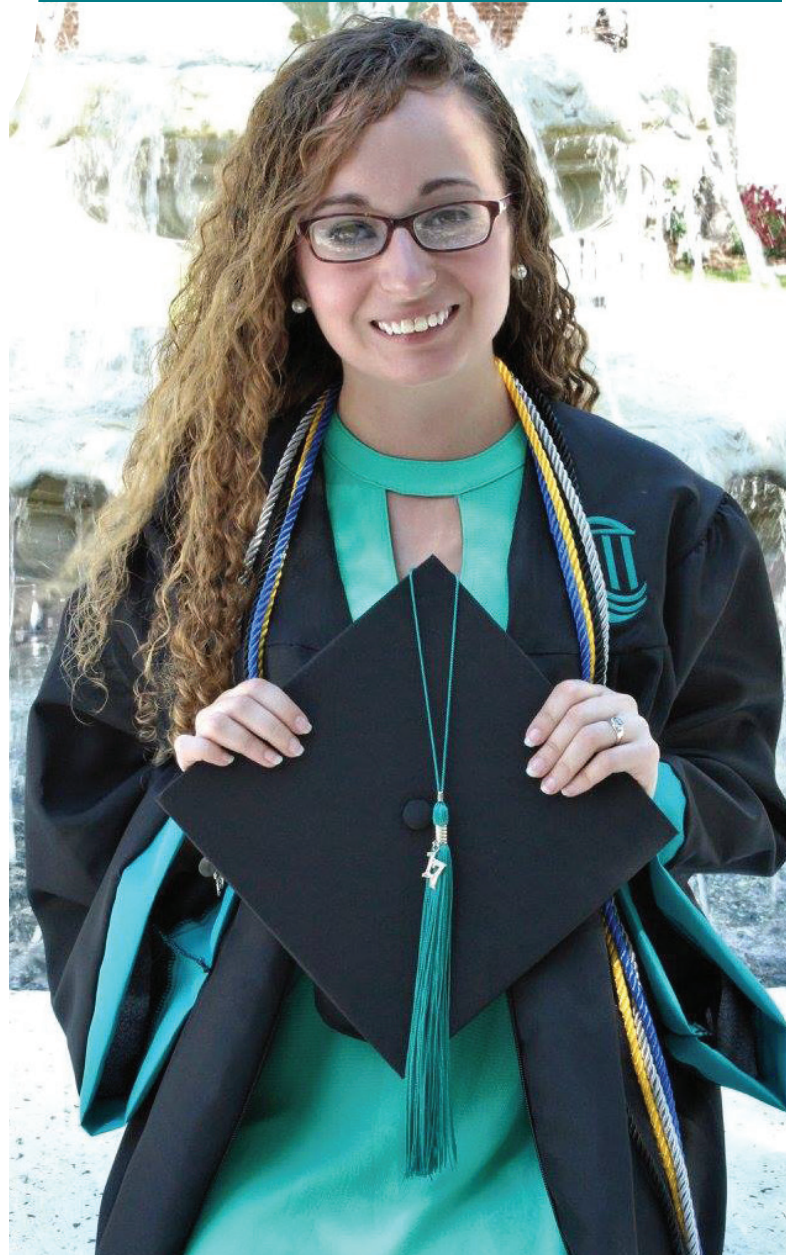


COASTAL CAROLINA
UNIVERSITY®

2020



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

A component unit of the state of South Carolina for the fiscal year ended June 30, 2020.



Comprehensive Annual Financial Report

A component unit of the state of South Carolina

For the year ended June 30, 2020

**Prepared by the
Office of Financial Services**

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COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

INTRODUCTORY SECTION



HTC building at Coastal Carolina University

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COASTAL CAROLINA
UNIVERSITY®

Office of the President

September 30, 2020

Dear Coastal Carolina University Community:

Coastal Carolina University (the University) continues to have strong enrollment despite the concerns, challenges and resulting changes of the COVID-19 pandemic. The Fall 2020 semester reports preliminary enrollment of 9,995 students, conveying 2,998 new students to Teal Nation. I am extremely proud of the University and the dedication of our faculty and staff to make this a wonderful place of teaching, leading, inspiring and coaching – a place where we always strive to grow and improve for the benefit of our students, our community and our world. It is my sincere belief that Coastal Carolina University, with the enduring support of the campus community, Horry County, Georgetown County, and the State of South Carolina, will continue to prosper and thrive.

Coastal Carolina University continues to focus on differentiating itself from the other comprehensive higher education choices in South Carolina and strengthening our reputation for providing excellent value and outstanding quality in educational programming. To ensure that the University remains an affordable choice and great value for our students, the Board of Trustees made the commitment to hold tuition, housing costs, and meal plan rates flat for the 2020-2021 and 2021-2022 academic years, maintaining annual tuition below the state average for four-year public institutions. Reflective of the growing breadth of the academic program, Coastal Carolina University offers baccalaureate degrees through more than ninety-three (93) majors. Among the University's graduate-level programs are twenty-six (26) master's degree programs, two (2) educational specialist degrees, and two (2) doctoral programs: the Ph.D. in marine science: coastal and marine systems science, and the Ph.D. in education. Additionally, the University offers seven undergraduate certificates and five graduate certificates.

- Coastal Carolina University launched the women in technology graduate certificate. One of the first of its kind in the nation, the 16-credit graduate certificate was created in response to the immediate need in the technology industry to help professionals in the field work through the complex issues facing companies who are trying to recruit underrepresented groups into their workplace. The program provides degree-seeking and non-degree seeking students a complex understanding of culture, workplace dynamics, and leadership in technology. Using an interdisciplinary lens, students will study the business environment and culture of the technology industry, particularly focused on the ways in which gender, race, and class intersect to shape the experiences of women and other underrepresented groups in the industry. Students will develop essential skills needed to become successful leaders and managers within this rapidly expanding field.

- Coastal Carolina University Wall Fellow program inducted its 25th class. The Wall Fellows program is a uniquely designed, two-year program for juniors and seniors that prepares them for high-level careers in major U.S. and global corporations, though that isn't its only purpose. The program is built on respect – respect for oneself, one's colleagues, one's organization, one's family, and one's community. Enriched by students from different academic backgrounds, the program challenges student to go beyond their comfort zones and work with people who possess different talents and skills, giving them the opportunity to work with others from various colleges, backgrounds, and organizations. This helps them gain confidence and learn teamwork, leadership and life skills. Over the past 25 years, the program has grown not only in number of graduates from the program, but in programming and opportunities, as well as in reputation. More than 140 Wall Fellows alumni are impacting their communities around the world.

- Coastal Carolina student-athletes excelled off the playing fields in the classroom over the fall 2019 semester, as a total of 339 Chanticleers posted a 3.0 grade point average (GPA), which included 238 that earned Deans' List honors. In addition, 61 Chanticleers had a perfect 4.0 CPA and received President's List recognition for the fall term. The 11 women's teams combined to post a semester GPA of 3.432 last fall with 10 of the teams posting a team GPA of over 3.0 led by women's tennis and women's soccer at 3.683 and 3.644, respectively. The eight men's programs recorded a combined GPA of 2.929 for the fall term highlighted by men's tennis at 3.704 overall and men's cross country at 3.526.

- Coastal Carolina University is committed to teach, support, engage and enrich the lives of its students, faculty, staff and entire Teal Nation community, exhibited in the following ways:
 - Coastal Carolina University professors and students have been working for more than two years to provide transportation to the homeless population in Myrtle Beach through the Rolling Forward program. The Rolling Forward program was established in 2018

Following are some of our most significant accomplishments for the 2019-2020 Academic Year:

- Over the past year, Coastal Carolina University received the following distinctions:
 - *U.S. News & World Report*
 - #41 in Regional Universities South
 - #25 in Best Colleges for Veterans
 - #10 in Best Undergraduate Teaching
 - #2 in Best Value Schools
 - #19 in Most Innovative Schools
 - #73 in Top Performers on Social Mobility
 - #17 in Top Public Schools
 - *Colleges of Distinction*: Best Colleges of Distinction of 2020
 - *Military Friendly*: Military Friendly Schools Bronze Distinction
 - *Institutional Research and Evaluation, Inc (IRS)*: 100 Best College Buys (only public institution in South Carolina to receive this distinction and one of only three schools in the state)
 - *Study.com*: #44 in the nation for MBA program
- Coastal Carolina University and the S.C. Technical College System signed a partnership agreement designed to enhance the seamless transfer of students and graduates from the 16 technical colleges in South Carolina to Coastal Carolina University. This agreement works to increase and encourage access to baccalaureate education for two-year college students, including minority and other underrepresented populations. The program will aid students in making a smoother transfer between institutions. It will help reduce lost time to graduation and relieve some of the added financial burden now associated with transferring. Students who have completed an associate of arts or associate of science degree program at a South Carolina technical college with a grade of “C” or better in each course applicable to the AA or AS degree will enter Coastal Carolina University with junior standing and will have satisfied the Coastal Carolina University General Education Program Requirements
- The Bachelor of Arts and Bachelor of Science in Sustainability and Coastal Resilience degree programs were approved by Coastal Carolina University’s Board of Trustees. A sustainable approach recognizes the urgent challenges the planet and local communities face and yet acknowledges the need to continue to provide social and economic development for all. These degree programs are designed to help students develop and master competencies in systems thinking, strategic analysis, collaborative leadership and problem solving, critical thinking, effective public communication, and reflective self-awareness across a range of employment pathways. Students may pursue a wide variety of jobs and interests in the area of sustainability, therefore offering both a B.S. degree and a B.A. degree will allow students to tailor their degree program to their specific career goals.

to provide free bicycle rentals to those within local homeless shelters, and has continuously expanded its reach since inception. Lack of transportation is a significant issue the homeless population faces, explaining why Rolling Forward is making a great impact. The Rolling Forward project keeps the wheels rolling by funding from student fundraising and University internal grants, such as the Quality Enhancement Plan (QEP) grant. Bikes are also donated by the community and students who leave campus for the summer. Being able to provide transportation to find jobs and retain them has made a difference in the community.

- Coastal Carolina University, along with the City of Conway, hosted the inaugural Gullah Geechee Community Day as part of the University's annual International Gullah Geechee and African Diaspora Conference. Gullah and lowcountry foods, lectures, and performances were featured. The goal of the Gullah Geechee Community Day is to highlight the significance of Gullah Geechee cultures and the wider African diaspora to both Horry and Georgetown Counties. Gullah Geechee refers to the descendants of enslaved individuals, predominantly from West Africa, who retained many of their African traditions and cultures because of their relative isolation from the rest of the world.
- Five individuals who have gone through the LIFE Program at Coastal Carolina University are now also graduates of Project SEARCH. This was the first year for Project SEARCH, which entailed full-time internships for the students at Conway Medical Center. It's another element of the LIFE Program, which has a stated goal of 100% employment for those who complete the program. The LIFE Program provides individuals with intellectual disabilities the opportunity to live and study on campus.
- For the thirteenth consecutive year, the University received an unqualified opinion from external auditors Cline Brandt Kochenower & Co., P.A. for the annual financial statements from the fiscal year ending June 30, 2020. According to the audit findings, there were no significant deficiencies, material weaknesses or instances of non-compliance material to the financial statements.

Coastal Carolina University will continue to make every effort to provide an exceptional education at a reasonable cost, and while doing so, will continue to positively impact the economic, social and cultural environment of Horry and Georgetown Counties. We recognize that the support of the campus community, and that of both local and state government, is essential for the University to sustain and improve its position as a prime choice for higher education in South Carolina.

Coastal Carolina University is a vibrant place where tradition, integrity and excellence guide our progress. We are committed to our students, especially South Carolina residents, who have selected this University. We are confident that our graduates will continue to go on to positively impact the world.

In evidence thereof, I am pleased to submit Coastal Carolina University's Comprehensive Annual Financial Report for 2020.

Sincerely,

A handwritten signature in blue ink, appearing to read "David A. DeCenzo", with a long horizontal flourish extending to the right.

David A. DeCenzo, Ph.D.
President

Enclosure

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COASTAL CAROLINA
UNIVERSITY™

Vice President of
Finance and Administration
and Chief Financial Officer

LETTER OF TRANSMITTAL

September 30, 2020

To the President and Members of the Board of Trustees:

We are pleased to present to you the Comprehensive Annual Financial Report of Coastal Carolina University for the fiscal year ended June 30, 2020.

This report consists of management's representations concerning the finances of Coastal Carolina University (the University). Consequently, management accepts full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the University has established a comprehensive internal control framework that is designed to both protect the University's assets from loss, theft or misuse, and compile sufficient reliable information for the preparation of the University's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the University's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the financial statements will be free from material misstatement. Management asserts that this financial report is complete and reliable in all material respects to the best of our knowledge and belief.

The University's financial statements have been audited by Cline Brandt Kochenower & Co., P.A., certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the University for the fiscal year ended June 30, 2020 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the University's financial statements for the fiscal year ended June 30, 2020 are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The University's MD&A can be found immediately following the report from the independent auditor.

Profile of the University

Coastal Carolina Junior College was founded in 1954 by a group of Horry County citizens who lent their vision and support to bringing higher education to the local area. Initially a two-year college, the new school was supported by private funds and was operated under the auspices of the College of Charleston. A referendum in 1958 resulted in a county property tax millage being made available for the support of the College, and Coastal Carolina entered into an agreement in 1959 with the University of South Carolina to become a campus of their University System. In 1963, with the support of the Coastal Educational Foundation, Inc., and the Horry County Higher Education Commission, the college moved to its current location upon completion of the Edward M. Singleton Administration Building.

Coastal Carolina College became a four-year institution in 1974, awarding baccalaureate degrees in several areas. During the 1980s, Coastal Carolina College experienced dramatic growth with enrollment doubling in size from approximately 2,000 to 4,000 students.

In 1991, the Coastal Educational Foundation, Inc. and the Horry County Higher Education Commission voted to seek legislative approval to establish an independent Coastal Carolina University. The University of South Carolina president and Board of Trustees agreed to the proposed independence of Coastal Carolina University. During the 1993 session, the South Carolina legislature established Coastal Carolina University as an independent state-supported institution effective July 1, 1993. The University, for the first time, acquired its own Board of Trustees, which met on July 1, 1993 and named Ronald R. Ingle as the University's first president. David A. DeCenzo became the second president of Coastal Carolina University on May 7, 2007. On October 1, 2020, the Board of Trustees selected Michael T. Benson to be the third president of Coastal Carolina University. He will take office on January 2, 2021.

Today, the University comprises 115 main buildings on approximately 621 acres, including the Coastal Science Center and the Burroughs & Chapin Center for Marine and Wetland Studies located in the Atlantic Center on U.S. 501. The Professional Golf Management major is served by the General James Hackler Golf Course, which is a public 18-hole golf facility located adjacent to the campus core. In addition, 1,105 acres of pristine barrier island on the Atlantic coast, named Waties Island, provides a natural laboratory for extensive study in marine science and wetlands biology. The Georgetown Education Center is located on the waterfront in the historic district of Georgetown, SC and provides a base for classes and a dock that harbors the research vessel used by the marine science program. The University maintains residence halls to accommodate 4,720 students in two general locations: main campus (2,620 beds) and at University Place (2,100 beds).

New Programs and Initiatives

The University is committed to the improvement of the institution, as well as accountability to stakeholders. New academic programs continue to be a focus as the University directs its energies toward supporting student success as a means of promoting growth and retention.

During the 2019-2020 academic year, five new undergraduate degrees were initiated and four new concentrations were added to the curricula:

- B.M.E. in Music Education
- B.A. in Religious Studies with concentrations in Religion in Public Life and Textual Studies
- B.F.A. in Visual Communication Design
- B.F.A. in Visual Art
- B.A./B.S. in Sustainability and Coastal Resilience
- B.S. in Engineering Science – Physics (new concentration)
- B.A./B.S. in Hospitality, Resort and Tourism Management – Event Planning, Sustainable Resort Development, and Tourism Sales (new concentrations)

Opportunities to improve the student experience and recruitment and retention efforts have been put into place, which include the following:

- A partnership agreement with the South Carolina Technical College System designed to enhance the seamless transfer of students and graduates from the 16 technical colleges in South Carolina to Coastal Carolina University. This agreement works to increase and encourage access to baccalaureate education for two-year college students, including minority and other underrepresented populations.
- Growth of the Coastal Student Success Center which promotes student learning and provides robust, comprehensive support for students in developing skills and strategies to enhance their academic and personal performance. The Center includes the Coastal Excellence and Leadership (CEaL) Program, Bridge Program, Student Opportunity for Academic Recovery (SOAR) Program, the Tutoring and Learning Center, and the Academic Coaching Experience Department.
- Expanding Math Outreach opportunities to meet students in entry level mathematics and statistics courses in common areas across campus allow them the chance to learn from a variety of instructors and socialize in a non-threatening environment.
- Introduction of the Beacon Early Alert System, which allows the University to recognize at-risk students by identifying students who are not regularly attending class and/or completing required assignments. The early alert system is a platform for individuals across campus – including faculty, academic advisors, athletic advisors, academic coaches, and staff in student support offices – to communicate information regarding a student’s academic behaviors, identifying trends inside and outside of the classroom. Being able to identify these trends is valuable in many instances, such as planning a course schedule and guiding a student to campus resources.

The University is committed to access, inclusion and diversity by providing leadership, support, and resources for initiatives that strategically and proactively promote an institutional culture of inclusiveness and equity. The Division of Diversity, Equity and Inclusion invited Coastal Carolina University students, staff and faculty to participate in the first All-Campus Climate Survey to help the University better understand student, staff and faculty perspectives and experiences related to their work and study at the University. The results of the survey were shared with the campus

community, and the data collected is being used to understand the present climate and to inform current and future decisions about supporting a diverse, inclusive and vibrant Coastal Carolina University campus community.

Economic Environment

Coastal Carolina University’s financial profile fits more closely with that of a private institution than with that of a typical public institution due to a relatively low state appropriation allocation. In spite of the fact that state funding only contributes approximately 6 percent to our total budget, Coastal Carolina University’s in-state tuition rate is 5.1 percent below the average amount charged by other South Carolina public universities with a similar mission. This University’s administration and the Board of Trustees are mindful of the financial impact of college costs on families and closely monitor inflation before approving tuition rates each year. In fiscal year 2020, the Board of Trustees approved a 0.9 percent tuition increase for in-state students and a 2.8 percent increase for out-of-state students. The Board of Trustees made the commitment to hold tuition flat for the 2020-2021 and 2021-2022 academic years. Additionally, room and board rates have not increased in six years and will remain consistent through 2021-2022, and a \$75 per semester rebate is being issued to all students living in campus housing for the fourth year and will extend through 2021-2022. Therefore, the overall cost of attending Coastal Carolina University did not increase in fiscal year 2021.

