

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

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**Independent Accountants' Report On  
Applying Agreed-Upon Procedures  
June 30, 2007**

**WINTHROP UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
For the Year Ended June 30, 2007

Table of Contents

State Auditor's Transmittal Letter	
Independent Accountants' Report On Applying Agreed-Upon Procedures	1-5
Statement of Revenues, Expenditures and Transfers	6-7
Notes to the Statement	8

# *State of South Carolina*



## *Office of the State Auditor*

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DEPUTY STATE AUDITOR

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January 10, 2008

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, 2007, 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 Accountants' Report On  
Applying Agreed-Upon Procedures

Mr. Richard H. Gilbert, Jr., CPA  
Deputy State Auditor  
Office of the State Auditor  
Columbia, South Carolina

Dr. Anthony J. DiGiorgio  
President  
Winthrop University  
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We have audited the financial statements of Winthrop University as of and for the year ended June 30, 2007, and have issued our unqualified report thereon under date of August 31, 2007. 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, 2007. 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, 2007, 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.

- During our testing we determined that one employee within marketing was responsible for both cash and record keeping responsibilities.

Management's Response: Management will work to implement division of duties to help to insure proper accounting standards.

- We also noted \$26,286 of In-kind services exchanged for advertising that was not recorded by the University.
- We noted a \$13,623 unreconciled difference between the Statement of Revenue and Expenditures and the detail listing of Advertising Contracts.

Management's Response: The "Summary of Marketing Sponsorship Contracts" report which is referenced is an in-house review document and is not created nor maintained for the purpose of accounting reconciliation. Management will work to develop a tracking report which can be used for such purposes.

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.

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	November 22, 2006	\$ 93
2. Women's Basketball	December 22, 2006	81
3. Women's Basketball	February 24, 2007	458
5. Men's Baseball	April 24, 2007	172
6. Men's Baseball	March 4, 2007	532
7. Men's Baseball	February 10, 2007	658
9. Men's Basketball	February 14, 2007	1,264
10. Men's Basketball	January 27, 2007	7,313
11. Men's Basketball	November 27, 2006	791
13. Volleyball	October 13, 2006	261
14. Volleyball	September 26, 2006	135
15. Women's Soccer	October 24, 2006	21
16. Women's Soccer	September 15, 2006	36
17. Men's Soccer	October 11, 2006	1,245
18. Men's Soccer	September 16, 2006	\$ 198

We noted an \$11,407 difference between Ticket Sales Reported on the Statement of Revenues and Expenditures and the Ticketing Software.

Management's Response: The TicketRetun Software system is not utilized for all ticket sales at all Winthrop athletic events. Management will work to better document ticket sales not on the ticket software system.

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. Robert Roth	P710550	\$ 940.00
2. NCAA	PCS9225	2,188.00
3. Conder Flag Co.	P710344	1,359.02
4. Belco Athletic Laundry	P710070	3,498.00
5. The Big South Conference	7001678	12,000.00
6. Thomas N. Hickman	7007358	1,199.34
7. Show Pros Entertainment	P71143	785.12
8. Andrea McCartney	7007130	438.36
9. Melissa Basilio	7007571	4,850.00
10. Jessey Mike's	P710676	65.34
11. Tennis Machines	PCS2023	107.00
12. CID Carvalho	7000956	2,000.00
13. Red Lion Mtg.	P710515	1,553.35
14. Jim Brown Signs	P710890	1,326.60
15. GMAC	P710317	232.19
16. The Herald Classified	PCS7474	1,500.00
17. Deborah Newsome	7009648	6,000.00
18. Red Lion River Inn	P711927	23,578.08
19. Central Florida Sport	P711444	6,910.92
20. Bookworm at Winthrop	507349	19,638.52

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 found no exceptions as a result of this procedure.

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, 2007 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 8, 2008



**WINTHROP UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
Statement of Revenues, Expenditures and Transfers  
For the Year Ended June 30, 2007  
(Unaudited)

