

**University of South Carolina - Columbia
Department of Athletics**

***Independent Accountant's Report On
Applying Agreed-Upon Procedures***

For the year ended June 30, 2017

University of South Carolina - Columbia
Department of Athletics
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Independent Accountant's Report on Applying Agreed-Upon Procedures

The Audit and Compliance Committee
University of South Carolina - Columbia
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the Audit and Compliance Committee and management of the University of South Carolina - Columbia (the University), Department of Athletics (the Department), solely to assist the Department's management in its evaluation of compliance with National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2017. The Department's management is responsible for the accompanying Statement of Revenues, Expenses and Transfers (the Statement) and for the Department's compliance with the NCAA's requirements. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the parties specified in the report. Consequently, we make 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.

Per your instructions, this report includes only those exceptions exceeding \$100,000 unless otherwise specified below.

Procedures Related to the Statement of Revenues, Expenses, and Transfers

AGREED-UPON PROCEDURE #1

We obtained from the Department's management the Statement for the year ended June 30, 2017, as shown in Attachment A of this report. We footed and cross-footed the Statement and compared actual revenues and expenses over 10% of total revenues/expenses in the Statement to the prior year amounts (2016). We inquired of management to obtain explanations for variances greater than 10% compared to the prior year.

Findings:

Management's explanations for the variances are as follows:

Revenues:

Admissions/ticket sales - Increased by \$2,781,993, or 11%. The increase is primarily attributable to the October 2015 flood. The Department only hosted six home football games in fiscal year 2016 because the flood forced the Louisiana State University (LSU) football game to be moved to Baton Rouge, Louisiana. In fiscal year 2017, the Department hosted a full seven game home football schedule, resulting in an increase in football ticket sales of approximately \$2,800,000.

Findings, Continued:

Management's explanations for the variances are as follows (continued):

Contributions - Increased by \$8,517,975 or 29%. The increase is mostly attributable to an increase in funds transferred from the University Educational Foundation (the Foundation) to reimburse the Department for expenses incurred for capital projects. Major gifts donated to the Department are deposited and held with the Foundation. These gifts are used to fund capital projects, facility upgrades and one-time needs. The Department incurs the expenses for these projects and then submits these costs to the Foundation for reimbursement. In fiscal year 2016, the Department received approximately \$1,500,000 from the Foundation. This increased by approximately \$9,200,000 in fiscal year 2017 to cover capital projects and facility upgrades for multiple Athletics facilities, with the largest single project being the men's basketball office complex for approximately \$3,710,000. Funds received from the Foundation may be for current year expenditures. However, some projects occur over multiple fiscal years and reimbursement is not requested until the end of the project. This increase was offset by a one-time donation of approximately \$700,000 from multiple individuals related to the LSU football game received by the Department in fiscal year 2016. The LSU game was originally scheduled as a home game. Due to the October 2015 flood, the game was played in Baton Rouge, Louisiana. Ticket holders were provided refunds but were given the option to donate the money to Department rather than receive a refund. This donation did not occur for fiscal year 2017.

Expenses:

Direct facilities and administrative support - Increased by \$4,790,886 or 34%. The increase is mostly attributable to an increase in utilities expense. Utilities (electricity, water, gas) increased by approximately \$1,200,000 in fiscal year 2017 due to various reasons including new sewer/ground water disposal fees at the Colonial Life Arena, general rate increases, and additional costs associated with the opening of the new Soccer Team Facility, Outdoor Track, and Golf Practice Facility. There was also an additional \$340,000 in facility maintenance and upkeep related to the new soccer, track, and golf facilities. Expenditures for non-capital facility upgrades and one-time special needs from the maintenance reserve fund increased by approximately \$2,000,000. Additionally, the Department reclassified credit card processing fees from "Other Expenses" to "Administrative Expenses" resulting in an increase of approximately \$860,000.