Undergraduate Rate Comparison per Semester	FY 2019 - 2020		FY 2020 - 2021		\$ change		% change	
	FT In-State	FT Out-of-State	FT In-State	FT Out-of-State	FT In-State	FT Out-of-State	FT In-State	FT Out-of-State
Total Tuition and Req Fees	\$5,820	\$13,697	\$5,820	\$13,697	\$0	\$0	0.0%	0.0%
Housing Double Occupancy	\$3,260	\$3,260	\$3,260	\$3,260	\$0	\$0	0.0%	0.0%
Less Housing Rebate	(\$75)	(\$75)	(\$75)	(\$75)	\$0	\$0	0.0%	0.0%
Basic 21 Meal Plan	\$1,625	\$1,625	\$1,625	\$1,625	\$0	\$0	0.0%	0.0%
Average Tuition, Room & Board	\$10,630	\$18,507	\$10,630	\$18,507	\$0	\$0	0.0%	0.0%

The chart below provides a snapshot of the University’s enrollment growth over the last five years. Enrollment remained strong with fall 2019 semester enrollment of 10,484, representing a 5 percent increase from fall 2014 to 2019.

	Fall 2014	Fall 2019	# change	% change
New Freshmen	2,375	2,304	-71	-3.0%
Undergraduate Headcount	9,364	9,760	396	4.2%
Graduate Headcount	612	724	112	18.3%
Total Headcount	9,976	10,484	508	5.1%
Undergraduate FTE	9,119	9,531	412	4.5%
Graduate FTE	318	382	64	20.1%
Total FTE	9,437	9,913	476	5.0%

The University recognizes that the COVID-19 pandemic has created uncertainty within higher education, which has necessitated many changes on college campuses – changes in operational procedures, delivery of instruction, recruitment strategies, and safety protocol. Coastal Carolina University has been proactive in identifying cost savings to minimize negative budget impacts, and will continue to enhance digital capabilities to provide blended learning models, easing concern among students and faculty. The University is also exploring new recruitment strategies that will prove successful in this competitive enrollment environment, and will continue to explore and offer innovative academic degree programs.

Coastal Carolina University operates multiple auxiliary enterprises as a means of supporting University operations. The primary auxiliary enterprises consist of University Housing (University operated), Vending (outsourced to Pepsi and C.A. Timbes), Food Service (outsourced to Aramark), and the Bookstore (outsourced to Barnes and Noble). The outsourced auxiliary enterprises are operated with oversight from the Office of Contractual and Business Services.

Two major credit rating agencies have assigned strong marks to Coastal Carolina University’s outstanding revenue bonds. Fitch ratings assigned an “A+” rating to these bonds and affirmed all outstanding issues, and Moody’s Investor Service has assigned an “A1” rating and affirmed outstanding issues as well. Both agencies reported a stable outlook. The Moody’s statement cites “Coastal Carolina University’s A1 rating is supported by consistently positive operating performance with sustained increases in net tuition revenue and ongoing enrollment growth. The University’s array of program offerings, including niche areas such as marine sciences, and location near the City of Myrtle Beach support continued healthy student demand. Solid student demand remains key to the University’s credit quality given its very high reliance on student charges, at 83% of total revenue. Only 6% of operating revenue is derived from annual government appropriations, well below the A1 public university median of 26%. However, Coastal Carolina benefits from a local sales tax that provides revenue available for capital projects or the payment of debt service. Additional offsetting factors include relatively low wealth and liquidity relative to peers.” Moody’s stable outlook “reflects expectations of continued positive operating performance with growing enrollment and net tuition revenue. It also incorporates expectations of stable state and local support and continued reserve growth.”

The University is fortunate to receive appropriations from both Horry County and Georgetown County. This gives the University the ability to take on specific projects in the interest of the citizens of each of those counties, which in turn, benefits the local communities. Coastal Carolina University is also appreciative of the support received from Horry County citizens for voting to implement the local option sales tax that funds campus infrastructure.

In September 2019, the University, in coordination with the South Carolina State Treasurer, elected to redeem \$35 million of General Obligation bonds. The transaction was funded entirely by existing University resources. By paying down the debt, the University will realize approximately \$6.5 million of interest savings over a ten-year period.

Long-Term Financial Planning

The University continues with the implementation of the Strategic Plan entitled “High-Impact Engagement 2016-2021 Strategic Plan” to provide direction to the budgeting process and the continual outcome-based assessments in the form of Accountability Reports filed annually with the South Carolina State Fiscal Authority. The cycle of strategic planning, assessment and budgeting is a process that allows the University to respond to present and future initiatives with flexibility and with the innovative approaches that are required due to limited resources. The accomplishment of strategic objectives is paired with annual fundraising events and long-term campaigns and capital improvement plans to ensure a viable financial framework for the University.

The strategic planning process and the goals and objectives under each key strategy are detailed on the following website.

<http://www.coastal.edu/aboutccu/leadership/strategicplan/>

The key strategies outlined in the strategic plan are as follows:

- Foster academic excellence and instructional quality;
- Promote student excellence;
- Support an engaged staff and faculty;
- Work to ensure accessibility, inclusion and diversity;
- Tell the Coastal Carolina University story; and
- Maintain financial stability and infrastructure.

The Strategic Management Committee is charged with evaluating the goals and objectives contained in the strategic plan on an annual basis.

As the University welcomes its third president in 2021, new leadership priorities and goals will guide our strategic direction going forward.

Major Initiatives

The University updates its five-year Comprehensive Permanent Improvement Plan annually. The plan outlines the anticipated permanent improvement projects the University plans to initiate over a five-year period. It includes projected budgets for each project and anticipated funding sources. Three projects are scheduled in fiscal year 2021 and are currently in the design phase:

- **Library Learning Complex** – This new 66,000 square foot academic building will create an environment that encourages experiential learning endeavors. The Complex will feature computer labs, maker space, tutoring and academic coaching areas, study lounges, virtual reality and visualization labs, as well as traditional classrooms and office space. An open two-story learning commons will occupy the center of the Complex and provide open seating and grouped seating for study and team collaboration. The state has contributed \$8 million in support of this building, with the remainder to be funded from the local option sales tax.
- **Kimbel Library Renovation** – The renovation will include redesign and reconfiguration of the library interior to include a designated space for archives and special collections, overflow group study space, multi-function instruction areas, reading and conference rooms as well as the purchase of new compact shelving for book stacks. The interior will be repainted, re-carpeted and new lighting installed. To bring the building up to current code, the project will also include restroom upgrades to adhere to ADA standards and electrical upgrades.
- **Eaglin Residence Hall Renovation** – The project will consist of renovating the HVAC system to provide a 4-pipe system in the place of the existing 2-pipe system, allowing temperatures to be balanced throughout the building. The life safety system will also be renovated to provide mass notification to the existing fire alarm system, improving communication between fire and life safety and the resident students in emergency situations. The existing dry pipe fire sprinkler system will be replaced, incorporating a nitrogen filled system. Also the communication system will be replaced, providing new low voltage cabling and communication equipment to modernize the building and advance the residents' communications experience.

The University Board of Trustees has also approved a motion to begin the planning of a second annex of the Lib Jackson Student Center. The proposed 55,000 square foot addition will bring the University close to the national benchmarking standard for area dedicated to student life activities. Also included in the annex will be a multi-use space with total seating capacity for approximately 1,000 people, allowing for lectures and meeting spaces for larger events such as new student orientations, as well as the ability to break this larger space into smaller spaces.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Coastal Carolina University for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the

15th consecutive year that the University received this prestigious award. In order to be awarded a Certificate of Achievement, the University must publish an easily readable and efficiently organized comprehensive annual financial report that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report is the result of dedicated teamwork by the staff in the departments of Finance and Administration, Institutional Research and Assessment, Information Technology Services, and Printing Services. A good report depends as much on data integrity at the level of each transaction as it does on statistical analysis and spreadsheet preparation. We appreciate the hard work and good humor of staff members and their adherence to quality professional standards. Significant credit is also due to the President, the Provost and the Board of Trustees for their leadership, dedication and vision, and for their encouragement of each member of the University community to strive for excellence. The staff especially appreciates the breadth of experience and thorough review completed by the University's external auditors, Cline Brandt Kochenower & Co., P.A.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David A. Frost". The signature is fluid and cursive, with a prominent flourish at the end.

David A. Frost, CPA
Senior Vice President for Finance and Administration and
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Coastal Carolina University
South Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

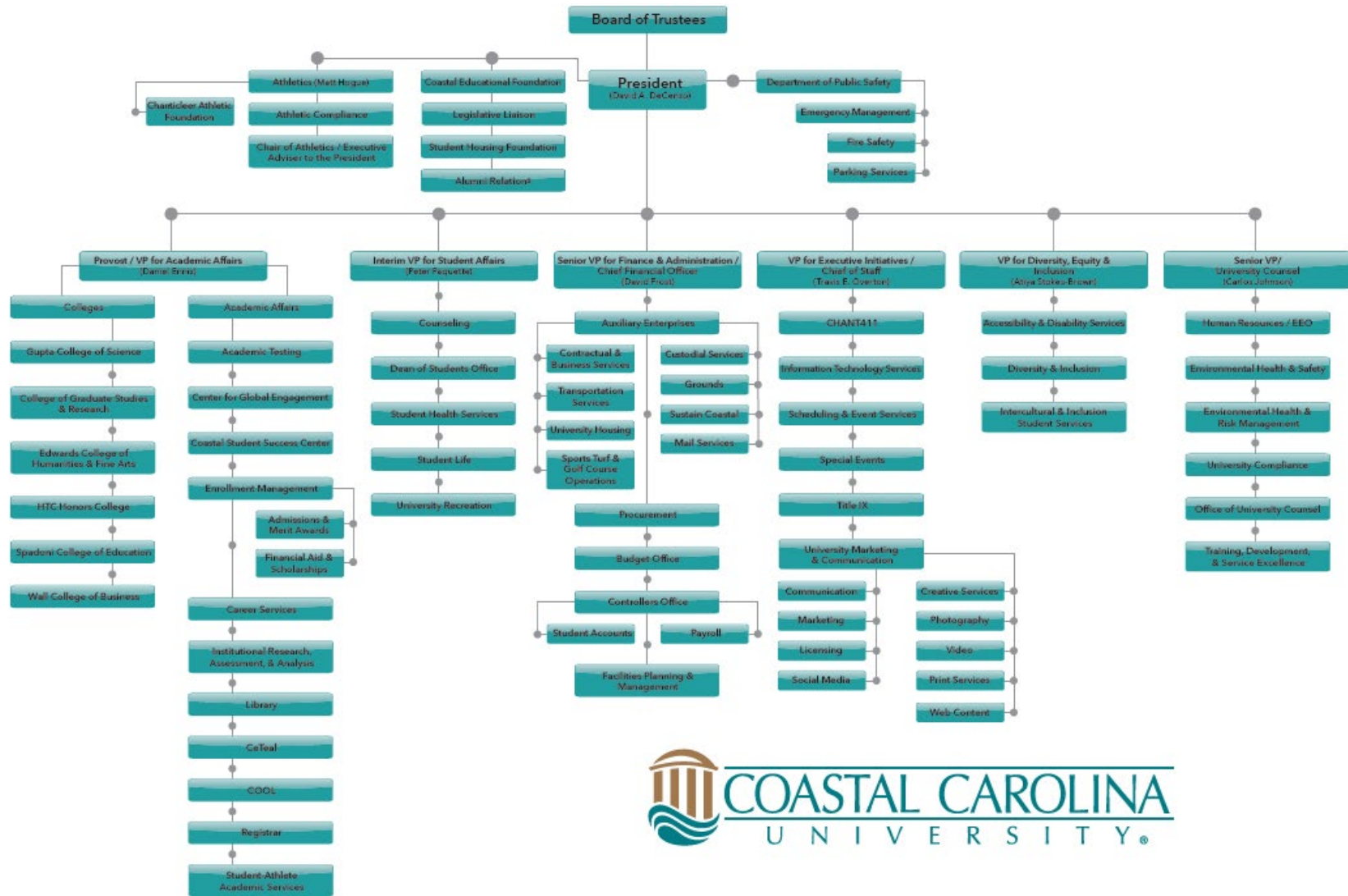
COASTAL CAROLINA UNIVERSITY
BOARD OF TRUSTEES
2019-2020

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**COASTAL CAROLINA UNIVERSITY
FINANCE AND ADMINISTRATION
EMPLOYEES CONTRIBUTING TO FINANCIAL REPORT
2019-2020**

David A. Frost	Senior Vice President and Chief Financial Officer
Julianne Cooke	Director of Budget & Capital Projects
Tammy Holt	Facilities Accountant
Olga Shabeka	Director of University Budget & Financial Planning
Kasey Harrington	Staff Accountant
Gregory Thompson	Associate Vice President for Finance and Controller
Mirinda Chestnut	Administrative Specialist
Michael Wallace	Assistant Controller
Daniel Rabon	Manager, Grants/Tax Accounting
Wanda Cannon-Bridges	University Receivables Accountant
Lila Taylor	Senior Accountant
Tammy Parker	Accounts Payable Technician
Brenda Rabon	Accounts Payable Technician
Laura Signorile	Travel Card Coordinator
Carolyn Bender	Treasury Director
Tracy Jones	Capital Assets Accountant/Internal Controls Manager
Jackie Park	Director, Student Accounts
Kale Harrelson	Cash Receipt Auditor
Amy Angel	Student Accounts Specialist
Amanda Hanford	Student Accounts Specialist
Jessica Hughes	Student Accounts Specialist
Sherrell Richardson	Temporary Cashier
Tukonya Vereen	Collections Specialist
Amy Ritter	Director, Payroll
Vicky Gore	Senior Payroll Accountant
Mandy Baker	Senior Payroll Analyst
Dean Hudson	Director, Procurement
June Barfield	Temporary Staff
Tammy Kelly	Manager of Central Receiving
Jack McKee	Supply Specialist
Robert Spadell	Supply Specialist
Wanda Lewis	Assistant Director of Procurement Services
Steven Glenn	Procurement Specialist
Casey Keck	Procurement Systems Administrator
Annette Roberts	Procurement Specialist
Jennifer West	Administrative Specialist
Lauren Barker	Assistant Athletic Director for Finance, Athletics
Alicia Moorhead	Director of Finance, Coastal Educational Foundation
Robyn Diven	Donor Relations and Gift Specialist
Anna Howard	Accountant

COASTAL CAROLINA UNIVERSITY ORGANIZATIONAL CHART 2019-2020



COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

FINANCIAL SECTION



Edward M. Singleton Building at Coastal Carolina University

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Independent Auditors' Report

The Board of Trustees of
Coastal Carolina University
Conway, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of Coastal Carolina University, a component unit of the State of South Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation, which represent 100 percent of the discretely presented component units presented in the financial statements. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these discretely presented component units, are based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. The financial statements of the Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of Coastal Carolina University as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

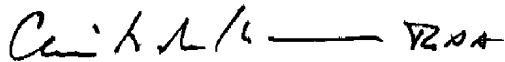
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the University's Proportionate Share of the Net Pension Liability, the Schedule of the University's Pension Contributions, the Schedule of the University's Proportionate Share of the Net OPEB liability, and the Schedule of the University's OPEB Contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020, on our consideration of Coastal Carolina University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.



Gaffney, SC
September 30, 2020

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Coastal Carolina University Management's Discussion and Analysis

Introduction

Coastal Carolina University (the University) is pleased to present its financial report for the year ending June 30, 2020. The Management's Discussion and Analysis is intended to be read in conjunction with the accompanying financial statements and notes and offers an overview of the University's financial activities and condition for the year. Comparative information is included but current year data and material changes are the emphasis. This section includes presently known facts, decisions and conditions affecting the financial affairs of the University.

Using the Annual Financial Report

The University's financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In accordance with GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, the University presents its financial statements in a business-type activity single column format. Furthermore, the University is a component unit of the State of South Carolina and an integral part of the State's Comprehensive Annual Financial Report.

The University's financial statements include:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows

These statements are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

Following the financial statements will be the discrete presentation of the University's component units, including the Coastal Education Foundation, the CCU Student Housing Foundation, and the Chanticleer Athletic Foundation. Each component unit is a legally separate, tax-exempt entity created to support the University.

After the component unit financial statements are the notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the statements, including the details, the risks, and the underlying assumptions associated with the amounts in the financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the University's proportionate share and contributions to South Carolina's multi-employer pension and other postemployment benefit plans.

Financial Highlights

- Total revenues and total capital appropriations and gifts grew by \$5.2 million in fiscal year 2020, which represents a 2 percent increase from the prior year. The University attributes this growth to strong enrollment, continued support from the state and Horry County (the County), and gifts from its foundations.
- In September 2019, the University defeased the remaining balance of the Series 2010A general obligation (GO) bonds, effectively reducing the fiscal year 2021 GO debt burden by 75 percent and the future overall GO debt burden by 69 percent.
- In response to the coronavirus pandemic, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which appropriated \$12.56 billion in enrollment formula-based funding for colleges and universities. Coastal Carolina University's portion of the allocation was \$10 million. Half of that amount was distributed in emergency financial aid to qualifying students. The other half was deployed by the University into the public health and safety of students/faculty/staff, stabilization of operations, and the facilitation of online learning.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the fiscal year. The Statement of Net Position is a point of time financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statement a fiscal snapshot of the University. The Statement of Net Position presents end-of-year data concerning assets (property that the University owns and amounts owed to the University), deferred outflows of resources (consumption of net position by the University that is applicable to a future reporting period), liabilities (amounts owed to third parties and amounts collected before services have been provided), deferred inflows of resources (acquisition of net position by the University that is applicable to a future reporting period), and net position (assets and deferred outflows of resources, less liabilities and deferred inflows of resources). It is prepared under the accrual basis of accounting, where revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service to the University, regardless of when cash is exchanged.

From the data presented, readers are able to determine the assets available to continue the operation of the University. They are also able to determine sums owed to vendors, investors, and lending institutions. Finally, the Statement of Net Position provides a picture of the net position (assets and deferred outflows of resources, less liabilities and deferred inflows of resources) and their availability for expenditure.