<b>REVENUES</b>	Men's Basketball	Women's Basketball	Other Sports	Nonprogram Specific	Total
Ticket Sales	\$ 266,452	5,892	53,280	-	325,624
Guarantees	368,000	37,750	9,000	-	414,750
Coliseum Parking	-	-	-	-	-
Coliseum Concessions	1,301	-	-	33,654	34,955
Coliseum Facility Leasing	-	-	-	34,676	34,676
Entry Fees	-	-	51,386	4,510	55,896
Summer Camps	835	-	7,269	1,065	9,169
Student Activity Fees	582,435	385,567	1,703,795	1,627,567	4,299,364
Student Athletic Fees	-	-	-	496,494	496,494
Advertising	103,500	-	16,345	90,010	209,855
Interest Income	-	-	-	43,054	43,054
Contributions - Restricted	6,100	-	190,837	246,767	443,704
Contributions - Unrestricted	-	-	-	152,001	152,001
Contributed Support					
Winthrop Foundation	95,071	-	122,333	98,964	316,368
Winthrop University	-	-	-	939,265	939,265
NCAA and Conference Grants	45,000	-	-	215,698	260,698
NCAA Distribution	135,651	-	35,848	-	171,499
Contributions Federal/State	142,161	136,685	1,270,277	47,193	1,596,316
Marshall Buyout	-	-	-	100,000	100,000
Interest Income - Foundation	4,594	4,336	141,916	44,141	194,987
Indirect Facilities	-	-	-	238,321	238,321
<b>Total Revenues</b>	<b>\$ 1,751,100</b>	<b>570,230</b>	<b>3,602,286</b>	<b>4,413,380</b>	<b>10,336,996</b>

CONTINUED,

**WINTHROP UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
Statement of Revenues, Expenditures and Transfers, Continued  
For the Year Ended June 30, 2007  
(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	\$ 378,716	165,117	728,193	-	1,272,026
Other	14,542	14,638	28,728	907,101	965,009
Graduate Assistantships	3,000	3,000	24,075	12,500	42,575
Fringe Benefits	89,899	48,353	213,833	223,732	575,817
Financial Aid	242,210	238,851	1,144,148	41,783	1,666,992
Telephone	8,971	2,682	15,533	37,275	64,461
Repairs	-	-	1,199	9,213	10,412
Printing and Advertising	9,954	5,509	27,480	98,164	141,107
Contractual Services	129,946	21,237	(3,309)	253,543	401,417
Food Services	14,405	1,004	14,790	22,235	52,434
Travel					
Team	160,338	65,554	482,425	11,229	719,546
Recruiting	43,694	29,458	53,783	-	126,935
Other	7,188	132	15,815	26,472	49,607
Uniforms	9,126	18,658	108,171	3,495	139,450
Rents	308	-	2,493	6,783	9,584
Insurance	1,491	1,781	3,409	114,817	121,498
Dues, Licenses and Subscriptions	3,445	2,256	7,826	33,294	46,821
Awards	-	-	8,629	2,695	11,324
Equipment and Supplies	11,208	18,767	72,733	176,686	279,394
Purchases for Resale	-	-	-	9,555	9,555
Guarantees	11,143	3,164	19,096	-	33,403
Postage	2,432	1,715	10,503	20,082	34,732
Contributions Federal/State	142,161	136,685	1,270,277	47,193	1,596,316
In-Kind Expenditures - Foundation	95,071	-	122,333	116,964	334,368
Indirect Facilities	-	-	-	238,321	238,321
<b>Total Expenditures</b>	<b>1,379,248</b>	<b>778,561</b>	<b>4,372,163</b>	<b>2,413,132</b>	<b>8,943,104</b>
<b>TRANSFERS OUT</b>					
Transfers In for Scholarships	-	-	-	-	-
Transfers Out Capital Leases	(6,584)	(11,730)	(11,683)	-	(29,997)
Transfers Out Debt Service	-	-	-	(315,632)	(315,632)
<b>Total Transfers</b>	<b>(6,584)</b>	<b>(11,730)</b>	<b>(11,683)</b>	<b>(315,632)</b>	<b>(345,629)</b>
Excess Revenues Over (Under) Expenditures and Transfers	<u>\$ 365,268</u>	<u>(220,061)</u>	<u>(781,560)</u>	<u>1,684,616</u>	<u>1,048,263</u>

SEE ACCOMPANYING NOTES TO STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS

**WINTHROP UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**

Notes to the Statement of Revenues, Expenditures and Transfers  
June 30, 2007  
(Unaudited)

**NOTE 1-CONTRIBUTIONS**

Contributed support from the Winthrop Foundation, an outside organization, in the amount of \$316,368 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, 2007. 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, 2007, 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
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	251,313	410,831	175,080	-
2013-2017	1,294,067	2,098,448	792,780	-
2018-2022	1,327,403	2,203,669	535,080	-
Total	<u>\$ 3,862,733</u>	<u>6,325,123</u>	<u>2,258,340</u>	<u>479,387</u>

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