Transfers - Increased by \$1,012,200 or 20%. Department transfers to the University increased by approximately \$1,500,000 due to an increase in the Southeastern Conference (SEC) Network revenue received by the conference. This increase was offset by a decrease in capital project funding of \$550,000.

AGREED-UPON PROCEDURE #2

We obtained the Statement and compared all revenues, expenses and transfers to management's worksheets and compared the amounts on management's worksheets to the related series of accounts in the Department's general ledger.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #3

We compared the revenue from football and men's basketball ticket sales per the Department's general ledger to the Department's ticketing system's Event Audit Reports for the year ended June 30, 2017.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #4

We planned to obtain the Department's calculation of student athletic fees and perform the following procedures:

- a. Recalculate student athletic fees by multiplying total student enrollment by athletic fee per student.
- b. Compare student enrollment used in the calculation to the University's official enrollment data obtained from the Institutional Assessment and Compliance (IAC) for the Fall 2016 and Spring 2017 semesters.
- c. Compare the total of the University's calculation for student athletic fees to the Statement.

Findings:

Per management, student activity/ticket fees are reported in admissions/ticket sales revenue on the Statement and was less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #5

We planned to select two settlement statements for away games from a schedule provided by the Department and compare the guarantee revenue on the schedule to the amounts specified in the game agreements and related contracts.

Findings:

Per management, guarantee revenue was less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #6

We obtained a schedule of contributions for the year ended June 30, 2017 and identified any contributions in excess of 10% of total contributions. For contributions in excess of 10% of total contributions, we compared the amounts to supporting documentation and recalculated totals.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #7

We planned to compare the total direct institutional support recorded by the Department during the year ended June 30, 2017 with State appropriations, institutional authorizations and/or other corroborative supporting documentation.

Findings:

Per management, direct institutional support was less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #8

We obtained from the Department a report detailing all compensation and benefits provided by a third party recorded by the Department for the year ended June 30, 2017. We haphazardly selected three coaches from the report. For each coach selected, we compared the third-party support revenue on the schedule provided by the Department to amounts specified in the related Under Armour and Gamecock Sports Properties contracts. We footed and cross-footed the schedule of the third-party support revenue per the report provided by the Department. In addition, we judgmentally selected one third party revenue source and obtained the related independent auditors' report for Under Armour for the year ended June 30, 2017.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #9

We planned to obtain a schedule of the direct state or other governmental support recorded by the Department during the year ended June 30, 2017 and compare to state appropriations, institutional authorizations and/or other corroborative supporting documentation.

Findings:

Per management, the Department received no direct state or other governmental support revenue during the year ended June 30, 2017.

AGREED-UPON PROCEDURE #10

We planned to obtain a schedule of the Department's indirect institutional support for the year ended June 30, 2017, as prepared by the University's Facilities Department, and compare the total of the schedule to the corresponding amount on the Statement.

Findings:

Per management, the Department received no indirect facilities support revenue during the year ended June 30, 2017.

AGREED-UPON PROCEDURE #11

We planned to obtain a schedule of program, concession, novelty sales and parking recorded by the Department for the year ended June 30, 2017. We planned to compare the total of the schedule to the corresponding amount on the Statement.

Findings:

Per management, program sales, concessions, novelty sales and parking revenue was less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #12

We obtained the revenue distribution agreements from the SEC and attempted to obtain the revenue distribution agreements from the NCAA detailing revenue distributions for the football and men's basketball teams. For SEC revenue, we compared the settlement revenue on the schedule provided by the Department to amounts reported in the revenue distribution agreements.

Findings:

Per management, NCAA revenue was less than 4% of total revenues; therefore, no procedures were required for this specific category. We found no exceptions for SEC revenue as a result of these procedures.