Net position is divided into three sections. The first section, net investment in capital assets, provides the University's equity in property, plant, and equipment owned by the University. The second section is restricted net position, which is divided into two sub-sections, nonexpendable and expendable. Restricted nonexpendable net position consists solely of the University's permanent endowment funds and is only available for investment purposes. Expendable restricted net position is available for expenditure by the University, however the monies must be spent for

purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final section is unrestricted net position, which is available to the University for any lawful purpose of the University. Although unrestricted net position is not subject to externally imposed stipulations, substantially all of the University's unrestricted net position has been designated for various academic and research programs and initiatives.

Total assets decreased by \$26 million. Of that amount, current assets fell by \$15.6 million. The driving force of the reduction stems from the aforementioned bond defeasance, which consumed \$31.7 million of cash on hand. However, through the addition of fiscal year 2020 activities, the University was able to replace \$16.1 million of the depleted current assets, including \$14.5 million in cash and \$1.6 million in accounts receivable, inventory, and prepaid expenses. Overall, capital assets experienced a reduction of \$11.4 million at year end as compared with the previous year. The decline is due to depreciation expense and asset retirements of \$18.7 million offset by new construction in progress, equipment, and vehicles of \$7.3 million. Other assets, consisting of non-current receivables and restricted cash and investments, rose by \$1.4 million.

Deferred outflows increased by \$7.5 million from the prior year. A large portion of the upturn is the result of \$5.8 million more in pension and other postemployment employee benefits (OPEB) measurement adjustments, which include changes in the University's proportionate share of the liabilities, changes in assumptions, and differences in projected versus actual investment earnings. Another \$1.6 million was added in pension and OPEB plan contributions made after the liability measurement date in comparison with the prior year. Meanwhile, there was a \$100 thousand decrease in amortizing debt refunding losses. Please see Note 7 for more information related to deferred outflows.

Liabilities in total declined by roughly \$20 million from the prior year. Current liabilities dropped by 3 percent, or \$1 million, due in large part to reductions of unearned revenue (\$700 thousand) and interest payable (\$400 thousand). Noncurrent liabilities also experienced a 3 percent dip, however that totaled \$19 million, because of three major factors. First, a reduction in bonds payable of \$40 million, which is the result of the \$32 million bond defeasance discussed earlier and \$8 million for the current portion of debt due in fiscal year 2021. The decrease in bonded debt was then offset by upswings in both the net pension liability (NPL) and the net OPEB liability, totaling \$7 million and \$13 million, respectively. For more information on the University's liabilities, please see Notes 11, 12, 14, and 15.

Deferred inflows rose by \$3.5 million from the prior year. OPEB accounted for an increase of \$3.2 million, while pension related and deferred inflows added \$500 thousand. Both of those were then offset by recognizing nonexchange grant revenue, thus reducing deferred inflows by \$200 thousand. Please see Note 7 for more information related to deferred inflows.

Total net position decreased by \$1.5 million as compared with the prior year. Net investment in capital assets grew by \$29.5 million during fiscal year 2020, as the University continued to advance its infrastructure. Furthermore, restricted-expendable net position fell by \$8 million, nearly all of which was related to net position restricted for capital purposes. Unrestricted net position saw a \$23 million reduction during the fiscal year. Of that amount, \$18.5 million is attributed to additional state sponsored retirement plan expenses booked by the University as required under GASB Statement No. 68 & 75. Lost net revenues from housing, meal plans, and summer tuition is responsible for the remaining year over year decline in unrestricted net position.

Condensed Summary of Net Position

	<u>2020</u>	<u>2019</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
Assets				
Current assets	\$ 101,121,394	\$ 116,751,216	\$ (15,629,822)	-13%
Capital assets, net	460,223,108	471,658,390	(11,435,282)	-2%
Other assets	<u>12,962,596</u>	<u>11,580,042</u>	<u>1,382,554</u>	<u>12%</u>
Total Assets	<u>574,307,098</u>	<u>599,989,648</u>	<u>(25,682,550)</u>	<u>-4%</u>
Deferred Outflows	49,286,255	41,829,725	7,456,530	18%
Liabilities				
Current liabilities	33,989,888	35,091,885	(1,101,997)	-3%
Noncurrent liabilities	<u>535,999,150</u>	<u>555,079,481</u>	<u>(19,080,331)</u>	<u>-3%</u>
Total Liabilities	<u>569,989,038</u>	<u>590,171,366</u>	<u>(20,182,328)</u>	<u>-3%</u>
Deferred Inflows	17,419,378	13,961,210	3,458,168	25%
Net Position				
Net investment in capital assets	263,570,933	234,030,705	29,540,228	13%
Restricted - nonexpendable	156,821	156,821	-	0%
Restricted - expendable	48,290,950	56,512,131	(8,221,181)	-15%
Unrestricted	<u>(275,833,767)</u>	<u>(253,012,860)</u>	<u>(22,820,907)</u>	<u>-9%</u>
Total Net Position	<u>\$ 36,184,937</u>	<u>\$ 37,686,797</u>	<u>\$ (1,501,860)</u>	<u>-4%</u>

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the activities of the University during the year. Those activities are reported as either operating or non-operating. Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the University. Operating expenses are those expenses paid to acquire or produce the goods and services needed to carry out the mission of the institution. Most often, operating activities will result in a deficit because the GASB requires state appropriations, Pell grants, and gifts to be classified as non-operating revenues. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Non-operating revenues are revenues received for which goods and services are not provided. Capital appropriations, grants, and gifts are considered neither operating nor non-operating revenues and are reported after "Income before other revenues, expenses, gains or losses." Changes in total net position as presented on the Statement of Net Position is based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues received by the University, both operating and non-operating, and the expenses paid by the University, both operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the University.

There was a \$4.5 million increase in total revenue. Operating activities came in lower during fiscal year 2020 versus 2019 by \$5.7 million. Tuition and fees rose by \$2.2 million, due to a tuition increase (.9 percent increase for in-state students and 2.8 percent increase for out-of-state students). Meanwhile, scholarships, contracts, and grants grew slightly by \$500 thousand. However, on March 15th the Governor of South Carolina ordered the closure of all public schools (including colleges and universities) in an effort to control the spread of coronavirus within the state. As a result, the University coordinated the move out of its on-campus residents and provided refunds

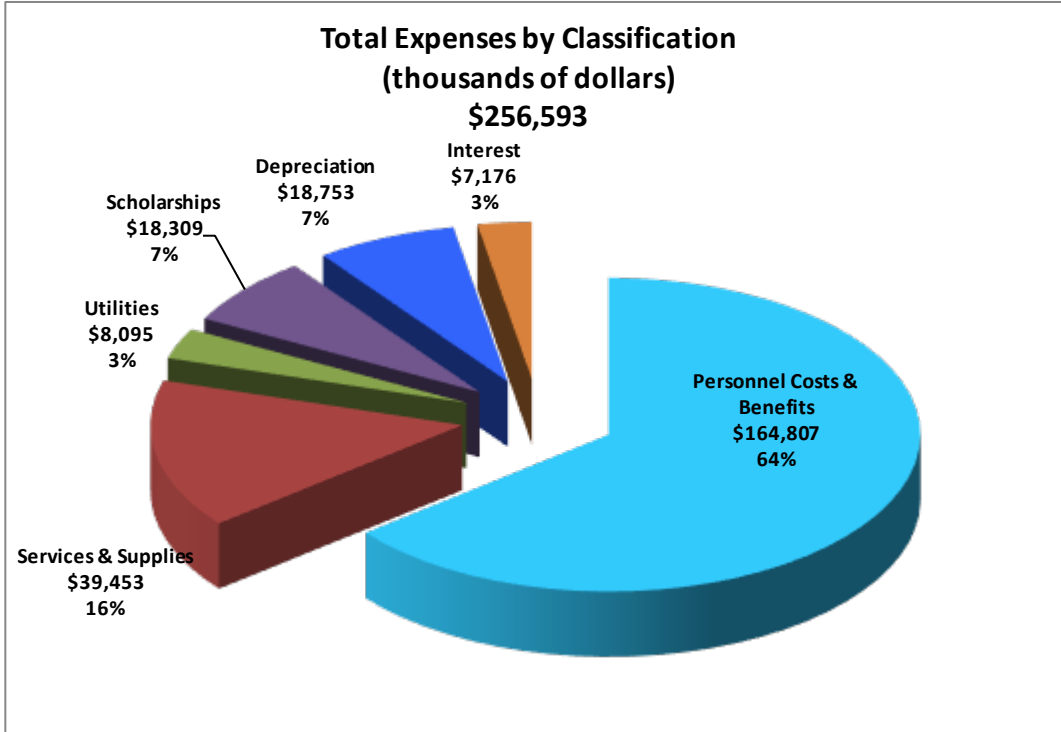
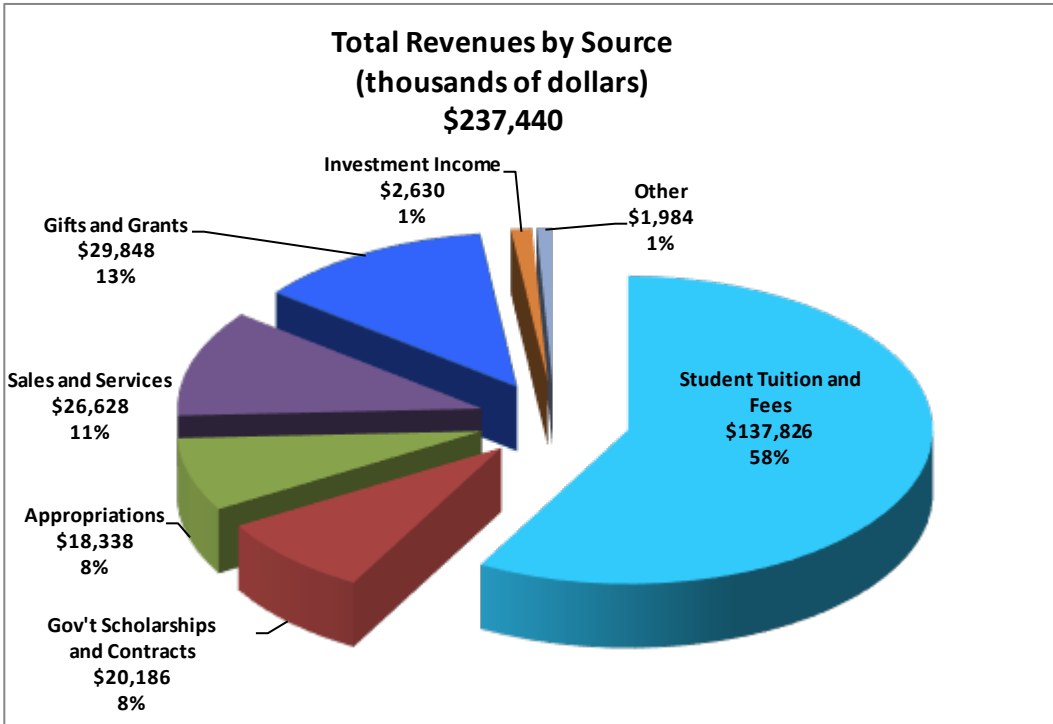
for the second half of the 2020 spring semester. After distributing the funds and a settling up of accounts with third party vendors, the University experienced an \$8.3 million revenue loss as compared with the previous year. Nevertheless, non-operating revenues increased 25% year over year, or \$10.2 million. Increases in state appropriations of \$2.6 million and CARES Act funding of \$10 million, overshadowed the declines in gifts (\$1 million), investment income (\$1 million), and other miscellaneous revenue (\$400 thousand) experienced in the previous year.

Total operating expenses increased by \$11.1 million. Salaries and fringe benefits rose by \$8.3 million, of which, \$2 million came in the form of additional staffing and pay increases and \$6.3 million was related to higher overall fringe benefit costs (retirement outlays and health insurance premiums). Services and supplies saw a \$5.6 million reduction as a result of the campus closure. Essentially the activities of the University were put on hold for the last quarter of the fiscal year. Academic travel abroad programs and athletic events were cancelled or postponed, research activities stopped, and faculty/staff taught and worked remotely, as the University tried to implement the policies recommended by the Governor and federal officials. Scholarships experienced the most drastic change from the prior year and grew by 79 percent, or \$8.1 million. The change represents \$5 million in emergency aid granted to students required under the CARES Act and \$3.1 million of additional aid provided by the University. Meanwhile, depreciation and utilities accounted for an additional \$300 thousand. Non-operating interest expenses fell by \$1.1 million due to the bond defeasance discussed earlier, rounding out the total expenses for the year at \$256.6 million, which is \$10 million more than fiscal year 2019.

Capital appropriations, gifts, and grants totaled \$17,650,804 for fiscal year 2020, representing an additional 4 percent as compared with fiscal year 2019. Of the \$18 million in revenue, the Horry County one-cent sales tax accounts for \$10.8 million and is restricted only to capital projects or repayment of debt service. During the fiscal year the University used some of these funds to pay off the 2010A bonds and reserved a portion for future use. One of those uses will be for an Academic Enrichment and Learning Center, which the State also appropriated \$5 million for in fiscal year 2020. The remaining \$1.9 million in capital revenues is from 1) Chanticleer Athletic Foundation gifts of \$800 thousand toward athletic facilities, 2) Coastal Education Foundation gifts of \$400 thousand for an academic building renovation, and 3) Horry County Higher Education Commission appropriations of \$700 thousand for the renovation of the band hall.

Condensed Summary of Revenues, Expenses and Changes in Net Position

	<u>2020</u>	<u>2019</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
Revenues:				
Student tuition and fees	\$ 137,826,176	\$ 135,614,138	\$ 2,212,038	2%
Scholarships, contracts, and grants	20,186,453	19,744,760	441,693	2%
Sales and services	26,627,763	34,975,609	(8,347,846)	-24%
Other operating revenues	<u>1,535,403</u>	<u>1,569,680</u>	<u>(34,277)</u>	-2%
Total operating revenues	<u>186,175,795</u>	<u>191,904,187</u>	<u>(5,728,392)</u>	-3%
State appropriations	17,965,623	15,305,083	2,660,540	17%
Local appropriations	371,557	332,144	39,413	12%
Gifts and grants	29,847,536	20,991,992	8,855,544	42%
Investment income	2,630,058	3,587,958	(957,900)	-27%
Other miscellaneous	<u>449,289</u>	<u>835,346</u>	<u>(386,057)</u>	-46%
Total non-operating revenues	<u>51,264,063</u>	<u>41,052,523</u>	<u>10,211,540</u>	25%
Total Revenues	<u>237,439,858</u>	<u>232,956,710</u>	<u>4,483,148</u>	2%
Expenses:				
Personnel costs and benefits	164,806,883	156,482,206	8,324,677	5%
Services and supplies	39,452,720	45,025,345	(5,572,625)	-12%
Utilities	8,094,674	8,563,298	(468,624)	-5%
Scholarships	18,308,985	10,207,764	8,101,221	79%
Depreciation	<u>18,753,658</u>	<u>18,017,245</u>	<u>736,413</u>	4%
Total operating expenses	249,416,920	238,295,858	11,121,062	5%
Interest & bond defeasance cost	<u>7,175,602</u>	<u>8,239,236</u>	<u>(1,063,634)</u>	-13%
Total Expenses	256,592,522	246,535,094	10,057,428	4%
Loss before other revenues and expenses	<u>(19,152,664)</u>	<u>(13,578,384)</u>	<u>(5,574,280)</u>	41%
Other Revenues, Expenses, Gains/Losses:				
Capital appropriations	16,432,689	13,878,025	2,554,664	18%
Capital gifts and grants	<u>1,218,115</u>	<u>3,112,709</u>	<u>(1,894,594)</u>	-61%
Change in Net Position	(1,501,860)	3,412,350	(4,914,210)	144%
Net Position, beginning of year	<u>37,686,797</u>	<u>34,274,447</u>	<u>3,412,350</u>	10%
Net Position, end of year	\$ <u><u>36,184,937</u></u>	\$ <u><u>37,686,797</u></u>	\$ <u><u>(1,501,860)</u></u>	-4%



Capital Assets and Debt

Capital assets as of June 30, 2020, consisted of \$33.6 million in land, \$6.2 million in construction in progress, and \$420.3 million in land improvements, buildings, equipment, and vehicles, net of accumulated depreciation.

Construction in progress decreased by \$30.2 million from the prior year. New construction of \$5.5 million was added, while projects totaling \$35.7 million were completed and transferred into buildings and improvements during fiscal year 2020. The largest of the assets completed and placed into service were the Brooks Stadium Complex addition, totaling \$31.8 million, and the HVAC renovation at the Williams-Brice Building, totaling \$2.4 million. Other projects totaling \$1.6 million that were capitalized during fiscal year 2020, include the Emergency Notification System, Chanticleer Athletic Foundation Suite at the Brooks Stadium Complex, HTC lighting upgrades, and chiller and boiler replacements. The remaining balance of construction in progress for the year ending June 30, 2020 includes one major project for renovation of Ingle Residence Hall totaling \$3.9 million and various smaller projects that account for the remaining \$1.6 million. For additional information on capital asset activity, please refer to Note 6.

The University anticipates needing approximately \$74 million over the next 10 years to maintain and repair buildings, roads, and other land improvements and intends to address these maintenance needs through its yearly operating budget and continued efforts to obtain gifts, grants and capital appropriations.

Debt relating to the University's capital assets is approximately \$191.5 million for the year ending June 30, 2020. Of that amount, \$7.5 million is due in fiscal year 2021 with the remaining \$184 million due in subsequent years. Details of bonds payable and long-term liabilities of the University are found in Notes 11 and 12.

Economic Outlook

In March of 2020 Moody's downgraded its U.S. higher education outlook from 'stable' to 'negative' as colleges and universities closed their campuses in response to the coronavirus outbreak. Their analysis points to a reduction of enrollment during the academic year 2020-21 thus reducing tuition and fee income and placing additional pressure on institutional budgets. Furthermore, should campuses remain closed, while delivering online instruction, there will be additional losses of income from residence halls, food services, and on campus events (sports competitions, theater productions, and conferences).

The University shares many of these concerns and is taking steps to prepare for the possibility of an enrollment decline and remote learning in the fall. One such step is to reduce the University's operating budget by 15 percent for fiscal year 2021. This was achieved through a variety of cost cutting measures including, but not limited to, a reduction in workforce, retirement and voluntary separation programs, and a mandatory furlough for remaining employees. Moreover, the University has examined its campus footprint and identified land and building leases to eliminate. Employees, equipment, and storage will be moved to University owned buildings in order to realize cost savings.

