

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

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

For the year ended June 30, 2016

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, 2016. 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 of Revenues, Expenses and Transfers (the Statement) for the year ended June 30, 2016, 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 (2015). We inquired of management to obtain explanations for variances over the lesser of \$1,000,000 or 10% compared to the prior year.

Findings:

Management's explanations for the variances are as follows:

Revenues:

Admissions/ticket sales - Decreased by \$4,722,668, or 16%. The decrease is primarily attributable to the October 2015 flood, which caused the football game versus Louisiana State University (LSU) to be moved to Baton Rouge, Louisiana. The game had been scheduled to be played in Columbia, South Carolina. The flooding resulted in only six home football games in 2016 as compared to seven home football games in 2015. Ticket sales for the LSU game were refunded to customers. This resulted in an approximate decrease of \$4,380,000 in ticket revenue from 2015. The Department did, however, receive a guarantee of \$1,830,000 back from LSU for the game. The Department also received \$700,000 from customers who donated the ticket sales back to the Department as opposed to receiving a refund. In addition, there was a \$300,000 decrease reported in ticket sales revenue related to the \$5 scholarship fee associated with Clemson football tickets in 2016.

AGREED-UPON PROCEDURE #1, Continued

Findings, Continued:

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

Broadcast television, radio and internet - Increased by \$6,197,793 or 28%. The increase is attributable to an increase in the revenue distribution received from the Southeastern Conference (SEC). The distribution from the SEC Network increased by approximately \$6,000,000 from 2015.

Expenses:

Athletic student financial aid - Increased by \$1,801,513 or 14%. The increase is attributable to changes in the allowed components to athletic grants-in-aid by the NCAA during 2016. Beginning in 2016, the cost of attendance component was added to provide for miscellaneous personal expenses and transportation. The cost of attendance for 2016 was approximately \$875,000. In addition, the housing for on-campus athletes moved from the South and East Quad housing to the newly opened 650 Lincoln Street housing during 2016. The housing rate at 650 Lincoln Street was higher and resulted in an increase of housing expense of approximately \$790,000.

Support staff/administrative salaries, benefits and bonuses paid by the Department and related entities- Increased by \$2,735,297 or 15%. The increase is due to the football coaching staff changeover which resulted in approximately \$1,330,000 in additional football support staff and football strength staff salaries. In addition, the state of South Carolina awarded a one-time \$800 bonus for employees earning less than \$100,000. This resulted in an additional \$125,000 of support staff expenses for 2016. The increase was also attributable to several new positions related to the SEC Network and its increased demand for coverage during 2016, which resulted in an additional \$140,000 in expenses. Also, prior to 2016, all expenses related to shows at the Colonial Life Arena (the Arena) were reported in other expenses. With the University assuming management responsibilities of the Arena, these expenses were reclassified to support staff and administrative expenses in 2016 resulting in an additional \$535,000 over 2015.

Direct facilities and administrative support - Increased by \$1,985,335 or 17%. The increase is attributable to the Department spending an additional \$900,000 on small facility upgrades that were not part of capital improvement projects in 2016. There was also an increase of approximately \$575,000 in utilities and building and grounds maintenance during 2016. This increase was primarily due to the opening of the football indoor practice facility, the football outdoor practice fields and the soccer complex.

Athletic facilities, debt service, leases and rentals - Increased by \$2,015,331 or 20%. The increase is attributable to bond payments related to the Athletic Revenue Bonds that were issued at the end of 2015. The first principal and interest payments of approximately \$2,100,000 were made in 2016.

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, 2016.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #4

We obtained the Department's detail of student activity/ticket fees by student from the University Bursar's Office for the Fall 2015 and Spring 2016 semesters. We compared the total of these details to the amount recorded on the Statement.

Findings:

Per management, student activity/ticket fees are reported in admissions/ticket sales revenue on the Statement. We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #5

We selected the settlement statement from the University of North Carolina away football game and attempted to select one settlement statement for men's basketball from a schedule provided by the Department. We compared the guarantee revenue on the schedule provided by the Department to the amount specified in the game agreement and related contract with the University of North Carolina.

Findings:

Per management, there were no settlement statements for men's basketball away games during the current year. We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #6

We obtained a schedule of contributions for the year ended June 30, 2016 and identified any contributions in excess of 10% of total contributions.

Findings:

We noted no individual contributions in excess of 10% of total contributions.

AGREED-UPON PROCEDURE #7

We compared total direct institutional support as reflected in the Statement to a schedule prepared by the University Bursar's Office of fee waivers for student athletes.

Findings:

We found no exceptions as a result of these procedures.

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, 2016. 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 haphazardly selected one third party revenue source and obtained the related independent auditors' report for Under Armour for the year ended June 30, 2016.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #9

We attempted to obtain from management a schedule of direct state or other governmental support recorded by the Department recorded during the year ended June 30, 2016.