AGREED-UPON PROCEDURE #13

We obtained a detail of contracts for broadcast, television, radio and internet rights for the year ended June 30, 2017 and judgmentally selected two contracts. For each contract selected, we compared the amounts reflected in the contracts with Gamecock Sports Properties and the SEC to the corresponding revenue amounts in the Statement.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #14

We obtained a detail of contracts for royalties, licensing, advertisements and sponsorships for the year ended June 30, 2017 and judgmentally selected two contracts. For each contract selected, we compared the amounts reflected in the contracts with Founders Federal Credit Union and Under Armour to the corresponding revenue amounts in the Statement.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #15

We planned to obtain a schedule of camp participants from the Department and haphazardly select a sample of five individual camp participants in order to compare the participant's payment from the schedule to the University's daily cash receipts report.

Findings:

Per management, sports camp revenue was less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #16

We planned to obtain agreements related to the Department's revenues from post-season bowl participation and compare the amounts reported in the agreements to amounts reported in the Department's general ledger.

Findings:

Per management, bowl revenue was less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #17

We planned to haphazardly select two events from the schedule of guarantee expense provided by the Department and compare the guarantee expense on the schedule to the amounts specified in game contracts.

Findings:

Per management, guarantee expense was less than 4% of total expenses; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #18

We planned to obtain a copy of the Department's team recruiting expense policies and compare it to related policies documented in the NCAA Division I Manual. In addition, we planned to obtain a general ledger detail of recruiting expenses for the year ended June 30, 2017 and compare it to the amount reported in the Statement.

Findings:

Per management, recruiting expense was less than 4% of total expenses; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #19

We obtained a copy of the Department's travel expense policies and compared it to related policies documented in the NCAA Division I Manual. In addition, we obtained a general ledger detail of travel expenses for the year ended June 30, 2017 and compared it to the amount reported in the Statement.

Findings:

Based on the comparison of these documents, requirements are substantially the same. We noted no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #20

We obtained from management a repayment schedule of all outstanding intercollegiate athletics debt during the year ended June 30, 2017 and recalculated annual maturities, consisting of principal and interest, provided in the schedule. We then compared the total maturities and total outstanding athletic related debt to supporting documentation and the Department's general ledger.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #21

We compared the total outstanding University related debt to supporting documentation and the University's audited financial statements, if available, or the University's general ledger.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #22

We obtained from management a schedule of all athletics dedicated endowments maintained by the Department, the University and affiliated organizations for the year ended June 30, 2017. We compared the total fair market value of the athletics dedicated endowments to supporting documentation, the general ledger, and the University's audited financial statements.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #23

We obtained from management a schedule of all University endowments for the year ended June 30, 2017. We compared the total fair market value of the University's endowments to supporting documentation, the University's general ledger, and the University's audited financial statements.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #24

We obtained from management a schedule of athletics related capital expenditures made by the Department, the University and affiliated organizations for the year ended June 30, 2017 and selected a sample of three transactions and compared the amounts reported in the schedule to supporting documentation.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #25

We obtained a schedule of debt service, lease payments, and rental fees recorded by the Department for the year ended June 30, 2017. From the schedule provided, we selected the two highest facility payments and haphazardly selected an additional facility payment and compared amounts reported in the schedule to supporting debt/rental agreements.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #26

We obtained from the Department a schedule of all transfers recorded by the Department for the year ended June 30, 2017. We haphazardly selected three transfers from the schedule and, for each transfer selected, compared amounts reported in the schedule to supporting transfer requests from the University.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #27

We planned to obtain from the Department a schedule of in-kind gifts recorded by the Department for the year ended June 30, 2017, recalculate totals and compare amounts in the schedule to amounts reported in the Statement.

Findings:

Per management, in-kind revenue was less than 4% of total revenues; therefore, no procedures were required for this specific category.

For procedures 28 through 39 all exceptions are reported regardless of dollar amount.

AGREED-UPON PROCEDURE #28

We obtained a listing of Department coaches employed by the Department for the year ended June 30, 2017. From this listing, we haphazardly selected one coach from each of football and men and women's basketball as well as one additional coach. For each of the selected coaches, we compared the recorded salary expense, including salary, benefits, and bonuses paid by the Department per the Department's general ledger to the coaches' contracts.