Other steps involve expanding the University's virtual learning capabilities and rethinking how course offerings are delivered to students. The University has invested heavily over the summer in setting up e-learning platforms and equipment to allow students flexibility on how, where, and when they consume educational content. For example, starting in the fall of 2020, a student enrolled in a course will have the option of going to the classroom in person, streaming the live class remotely, or viewing the recorded lecture on demand. These options not only provide convenience, but also help protect the campus community because they allow students who are feeling under the weather to stay home and continue learning without the risk of falling behind in their studies.

Part of what makes an institution of higher education unique is the on-campus experience. Coastal Carolina University strives to provide a full-scale learning environment in and out of the classroom, which requires the campus to be open. The current plan is to re-open the University for the fall of 2020. In order to accomplish this goal and sustain it through the semester, the protection of students, faculty, and staff is paramount. As mentioned previously, the modality of learning is important. However, there are a number of other factors that need to be addressed. University leaders have worked throughout the summer to develop processes and procedures to ensure the safety of the campus community. One example of this is the fabrication and placement of over 500 sanitation stations throughout campus. The stations will house personal protective equipment and disinfectant supplies to be used by anyone on campus.

By implementing these strategies and others, the University is well poised to withstand the changing landscape brought on by the pandemic. Although the University has experienced some of the challenges that are itemized by Moody's as depressants on revenue, it has been proactive in implementing plans that counteract these obstacles. There have been some positive results already realized from the steps taken in the area of student retention, which is often measured by the freshmen to sophomore retention rate. Going into the fall of 2020, the University was able to retain 73.5 percent of its fall 2019 freshmen class; this is a significant increase (5 percent) from the previous year. The continued success of the University will depend on how effective these plans are, as well as, its ability to adapt operations in this fluid environment.

COASTAL CAROLINA UNIVERSITY

Statement of Net Position

June 30, 2020

ASSETS & DEFERRED OUTFLOWS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 51,015,390
Accounts receivable, net of provision for doubtful accounts	6,913,498
Due from component units	1,855,734
Inventories	524,528
Prepaid expenses	2,550,532
RESTRICTED CURRENT ASSETS	
Cash and cash equivalents	38,261,712
Total current assets	101,121,394
NONCURRENT ASSETS	
Capital assets, net of accumulated depreciation	
Land	33,613,369
Construction in progress	6,235,256
Building and improvements	416,493,136
Equipment and vehicles	3,881,347
State capital appropriations receivable	8,000,001
Accounts receivable	734,641
Due from component units	2,148,000
RESTRICTED NONCURRENT ASSETS	
Cash and cash equivalents	346,578
Investments	987,026
Loans to students, net	746,350
Total noncurrent assets	473,185,704
TOTAL ASSETS	\$ 574,307,098
TOTAL DEFERRED OUTFLOWS	\$ 49,286,255
LIABILITIES & DEFERRED INFLOWS	
CURRENT LIABILITIES	
Accounts and retainage payable	\$ 8,023,247
Due to component unit	55,525
Accrued payroll and related liabilities	13,216,847
Unearned revenue	3,381,283
Funds held for others	246,819
Accrued compensated absences	386,737
Bonds payable	7,982,366
Capital leases payable	62,258
Interest payable	634,806
Total current liabilities	33,989,888
NONCURRENT LIABILITES	
Accrued compensated absences	4,926,775
Federal Perkins loan funds	936,107
Bonds payable	188,720,338
Capital leases payable	209,578
Net pension liability	174,266,458
Net OPEB liability	165,435,868
Other liabilities	1,504,026
Total noncurrent liabilities	535,999,150
TOTAL LIABILITIES	\$ 569,989,038
TOTAL DEFERRED INFLOWS	\$ 17,419,378
NET FINANCIAL POSITION	
Net investment in capital assets	263,570,933
Restricted for:	
Endowment - nonexpendable	156,821
Capital Projects - expendable	46,139,324
Debt Service - expendable	2,151,626
Unrestricted	(275,833,767)
TOTAL NET POSITION	\$ 36,184,937

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2020

OPERATING REVENUES	
Student tuition and fees (\$6,020,076 is pledged for debt service), net of scholarship allowance of \$48,084,102	137,826,176
Scholarships, contracts and grants	20,186,453
Sales and services of educational departments	5,355,025
Sales and commissions of auxiliary enterprises, net of scholarship allowance of \$7,421,527	21,272,738
Other fees	1,535,403
Total Operating Revenues	<u>186,175,795</u>
OPERATING EXPENSES	
Personnel costs and benefits	164,806,883
Services and supplies	39,452,720
Utilities	8,094,674
Scholarships	18,308,985
Depreciation	18,753,658
Total Operating Expenses	<u>249,416,920</u>
OPERATING LOSS	(63,241,125)
NON-OPERATING REVENUES (EXPENSES)	
Non-capital state appropriations	17,965,623
Pell grants	15,866,361
CARES Act	10,054,347
Local appropriations	371,557
Grants and contracts	1,128,716
Gifts	2,798,112
Investment and endowment income	2,630,058
Interest on capital asset related debt	(6,962,394)
Loss on in-substance defeasance of debt	(213,208)
Other miscellaneous revenue	449,289
Net Non-Operating Revenues	<u>44,088,461</u>
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS AND LOSSES	(19,152,664)
State capital appropriations	5,000,001
Local capital appropriations	11,432,688
Capital grants and gifts	1,218,115
Decrease in Net Position	<u>(1,501,860)</u>
NET POSITION	
Net Position, beginning of year	37,686,797
NET POSITION, END OF YEAR	<u><u>\$ 36,184,937</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY
Statement of Cash Flows
For the Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 144,804,782
Grants and contracts	14,709,617
Other operating cash receipts	6,882,271
Payments to employees and benefits	(147,628,606)
Payments to suppliers	(45,098,404)
Loans to students	(84,982)
Funds held for others	(38,778)
Net cash used by operating activities	<u>(26,454,100)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State, county, and local appropriations	19,465,896
Gifts and grants	14,217,472
Cash received from Pell Grants	15,866,361
Net cash flow provided by noncapital financing activities	<u>49,549,729</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State and local capital appropriations	11,432,688
Gifts and grants for capital purposes	2,353,115
Proceeds from sale of capital assets	31,540
Purchase of capital assets	(7,323,408)
Principal and interest paid on capital debt and leases	(49,394,308)
Net cash used by capital activities	<u>(42,900,373)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	<u>2,503,239</u>
Net cash flows provided by investing activities	2,503,239
Net change in cash	(17,301,505)
Cash beginning of year	<u>106,925,185</u>
Cash end of year	<u><u>\$ 89,623,680</u></u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (63,241,125)
Adjustments for noncash items provided by operating activities:	
Depreciation expense	18,753,658
Bad debt expense	593,314
CHANGE IN ASSETS AND LIABILITIES	
Receivables, net	(870,590)
Grants and contracts receivable	381,446
Student loans receivable	180,209
Prepaid expenses	(271,710)
Inventories	(17,316)
Accounts and retainages payable	2,180,242
Accrued salaries, absences, and related liabilities	17,110,107
Unearned revenue	(948,366)
Deposits held for others	(38,778)
Perkins loan federal share	(265,191)
Net cash used by operating activities	<u><u>\$ (26,454,100)</u></u>
NONCASH TRANSACTIONS	
Increase in fair value of investments	\$ 1,086,898
Capital grants and gifts receivable	5,393,116
Donated goods and services	141,806

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY
Nongovernmental Component Unit
Coastal Educational Foundation
Statement of Financial Position
June 30, 2020

ASSETS

Cash and cash equivalents	\$ 1,004,489
Accounts receivable and promises to give, net	5,430,576
Investments	47,918,300
Real estate held for investment	288,000
Cash value of life insurance	54,075
Prepaid expenses	18,750
Property and equipment, net	<u>5,321,159</u>
 TOTAL ASSETS	 <u><u>\$ 60,035,349</u></u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable - related party	\$ 450,246
Accounts payable	17,190
Accrued expenses	565,000
Deferred revenue	<u>28,333</u>
 Total liabilities	 <u>1,060,769</u>
Net Assets	
Without donor restrictions	8,485,725
With donor restrictions	<u>50,488,855</u>
 Total net assets	 <u>58,974,580</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 60,035,349</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY
Nongovernmental Component Unit
Coastal Educational Foundation
Statement of Activities
For the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 547,963	\$ 3,450,906	\$ 3,998,869
Endowed and other investment income, net:			
Interest income	4,014	-	4,014
Net appreciation in fair value of investments	767,904	1,539,386	2,307,290
Change in cash value of life insurance	879	2,203	3,082
Lease income	438,010	-	438,010
Royalty income	-	16,725	16,725
Fundraising income	-	316,555	316,555
Miscellaneous income	12,875	858	13,733
Net assets released from restrictions	<u>2,470,246</u>	<u>(2,470,246)</u>	<u>-</u>
 Total revenues, gains, and other support	 <u>4,241,891</u>	 <u>2,856,387</u>	 <u>7,098,278</u>
EXPENSES			
Program services:			
Scholarships	644,356	-	644,356
University support	967,423	-	967,423
Facilities development and physical plant	23,890	-	23,890
College of Education	19,803	-	19,803
College of Humanities	136,523	-	136,523
College of Science	106,205	-	106,205
College of Business	377,228	-	377,228
HTC Honors College	387,471	-	387,471
Supporting services:			
Management and general	684,781	-	684,781
Fundraising expenses	<u>84,733</u>	<u>-</u>	<u>84,733</u>
 Total expenses	 <u>3,432,413</u>	 <u>-</u>	 <u>3,432,413</u>
 Increase in net assets	 809,478	 2,856,387	 3,665,865
 Net assets, beginning of year	 <u>7,676,247</u>	 <u>47,632,468</u>	 <u>55,308,715</u>
 NET ASSETS, END OF YEAR	 <u><u>\$ 8,485,725</u></u>	 <u><u>\$ 50,488,855</u></u>	 <u><u>\$ 58,974,580</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY
Nongovernmental Component Unit
CCU Student Housing Foundation
Consolidated Statement of Financial Position
June 30, 2020

ASSETS

Cash and cash equivalents	\$ 328,234
Investments	5,491,967
Prepaid insurance	4,120
Land held for development	<u>1,875,036</u>

TOTAL ASSETS	\$ <u>7,699,357</u>
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LIABILITIES AND NET ASSETS

Liabilities

Accounts payable - related party	\$ 970,000
Accounts payable	<u>33,550</u>

Total liabilities	<u>1,003,550</u>
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Net Assets

Without donor restrictions	6,695,807
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Total net assets	<u>6,695,807</u>
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TOTAL LIABILITIES AND NET ASSETS	\$ <u>7,699,357</u>
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SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY
 Nongovernmental Component Unit
 CCU Student Housing Foundation
 Consolidated Statement of Activities
 For the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>
REVENUES, GAINS, AND OTHER SUPPORT	
Interest income	\$ 122,871
Investment gain, net	752
Other revenues	<u>207</u>
Total revenues, gains and other support	<u>123,830</u>
EXPENSES	
Program services	85,887
Management and general	<u>73,205</u>
Total Expenses	<u>159,092</u>
Decrease in net assets without donor restrictions	(35,262)
Net assets, beginning of year	<u>6,731,069</u>
NET ASSETS, END OF YEAR	<u><u>\$ 6,695,807</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY
Nongovernmental Component Unit
Chanticleer Athletic Foundation
Statement of Financial Position
June 30, 2020

ASSETS

Cash and cash equivalents	\$ 1,118,457
Promises to give, net	2,636,951
Accounts receivable	22,066
Accounts receivable - related parties	10,034
Prepaid expenses	<u>33,164</u>

TOTAL ASSETS \$ 3,820,672

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable - related party	\$ 17,947
Accounts payable	8,067
Contributions payable - related parties	2,560,871
Deferred revenue	58,200
Note payable	<u>708,583</u>

Total liabilities 3,353,668

Net Assets

Without donor restrictions	(1,146,018)
With donor restrictions	<u>1,613,022</u>

Total net assets 467,004

TOTAL LIABILITIES AND NET ASSETS \$ 3,820,672

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY
Nongovernmental Component Unit
Chanticleer Athletic Foundation
Statement of Activities
For the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 1,295,221	\$ 285,146	\$ 1,580,367
Investment income, net	18,244	-	18,244
Fundraising proceeds	25,961	30,399	56,360
Miscellaneous income	30,146	-	30,146
Net assets released from restrictions	<u>1,304,890</u>	<u>(1,304,890)</u>	<u>-</u>
Total revenues, gains, and other support	<u>2,674,462</u>	<u>(989,345)</u>	<u>1,685,117</u>
EXPENSES			
Program service	1,642,183	-	1,642,183
Supporting services			
Management and general	774,002	-	774,002
Fundraising	<u>179,752</u>	<u>-</u>	<u>179,752</u>
Total expenses	<u>2,595,937</u>	<u>-</u>	<u>2,595,937</u>
Increase (decrease) in net assets	78,525	(989,345)	(910,820)
Net assets, beginning of year	<u>(1,224,543)</u>	<u>2,602,367</u>	<u>1,377,824</u>
NET ASSETS, END OF YEAR	<u><u>\$ (1,146,018)</u></u>	<u><u>\$ 1,613,022</u></u>	<u><u>\$ 467,004</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Coastal Carolina University is a State-supported, coeducational institution of higher education. The primary mission of the University is to develop students who are both knowledgeable in their chosen fields and prepared to be productive, responsible, healthy citizens with a global perspective. The University offers bachelors, masters, and terminal degrees accredited by the Southern Association of Colleges and Schools Commission of Colleges.

Reporting Entity: The financial reporting entity, as defined by GASB Statement No. 14, *The Financial Reporting Entity*, and amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, consists of the primary government and all of its component units. Component units are legally separate organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete. Accordingly, the financial statements present the University as the primary government with three discretely presented component units, the Coastal Educational Foundation, the CCU Student Housing Foundation, and the Chanticleer Athletic Foundation.

The Coastal Educational Foundation (the CEF) is a legally separate, tax-exempt entity that was chartered by the State of South Carolina in October 1954 for the purpose of soliciting, receiving, managing and distributing gifts for educational purposes in support of Coastal Carolina University. The CEF's activities are governed by its board of directors. The CEF's support comes primarily from contributions from alumni, local individuals and businesses. Although the University does not control the timing or amount of receipts from the CEF, the majority of resources and income thereon that it holds and invests are restricted to the activities of the University by donors. Because these restricted resources can only be used by, or for the benefit of, the University, the CEF is considered a component unit of the University.

The CCU Student Housing Foundation (SHF) is also a legally separate, tax-exempt entity that was chartered in 2002 to provide housing for Coastal students and to provide support for various other University programs. The Coastal Housing Foundation, LLC (CHF), a not-for-profit corporation, was organized in 2005. The SHF is the owner and sole member of the CHF. For the purposes of the University's CAFR note disclosures, the SHF and the CHF will be referred to hereafter as one entity, SHF. Moreover, for the purposes of financial presentations, both the SHF and the CHF are reported as one consolidated entity. The activities of the SHF are governed by its board of directors. The SHF is considered a component unit because its economic resources are held entirely for the benefit of the University.

The Chanticleer Athletic Foundation (the CAF) is another legally separate, tax-exempt, not-for-profit organization incorporated under the laws of South Carolina as the University's athletic fund-raising organization. Contributions to CAF are used for athletic scholarships, facilities and program development. The CAF's support comes primarily through individual donor contributions, annual fundraising campaigns and special events.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The CEF, the SHF, and the CAF are not deemed to be governmental entities because a controlling majority of the membership is not appointed by the University and there is no potential for unilateral dissolution by the University, with the net assets reverting to the University. In addition, these components do not have the power to enact and enforce a tax levy, nor the ability to directly issue debt that pays interest exempt from federal taxation. Also, the foundations report their financial results under Financial Accounting Standards Board (FASB) statements, the most significant of which are FASB ASC 958-605, Revenue Recognition and FASB ASC 958, Presentation of Financial Statements of Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features are different from GASB. Because the foundations are deemed not to be governmental entities and because they use a different reporting model, their balances and transactions are reported on separate financial statements. Copies of the separately issued financial statements for the CEF, the SHF, and the CAF can be obtained by sending a request to the executive director of each foundation at the following address: P.O. Box 261954, Conway, SC, 29528-6054.

Financial Statement Presentation: The financial statement presentation for the University meets the requirements of GASB Codification Sections 2100- 2900, Financial Reporting Entity, and Co5, Colleges and Universities. The financial statement presentation provides a comprehensive, entity-wide perspective of the University's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position, and cash flows.

Basis of Accounting: For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship and fellowship expenses. All significant intra-agency transactions have been eliminated.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the University and its component units consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State of South Carolina State Treasurer's Office are considered cash equivalents.

Accounts Receivable: Accounts receivable consists of tuition and fee charges to students, gift pledges, and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the federal government, state and local governments, component units, and private sources in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories and Prepaid Items: Inventories for internal use are valued at cost. Inventories for resale are carried at the lower of cost or market.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Investments: The University accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

Capital Assets: Capital assets are recorded at cost on the date of acquisition. Donated capital assets, donated works of art, historical treasures and similar assets are recorded at acquisition value. The 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, renovations and other improvements that add to 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. In addition, depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000 are capitalized. Routine repairs, maintenance and library materials 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 estimated useful life for buildings and improvements is 10 to 50 years; 10 to 15 years for land improvements; 3 to 25 years for vehicles, equipment and machines; 3 years for intangible assets externally acquired – internally generated not capitalized. A full month of depreciation is taken the month the asset is placed in service and no depreciation is taken the month of disposition.

Deferred Outflows: Deferred outflows are defined as a consumption of net assets by the University that is applicable to a future reporting period. These deferred outflows have a positive effect on net position that is similar to assets but are not assets. The following types of transactions will be reported as deferred outflow of resources: deferred debit amounts resulting from the refunding of debt, employer retirement contributions subsequent to the measurement date, and changes in assumptions regarding the net pension liability or net other postemployment benefit liability.

Unearned Revenues: Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement. Also included in unearned revenue are grant funds received but not yet expended for their restricted purpose and amounts paid in advance for football tickets.

Funds Held for Others: Funds held for others result from the University acting as an agent, or fiduciary, for entities which have a relationship with the University's activities or from the University acting as an agent for certain student loans.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Compensated Absences: Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued vacation payable in the statement of net position, and as a component of compensation and benefit expense in the statement of revenues, expenses and changes in net position.

Federal Perkins Loans Receivable and Related Liability: The loans receivable on the balance sheet are due to the University under the Federal Perkins Loan program. This program is funded primarily by the federal government with the University providing a required match. The amount reported as federal loan liability is the amount of cumulative federal contributions and a pro-rata share of net earnings on the loans under this program.

