

State of South Carolina



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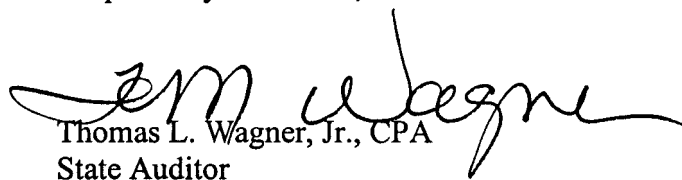
March 22, 2001

The Honorable Jim Hodges, 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, 2000, was issued by Rogers & Laban, PA, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

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

Respectfully submitted,


Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/kss

**COLLEGE OF CHARLESTON
DEPARTMENT OF ATHLETICS
CHARLESTON, SOUTH CAROLINA**

STATEMENT OF REVENUES AND EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2000

(with Independent Auditor's Report thereon)

**COLLEGE OF CHARLESTON
DEPARTMENT OF ATHLETICS
CHARLESTON, SOUTH CAROLINA**

FOR THE YEAR ENDED JUNE 30, 2000

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ROGERS & LABAN, PA

CERTIFIED PUBLIC ACCOUNTANTS AND FINANCIAL CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of revenues and expenditures of the College of Charleston Department of Athletics for the year ended June 30, 2000. 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 generally accepted auditing standards. 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.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and expenditures of the College of Charleston Department of Athletics for the year ended June 30, 2000 in conformity with generally accepted accounting principles.

As discussed in note 6 to the financial statement, management discovered certain revenues were misclassified in the year ended June 30, 1999.

Rogers & Laban, PA

Columbia, South Carolina
December 8, 2000



**COLLEGE OF CHARLESTON
DEPARTMENT OF ATHLETICS
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1999**

Categories	Men's		Women's		Coed Sports	Non-program Specific	Totals	1999
	Basketball	Other Sports	Basketball	Other Sports				Totals (Restated)
Revenues:								
Activity Fees	\$	\$	\$	\$	\$	\$ 2,775,229	\$ 2,775,229	\$ 2,580,871
Vending Machine Sales						1,617	1,617	2,206
Commissions						11,515	11,515	8,153
Ticket Sales	11,101	7,777	493	2,088		125,000	146,459	99,210
Post-Season Compensation							-	22,198
NCAA Distribution						51,923	51,923	36,690
Contributions:							-	
Scholarship-Restricted		21,975				200,000	221,975	221,500
Rental Income						4,200	4,200	1,525
Royalties						9,824	9,824	7,799
Guarantees	75,000	5,800	1,500	2,750			85,050	119,514
Entry Fees				58,785			58,785	27,400
Other		2,555		12,766			15,321	27
Total Revenues	<u>\$ 86,101</u>	<u>\$ 38,107</u>	<u>\$ 1,993</u>	<u>\$ 76,389</u>	<u>\$</u>	<u>\$ 3,179,308</u>	<u>\$ 3,381,898</u>	<u>\$ 3,127,093</u>
Expenditures:								
Personal	\$ 219,390	\$ 211,746	\$ 97,317	\$ 198,384	\$ 91,199	\$ 262,666	\$ 1,080,702	\$ 953,217
Fringe Benefits	41,095	41,011	22,007	46,632	20,531	48,404	219,680	176,676
Contractual	98,828	124,291	50,188	165,912	56,772	167,557	663,548	559,715
Supplies	18,213	54,218	14,818	54,322	130	49,160	190,861	178,148
Scholarship	155,593	304,375	153,877	370,586		6,232	990,663	878,349
Fixed Charges	70,535	7,564	7,748	5,085	530	38,125	129,587	108,208
Equipment	17,559						17,559	
Travel	28,791	7,815	12,392	15,485		5,416	69,899	128,765
Total Expenditures	<u>\$ 650,004</u>	<u>\$ 751,020</u>	<u>\$ 358,347</u>	<u>\$ 856,406</u>	<u>\$ 169,162</u>	<u>\$ 577,560</u>	<u>\$ 3,362,499</u>	<u>\$ 2,983,078</u>
Excess(Deficiency) of								
Revenues over Expenditures	<u>\$ (563,903)</u>	<u>\$ (712,913)</u>	<u>\$ (356,354)</u>	<u>\$ (780,017)</u>	<u>\$ (169,162)</u>	<u>\$ 2,601,748</u>	<u>\$ 19,399</u>	<u>\$ 144,015</u>