Findings:

We noted one employee did not receive supplemental compensation of \$50,000 as detailed in the respective coach's contract. We found no other exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #29

We obtained a listing of support staff/administrative employees who were employed by the Department for the year ended June 30, 2017. From this listing, we selected three support/administrative staff and compared their recorded salary, benefits and bonuses, if any, from the general ledger to their employment contracts.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #30

We obtained a listing of coaches who received other compensation and benefits paid by a third party during the year ended June 30, 2017. From this listing, we haphazardly selected one coach from each of football and men and women's basketball and compared the compensation and benefits paid by the third party to amounts specified in each respective employee contract.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #31

We planned to obtain a listing of support staff/administrative salaries, benefits and bonuses paid by a third party during the year ended June 30, 2017 and, from this listing, haphazardly select two support/administrative staff and compare the compensation and benefits paid by the third party to amounts specified in each respective employee contract.

Findings:

Per management, support staff/administrative salaries, benefits and bonuses paid by a third party was less than 4% of total expenses; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #32

We planned to obtain a detail from the Department of employees who received severance payments during the year ended June 30, 2017 and compare the related termination letters or employment contracts to the amount reported in the Statement.

Findings:

Per management, severance expense was less than 4% of total expenses; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #33

We randomly selected a sample of twenty-five receipts for the year ended June 30, 2017 from a detail of cash receipts provided by the Department. For each receipt selected, we performed the following procedures:

- a. Compared the receipt to the daily cash receipts report,
- b. Compared the daily cash receipts report to the validated deposit slip, and
- c. Compared the receipt to posting in the general ledger.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #34

We planned to obtain the general ledger detail for the following expense categories:

- a. Equipment, uniforms and supplies
- b. Direct facilities and administrative support
- c. Game expenses
- d. Sports camp expenses
- e. Fundraising, marketing and promotion
- f. Spirit groups
- g. Memberships and dues
- h. Student athlete meals (non-travel)
- i. Bowl expenses
- j. Medical expenses and insurance
- k. Other operating expenses
- l. Conference realignment expenses.

For each category, we then planned to compare the general ledger detail to the total expenses reported and haphazardly select a sample of three transactions. For each transaction selected, we planned to compare the amount reported in the general ledger to a supporting invoice.

Findings:

Per management, equipment, uniforms and supplies, sports camp expenses, fundraising, marketing and promotion, spirit groups, memberships and dues, student athlete meals (non-travel), bowl expenses, and medical expenses and insurance were each less than 4% of total expenses; therefore, no procedures were required for these specific categories. Management also stated there were no conference realignment expenses. The remaining expense categories noted above in this procedure were tested and we had no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #35

We planned to obtain from management for the year ended June 30, 2017 a detail of Department endowments and a detail of endowment expenses and haphazardly select two endowments to perform the following procedures:

- a. Haphazardly select five transactions from the detail of endowment expenses and obtain the related invoice.
- b. Compare the description of the goods or services reflected in the invoices obtained in procedure “a” to stipulations noted in the selected endowment’s agreement.

Findings:

Per management, revenues derived from the endowment and investment income reporting category were less than 4% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #36

We randomly selected a sample of 40 student athletes (10% of total student athletes who received financial aid during the year ended June 30, 2017 or a maximum of 40) from a schedule provided by the Department. For each of the student athletes selected, we performed the following procedures:

- a. Obtained the individual student account detail from the Banner software system (the University’s student information system) and compared total aid allocated to the student’s award letter.
- b. Compared each student’s account detail to the amounts reported in the NCAA Compliance Assistant software.
- c. Recalculated the full-time equivalency value.

Findings:

We found no exceptions as a result of performing procedures “a” and “c”.