Findings:

Per management, the Department had no direct state or other governmental support revenue during the year ended June 30, 2016.

AGREED-UPON PROCEDURE #10

We attempted to obtain from management a schedule of the Department's indirect facilities support for the year ended June 30, 2016 and compare the total of the schedule to the corresponding amount on the Statement.

Findings:

Per management, the Department had no indirect facilities support revenue during the year ended June 30, 2016.

AGREED-UPON PROCEDURE #11

We obtained a schedule of program, concession, novelty sales and parking recorded by the Department for the year ended June 30, 2016. We compared the total of the schedule to the corresponding amount on the Statement.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #12

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

Findings:

We found no exceptions 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, 2016 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, 2016 and judgmentally selected two contracts. For each contract selected, we compared the amounts reflected in the contracts with Gamecock Sports Properties 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 haphazardly selected two guarantees for visiting teams from a schedule provided by the Department. We compared the guarantee expenses on the schedule to the amounts specified in game contracts with The Citadel and the University of Central Florida.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #16

We attempted 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 0.5% of total revenues; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #17

We attempted 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, the Department had no bowl revenue during the year ended June 30, 2016.

AGREED-UPON PROCEDURE #18

We obtained a listing of Department coaches employed by the Department for the year ended June 30, 2016. From this listing, we haphazardly selected three men's sport and three women's sport coaches. 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 found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #19

We obtained a listing of Department coaches who received other compensation and benefits paid by a third party during the year ended June 30, 2016. From this listing, we haphazardly selected three coaches 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 #20

We obtained a listing of support staff/administrative employees who were employed by the Department for the year ended June 30, 2016. 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 #21

We obtained a listing of support staff/administrative salaries, benefits and bonuses paid by a third party during the year ended June 30, 2016. From this listing, we haphazardly selected two support/administrative staff and compared 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 0.5% of total expenses; therefore, no procedures were required for this specific category.

AGREED-UPON PROCEDURE #22

We obtained a listing of employees who received severance payments during the year ended June 30, 2016 and compared it to the amount recorded in the Statement. From the listing, we compared each severance payment to the related employment contract.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #23

We obtained a copy of the Department's team recruiting expense policies and compared it to related policies documented in the NCAA Division I Manual. In addition, we obtained a general ledger detail of recruiting expenses for the year ended June 30, 2016 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 #24

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, 2016 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.

For procedures 25 through 33 all exceptions are reported regardless of dollar amount.

AGREED-UPON PROCEDURE #25

We randomly selected a sample of twenty-five receipts for the year ended June 30, 2016 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 #26

We obtained the general ledger detail for the following expense categories:

- Equipment, uniforms and supplies,
- Direct facilities and administrative support,
- Game expenses,
- Sports camp expenses,
- Fundraising, marketing and promotion,
- Spirit groups,
- Memberships and dues,
- Student athlete meals (non-travel),
- Bowl expenses
- Medical expenses and insurance, and
- Other operating expenses.

AGREED-UPON PROCEDURE #26, Continued

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

Findings:

Per management, there were no student athlete meals (non-travel) or bowl expenses for the year ended June 30, 2016. In addition, management reported sports camp, spirit groups and memberships and dues expenses were each less than 0.5% of total expenses; therefore, no procedures were required for these specific categories. The remaining expense categories noted above in this procedure were tested and we had no findings as a result of these procedures.

AGREED-UPON PROCEDURE #27

We attempted to obtain from management for the year ended June 30, 2016 a detail of Department endowments and a detail of endowment expenses and haphazardly select two endowments and 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, there were no endowment expenses during the year ended June 30, 2016.

AGREED-UPON PROCEDURE #28

We randomly selected a sample of 43 student athletes (10% of total student athletes who received financial aid during the year ended June 30, 2016) 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”.