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

**COLLEGE OF CHARLESTON
DEPARTMENT OF ATHLETICS
Notes to Financial Statement
June 30, 2000**

1. Summary of significant Accounting Policies

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

- A. **Accrual Basis-** The statement of revenues and expenditures of the College's Department of Athletics has been prepared on the accrual basis of accounting, except that, in accordance with accounting practices customarily followed by governmental educational institutions, no provision is made for the depreciation of physical plant assets. Generally, revenue is recognized when earned and measurable and expenditures are recognized when materials or services are received or when incurred. Indirect costs are allocated to the Department of Athletics for general institutional administrative costs, maintenance and other related costs as a percentage of Department of Athletics salaries to total College salaries. Those costs of \$100,680 are recorded as contractual services- non program specific. The accompanying statement presents the financial activities of the College's Department of Athletics. It does not purport to present the result of operation or the net income or loss for the period.
- B. **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 the principles of 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. In the accompanying financial statement, all financial transactions related to the College's intercollegiate athletic program are reported.

2. NCAA Legislation

In June 1985, the NCAA adopted legislation that required all expenditures for or in behalf of an institution's Intercollegiate Athletics Program, including those by outside organizations, to be included in the audited statement of revenues and expenditures of the Institution's Athletics Department.

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 provisions into three separate bylaws which contain provisions 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. Members that have an institution wide financial audit can comply with this legislation by having the auditor perform certain minimum agreed-upon procedures. 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.

3. Outside Organizations

The Cougar Club is a 501 C3 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 to many athletic events. Net revenues from ticket sales after the deduction of certain expenses are remitted to the College annually. During the fiscal year 2000, \$125,000 was remitted to the College and reported as ticket sales revenue.

Contributions to the College from the Cougar Club are restricted for scholarships, but are non-program specific. During fiscal year 2000, \$200,000 was contributed to the Athletic Department.

The Cougar Club's financial activities are not included in the statement presented

4. Contributions

For the year ended June 30,2000, athletic department contributions in excess of 10% of total athletic department contributions were as follows:

<u>Donee</u>	<u>Amount</u>
College of Charleston Cougar Club	\$200,000

5. Student Activity Fees

For fiscal year 2000, the Board of Trusess approved a student athletic fee of \$145 per full time student, prorated for part-time students. The College recognized \$2,775,229 in student athletic fees during fiscal year 2000.

6. Reclassifications

Certain revenues were misclassified in the year ended June 30, 1999 as follows

\$69,002 in non-program specific guarantee revenue should have been reported as \$41,602 guarantee revenue under men's basketball and \$27,400 should have been reported as entry fees for women's golf under women's other sports.

\$195,000 of contributions restricted for scholarships was erroneously reported as unrestricted comparative.

The 1999 comparative totals on the statement of revenues and expenditures have been restated for these reclassifications.

**COLLEGE OF CHARLESTON
DEPARTMENT OF ATHLETICS (DEPT)**

**STATUS OF WEAKNESS REPORTED IN PRIOR MANAGEMENT LETTER COMMENT
FOR THE YEAR ENDED JUNE 30, 2000**

During our current audit, we reviewed the status of corrective action taken on the internal control deficiencies described in the Management Letter Comment in our report on the College of Charleston Department of Athletics (Department) dated January 12, 2000, resulting from the audit of the financial statement of the Department for the year ended June 30, 1999. We found that adequate corrective action was taken on the findings regarding ticket count reconciliations.