Findings, Continued:

The results of performing procedure “b” are as follows:

Student Athlete	Student Account Detail	Per NCAA Software*	Difference
Student Athlete 1	\$ 6,561	\$ 6,450	\$ 112
Student Athlete 2	7,223	7,000	223
Student Athlete 3	29,753	29,425	328
Student Athlete 4	48,461	47,965	496
Student Athlete 5	23,812	23,539	274
Student Athlete 6	50,396	48,853	1,543
Student Athlete 7	24,643	24,427	217
Student Athlete 8	48,024	47,077	947
Student Athlete 9	29,084	28,537	547
Student Athlete 10	30,077	29,425	652
Student Athlete 11	48,325	47,699	626
Student Athlete 12	50,396	48,853	1,543
Student Athlete 13	11,323	11,100	223
Student Athlete 14	24,893	24,427	467
Student Athlete 15	12,423	12,200	223
Student Athlete 16	4,423	4,200	223
Student Athlete 17	4,931	4,708	223
Student Athlete 18	25,448	25,428	20
Student Athlete 19	14,636	13,825	812
Student Athlete 20	29,648	29,425	223
Student Athlete 21	49,988	48,853	1,135
Student Athlete 22	34,160	32,104	2,056
Student Athlete 23	35,728	34,475	1,253
Student Athlete 24	14,523	14,300	223
Student Athlete 25	48,620	47,077	1,543
Student Athlete 26	12,023	11,800	223
Student Athlete 27	9,527	9,415	112
Student Athlete 28	47,644	47,077	567
Student Athlete 29	12,957	12,654	303
Student Athlete 30	9,623	9,400	223
Student Athlete 31	29,701	29,478	223
Student Athlete 32	51,676	48,853	2,823
Student Athlete 33	52,506	48,853	3,653
Student Athlete 34	47,820	47,077	743
Student Athlete 35	48,395	48,067	328
Student Athlete 36	39,301	39,078	223
Student Athlete 37	11,286	11,603	(317)
Student Athlete 38	1,023	800	223
Student Athlete 39	25,473	24,427	1,046
Student Athlete 40	49,286	48,853	433

Findings, Continued:

*Per management, NCAA Bylaws Section 15 allows an institution with several official on-campus housing rates listed in its catalog to use the average of the room cost for all students living on campus. In addition, the NCAA allows the institution to use an \$800 set fee for its books equivalency computation even though the institution may pay less than, equal to, or greater than \$800 for each student-athlete's actual books cost. The amounts listed in the student's account detail are based on actual costs.

Differences greater than \$1,000 were further explained by management. Management's explanations are as follows:

Student Athletes 6, 12 and 25 - Per management, this student had additional course fees of \$660 BA Enrichment Fee for each of the fall and spring semesters that were recorded on the student's account detail and not in the NCAA software. The remainder of the difference is related to the set fee for books noted above.

Student Athlete 21 - Per management, this student had additional course fee (HRSM Program Fee) of \$162 for the fall and an extra international student enrollment fee of \$750 that were recorded on the student's account detail and not in the NCAA software. The remainder of the difference is related to the set fee for books noted above.

Student Athlete 22 - Per management, this student had additional course fees of \$930 (\$675 HRSM Graduate Program Fee, \$80 Graduate Matriculation Fee, \$175 Health Center Fee for Graduate Students) for the fall and and \$900 (HRSM Graduate Program Fee) for the spring semesters that were recorded on the student's account detail and not in the NCAA software. The remainder of the difference is related to the set fee for books noted above.

Student Athlete 23 - Per management, this student had additional course fees of \$703 (\$210 Chemistry Lab, \$100 Advisement Fee, \$208 Above 17 hours fee, \$105 Statistics Lab, \$80 Matriculation Fee) in the fall semester and \$583 (\$208 Above 17 hours fee, \$65 Language Lab, \$105 Chemistry Lab, \$105 Bio Lab, \$100 Advisement Fee) in the spring semester not recorded in the NCAA software. This student also received \$128 in additional fee reduction that was recorded in the student's account detail and not in the NCAA software. Student received this additional fee reduction as a result of enrolling in more than 17 hours. The remainder of the difference is related to the set fee for books noted above.

