	187,070	187,070
Contributed Support					
Winthrop Foundation	5,400	-	25,994	78,462	109,856
NCAA and Conference Grants	11,501	265	307	228,917	240,990
NCAA Distribution	37,512	-	52,557	-	90,069
Contributions Federal/State	101,866	107,073	1,085,620	46,802	1,341,361
<b>Total Revenues</b>	<b>\$ 1,140,588</b>	<b>500,216</b>	<b>2,834,808</b>	<b>2,805,182</b>	<b>7,280,794</b>

SEE ACCOMPANYING NOTE

**WINTHROP UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
Statement of Revenues, Expenditures and Transfers, Continued  
For the Year Ended June 30, 2005  
(Unaudited)

<b>EXPENDITURES</b>	<b>Men's Basketball</b>	<b>Women's Basketball</b>	<b>Other Sports</b>	<b>Nonprogram Specific</b>	<b>Total</b>
Salaries					
Coaches	\$ 315,146	158,383	637,917	-	1,111,446
Other	17,790	13,775	29,560	827,653	888,778
Graduate Assistantships	-	3,000	12,123	-	15,123
Fringe Benefits	77,237	47,242	185,353	198,452	508,284
Financial Aid	223,207	212,999	977,699	30,380	1,444,285
Telephone	5,520	5,832	17,251	17,613	46,216
Repairs	489	42	153	11,201	11,885
Printing and Advertising	1,574	2,324	6,300	104,445	114,643
Contractual Services	98,314	16,237	62,512	165,717	342,780
Food Services	18,907	1,536	10,294	29,321	60,058
Travel					
Team	130,277	59,755	456,772	5,577	652,381
Recruiting	26,955	30,012	60,109	4,389	121,465
Other	4,723	8,606	12,178	21,302	46,809
Uniforms	6,558	18,564	87,608	15,997	128,727
Rents	190	-	3,083	28,325	31,598
Insurance	3,218	1,809	2,093	152,822	159,942
Dues, Licenses and Subscriptions	3,692	4,881	7,467	29,215	45,255
Awards	-	5,326	6,160	7,932	19,418
Equipment and Supplies	20,774	10,821	56,586	116,234	204,415
Purchases for Resale	-	-	-	22,594	22,594
Guarantees	5,130	5,588	15,771	-	26,489
Postage	1,562	1,925	3,173	20,098	26,758
Contributions Federal/State	101,866	107,073	1,085,620	46,802	1,341,361
In-Kind Expenditures - Foundation	5,400	-	25,993	96,462	127,855
<b>Total Expenditures</b>	<b>1,068,529</b>	<b>715,730</b>	<b>3,761,775</b>	<b>1,952,531</b>	<b>7,498,565</b>
<b>TRANSFERS OUT</b>					
Transfers In for Scholarships	-	-	-	867,836	867,836
Transfers Out Capital Leases	(2,809)	(8,490)	(14,613)	-	(25,912)
Transfers Out Debt Service	-	-	-	(321,296)	(321,296)
<b>Total Transfers</b>	<b>(2,809)</b>	<b>(8,490)</b>	<b>(14,613)</b>	<b>546,540</b>	<b>520,628</b>
Excess Revenues Over (Under)					
Expenditures and Transfers	\$ 69,250	(224,004)	(941,580)	1,399,191	302,857

SEE ACCOMPANYING NOTE

**WINTHROP UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
Notes to the Statement  
June 30, 2006  
(Unaudited)

**NOTE 1-CONTRIBUTIONS**

Contributed support from the Winthrop Foundation, an outside organization, in the amount of \$109,856 results from the Foundation making or committing to make expenditures on behalf of the Intercollegiate Athletics Program for items such as athletic scholarships and equipment. This amount is more than ten percent of the total contributions received for intercollegiate athletics during the year ended June 30, 2006. No other contributions, from individual sources, in excess of the ten percent were received during the fiscal year.

**NOTE 2-NET ASSETS**

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

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

Interest cost incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed net of interest earned on the invested proceeds over the same period. During the year ended June 30, 2006, there were no material capitalized interest costs incurred.

**NOTE 3-INTERCOLLEGIATE ATHLETICS DEBT**

<b>Intercollegiate Athletics Debt</b>				
Annual Maturities				
	2003 Institution Bonds*	2004 Institution Bonds*	2001 Athletic Facilities Revenue Bonds	1981 Athletic Facilities Notes Payable
2007	245,112	407,656	202,620	119,847
2008	245,738	406,156	197,112	119,847
2009	246,188	404,156	191,604	119,847
2010	246,462	402,932	186,096	119,846
2011	251,562	398,931	180,588	119,847
2012-2016	1,283,432	2,083,378	820,320	-
2017-2021	1,322,238	2,180,809	682,620	-
2022-2026	267,113	448,761	-	-
Total	<u>\$ 4,107,845</u>	<u>6,732,779</u>	<u>2,460,960</u>	<u>599,234</u>

\* Sixty-nine percent of the 2003 Bonds and 44 percent of the 2004 Bonds were used for athletics.