AGREED-UPON PROCEDURE #28, Continued***Findings, Continued:***

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

	Student Account Detail	Per NCAA Software*	Difference
Student Athlete 1	\$ 50,666	\$ 47,565	\$ 3,101
Student Athlete 2	11,237	11,021	216
Student Athlete 3	18,495	18,279	216
Student Athlete 4	48,006	47,565	441
Student Athlete 5	28,883	28,539	344
Student Athlete 6	47,901	47,565	336
Student Athlete 7	18,084	17,976	108
Student Athlete 8	18,158	17,922	236
Student Athlete 9	28,753	28,537	216
Student Athlete 10	30,285	28,749	1,536
Student Athlete 11	46,033	45,697	336
Student Athlete 12	15,028	13,302	1,726
Student Athlete 13	47,926	47,565	361
Student Athlete 14	48,246	47,565	681
Student Athlete 15	48,016	47,565	451
Student Athlete 16	30,895	30,665	230
Student Athlete 17	47,979	47,565	414
Student Athlete 18	7,403	7,187	216
Student Athlete 19	23,999	23,783	216
Student Athlete 20	32,102	31,578	524
Student Athlete 21	46,051	45,697	354
Student Athlete 22	24,551	21,682	2,869
Student Athlete 23	41,943	41,127	816
Student Athlete 24	23,999	23,783	216
Student Athlete 25	1,560	1,344	216
Student Athlete 26	48,189	47,565	624
Student Athlete 27	24,409	24,193	216
Student Athlete 28	47,931	47,565	366
Student Athlete 29	47,806	47,565	241
Student Athlete 30	49,101	47,565	1,536
Student Athlete 31	47,899	47,565	334
Student Athlete 32	29,085	28,749	336
Student Athlete 33	29,327	28,249	1,078
Student Athlete 34	23,888	23,783	105
Student Athlete 35	48,111	47,565	546
Student Athlete 36	2,904	2,688	216
Student Athlete 37	28,755	28,539	216
Student Athlete 38	13,279	13,063	216
Student Athlete 39	40,766	40,430	336
Student Athlete 40	9,409	13,441	(4,032)
Student Athlete 41	29,215	28,749	466
Student Athlete 42	25,781	26,881	(1,100)
Student Athlete 43	27,029	26,925	104

AGREED-UPON PROCEDURE #28, Continued

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 Athlete 1 - This student had additional course fees of \$1,585 and \$1,300 for the fall and spring semesters, respectively, 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 Athletes 10 and 30 - These students had additional course fees of \$660 for each of the fall and spring semesters that were recorded on the students' account details and not in the NCAA software. The remainder of the difference is related to the set fee for books noted above.

Student Athlete 12 - The NCAA allows an institution to create a numerator (amount of athletic aid received by the student-athlete) and a full grant-in-aid in the denominator. This student's denominator should have been adjusted to reflect actual tuition and fee charges for both the fall and spring semesters in the NCAA software. These changes would not affect the equivalency calculation. The remainder of the difference is related to the set fee for books noted above.

Student Athlete 22 - The amount reported in the NCAA software did not include the personal expense grant and transportation grant for \$2,475 and \$1,725, respectively, for the current year. This student-athlete was in the exhausted aid program and the student-athlete's scholarships did not factor into team equivalency or individual scholarship limits. In addition, the student had additional course fees of \$660 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 - This student receives an academic scholarship that allows a fee reduction to in-state tuition. In addition, the student receives a \$500 cash award. When the student's equivalency was calculated in the NCAA software, the cash award was not accounted for. The cash award was deducted from tuition and fees but the student was still provided the full amount. To correct the problem moving forward and prevent student-athletes who receive both academic and athletic scholarships from being awarded incorrectly, Management has changed the process for applying athletic financial aid. Management will now deduct cash awards provided by academic scholarships from the "cash component" of the athletic scholarship (e.g. personal and transportation expenses). The student did not exceed her cost of attendance and the team had 11% of its scholarships still remaining at the end of the year.

Student Athlete 40 - This student was enrolled in only three hours in the fall semester as it was the final semester prior to graduating. The NCAA software shows full-time enrollment for the fall semester. The remainder of the difference is related to the set fee for books noted above.

AGREED-UPON PROCEDURE #28, Continued

Findings, Continued:

Student Athlete 42 - This student was enrolled in only nine hours in the spring semester as it was the final semester prior to graduating. The NCAA software shows full-time enrollment for the fall semester. The remainder of the difference is related to the set fee for books noted above.

AGREED-UPON PROCEDURE #29

We obtained a schedule of debt service, lease payments, and rental fees recorded by the Department for the year ended June 30, 2016. From the schedule provided, we selected the two highest facility payments and haphazardly selected an additional three facility payments 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 #30

We obtained from the Department a schedule of all transfers recorded by the Department for the year ended June 30, 2016. 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 #31

We obtained from the Department a schedule of in-kind gifts recorded by the Department for the year ended June 30, 2016. We recalculated totals and agreed amounts in the schedule to amounts reported in the Statement.

Findings:

We found no exceptions as a result of these procedures.

AGREED-UPON PROCEDURE #32

We compared the sports sponsored 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 #33

We obtained the Department's "Sports Sponsorship and Demographics Forms Report" for the year ending June 30, 2016 and compared the number of countable sports reported by the Department to the minimum requirements set forth in Bylaw 20.9.6.3.

AGREED-UPON PROCEDURE #33, Continued

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.