Student Athlete 32 - Per management, this student had additional course fees of \$1,300 (Public Health Fee) for each of the fall and spring semesters that were recorded on the student's account detail and not in the NCAA software. The remainder of the difference is related to the set fee for books noted above.

Student Athlete 33 - Per management, this student had additional course fees of \$2,130 (\$1,300 Public Health Fee, \$750 International Student Enrollment Fee, \$80 Matriculation Fee) for the fall semester and additional course fees of \$1,300 (Public Health) for the spring semester that were recorded on the student's account detail and not in the NCAA software. The remainder of the difference is related to the set fee for books noted above.

Student Athlete 39 - Per management, this student had additional fees of \$935 (\$750 International Student Fee, \$105 Geology Fee, \$80 Matriculation Fee) for the spring semester that were recorded on the student's account detail and not in the NCAA software. The remainder of the difference is related to the set fee for books noted above.

AGREED-UPON PROCEDURE #37

We compared the number of sponsored sports reported in the NCAA Membership Financial Reporting System to the squad lists of the Department.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #38

We obtained the Department's "Sports Sponsorship and Demographics Forms Report" for the year ended June 30, 2017 and compared the number of countable sports reported by the Department to the minimum requirements set forth in NCAA Bylaw 20.9.6.3.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #39

We compared the total number of Division I student-athletes who, during the 2016-2017 academic year, received a Pell Grant award (i.e. Pell Grant recipients on Full Grant-in Aid, Pell Grant recipients on Partial Grants-in-Aid and Pell Grant recipients with no Grants-in-Aid) and the total value of those Pell Grants reported in the NCAA Membership Financial Reporting System to a report generated out of the Department's financial aid records, of all student-athlete Pell Grants.

Findings:

We found no exceptions as a result of these procedures.

We were not engaged to, and we did not, perform an audit, the objective of which would be the expression of an opinion on the specified areas, accounts, or items and on the effectiveness of internal control over financial reporting described in paragraph one and procedures described in this report. Accordingly, we do not express such an opinion. Had we performed additional procedures or had we conducted an audit or review of the financial statements of the Department or any part thereof, 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 Audit and Compliance Committee and management of the University of South Carolina - Columbia, Department of Athletics, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive, flowing style.

Columbia, South Carolina
January 15, 2018

University of South Carolina - Columbia
Attachment A
Department of Athletics
Statement of Revenues, Expenses and Transfers (Unaudited)
For the year ended June 30, 2017