Net Pension Liability: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS), and additions to/deductions from SCRS' and PORS' fiduciary net position, have been determined on the same basis as they are reported by the South Carolina Public Employee Benefit Authority. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits: For purposes of measuring the net other postemployment benefits, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, and benefit expense, information about the fiduciary net position of the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the Long-term Disability Insurance Trust Fund (SCLTDITF), and additions to/deductions from SCRHITF' and SCLTDITF' fiduciary net position, have been determined on the same basis as they are reported by the South Carolina Public Employee Benefit Authority. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows: Deferred inflows are defined as an acquisition of net assets by the University that is applicable to a future reporting period. These deferred inflows have a negative effect on net position, but are not considered liabilities. The following types of transactions will be reported as deferred inflows of resources: amortization of any service concession arrangement such as the third-party vendor who manages the University's bookstore and changes in assumptions regarding the net pension liability or net other postemployment benefit liability.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Net Position: The University's net position includes the following categories:

Investment in capital assets, net of related debt: This represents the University's total investment in capital assets, net of related debt. To the extent debt has been incurred but not yet expended for capital assets, such amounts are excluded as a component of invested in capital assets.

Restricted – expendable: Restricted expendable component of net position includes resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted – nonexpendable: Nonexpendable restricted component of net position consists of endowment and similar type funds for which donors or other outside sources have stipulated as a condition of the gift instrument that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income which may either be expended or added to principal.

Unrestricted: The unrestricted component of net position represents resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, as well as for repair and renovations to the physical plant, and may be used at the discretion of the governing board to meet current expenses for any purpose.

The University policy for applying expenses that can use both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources, then to unrestricted resources.

Classification of Revenue and Expense: The University classifies its revenues and expenses as either operating or non-operating. Operating revenues generally result from exchange transactions arising from the University's principal ongoing activity, which is the provision of higher education. Operating revenues include: (1) student tuition and fees received in exchange for providing educational services, housing and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients or eligibility criteria; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the University; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the University would not otherwise undertake. In past years, higher education institutions have treated Pell Grants as federal operating grants. In accordance with Question 7.72.10 of GASB's Comprehensive Implementation Guide, the South Carolina Comptroller General's Office requires Pell Grant activity to be reported as non-operating revenues. Operating expenses result from providing the goods and services exchanged for the respective revenues.

All revenues and expenses not meeting the definition of operating revenues are reported as non-operating revenues and expenses. Such transactions generally arise from activities that have

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

characteristics of non-exchange transactions. Examples include gifts and contributions, government appropriations, investment income, and any grants and contracts that are not classified as operating revenue or that are restricted by the grantor to be used exclusively for capital purposes.

Scholarship Discounts and Allowances: Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenue, expenses and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell Grants, and other federal, state or nongovernmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Sales and Services of Educational and Other Activities: Revenues from sales and services of educational and other activities generally consist of amounts received from instructional, laboratory, research and public service activities that incidentally create goods and services which may be sold to students, faculty, staff and the general public. The University receives such revenues primarily from grant-related activities, rental of University space, travel-study courses, research and public service centers, and the physical education center.

Auxiliary Enterprises and Internal Service Activities: Auxiliary enterprise revenues primarily represent revenues generated by housing, bookstore, vending/canteen and food service. Transactions between the University and its auxiliary enterprises activities have been eliminated.

Rebatable Arbitrage: Arbitrage involves the investment of proceeds from the sale of tax-exempt securities in a taxable investment that yields a higher rate of return, resulting in income in excess of interest costs. Federal law requires entities to rebate to the government such income on tax-exempt debt if the yield from these earnings exceeds the effective yield on the related tax-exempt debt issued.

Governments are exempt from the rebate requirement if they meet these investment tests: if their bond proceeds are "available construction proceeds" or if they issue no more than \$5 million in total of all such debt in a calendar year. For this purpose, tax-exempt indebtedness includes bonds and installment purchases. Potential rebate liability must be calculated annually, and the actual liability must be paid every five years or at maturity of the debt, whichever is earlier. An outside bond consulting company calculates the total arbitrage obligation for a group of South Carolina state agencies, one of which is Coastal Carolina University. No arbitrage obligation has been reported for Coastal Carolina University as of June 30, 2020.

Income Taxes: The University, as a political subdivision of the State of South Carolina, is excluded from federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. The Foundations are exempt from income tax under the provisions of Internal Revenue Code Section 501(c)(3). No provision for income taxes has been made.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures and affect disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS, OTHER DEPOSITS AND INVESTMENTS

All deposits of the University are under the control of the state treasurer, who by state law has sole authority for investing state funds.

The following schedule reconciles Deposits to the Statement of Net Position amounts:

STATEMENT OF NET POSITION	
Cash and Cash Equivalents - Current	\$ 51,015,390
Cash and Cash Equivalents - Restricted	
Debt Service	2,040,784
Capital Projects	36,220,928
Other	189,757
Cash and Cash Equivalents - Endowments	156,821
Investments	987,026
Total	<u>\$ 90,610,706</u>
DEPOSITS	
Cash on Hand	13,564
Deposits Held by State Treasurer	89,610,116
Investments	987,026
Total	<u>\$ 90,610,706</u>

Cash On Hand: At June 30, 2020, the University had \$13,564 of cash on hand in the form of petty cash and change funds for operational needs.

Deposits Held by State Treasurer: State law requires full collateralization of all State Treasurer bank balances; therefore, University deposits held by the State Treasurer totaling \$89,610,116 as of June 30, 2020 are fully collateralized. The state treasurer must correct any deficiencies in collateral within seven days. With respect to investments in the state's internal cash management pool, all of the State Treasurer's investments are insured or registered, or are investments for which the securities are held by the state or its agents in the state's name. Information pertaining to the reported amounts, fair values and credit risk of the State Treasurer's deposits are disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 2 – CASH AND CASH EQUIVALENTS, OTHER DEPOSITS AND INVESTMENTS, Continued

Investments: The University holds investments to pay benefits above the Section 415 limit under section 415(m) of the Internal Revenue Code of 1986 (26 U.S.C.). Contributions to this arrangement are made from the University. These contributions are invested separately by a financial firm, Valic Financial Advisors, and may not be commingled with other funds of the University.

Moreover, the University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

All of the University investments are in mutual funds with readily determinable fair values in an active markets and therefore are categorized as Level 1. At June 30, 2020, the fair value of investments, which include unrealized appreciation, totaled \$987,026.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 3 – RESTRICTED ASSETS

The purposes and amounts of University restricted assets at June 30, 2020, are as follows:

CURRENT

Cash and Cash Equivalents

Satisfaction of Debt Covenants \$ 2,040,784

Capital Projects 36,220,928

Total Restricted Current Assets 38,261,712

NONCURRENT

Cash and Cash Equivalents

Endowments 156,821

Federal Perkins Loan Program 189,757

Investments 987,026

Loans to Students, net of allowance 746,350

Total Restricted Noncurrent Assets \$ 40,341,666

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 4 – ACCOUNTS RECEIVABLE

University current and noncurrent receivables for June 30, 2020, are as follows:

CURRENT ACCOUNTS RECEIVABLE

Student Accounts Receivable	\$ 5,612,612		
Less Allowance for Uncollectible	<u>(4,258,641)</u>		
Student Accounts Receivable, Net	\$ 1,353,971	\$	1,353,971
Third Party Receivables			246,944
Federal Grants and Contracts Receivable			738,895
State Grants and Contracts Receivable			188,817
Other Grants & Contracts Receivable			7,195
Accrued Interest and Endowment Income Receivable			556,836
Other Receivables			<u>3,820,840</u>
Total Current Accounts and Pledges Receivables, Net		\$	<u><u>6,913,498</u></u>

CURRENT DUE FROM COMPONENT UNITS

Coastal Athletic Foundation Receivable		\$	1,153,819
Coastal Educational Foundation Receivable			212,246
Student/Coastal Housing Foundation Receivable			<u>489,669</u>
Total Due from Component Units - Current		\$	<u><u>1,855,734</u></u>

NONCURRENT ACCOUNTS RECEIVABLE

State Capital Appropriations Receivable		\$	8,000,001
Other Receivables			<u>734,641</u>
Total Noncurrent Accounts Receivable		\$	<u><u>8,734,642</u></u>

NONCURRENT DUE FROM COMPONENT UNITS

Coastal Athletic Foundation Receivable		\$	1,425,000
Coastal Education Receivable			238,000
Student/Coastal Housing Foundation Receivable			<u>485,000</u>
Total Due from Component Units - Non-current		\$	<u><u>2,148,000</u></u>

RESTRICTED NONCURRENT ACCOUNTS RECEIVABLE

Loans to Students	\$ 760,324		
Less Allowance for Uncollectibles	<u>(13,974)</u>		
Loans to Students Net	\$ 746,350	\$	<u><u>746,350</u></u>

Allowances for uncollectible accounts receivable are established based upon actual losses experienced in prior year and evaluations of the current account portfolio.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 5 - LOANS TO STUDENTS AND FEDERAL LIABILITY

Loans to students are comprised entirely of loans made through the Federal Perkins Loan Program as of June 30, 2020. The Perkins Loan Program provides various repayment options and interest rates; students have the right to repay the loan over periods up to and including 10 years depending on the amount of the loan and the loan cancellation privileges the student decides to exercise. These federal promissory notes generally do not expire. As the University determines that loans are uncollectible, the loans are written off the books of the University. Depending on compliance with specific loan regulations, these loans can be assigned to the United States Department of Education. At June 30, 2020, the allowance for uncollectible student loans is valued at \$13,974. The funds contributed by the federal government are refundable in the event the University decides to no longer participate in the program. With the expiration of the Perkins Loan Program in October 2017, the University is no longer permitted to disburse any additional loans. Moreover, the University has recorded a noncurrent liability in the amount of \$936,107, representing the federal portion of the loan program at June 30, 2020.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the University for the year ending June 30, 2020, is summarized as follows:

	Beginning Balance July 1, 2019	Additions	Retirements	Adjustments	CIP Transfers	Ending Balance June 30, 2020
Capital Assets Not Being Depreciated:						
Land	\$ 33,613,369	\$ -	\$ -	\$ -	\$ -	\$ 33,613,369
Construction in Progress	36,473,977	5,510,060	-	-	(35,748,781)	6,235,256
Total Capital Assets Not Being Depreciated	70,087,346	5,510,060	-	-	(35,748,781)	39,848,625
Capital Assets Being Depreciated:						
Buildings and Improvements	500,155,503	-	(267,507)	-	34,986,282	534,874,278
Land Improvements	29,963,882	-	-	-	762,499	30,726,381
Equipment	17,952,584	1,734,805	(200,645)	-	-	19,486,744
Vehicles	8,035,282	76,637	(53,404)	-	-	8,058,515
Total Capital Assets Being Depreciated	556,107,251	1,811,442	(521,556)	-	35,748,781	593,145,918
Less Accumulated Depreciation For:						
Buildings and Improvements	(119,567,257)	(14,897,027)	267,507	-	-	(134,196,777)
Land Improvements	(12,926,591)	(1,984,155)	-	-	-	(14,910,746)
Equipment	(14,807,862)	(1,469,192)	197,519	-	-	(16,079,535)
Vehicles	(7,234,497)	(403,284)	53,404	-	-	(7,584,377)
Total Accumulated Depreciation	(154,536,207)	(18,753,658)	518,430	-	-	(172,771,435)
Capital Assets Being Depreciated, Net	401,571,044	(16,942,216)	(3,126)	-	35,748,781	420,374,483
Capital assets, net	\$ 471,658,390	\$ (11,432,156)	\$ (3,126)	\$ -	\$ -	\$ 460,223,108

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 6 – CAPITAL ASSETS

Construction in Progress: Included in the balance of construction in progress as of June 30, 2020, are the Ingle Residence Hall renovations and renovations to CCU Band Hall. Several other renovation projects began during the fiscal year and are also included in the balance at June 30, 2020.

Completed Construction: The main construction projects completed during the 2019-2020 fiscal year were the addition to the Brooks Stadium Complex and the renovation to the Williams-Brice Building. Several smaller projects were completed as well, including the Emergency Notification System and miscellaneous renovation projects.

NOTE 7 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The statement of net position will sometimes report a separate section for deferred outflows of resources, in addition to assets. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until that time. As of June 30, 2020, deferred outflows of resources are \$49,286,255, comprised of \$30,592,658 of amortizing changes in retirement and OPEB experience, \$18,371,232 for 2020 pension and OPEB contributions net of the implicit subsidy, and \$322,365 for amortizing debt refunding.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. As of June 30, 2020, deferred inflows of resources are \$17,419,378, comprised of \$17,217,125 for amortizing changes in retirement and OPEB experience, \$172,253 of a NCAA voluntary non-exchange transaction, and \$30,000 service concession arrangement with its bookstore vendor.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 8 – ENDOWMENTS

The University manages one permanent endowment with a fair value of \$156,821. The endowment is recorded in noncurrent assets, restricted cash. If a donor has not provided specific instructions otherwise, Section 34-6-20 of the South Carolina Code of Laws, permits the Board of Trustees to authorize for expenditure the net appreciation (realized and unrealized) over historical dollar value of the endowment funds. Policies and procedures related to this endowed professorship state that thirty (30) percent of the income generated by the Palmetto Professorship endowment will be retained in the corpus. Seventy (70) percent of the income will be used to support the teaching and research program of the Palmetto Professor. The University approved a policy to authorize spending of investment income only at a budgeted amount of 5% of the most recent June 30th fair value.

NOTE 9 - UNEARNED REVENUE

Unearned revenue for the University totaled \$3,381,283 for the fiscal year. These monies were collected in advance and not earned by June 30, 2020.

Unearned revenue includes tuition prepayments of \$2,297,806, auxiliary prepayments of \$475,960, grant and contract funds of \$213,480, and other unearned revenue of \$394,037.

A summary of unearned tuition revenue follows:

Summer I	\$	1,136,449
Summer II		767,943
Tuition deposits		393,414
Total tuition prepayments	\$	<u>2,297,806</u>

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 10 – LEASE OBLIGATIONS

Operating Leases:

Future minimum commitments for noncancelable operating leases having terms in excess of one year as of June 30, 2020 are as follows:

<u>Year Ending June 30</u>	<u>Operating Leases</u>
2021	\$ 159,578
2022	159,578
2023	13,302
2024	3
2025	3
2026-2030	15
Thereafter	8
Total minimum lease payments	<u>\$ 332,487</u>

The preceding payment schedule relates to the University's noncancelable operating leases having remaining terms of more than one year and expiring in various fiscal years from 2021-2034. Certain operating leases provide for renewal options at their fair rental value at the end of their lease term. In the normal course of business, operating leases are generally renewed or replaced by other leases. Total real property operating lease payments were \$1,131,882 for fiscal year 2020 and consist of classroom and office facilities, activity fields and a parking lot. In the current fiscal year, the University incurred expenses of \$316,136 for office copier contingent rentals on a cost per copy basis.

Capital Leases:

The future minimum capital lease obligations and the net present value of the minimum capital lease payments are as follows:

<u>Year Ending June 30</u>	<u>Capital Leases</u>
2021	\$ 76,570
2022	76,570
2023	76,570
2024	60,863
2025	16,357
Total minimum lease payments	<u>306,930</u>
Less amount representing interest	<u>(35,094)</u>
Present value of minimum lease payments	<u>\$ 271,836</u>

Capital lease obligations consist of copier and postage equipment agreements payable in monthly installments ranging from \$96 to \$1,273 with an imputed interest rate of 6.76 percent. The agreements expire between June 2023 and October 2025.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 11 – BONDS PAYABLE

For the University, bonds payable consisted of the following at June 30, 2020:

	Balance at Inception	Interest Rates	Maturity Dates	Balance 6/30/2020
Revenue Bonds				
Series 2012 (Refunded 1999 Bonds)	\$ 6,147,000	2.1%	6/1/2026	\$ 2,866,000
Series 2013	54,705,000	2.5% to 4.0%	6/1/2040	47,075,000
Series 2014	35,480,000	3.0% to 5.0%	6/1/2044	32,375,000
Series 2015	87,020,000	2.0% to 5.0%	6/1/2042	77,455,000
Series 2016	22,415,000	3.0% to 5.0%	6/1/2041	19,795,000
Series 2017 (Refunded 2006 Bonds)	6,766,591	2.3%	6/1/2026	4,667,590
Total Revenue Bonds				<u>184,233,590</u>
State Institution Bonds				
General Obligation Series 2016E	10,025,000	5.0%	4/1/2027	<u>7,305,000</u>
Total State Institution Bonds				7,305,000
Subtotal Bonds Payable				<u>191,538,590</u>
Plus Unamortized Bond Premium				<u>5,164,114</u>
Total Bonds Payable				<u><u>\$ 196,702,704</u></u>

Revenue bonds are payable from and secured by the net income of the facilities constructed with the bond proceeds. In addition to the net revenues generated by the facility, most other income can be used to secure the debt obligation. Income that does not secure the revenue bonds include those funds that are (i) otherwise designated or restricted; (ii) derived from state appropriations; and (iii) tuition funds pledged to the repayment of state institution bonds, if any. Certain bonds payable are callable at the option of the University. The outstanding revenue bonds contain provisions requiring the University to make timely payments of principle and interest as noted in the repayment schedule and produce, in net revenues, at least 125 percent of the principal and interest requirements on the annual debt service. In the event of default of either provision, the bondholders may, by request of no less than 25 percent of the principal amount of bonds outstanding, declare all outstanding principal and interest accrued immediately due and payable.

State institution bonds are general obligation bonds backed by the full faith, credit and taxing power of the State of South Carolina. The legal debt margin for state institution general obligation bonds is that the maximum amount of annual debt service shall not exceed 90 percent of the sums received from tuition and fees for the preceding fiscal year. Tuition bonds fees for the preceding year were \$5,647,811 which results in a legal annual debt service limit at June 30, 2020, of \$5,083,030.

For fiscal year 2020, tuition revenue is pledged in the amount of \$355 per full-time in-state student, \$355 per full-time out-of-state student per semester and \$12 per graduate credit hour to support both revenue and state institution general obligation bonds. The total pledge for debt service amounted to \$6,020,076.