Elliott Davis Decosimo, LLC

Columbia, South Carolina
January 13, 2017

University of South Carolina - Columbia
Attachment A
Department of Athletics
Statement of Revenues, Expenses and Transfers (Unaudited)
For the year ended June 30, 2016

	Football	Men's Basketball	Women's Basketball	Other Sports	Non- Program Specific	Total
REVENUES						
Admissions/ticket sales	\$ 16,620,221	\$ 1,815,076	\$ 567,764	\$ 1,490,549	\$ 4,742,636	\$ 25,236,246
Direct institutional support	1,000,272	154,464	137,136	1,931,024	6,720	3,229,616
Less transfers to University	-	-	-	-	(3,229,616)	(3,229,616)
Guarantees	5,030,500	-	-	11,000	-	5,041,500
Contributions	11,252,399	261,076	32,140	644,263	17,499,688	29,689,566
In-kind gifts	-	-	-	-	656,859	656,859
Compensation and benefits provided by a third party	4,220,000	1,750,000	550,000	175,000	200,000	6,895,000
NCAA distributions	-	2,080,461	21,090	92,360	-	2,193,911
Conference distributions	6,902,127	395,178	15,330	34,140	1,245,239	8,592,014
Broadcast television, radio and internet rights	11,740,333	3,100,076	5,000	-	13,535,645	28,381,054
Program, concession, novelty sales and parking	2,863,964	87,964	2,680	392,073	647,290	3,993,971
Royalties, licensing, advertisements and sponsorships	-	2,500	-	-	4,533,317	4,535,817
Sports camp revenues	-	-	-	-	152,340	152,340
Endowment and investment income	-	-	-	-	1,069,860	1,069,860
Other operating revenues	-	975	199,392	447,828	5,244,757	5,892,952
Total revenues	59,629,816	9,647,770	1,530,532	5,218,237	46,304,735	122,331,090
EXPENSES						
Athletic student financial aid	4,393,222	685,838	722,170	8,482,113	565,608	14,848,951
Guarantees	585,000	505,000	54,500	106,168	-	1,250,668
Coaching salaries, benefits, and bonuses paid by the Department and related entities	5,410,318	1,497,296	1,694,524	5,163,522	-	13,765,660
Coaching salaries, benefits, and bonuses paid by a third party	4,220,000	1,750,000	550,000	175,000	-	6,695,000
Support staff/administrative salaries, benefits, and bonuses paid by the Department and related entities	2,886,986	533,341	426,936	566,722	17,159,787	21,573,772
Support staff/administrative salaries, benefits, and bonuses paid by a third party	-	-	-	-	200,000	200,000
Severance payments	606,333	-	-	-	-	606,333
Recruiting	518,265	214,368	164,425	561,179	21,256	1,479,493
Team travel	1,564,053	907,414	801,758	3,023,117	-	6,296,342
Equipment, uniforms and supplies	2,022,944	126,497	140,826	1,457,121	-	3,747,388
Game expenses	3,331,816	731,535	650,546	2,188,073	746,942	7,648,912
Fundraising, marketing and promotion	106,303	25,692	43,498	38,019	2,956,535	3,170,047
Sports camp expenses	-	-	-	-	140,135	140,135
Direct facilities and administrative support	2,658,177	54,896	66,028	1,248,370	9,958,475	13,985,946
Athletic facilities, debt service, leases and rentals	1,101,566	-	-	83,620	10,800,499	11,985,685
Spirit groups	-	-	-	-	427,923	427,923
Medical expenses and insurance	-	-	-	-	1,132,894	1,132,894
Memberships and dues	4,255	1,581	1,569	20,850	75,156	103,411
Other operating expenses	560,794	47,362	90,421	270,110	6,708,261	7,676,948
Total expenses	29,970,032	7,080,820	5,407,201	23,383,984	50,893,471	116,735,508
TRANSFERS TO UNIVERSITY	-	-	-	-	5,169,513	5,169,513
Excess (deficiencies) of revenues over (under) expenses and transfers	\$ 29,659,784	\$ 2,566,950	\$ (3,876,669)	\$ (18,165,747)	\$ (9,758,249)	\$ 426,069

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, 2016, 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 \$4,510,000 in Admission/Ticket Sales for the year ended June 30, 2016.

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. Certain activities of the Gamecock Club have been included in the Statement.

NOTE 4 – ADMISSIONS/TICKET SALES

The Department collected Fall 2016 football ticket sales on or before June 30, 2016 of approximately \$11,766,000. Recognition of these sales has been deferred until the year ended June 30, 2017. The Statement for the year ended June 30, 2016 reflects approximately \$10,894,000 in Fall 2015 football ticket sales which were collected on or before June 30, 2015.

NOTE 5 - REVENUE CONCENTRATION

The Department received significant revenue from the Southeastern Conference and the Gamecock Club. These two revenue sources and amounts are included in the Statement. The Southeastern Conference provided revenue in distributions totaling approximately \$38,987,000. The Gamecock Club members provided approximately \$14,536,000.