	Football	Men's Basketball	Women's Basketball	Other Sports	Non- Program Specific	Total
REVENUES						
Admissions/ticket sales	\$ 19,436,661	\$ 1,867,140	\$ 490,517	\$ 1,476,664	\$ 4,747,258	\$ 28,018,240
Direct institutional support	1,030,320	196,887	196,045	1,963,750	29,746	3,416,748
Less transfers to University	-	-	-	-	(3,416,748)	(3,416,748)
Guarantees	-	-	-	1,000	-	1,000
Contributions	14,545,392	624,693	395,676	1,513,092	21,128,687	38,207,540
In-kind gifts	-	-	-	-	602,702	602,702
Compensation and benefits provided by a third party	3,031,250	1,750,000	575,000	395,000	200,000	5,951,250
NCAA distributions	-	3,005,182	300,732	160,047	-	3,465,961
Conference distributions	6,910,799	490,295	9,600	55,853	1,817,778	9,284,325
Broadcast television, radio and internet rights	11,805,666	3,211,114	10,000	-	14,762,291	29,789,071
Program, concession, novelty sales and parking	3,019,344	81,328	105,393	329,038	572,036	4,107,139
Royalties, licensing, advertisements and sponsorships	-	-	27,500	462,500	9,032,931	9,522,931
Sports camp revenues	-	-	-	-	36,815	36,815
Endowment and investment income	-	-	-	-	1,836,930	1,836,930
Bowl revenues	1,120,250	-	-	-	-	1,120,250
Other operating revenues	82,291	13,915	131,815	290,300	3,570,371	4,088,692
Total revenues	60,981,973	11,240,554	2,242,278	6,647,244	54,920,797	136,032,846
EXPENSES						
Athletic student financial aid	4,907,466	790,934	786,605	8,937,242	691,063	16,113,310
Guarantees	2,750,000	479,118	50,000	91,200	-	3,370,318
Coaching salaries, benefits, and bonuses paid by the Department and related entities	4,761,186	1,782,070	2,152,541	5,273,546	-	13,969,343
Coaching salaries, benefits, and bonuses paid by a third party	3,000,000	1,750,000	575,000	395,000	-	5,720,000
Support staff/administrative salaries, benefits, and bonuses paid by the Department and related entities	3,624,169	642,081	572,917	609,068	18,237,486	23,685,721
Support staff/administrative salaries, benefits and bonuses paid by a third party	31,250	-	-	-	200,000	231,250
Severance payments	394,783	-	-	-	-	394,783
Recruiting	917,512	237,775	153,954	619,020	22,103	1,950,364
Team travel	1,583,478	2,014,781	1,268,001	3,162,824	-	8,029,084
Equipment, uniforms and supplies	2,309,707	189,464	200,082	1,611,662	39,646	4,350,561
Game expenses	3,872,290	862,927	826,839	2,194,539	473,168	8,229,763
Fundraising, marketing and promotion	90,177	21,319	88,113	20,975	1,674,274	1,894,858
Sports camp expenses	-	-	-	-	131,719	131,719
Direct facilities and administrative support	3,195,489	383,541	304,393	1,560,458	13,332,950	18,776,831
Athletic facilities, debt service, leases and rentals	984,906	-	-	192,404	10,661,366	11,838,676
Spirit groups	-	-	-	-	350,120	350,120
Medical expenses and insurance	-	-	-	-	1,456,789	1,456,789
Memberships and dues	3,241	1,035	885	22,453	50,098	77,712
Student athlete meals (non-travel)	817,728	76,332	24,427	147,046	-	1,065,533
Bowl expenses	1,127,936	-	-	-	-	1,127,936
Other operating expenses	423,541	51,354	82,795	301,716	5,693,303	6,552,709
Total expenses	34,794,859	9,282,731	7,086,552	25,139,153	53,014,085	129,317,380
TRANSFERS TO UNIVERSITY	-	-	-	-	6,181,713	6,181,713
Excess (deficiencies) of revenues over (under) expenses and transfers	\$ 26,187,114	\$ 1,957,823	\$ (4,844,274)	\$ (18,491,909)	\$ (4,275,001)	\$ 533,753

Department of Athletics

Notes to Statement of Revenues, Expenses and Transfers (Unaudited)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The University of South Carolina - Columbia, Department of Athletics (the Department) is an auxiliary enterprise of the University of South Carolina - Columbia (the University) and as such is responsible for the Intercollegiate Athletic Program of the University. The Department's transactions are reported in the University's unrestricted current funds in the auxiliary enterprises subgroup.

Basis of Presentation - The accompanying Statement of Revenues, Expenses and Transfers (the Statement) presents the recorded amounts of revenues, expenses and transfers of the University of South Carolina - Columbia's Department of Athletics. It is not intended to be a complete presentation of the revenues, expenses and transfers of the University of South Carolina or the University of South Carolina - Columbia campus. The Statement has been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses when supplies or services are received.

Indirect costs, including general administrative costs, maintenance, and other related costs, are not allocated because the Department pays explicitly for Department services.

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

Student Activity/Ticket Fees - For the year ended June 30, 2017, the University provided revenue (funding) to the Department for estimated athletic event tickets provided to students. This revenue is calculated by the estimated undergraduate student head count and a guaranteed associated relief payment. The Department recognized student activity/ticket fees of approximately \$4,747,000 in Admission/Ticket Sales for the year ended June 30, 2017.