COASTAL CAROLINA UNIVERSITY
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 11 – BONDS PAYABLE, Continued

The scheduled maturities of the bonds payable by type are as follows:

	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
<u>Revenue Bonds</u>			
2021	\$ 6,599,185	\$ 6,521,916	\$ 13,121,101
2022	6,863,309	6,256,959	13,120,268
2023	7,154,323	5,974,392	13,128,715
2024	7,367,843	5,752,145	13,119,988
2025	7,632,802	5,484,101	13,116,903
2026-2030	36,781,128	23,398,869	60,179,997
2031-2035	41,620,000	17,206,338	58,826,338
2036-2040	51,045,000	9,410,830	60,455,830
2041-2044	19,170,000	1,413,087	20,583,087
	<u>\$ 184,233,590</u>	<u>\$ 81,418,637</u>	<u>\$ 265,652,227</u>

	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
<u>State Institution Bonds</u>			
2021	\$ 890,000	\$ 365,250	\$ 1,255,250
2022	935,000	320,749	1,255,749
2023	985,000	274,000	1,259,000
2024	1,035,000	224,749	1,259,749
2025	1,095,000	173,000	1,268,000
2026-2030	2,365,000	178,749	2,543,749
	<u>\$ 7,305,000</u>	<u>\$ 1,536,497</u>	<u>\$ 8,841,497</u>

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 11 – BONDS PAYABLE, Continued

The purposes of all outstanding bond issues are listed below:

- State Institution General Obligation Bond Series 2016E
 - i. Refund a portion of the previously issued \$8,750,000 State Institution General Obligation Bond Series 2002D.
 - ii. Refund a portion of the previously issued \$11,300,000 State Institution General Obligation Bond Series 2006C.

- Revenue Auxiliary Bond Series 2012
 - i. Construction of Baxley Hall.
 - ii. Construction of Hicks Dining Hall.
 - iii. Expansion of student housing on main campus with Eaglin Hall.

- Higher Education Revenue Bond Series 2013 and 2014
 - i. Acquisition of land and construction of first phase of student housing facility (650 beds).
 - ii. Construction of second phase of student housing facility (624 beds).

- Higher Education Revenue Bond Series 2015
 - i. Acquisition of existing student housing apartment facilities near the University campus known as University Place (2,079 beds) from the CCU Student Housing Foundation.

- Revenue Bond Series 2016
 - i. Renovation and expansion of Brooks Stadium to seat 20,700 fans.

- Higher Education Refunding Revenue Bond Series 2017
 - i. Advance refunding of a portion of the previously issued \$13,175,000 Refunding Revenue Bond Series 2006.

In September 2019, the University, in coordination with the South Carolina State Treasurer, elected to redeem all of the outstanding Series 2010A General Obligation bonds maturing on or after April 1, 2020. The transaction was funded entirely by existing University resources and deposited in risk-free State and Local Government Securities (SLGS) held by an Escrow Agent, thus classifying this transaction as a defeasance in-substance. By paying down the debt, the University will realize approximately \$6.5 million of interest savings over a ten-year period.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 11 – BONDS PAYABLE, Continued

The sources and uses of the funds required for the transaction are shown below.

Sources

Equity Contribution	\$	35,159,944
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Uses of Funds

Cash Deposit	\$	639,324
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Cost of SLGS		34,520,620
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Accrued Interest		338,694
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Total Funds in Trust	\$	<u>35,498,638</u>
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Required Cash Flow for Defeasance

Principal	\$	34,220,000
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Interest		1,278,638
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Total Debt Defeased	\$	<u>35,498,638</u>
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COASTAL CAROLINA UNIVERSITY
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 12 - LONG-TERM LIABILITIES

Long-term liability activity for the University for the year ending June 30, 2020, was as follows:

	Balance 6/30/2019	Additions	Reductions	Balance 6/30/2020	Due Within One Year	Due Past One Year
Capital Related Liabilities						
General Obligation Bonds	\$ 42,365,000	\$ -	\$ (35,060,000)	\$ 7,305,000	\$ 890,000	\$ 6,415,000
Revenue Bonds	190,576,970	-	(6,343,380)	184,233,590	6,599,185	177,634,405
Unamortized Bond Premium	5,877,731	-	(713,617)	5,164,114	493,181	4,670,933
Capital Lease Payable	69,927	239,288	(37,379)	271,836	62,258	209,578
Total Capital Related Liabilities	238,889,628	239,288	(42,154,376)	196,974,540	8,044,624	188,929,916
Noncapital Related Liabilities						
Federal Perkins Loans Funds	1,201,298	-	(265,191)	936,107	-	936,107
Accrued Compensation Absences	5,248,711	472,636	(407,835)	5,313,512	386,737	4,926,775
Net Pension Liability	166,916,875	33,421,577	(26,071,994)	174,266,458	-	174,266,458
Net OPEB Liability	152,370,222	23,920,822	(10,855,176)	165,435,868	-	165,435,868
Other Liabilities	1,256,565	736,461	(300,000)	1,693,026	189,000	1,504,026
Total Noncapital Related Liabilities	326,993,671	58,551,496	(37,900,196)	347,644,971	575,737	347,069,234
Total Long-Term Liabilities	\$ 565,883,299	\$ 58,790,784	\$ (80,054,572)	\$ 544,619,511	\$ 8,620,361	\$ 535,999,150

NOTE 13 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2020, are summarized as follows:

Functional Classification	Personnel		Utilities	Scholarships	Depreciation	Total
	Costs and Benefits	Services and Supplies				
Instruction	\$ 82,146,787	\$ 4,856,343	\$ 238,945	\$ -	\$ -	\$ 87,242,075
Research	893,651	641,435	7,723	-	-	1,542,809
Public Service	1,843,164	470,781	977	-	-	2,314,922
Academic Support	13,199,905	2,245,405	2,889	-	-	15,448,199
Student Services	25,026,084	12,736,757	139,043	-	-	37,901,884
Institutional Support	16,754,261	3,459,302	456,077	-	-	20,669,640
Plant Operations	16,777,058	7,569,272	4,420,152	-	-	28,766,482
Scholarships	903,553	60,932	-	18,308,985	-	19,273,470
Auxillary Enterprises	7,262,420	7,412,493	2,828,868	-	-	17,503,781
Depreciation	-	-	-	-	18,753,658	18,753,658
Total Expenses	\$ 164,806,883	\$ 39,452,720	\$ 8,094,674	\$ 18,308,985	\$ 18,753,658	\$ 249,416,920

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 14 – PENSION PLANS

Description of the Entity: The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Description: The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 14 – PENSION PLANS, Continued

PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

In addition to the plans described above, PEBA also administers three single-employer defined benefit pension plans, which are not covered in this report. They are the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), and the South Carolina National Guard Supplemental Retirement Plan (SCNG).

Membership: Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS - Generally, all employees of covered employers, such as the University, are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- State ORP - As an alternative to membership in SCRS, certain newly hired state, public school, and higher education employees and individuals first elected to the S.C. General Assembly at or after the November 2012 general election have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.
- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 14 – PENSION PLANS, Continued

magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits: Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of the benefit terms for each system is presented below.

- SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

- PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 14 – PENSION PLANS, Continued

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions: Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

COASTAL CAROLINA UNIVERSITY
Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 14 – PENSION PLANS, Continued

Required employee contribution rates¹ are as follows:

	<u>Fiscal Year 2020¹</u>	<u>Fiscal Year 2019¹</u>
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
State ORP		
Employee	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Required employer contribution rates¹ are as follows:

	<u>Fiscal Year 2020¹</u>	<u>Fiscal Year 2019¹</u>
SCRS		
Employer Class Two	15.41%	14.41%
Employer Class Three	15.41%	14.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution ²	15.41%	14.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	17.84%	16.84%
Employer Class Three	17.84%	16.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

¹ Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

² Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

Actuarial Assumptions and Methods: Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of June 30, 2015.

The June 30, 2019, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2018. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2019, using generally accepted actuarial principles.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 14 – PENSION PLANS, Continued

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2019.

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return ¹	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (varies by service) ¹	3.5% to 9.5% (varies by service) ¹
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually
¹ Includes inflation at 2.25%		

The post-retiree mortality assumption is dependent upon the member’s job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems’ mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Assumptions used in the determination of the June 30, 2019, TPL are as follows.

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

Net Pension Liability: The NPLs are calculated separately for each system and represent that particular system’s TPL determined in accordance with GASB No. 67 less that System’s fiduciary net position. The NPLs were measured as of June 30, 2019, and the TPLs used to calculate the NPLs were determined by an actuarial valuation as of that date. The NPLs total, including the University’s proportionate share as of June 30, 2019, for SCRS and PORS are presented below.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 14 – PENSION PLANS, Continued

				University's Proportionate Share Of	
	Total	Plan Fiduciary	Employers'	Net Pension	University's
<u>System</u>	<u>Pension Liability</u>	<u>Net Position</u>	<u>Liability (Asset)</u>	<u>Liability (Asset)</u>	<u>Portion of</u>
					<u>Net Pension</u>
					<u>Liability (Asset)</u>
SCRS	\$ 50,073,060,256	\$ 27,238,916,138	\$ 22,834,144,118	0.742019%	\$ 169,433,774
PORS	\$ 7,681,749,768	\$ 4,815,808,554	\$ 2,865,941,214	0.168625%	\$ 4,832,684

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Long-term Expected Rate of Return: The long-term expected rate of return on pension plan investments is based upon 20 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2019 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 14 – PENSION PLANS, Continued

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	51.0%		
Global Public Equity ^{1,2}	35.0%	7.29%	2.55%
Private Equity ^{2,3}	9.0%	7.67%	0.69%
Equity Options Strategies ¹	7.0%	5.23%	0.37%
Real Assets	12.0%		
Real Estate (Private) ^{2,3}	8.0%	5.59%	0.45%
Real Estate (REITs) ²	1.0%	8.16%	0.08%
Infrastructure (Private) ^{2,3}	2.0%	5.03%	0.10%
Infrastructure (Public) ²	1.0%	6.12%	0.06%
Opportunistic	8.0%		
Global Tactical Asset Allocation ¹	7.0%	3.09%	0.22%
Other Opportunistic Strategies	1.0%	3.82%	0.04%
Credit	15.0%		
High Yield Bonds / Bank Loans ^{1,2}	4.0%	3.14%	0.13%
Emerging Markets Debt	4.0%	3.31%	0.13%
Private Debt	7.0%	5.49%	0.38%
Rate Sensitive	14.0%		
Core Fixed Income ¹	13.0%	1.62%	0.21%
Cash and Short Duration (Net)	1.0%	0.31%	0.00%
Total Expected Real Return ⁴	100.0%		5.41%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.66%

¹ Portable Alpha Strategies will be capped at 12% of total assets; Hedge funds (including all hedge funds used in portable alpha implementation) capped at 20% of total assets.

² The target weights to Private Equity, Private Debt, Private Infrastructure and Private Real Estate will be equal to their actual weights as of prior month end. Private Equity and Public Equity combine for 44 percent of entire portfolio. Private Debt and High Yield/Bank Loans combine for 11 percent of the entire portfolio. Private Infrastructure and Public Infrastructure combine for 3 percent of the entire portfolio. Private Real Estate and Real Estate (REITs) combine for 9 percent of entire portfolio.

³ RSIC staff and Consultant will notify the Commission if Private Markets assets exceed 25% of total assets.

⁴ The expected return for each of the Portable Alpha asset classes includes the expected return attributed to the Overlay Program. For benchmarking purposes there is a 10% weight assigned to Portable Alpha Hedge Funds in the Policy Benchmark.

Discount Rate: The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 14 – PENSION PLANS, Continued

Sensitivity Analysis: The following table presents the collective NPL of the University calculated using the discount rate of 7.25 percent, as well as what the University’s NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
SCRS	\$ 213,450,991	\$ 169,433,774	\$ 132,698,698
PORS	6,549,445	4,832,684	3,426,240

Pension Expense: For the year ended June 30, 2020, the University recognized its proportionate share of pension expense of \$25,333,040 and \$738,954 for SCRS and PORS, respectively, for a total pension expense of \$26,071,994.

Non-employer Contributions: Employer’s proportionate shares were calculated on the basis of employer contributions remitted to the plan by employers and non-employer contributions appropriated in the State’s budget. In an effort to offset a portion of the burden of the increased contribution requirement for employers, the General Assembly funded 1 percent of the SCRS and PORS contribution increases for fiscal year 2019. The State budget appropriated these funds directly to PEBA and a credit was issued for each employer to use when submitting their quarterly remittances to PEBA. For the year ended June 30, 2019 measurement period, PEBA provided non-employer contributions to the University in the amount of \$819,123 and \$22,327 for SCRS and PORS, respectively, for a total of \$841,450, which is shown as a reduction to net pension liability and non-capital state appropriations revenue in the year ended June 30, 2020.

Deferred Outflows and Inflows of Resources: At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Experience	\$ 116,469	\$ 1,217,182
Assumption Changes	3,414,336	-
Investment Experience	1,500,054	-
Change in Allocated Proportion	8,203,727	-
Contributions After Measurement Date	11,774,975	-
Total	\$ 25,009,561	\$ 1,217,182

PORS	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Experience	\$ 99,370	\$ 35,717
Assumption Changes	191,640	-
Investment Experience	61,275	-
Change in Allocated Proportion	119,055	319,027
Contributions After Measurement Date	436,151	-
Total	\$ 907,491	\$ 354,744

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 14 – PENSION PLANS, Continued

The contributions of \$11,774,975 and \$436,151 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date for the SCRS and PORS plans, respectively, during the year ended June 30, 2020 will be recognized as a reduction of the NPLs in the year ending June 30, 2021.

The following schedule reflects the amortization of the balance of remaining deferred outflows/(inflows) of resources at June 30, 2020. Average remaining service lives of all employees provided with pensions through the pension plans at June 30, 2020, was 4.026 years for SCRS and 4.217 years for PORS.

Recognition of Existing Deferred Outflows (Inflows) of
Resources for Future Plan Years

Year ending June 30	SCRS	PORS
2021	\$ 8,841,617	\$ 180,580
2022	1,277,043	(2,782)
2023	1,295,718	(65,364)
2024	603,026	4,162
2025	-	-
Thereafter	-	-

Additional Financial and Actuarial Information: Information contained in these Notes to the Schedules of Employer and Non-employer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems’ audited financial statements for the fiscal year ended June 30, 2019, and the accounting and financial reporting actuarial valuation as of June 30, 2019. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems’ CAFR.

Deferred Compensation Plans: Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the University have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

In addition, Code Section 415(m) allows pension plans to create a separate fund, known as a qualified governmental excess benefit arrangement, to pay the benefits above the Section 415 limit. Accordingly, the University established has such a fund, which has assets invested totaling \$987,026 at June 30, 2020 as stated earlier in Note 2.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Description of the Entity and Summary of Significant Accounting Policies: The South Carolina Public Employee Benefit Authority (PEBA) was created by the South Carolina General Assembly as part of Act No. 278 effective July 1, 2012. PEBA – Insurance Benefits is a state agency responsible for the administration and management of the state’s employee insurance programs, other postemployment benefits trusts and retirement systems and is part of the State of South Carolina primary government.

The governing board of PEBA is a board of 11 members. The membership composition is three members appointed by the Governor, two members appointed by the President Pro Tempore of the Senate, two members appointed by the Chairman of the Senate Finance Committee, two members appointed by the Speaker of the House of Representatives and two members appointed by the Chairman of the House Ways and Means Committee. Individuals appointed to the PEBA board must possess certain qualifications. Members of the PEBA board serve for terms of two years and until their successors are appointed and qualify. Terms commence on July first of even numbered years. The PEBA board appoints the Executive Director. The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of PEBA. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions in administering the State Health Plan and other post-employment benefits (OPEB).

Plan Descriptions: The Other Postemployment Benefits Trust Funds (OPEB Trusts), collectively refers to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), were established by the State of South Carolina as Act 195, which became effective on May 2008. The SCRHITF was created to fund and account for the employer costs of the State’s retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State’s Basic Long-Term Disability Income Benefit Plan.

In accordance with Act 195, the OPEB Trusts are administered by the PEBA – Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee.

The OPEB Trusts are cost-sharing multiple-employer defined benefit plans. Article 5 of the State Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents.

Benefits: The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% employer funding.

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public-school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability.

Contributions and Funding Policies: Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the postemployment and long-term disability benefits to be funded through non-employer and employer contributions for active employee and retirees to the PEBA – Insurance Benefits. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves.

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2019 was 6.05 percent. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHIT also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structured. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions include the mandatory transfer of accumulated PEBA – Insurance Benefits' reserves and the annual appropriation budgeted by the General Assembly. It is also funded through investment income.

The SCLTDITF is funded through employer contributions for active employees that elect health insurance coverage. For this group of active employees, PEBA – Insurance Benefits bills and collects premiums charged to State agencies, public school districts and other participating local governments. The monthly premium per active employee was \$3.22 for the fiscal year ended June 30, 2019. The SCLTDITF premium is billed monthly by PEBA – Insurance Benefits and transferred monthly to the SCLTDITF. It is also funded through investment income.

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities. For the year ended June 30, 2020, the University recognized non-employer contributions of \$1,128,716 in Non-operating Revenues, Grants and Contracts on the Statement of Revenues, Expenses and Changes in Net Position.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

PEBA, Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trust Funds. This information is publicly available through the Insurance Benefits' link on PEBA's website at www.peba.sc.gov or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the State of South Carolina and therefore, OPEB Trust fund financial information is also included in the comprehensive annual financial report of the state.

Actuarial Assumptions and Methods: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2018
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	2.75%, net of OPEB Plan investment expense; including inflation
Single Discount Rate:	3.13% as of June 30, 2019
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

Health Care Trend Rate:	Initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 14 years
Retiree Participation:	79% for retirees who are eligible for funded premiums 59% participation for retirees who are eligible for Partial Funded Premiums 20% participation for retirees who are eligible for Non-Funded Premiums
Notes:	There were no benefit changes during the year; the discount rate changed from 3.62% as of June 30, 2018 to 3.13% as of June 30, 2019; minor updates were made to the healthcare trend rate assumption.

Additional information as of the latest actuarial valuation for SCLTDITF:

Valuation Date:	June 30, 2018
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	3.00%, net of Plan investment expense; including inflation
Single Discount Rate:	3.04% as of June 30, 2019
Salary, Termination, and Retirement Rates:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Disability Incidence:	The rates used in the valuation are based on the rates developed for the South Carolina Retirement Systems pension plans
Disability Recovery:	For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 92% were assumed to recover after the first two years
Offsets:	40% are assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group
Expenses:	Third party administrative expenses were included in the benefit projections
Notes:	The discount rate changed from 3.91% as of June 30, 2018 to 3.04% as of June 30, 2019

Roll Forward Disclosure: The actuarial valuation was performed as of June 30, 2018. Update procedures were used to roll forward the total OPEB liability to June 30, 2019.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

Net OPEB Liability: The Net OPEB Liability (NOL) is calculated separately for each OPEB Trust Fund and represents that particular Trust's Total OPEB Liability (TOL) determined in accordance with GASB No. 74 less that Trust's fiduciary net position. The allocation of each employer's proportionate share of the collective Net OPEB Liability and collective OPEB Expense was determined using the employer's payroll-related contributions over the measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors.

The following table represents the components of the net OPEB liability as of June 30, 2019 and the University's proportionate share:

OPEB Trust	Total OPEB Liability	Plan Fiduciary Net Position	State Net OPEB Liability	University's Proportionate Share Of Net OPEB Liability	University's Portion of Net OPEB Liability
SCRHITF	\$ 16,516,264,617	\$ 1,394,740,049	\$ 15,121,524,568	1.093945%	\$165,421,162
SCLTDITF	\$ 40,743,755	\$ 38,775,500	\$ 1,968,255	0.747173%	\$ 14,706

The TOL is calculated by the Trusts' actuary, and each Trust's fiduciary net position is reported in the Trust's financial statements. The NOL is disclosed in accordance with the requirements of GASB No. 74 in the Trusts' notes to the financial statements and required supplementary information. Liability calculations performed by the Trusts' actuary for the purpose of satisfying the requirements of GASB Nos. 74 and 75 and are not applicable for other purposes, such as determining the Trusts' funding requirements.

Single Discount Rate: The Single Discount Rate of 3.13% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

A Single Discount Rate of 3.04% was used to measure the total OPEB liability for the SCLTDITF. This Single Discount Rate was based on an expected rate of return on plan investments of 3.00% and a municipal bond rate of 3.13%. The projection of cash flows to determine this Single Discount Rate assumed that employer contributions will remain \$38.64 per year for each covered active employee. Based on these assumptions, the plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the year 2039. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2039, and the municipal bond rate was applied to all benefit payments after that date.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

Long-term Expected Rate of Return: The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. This information is summarized in the following table:

South Carolina Retiree Health Insurance Trust Fund

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Allocation-Weighted Long-Term Expected Real Rate of Return</u>
U.S. Domestic Fixed Income	80.00%	0.60%	0.48%
Cash	20.00%	0.10%	0.02%
Total	100.00%		0.50%
Expected Inflation			2.25%
Total Return			2.75%
Investment Return Assumption			2.75%

South Carolina Retiree Long-Term Disability Insurance Trust Fund

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Allocation-Weighted Long-Term Expected Real Rate of Return</u>
U.S. Domestic Fixed Income	80.00%	0.95%	0.76%
Cash	20.00%	0.51%	0.10%
Total	100.00%		0.86%
Expected Inflation			2.25%
Total Return			3.11%
Investment Return Assumption			3.00%

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

Sensitivity Analysis: The following table presents the University's proportionate share of the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 3.13%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease 2.13%	Current Discount Rate 3.13%	1% Increase 4.13%
SCRHITF Net OPEB Liability	\$ 196,104,763	\$ 165,421,162	\$ 140,796,300

Regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
SCRHITF Net OPEB Liability	\$ 135,001,340	\$ 165,421,162	\$ 205,036,757

The following table presents the University's proportionate share of the SCLTDITF's net OPEB liability calculated using a Single Discount Rate of 3.04%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease 2.04%	Current Discount Rate 3.04%	1% Increase 4.04%
SCLTDITF Net OPEB Liability	\$ 25,296	\$ 14,706	\$ 4,201

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

OPEB Expense: For the year ended June 30, 2020, the University recognized its proportionate share of OPEB expense of \$10,855,176 associated with the net OPEB liability. Components of collective OPEB expense reported in the Allocation of the OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB for the fiscal year ended June 30, 2019 are presented below.

Description	SCRHITF	SCLTDITF
Service Cost	\$ 5,589,408	\$ 59,334
Interest on the Total OPEB Liability	6,088,640	11,478
Projected Earnings on Plan Investments	(554,321)	(10,760)
OPEB Plan Administrative Expense	9,684	304
Change in Allocated Proportion	655,376	(262)
Recognition of Outflow (Inflow) of Resources due to Liabilities	(1,100,156)	(404)
Recognition of Outflow (Inflow) of Resources due to Assets	105,416	1,439
Total Aggregate OPEB Expense	<u>\$ 10,794,047</u>	<u>\$ 61,129</u>

Additional items included in Total Employer OPEB Expense are the current period amortized portions of deferred outflows and/or inflows of resources related to changes in employers' proportionate share of the collective NOL and differences between actual employer contributions and proportionate share of total plan employer contributions.

Deferred Outflows and Inflows of Resources: At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

SCRHITF	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Experience	\$ 1,947,871	\$ 5,377,078
Assumption Changes	10,946,056	10,243,777
Investment Experience	193,502	-
Change in Allocated Proportion	3,781,474	1,397
Contributions After Measurement Date	6,104,883	-
Total	<u>\$ 22,973,786</u>	<u>\$ 15,622,252</u>

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

SCLTDITF	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Experience	\$ -	\$ 10,234
Assumption Changes	8,272	1,311
Investment Experience	394	-
Change in Allocated Proportion	-	2,239
Contributions After Measurement Date	55,223	-
Total	\$ 63,889	\$ 13,784

As discussed in paragraph 86 of GASB Statement No. 75, differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided OPEB through the OPEB plan (active and inactive members) determined as of the beginning of the measurement period. Additionally, differences between projected and actual earnings on OPEB plan investments should be recognized in OPEB expense using a systematic and rational method over a closed five year period. For this purpose, the deferred outflows and inflows of resources are recognized in the OPEB expense as a level dollar amount over the closed period identified above.

Contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. The following schedules reflects the amortization of the balance of remaining deferred outflows/(inflows) of resources at June 30, 2020.

Recognition of Existing Deferred Outflows (Inflows) of
Resources for Future Plan Years

Year ending June 30	SCRHITF	SCLTDITF
2021	\$ (339,363)	\$ 773
2023	(339,363)	773
2023	(403,014)	(859)
2024	(503,876)	(2,956)
2025	1,246,071	(666)
Thereafter	1,586,196	(2,183)

Additional Financial and Actuarial Information: Information contained in these Notes to the Schedules of OPEB Amounts by Employer (the Schedules) were compiled from the OPEB Trust Funds audited financial statements for the fiscal year ended June 30, 2019, and the accounting and financial reporting actuarial valuations as of June 30, 2019. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the OPEB Trust Funds audited financial statements.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 16 – RELATED PARTIES

There are several separately chartered legal entities which do not meet the criteria established by GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, to be treated as component units of the University. These entities include the Coastal Carolina University Research Foundation, Inc., the Horry County Higher Education Commission, and the Georgetown County Advisory Board for Coastal Carolina University. While they are not financially accountable to the University, these organizations exist primarily to provide financial assistance and other support to the University and its educational programs. The activities of these entities are not included in the University's financial statements. However, the University's statements for the year ended June 30, 2020, include significant transactions between them and the University, which are as follows:

Coastal Carolina University Research Foundation, Inc.: The Coastal Carolina University Board of Trustees approved a Memorandum of Understanding between the Coastal Carolina University Research Foundation, Inc. (Research Foundation) and the University on May 8, 2015. The Research Foundation has been established as a 501(c)(3) corporation to raise and manage public and private grant resources that support the mission and priorities of the University, provide educational opportunities for students and enhance institutional excellence in ways that would not be possible with state funds. The University contracted with the Research Foundation to assist its educational and research initiatives. During 2020, the University paid the Research Foundation \$23,128. At fiscal year end June 30, 2020, there are no receivables or payables between the University and the Research Foundation.

Horry County Higher Education Commission: The Horry County Higher Education Commission (the Commission) was created by Act No. 114 in the 1959 session of the South Carolina General Assembly. The Commission is comprised of sixteen members who are appointed by the Horry County Legislative Delegation and are responsible for providing resources to meet the goals and carry out the mission of the University and to expend funds, including proceeds of bonds issued by Horry County to provide buildings and equipment for the University. The Commission receives an annual appropriation from Horry County to accomplish these objectives.

During the year ended June 30, 2020, the Commission made grants to the University totaling \$856,918 in which \$7,195 was receivable at year end. The Commission leases its land and buildings to the University at a below-market rental rate under annual leases. Rent paid by the University during the fiscal year 2020 was \$4, none of which was payable at year end. Also, as required by the leases, the University insures the Commission's buildings and improvements. The University provides accounting and cash management services to the Commission at no charge, including management of the operating portion of its cash.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 16 – RELATED PARTIES, Continued

Georgetown County Advisory Board for Coastal Carolina University: Georgetown County annually appropriates funds to support the mission of the University in Georgetown County. The Georgetown County Advisory Board for the University is responsible for the budgeting and distribution of these funds. During the fiscal year ending June 30, 2020, the University recognized and received \$147,000 in revenue from the Advisory Board.

NOTE 17 – TRANSACTIONS WITH STATE ENTITIES

The University is granted an annual appropriation for operating purposes as authorized by the General Assembly of the State of South Carolina. State appropriations are recognized as revenue when received and available. Amounts that are not expended by fiscal year-end are required to be returned to the General Fund of the State unless the University receives authorization from the General Assembly to carry the funds over to the next year.

The following is a reconciliation of the original base budget amount presented in the General Funds Column of Section 16 of the 2019-2020 Appropriations Bill H. 4000 enacted by the South Carolina General Assembly to State Appropriations revenue reported in the financial statements for the year ended June 30, 2020.

Non-Capital State Appropriations

Approved Appropriation	\$16,009,172
PEBA Credit to Participating Employers	841,450
Technology Grant Program	591,366
Supplement Appropriation – Pay Plan and Benefits	473,725
Non-recurring Appropriation for Bonus Pay	42,674
South Carolina Endowment Incentive Act of 1997	<u>7,236</u>
Total Non-Capital State Appropriations	<u>\$17,965,623</u>

The General Assembly also designated building funds to the University during the fiscal year as presented in the 2019-2020 Capital Reserve Fund Appropriated Bill H. 4001.

Capital State Appropriations

Academic Enrichment Center	\$ 5,000,000
Belle W. Baruch Institute for South Carolina Studies	<u>1</u>
Total Capital State Appropriations	<u>\$ 5,000,001</u>

The University received substantial funding from the Commission on Higher Education (CHE) for scholarships on behalf of students that are accounted for as operating state grants and contracts. Additionally, the University receives operating funds from various other State agencies for sponsored programs, research, and public service projects. The following is a summary of amounts received from State agencies.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 17 – TRANSACTIONS WITH STATE ENTITIES, Continued

Other Amounts Recognized from State Agencies

Received from CHE:	
LIFE Scholarships	\$ 8,933,344
Need Based Grants	1,810,661
HOPE Scholarships	1,136,482
Palmetto Fellowship	1,019,235
SC National Guard	145,688
Received from various other State agencies	<u>1,988,115</u>
Total Other Amounts Recognized from State Agencies	<u>\$15,033,525</u>

The University receives various other services from the State and other State agencies including business, banking, accounting, human resources, investment, and legal services at no cost. The amounts of such assistance are not readily available for fiscal year 2020.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 18 – RISK MANAGEMENT

The University is exposed to various risks of loss and maintains state or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several state funds accumulate assets, and the state itself substantially assumes all the risk for the following claims of covered employees: unemployment compensation benefits; workers' compensation benefits for job-related illnesses or injuries; health and dental insurance benefits; long-term disability and group life insurance benefits. Employees elect health insurance coverage through either a health maintenance organization or through the state's self-insured plan.

The University and other entities pay premiums to the state's Insurance Reserve Fund, which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to: theft; damage to or destruction of assets real property, personal property; business interruption; equipment, motor vehicles, watercraft, torts (liability) and professional medical services. The South Carolina Office of Insurance Reserve Fund is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The South Carolina Office of Insurance Reserve Fund rates are determined actuarially.

The University obtains coverage through a commercial insurer for fidelity bond insurance for all employees for losses arising from theft or misappropriation, for officers' and directors' errors and omissions and for cyber liability. Additional lines of coverage procured include: Child Development Center Accident Policy, Coastal Carolina University Research Foundation Insurance, International Liability Coverage, Student Accident Policy and International Travel Insurance.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 19 – COMPONENT UNITS

The Coastal Educational Foundation: The Coastal Educational Foundation is a separately chartered not-for-profit corporation organized exclusively to support the University. As discussed in Note 1, the CEF has been included in the reporting entity as a component unit. Because the CEF is deemed not to be a government entity and, therefore, used a different reporting model, its balances and transactions are reported on separate financial statements.

The CEF provides support directly to the University through funds raised from private contributions to support University scholarship and various academic programs. The CEF has provided \$1,909,562 in direct support and \$219,022 in indirect transfers. On June 30, 2020, CEF had receivables from the University of \$45,492 and payables to the University totaling \$450,246 (short-term \$212,246 and long-term \$238,000).

In support of the University, the CEF owns parcels of real property on which portions of the University's campus is located. At June 30, 2020, the carrying value of said property was \$5,321,157 net of \$169,989 in accumulated depreciation. The University leases this land annually from the CEF at a rate below market value.

The University, in turn, provides operation and fundraising staff for which it does not charge the foundation. The foundation has valued these services for their financial reporting at \$542,905 for the fiscal year ending June 30, 2020. The University paid total rent of \$438,010 in fiscal year 2020 to the CEF for seven parcels of land, a house located on Hackler Golf Course and use of Waties Island. The seven parcels are: soccer field, student parking lot, an athletic parcel, a Wheelwright Auditorium parcel, an academic parcel, a Founders Drive parcel and a University Housing parcel.

The CEF held investments that consist of privately managed funds and closely held investments. As of June 30, 2020, investments as shown on the accompanying statements of financial position are comprised of the following:

Fixed income mutual fund	\$ 16,662,850
Equities	29,259,625
Long/short equity hedge fund	-
Short-term cash investment	-
Total privately managed funds	<u>45,922,475</u>
Closely held investments	
Common Stock	1,995,825
Real estate held for investment	288,000
Total investments	<u>\$ 48,206,300</u>

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 19 – COMPONENT UNITS, Continued

The CEF is required to present its financial instruments using a framework that measures fair value under accounting principles generally accepted in the United States of America. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement requires fair value measurements be classified and disclosed in one of the following three categories (i.e., the fair value hierarchy):

- | | |
|----------|---|
| Level 1: | Financial instruments with unadjusted, quoted prices listed on active market exchanges. |
| Level 2: | Financial instruments valued using inputs that include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. |
| Level 3: | Financial instruments that are not actively traded on a market exchange and require using significant unobservable inputs in determining fair value. |

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for the CEF's assets measured at fair value at June 30, 2020:

- | | |
|---------------------------|---|
| Equities | Valued at the closing price reported on the active market on which the individual securities traded. |
| Hedge funds | Measured at net asset value (NAV) based on the latest unaudited financial statements or latest estimated valuations prepared by the Funds. |
| Closely held stock | Investments in non-publicly traded closely held companies with no readily determinable market value are carried on the books at their established fair value at the date of donation or distribution to the CEF, except for certain liquidating distributions which reduce the value of the investment and certain events which trigger a valuation from which fair value can be derived. |
| Fixed income mutual funds | Valued at the closing price reported on the active market on which the funds are traded. |

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 19 – COMPONENT UNITS, Continued

Real estate held for investment The Real Estate Land Use Committee of the CEF’s Board (the “Committee”) monitors the value of real estate held for investment and considers the best course of action for disposal. The Committee has members knowledgeable about real estate in the area and considers, among other things, comparable property, the overall real estate market, and the best use of the property. When considered necessary, the Committee obtains appraisals on its real estate investments.

The following table sets forth by level, within the fair value hierarchy, the CEF’s assets measured at fair value as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income mutual fund	\$ 16,662,850	\$ -	\$ -	\$ 16,662,850
Equities	29,259,625	-	-	29,259,625
Closely held stock	-	-	1,995,825	1,995,825
Real estate held for investment	-	-	288,000	288,000
Total investments	<u>\$ 45,922,475</u>	<u>\$ -</u>	<u>\$ 2,283,825</u>	<u>\$ 48,206,300</u>

Donor imposed restrictions limit the use of proceeds from the disposition of real estate held for investment to funding of scholarships, developing a mentoring program, and the ongoing maintenance of Waties Island.

The tables below set forth a summary of changes in the fair value of the CEF’s Level 3 assets for the years ended June 30, 2020:

	<u>Closely held stock</u>	<u>Real estate held for investment</u>
Balance, beginning of year	\$ 1,995,825	\$ 288,000
Sales of investments	-	-
Market appreciation (depreciation)	-	-
	<u>\$ 1,995,825</u>	<u>\$ 288,000</u>

The CEF did not hold any investments reported at NAV as a practical expedient to estimate fair value as of June 30, 2020.

During the year ended June 30, 2020, the University President served as an ex-officio member of the Coastal Educational Foundation board.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 19 – COMPONENT UNITS, Continued

The CCU Student Housing Foundation: The CCU Student Housing Foundation is a separately chartered not-for-profit corporation organized in 2002 to provide housing for students at the University, as well as to provide support for the various programs of the University. The SHF is governed by a seven member Board of Directors, two of whom are appointed by the University and the remainder by the Board. The CCU Housing Foundation, LLC, a not-for-profit corporation, was organized in 2005. The SHF is the owner and sole member of the CHF. As discussed in Note 1, the SHF and the CHF have been included in the reporting entity as a consolidated unit with significant intercompany accounts and transactions eliminated.

Financial support of CCU in the amount of \$75,000 was paid during the year ended June 30, 2020 in the form of a salary supplement for the University's president. Also, \$485,000 was paid during the year, the third of five annual gifts of that amount, to be used for the student housing facilities at the University. Additionally, \$3,828 in expenses related to property leased by CCU was paid by the CHF as a gift to CCU.

At year end the payable to the University from the SHF was \$974,669, representing \$970,000 for the remaining two payments of the above described gift and \$4,669 in administrative support. There were no receivables from the University.

The Chanticleer Athletic Foundation: The Chanticleer Athletic Foundation is a separately chartered not-for-profit corporation organized in 1987 exclusively to support Coastal Carolina University Athletics. The CAF is comprised of no less than 15 board members and an executive director, who manages the operations of the CAF. The board of directors oversees the actions of the executive director and provides strategic goals which the executive director carries out. As discussed in Note 1, the CAF has been included in the reporting entity as a component unit. Because the CAF is deemed not to be a government entity and, therefore, uses a different reporting model, its balances and transactions are reported on separate financial statements.