Athletic Student Aid - The Statement includes athletic financial assistance awards for students participating in athletic programs. Financial assistance awarded to athletic participants on the basis of other criteria, such as need or academic excellence, is not reflected in the Statement.

NOTE 2 - NCAA LEGISLATION

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

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

In January 1988, the constitution was again amended. This amendment removed the audit requirement from the NCAA constitution and incorporated its provision into three separate bylaws, which contain revisions specific to each membership division. In August 2004, the NCAA replaced the financial audit guidelines with a set of agreed-upon procedures.

Department of Athletics***Notes to Statement of Revenues, Expenses and Transfers (Unaudited)***

NOTE 2 - NCAA LEGISLATION, Continued

As a Division I member of the NCAA, the Department is required to have agreed-upon procedures performed on the Statement each year. NCAA bylaws require all expenses for, or on behalf of, the University's Intercollegiate Athletics Program, including those by outside organizations, to be included on the Statement.

NOTE 3 - OUTSIDE ORGANIZATIONS

The Gamecock Club is a 501(C)(3) organization with its own charter and Board which has as its primary mission to promote intercollegiate athletics at the University through scholarship fundraising, general fundraising and awareness of the University's athletic program.

NOTE 4 - ADMISSIONS/TICKET SALES

The Department collected Fall 2017 football ticket sales on or before June 30, 2017 of approximately \$10,714,000. Recognition of these sales has been deferred until the year ended June 30, 2018. The Statement for the year ended June 30, 2017 reflects approximately \$11,766,000 in Fall 2016 football ticket sales which were collected on or before June 30, 2016.

NOTE 5 - REVENUE CONCENTRATION

The Department received significant revenue from the Southeastern Conference, the Gamecock Club, and the Foundation. These three revenue sources and amounts are included in the Statement. The Southeastern Conference provided revenue in distributions totaling approximately \$40,745,000. The Gamecock Club members provided approximately \$13,924,000. The Foundation provided approximately \$10,681,000.

NOTE 6 - CAPITAL 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. The Department 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.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 55 years for buildings and improvements and land improvements; 2 to 25 years for machinery, equipment, and vehicles; and 3 to 10 years for intangibles. A full month of depreciation is taken the month the asset is placed in service and no depreciation is taken in the month of disposition.

The University capitalized approximately \$18,118,000 of expenditures related to Department facilities and equipment during the year ended June 30, 2017.

Department of Athletics

*Notes to Statement of Revenues, Expenses and Transfers (Unaudited)***NOTE 7 - LONG-TERM DEBT**

Athletic facilities revenue bonds are maintained by the University but are payable from a pledge of net revenues of the Department, gross receipts of a special admission fee to facilities and a special student fee as authorized by the University's Board of Trustees. The scheduled maturities of the Department's bonds payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 4,475,000	\$ 8,445,706	\$ 12,920,706
2019	4,600,000	8,276,506	12,876,506
2020	4,810,000	8,071,406	12,881,406
2021	5,035,000	7,834,256	12,869,256
2022	5,270,000	7,601,556	12,871,556
2023-2027	30,770,000	34,071,269	64,841,269
2028-2032	38,425,000	26,381,294	64,806,294
2033-2037	40,400,000	17,521,619	57,921,619
2038-2042	34,755,000	7,833,950	42,588,950
2043-2047	17,740,000	1,940,750	19,680,750
	<u>\$ 186,280,000</u>	<u>\$ 127,978,312</u>	<u>\$ 314,258,312</u>

The University issued \$62,750,000 in athletic facilities revenue bonds, on behalf of the Department, during the year ended June 30, 2017.

NOTE 8 - RESTRICTED GIFTS

Gifts given to the Gamecock Club for Department endowment funds totaled approximately \$126,000 during the year ended June 30, 2017. These amounts are not included in the Statement.