The CAF provides support directly to the University through funds embarked from private contributions to support University athletic scholarships and programs. These transfers for fiscal year 2020 were recorded by the University as non-operating gift revenues totaling \$821,841 and capital gifts totaling \$843,115. The CAF procured and gifted to the University \$141,421 of goods and services, which included vehicle leases to athletic coaches.

On June 30, 2020, the CAF had net assets of \$467,004, receivables from the University of \$10,034 and payables to the University totaled \$2,578,819 (short-term \$1,153,819 and long-term \$1,425,000).

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 20 – CONTINGENCIES AND LITIGATION

Federal Programs: The diverse federal programs administered by the University are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Currently disallowances, if any, which may be due to federal grantors have not been determined, but University's management believe that any such amounts in the aggregate would not have an adverse effect with administering future federal programs or the financial position for the University.

Legal Matters: The University is involved in various legal actions which arose from the normal course of business, some of which are uninsured. The final outcomes of these legal proceedings and claims cannot be determined at this time. For litigation and claims wherein it is not possible to predict the ultimate outcome, no provision for any liability has been made in the financial statements.

Coronavirus Pandemic: The University is evaluating what effect the coronavirus will have on its operation with respect to revenues, the collectability of receivables, the ability to obtain necessary materials and supplies, the ability to manage and protect the health and safety of students and campus community, the stability of the support workforce, the ability to be mobile, access service locations, and the provision of essential services at an appropriate level, all within the guidelines and mandates of federal, state and local government officials. As of the date of this report, the University has not concluded the aggregate impact of the virus and will adjust operations based on new data.

COASTAL CAROLINA UNIVERSITY

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 21 – COMMITMENTS

Horry County One-Cent Sales Tax: In March 2009, Horry County began charging an additional one-cent sales tax on many taxable goods and services to fund facilities for education. The one-cent sales tax provides funding for Horry County Schools, Coastal Carolina University and Horry Georgetown Technical College, and will continue until February 29, 2024. For the fiscal year ended June 30, 2020, Coastal Carolina University received approximately \$10.8 million in revenue from this tax. Since the inception of the one-cent sales tax, the University has received more than \$104 million in revenue. The University has used this revenue to fund construction and purchase several buildings throughout campus. The Library Learning Complex, which is currently in process at fiscal year end June 30, 2020, is partially funded by the one-cent sales tax.

Open Constructions and Renovation Contracts: As of June 30, 2020, the University had 27 open contracts for construction and on-going renovations projects, which totaled \$2.9 million. Of this total, \$521 thousand remained unspent at fiscal year ended 2020. The largest contracts are connected to the yearly painting and recoating of the HTC Center flooring which totaled \$248 thousand, approximately 48% of the total outstanding contracts. The remaining open contracts relate to various services rendered for construction, architectural work, engineering, testing, interior refurbishments, such as flooring, wiring, and painting and HVAC system control.

Subsequent Events: The University evaluated subsequent events through September 30, 2020, the date the financial statements were issued, and concluded that no events have occurred that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

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COASTAL CAROLINA UNIVERSITY
Required Supplemental Information
For the Year Ended June 30, 2020

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)

Schedule of the University's Proportionate Share of the Net Pension Liability

Year	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll During the Measurement Period	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.742019%	\$169,433,774	\$50,045,187	338.56%	54.40%
2019	0.722064%	161,791,535	48,390,581	334.35%	54.10%
2018	0.690523%	155,447,832	47,081,045	330.17%	53.34%
2017	0.660394%	141,059,184	43,897,115	321.34%	52.91%
2016	0.622015%	117,968,144	40,118,128	294.05%	57.00%
2015	0.592708%	102,044,668	37,461,349	272.40%	59.90%

Schedule of Employer Contributions

Year	Statutorily Required Contribution	Contributions Recognized by the Plan	Contributions Excess (Deficiency)	University's Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$11,774,975	\$11,774,975	\$-	\$50,894,509	23.14%
2019	10,589,397	10,589,397	-	50,045,187	21.16%
2018	9,324,989	9,324,989	-	48,390,581	19.27%
2017	8,054,020	8,054,020	-	47,081,045	17.11%
2016	7,072,907	7,072,907	-	43,897,115	16.11%
2015	6,357,033	6,357,033	-	40,118,128	15.85%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

COASTAL CAROLINA UNIVERSITY
Required Supplemental Information
For the Year Ended June 30, 2020

POLICE OFFICERS RETIREMENT SYSTEM (PORS)

Schedule of the University's Proportionate Share of the Net Pension Liability

Year	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll During the Measurement Period	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.168625%	4,832,684	\$2,457,655	196.64%	62.70%
2019	0.180881%	5,125,340	2,503,668	204.71%	61.73%
2018	0.186150%	5,099,610	2,506,274	203.47%	60.94%
2017	0.170340%	4,320,682	2,168,437	199.25%	60.44%
2016	0.176170%	3,839,553	2,126,787	180.53%	64.60%
2015	0.155274%	2,972,608	1,852,946	160.43%	67.50%

Schedule of Employer Contributions

Year	Statutorily Required Contribution	Contributions Recognized by the Plan	Contributions Excess (Deficiency)	University's Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$436,151	\$436,151	\$-	\$2,502,413	17.43%
2019	399,334	399,334	-	2,457,655	16.25%
2018	384,268	384,268	-	2,503,668	15.35%
2017	356,968	356,968	-	2,506,274	14.24%
2016	298,383	298,383	-	2,168,437	13.76%
2015	292,668	292,668	-	2,126,787	13.76%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

COASTAL CAROLINA UNIVERSITY
Required Supplemental Information
For the Year Ended June 30, 2020

SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND (SCRHITF)

Schedule of the University's Proportionate Share of the Net OPEB Liability

Year	Proportion of the Net OBEP Liability (Asset)	Proportionate of the Net OBEP Liability (Asset)	Covered Payroll During the Measurement Period	Net OBEP Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OBEP Liability
2020	1.093945%	\$165,421,162	\$95,674,606	172.90%	8.44%
2019	1.075099%	152,347,817	92,695,778	164.35%	7.91%
2018	1.062580%	143,924,721	89,603,115	160.62%	7.60%

Schedule of Employer Contributions

Year	Statutorily Required Contribution	Contributions Recognized by the Plan	Contributions Excess (Deficiency)	University's Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$6,104,883	\$6,104,883	\$-	\$97,652,771	6.25%
2019	5,788,314	5,788,314	-	95,674,606	6.05%
2018	5,099,242	5,099,242	-	92,695,778	5.50%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

SOUTH CAROLINA LONG-TERM DISABILITY INSURANCE TRUST FUND (SCLTDITF)

Schedule of the University's Proportionate Share of the Net OPEB Liability

<u>Year</u>	<u>Proportion of the Net OPEB Liability (Asset)</u>	<u>Proportionate of the Net OPEB Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
2020	0.747173%	\$14,706	95.17%
2019	0.731892%	22,405	92.20%
2018	0.725488%	13,153	95.29%

Schedule of Employer Contributions

<u>Year</u>	<u>Statutorily Required Contribution</u>	<u>Contributions Recognized by the Plan</u>	<u>Contributions Excess (Deficiency)</u>
2020	\$55,223	\$55,223	\$-
2019	55,062	55,062	-
2018	53,294	53,294	-

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

STATISTICAL SECTION



Eldred E. Prince Building at Coastal Carolina University

This part of the University's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the University's overall financial health. Unless otherwise noted, the information in this section is derived from the comprehensive annual financial report of the relevant year.

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FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the University's financial performance and well-being has changed over time.

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Schedule 1
Coastal Carolina University
Net Position by Component
Fiscal Years 2011 – 2020

For the year ended June 30

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net Financial Position										
Net Investment in Capital Assets	\$ 263,570,933	\$ 234,030,705	\$ 232,727,461	\$ 229,608,138	\$ 210,872,540	\$ 193,226,321	\$ 154,687,499	\$ 130,228,337	\$ 113,986,078	\$ 92,076,002
Restricted - Nonexpendable	156,821	156,821	156,608	154,802	105,128	100,000	100,000	100,000	100,000	100,000
Restricted - Expendable	48,290,950	56,512,131	39,875,079	29,010,490	36,098,025	43,397,489	48,326,727	36,729,803	33,396,565	32,445,453
Unrestricted	<u>(275,833,767)</u>	<u>(253,012,860)</u>	<u>(238,484,701)</u>	<u>(75,401,191)</u>	<u>(68,490,862)</u>	<u>(74,743,043)</u>	<u>40,955,904</u>	<u>58,739,507</u>	<u>50,609,312</u>	<u>43,673,313</u>
Total Net Position	<u>\$ 36,184,937</u>	<u>\$ 37,686,797</u>	<u>\$ 34,274,447</u>	<u>\$ 183,372,239</u>	<u>\$ 178,584,831</u>	<u>\$ 161,980,767</u>	<u>\$ 244,070,130</u>	<u>\$ 225,797,647</u>	<u>\$ 198,091,955</u>	<u>\$ 168,294,768</u>

Source: Coastal Carolina University Annual Financial Reports

Schedule 2 Coastal Carolina University Major Revenue Sources Fiscal Years 2011 – 2020

For the year ended June 30

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Tuition, net of allowance	\$ 137,826,176	\$ 135,614,138	\$ 135,821,794	\$ 133,229,383	\$ 128,382,842	\$ 117,216,607	\$ 104,646,848	\$ 100,845,686	\$ 98,590,156	\$ 88,379,677
State grants to students	14,017,834	13,360,947	13,021,528	12,607,539	11,233,292	11,042,191	10,394,517	10,309,617	9,821,512	9,931,985
Federal grants to students	3,547,136	2,598,791	2,018,280	2,270,650	2,493,903	2,205,506	2,237,119	2,510,626	2,565,409	3,770,094
Other operating grants	2,621,483	3,785,022	3,560,257	3,564,825	2,486,261	2,462,641	2,337,375	2,468,832	2,281,414	2,070,136
Sales and services of educ activities	5,355,025	7,502,229	7,421,906	5,662,884	5,627,219	5,315,361	4,914,266	4,786,480	4,647,195	3,033,764
Auxiliary enterprises, net of allowance	21,272,738	27,473,380	28,787,596	27,928,522	25,543,690	21,996,660	20,135,805	18,124,286	8,777,833	8,105,193
Other fees	1,535,403	1,569,680	1,669,194	2,641,853	2,812,828	2,891,160	2,670,049	2,508,994	2,082,887	1,677,210
Total operating revenue	186,175,795	191,904,187	192,300,555	187,905,656	178,580,035	163,130,126	147,335,979	141,554,521	128,766,406	116,968,059
State appropriations	17,965,623	15,305,083	13,301,750	12,897,108	12,211,610	10,851,710	10,264,739	11,140,551	8,920,787	9,856,086
Local appropriations	371,557	332,144	380,413	404,759	407,773	393,324	376,875	294,580	313,125	238,313
Gifts, Grants, and Contracts	30,296,825	21,827,338	21,995,269	18,078,774	18,593,631	18,213,105	17,416,576	16,551,864	17,202,173	18,247,517
Investment income	2,630,058	3,587,958	622,869	987,691	610,471	414,206	1,338,907	1,472,071	713,372	3,464,715
Total non-operating revenue	51,264,063	41,052,523	36,300,301	32,368,332	31,823,485	29,872,345	29,397,097	29,459,066	27,149,457	31,806,631
Total non-capital revenue	\$ 237,439,858	\$ 232,956,710	\$ 228,600,856	\$ 220,273,988	\$ 210,403,520	\$ 193,002,471	\$ 176,733,076	\$ 171,013,587	\$ 155,915,863	\$ 148,774,690
Tuition, net of allowance	58.0%	58.2%	59.4%	60.5%	61.0%	60.7%	59.2%	59.0%	63.2%	59.4%
State grants to students	5.9%	5.7%	5.7%	5.7%	5.3%	5.7%	5.9%	6.0%	6.3%	6.7%
Federal grants to students	1.5%	1.1%	0.9%	1.0%	1.2%	1.1%	1.3%	1.5%	1.6%	2.5%
Other operating grants	1.1%	1.6%	1.6%	1.6%	1.2%	1.3%	1.3%	1.4%	1.5%	1.4%
Sales and services of educ activities	2.3%	3.2%	3.2%	2.6%	2.7%	2.8%	2.8%	2.8%	3.0%	2.0%
Auxiliary enterprises, net of allowance	9.0%	11.8%	12.6%	12.7%	12.1%	11.4%	11.4%	10.6%	5.6%	5.4%
Other fees	0.6%	0.7%	0.7%	1.2%	1.3%	1.5%	1.5%	1.5%	1.3%	1.1%
Total operating revenue	78.4%	82.4%	84.1%	85.3%	84.9%	84.5%	83.4%	82.8%	82.6%	78.6%
State appropriations	7.6%	6.6%	5.8%	5.9%	5.8%	5.6%	5.8%	6.5%	5.7%	6.6%
Local appropriations	0.2%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Gifts	12.8%	9.4%	9.6%	8.2%	8.8%	9.4%	9.9%	9.7%	11.0%	12.3%
Investment income	1.1%	1.5%	0.3%	0.4%	0.3%	0.2%	0.8%	0.9%	0.5%	2.3%
Total non-operating revenue	21.6%	17.6%	15.9%	14.7%	15.1%	15.5%	17.2%	17.2%	17.4%	21.3%
Total non-capital revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.6%	100.0%	100.0%	100.0%

Source: Coastal Carolina University Annual Financial Reports

Schedule 3
Coastal Carolina University
Expenses by Function
Fiscal Years 2011 – 2020

For the year ended June 30

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Instruction	\$ 87,242,075	\$ 85,483,481	\$ 85,686,351	\$ 78,671,337	\$ 72,656,605	\$ 63,711,233	\$ 58,415,046	\$ 54,399,415	\$ 51,251,285	\$ 47,126,842
Research	1,542,809	1,834,631	1,146,817	892,293	1,977,867	1,810,122	2,211,588	2,435,676	2,311,453	1,969,431
Public Service	2,314,922	2,290,501	1,758,758	1,780,693	1,456,450	1,380,007	1,366,901	1,232,711	1,314,729	1,401,435
Academic Support	15,448,199	14,820,963	13,559,584	12,335,623	11,239,341	10,743,962	9,601,338	9,237,715	8,406,129	7,692,319
Student Services	37,901,884	37,367,184	36,842,037	35,991,083	29,608,665	26,624,936	25,572,728	23,368,935	21,896,903	19,090,602
Institutional Support	20,669,640	20,210,167	18,693,519	16,553,757	16,241,157	15,718,295	13,675,847	13,362,086	13,516,038	11,639,916
Plant Operation	28,766,482	29,536,223	29,290,511	28,192,082	25,408,965	25,412,161	23,945,222	21,619,557	19,096,049	17,518,943
Scholarships	19,273,470	11,058,668	11,955,588	11,500,733	11,320,124	12,531,727	11,866,581	11,188,558	10,201,727	10,521,521
Auxiliary Enterprises	17,503,781	17,676,795	16,226,552	13,853,774	12,936,339	11,397,453	9,996,530	10,827,604	4,786,652	4,824,147
Depreciation	18,753,658	18,017,245	17,842,630	17,379,154	15,184,395	13,614,618	13,355,479	11,798,910	4,538,853	5,235,188
Total operating expenses	249,416,920	238,295,858	233,002,347	217,150,529	198,029,908	182,944,514	170,007,260	159,471,167	137,319,818	127,020,344
Interest and bond issuance costs	7,175,602	8,239,236	8,603,879	9,017,676	5,643,957	7,286,798	6,587,313	6,506,236	1,646,247	1,770,271
Other non-operating expenses	-	-	98,080	7,842	86,743	16,326	424,468	48,469	19,974	67,094
Total non-operating expenses	7,175,602	8,239,236	8,701,959	9,025,518	5,730,700	7,303,124	7,011,781	6,554,705	1,666,221	1,837,365
Total expenses	\$ 256,592,522	\$ 246,535,094	\$ 241,704,306	\$ 226,176,047	\$ 203,760,608	\$ 190,247,638	\$ 177,019,041	\$ 166,025,872	\$ 138,986,039	\$ 128,857,709
Instruction	34.0%	34.7%	35.5%	34.8%	35.7%	33.5%	33.0%	32.8%	36.9%	36.6%
Research	0.6%	0.7%	0.5%	0.4%	1.0%	1.0%	1.2%	1.5%	1.7%	1.5%
Public Service	0.9%	0.9%	0.7%	0.8%	0.7%	0.7%	0.8%	0.7%	0.9%	1.1%
Academic Support	6.0%	6.0%	5.6%	5.4%	5.5%	5.6%	5.4%	5.6%	6.0%	6.0%
Student Services	14.8%	15.2%	15.2%	15.9%	14.5%	14.0%	14.4%	14.1%	15.8%	14.8%
Institutional Support	8.1%	8.2%	7.7%	7.3%	8.0%	8.3%	7.7%	8.0%	9.7%	9.0%
Plant Operation	11.2%	12.0%	12.1%	12.5%	12.5%	13.4%	13.5%	13.0%	13.7%	13.6%
Scholarships	7.5%	4.5%	5.0%	5.1%	5.6%	6.6%	6.7%	6.7%	7.3%	8.2%
Auxiliary Enterprises	6.8%	7.2%	6.7%	6.1%	6.3%	6.0%	5.6%	6.5%	3.4%	3.7%
Depreciation	7.3%	7.3%	7.4%	7.7%	7.5%	7.2%	7.5%	7.1%	3.3%	4.1%
Total operating expenses	97.2%	96.7%	96.4%	96.0%	97.2%	96.2%	96.0%	96.1%	98.8%	98.6%
Interest and bond issuance costs	2.8%	3.3%	3.6%	4.0%	2.8%	3.8%	3.7%	3.9%	1.2%	1.4%
Other non-operating expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.1%
Total non-operating expenses	2.8%	3.3%	3.6%	4.0%	2.8%	3.8%	4.0%	3.9%	1.2%	1.4%
Total expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Schedule 4
Coastal Carolina University
Expenses by Use
Fiscal Years 2011 – 2020

For the year ended June 30

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Personnel costs and benefits	\$ 164,806,883	\$ 156,482,206	\$ 151,607,372	\$ 137,654,967	\$ 125,408,050	\$ 113,684,278	\$ 104,710,936	\$ 97,691,335	\$ 89,827,887	\$ 81,420,498
Services and supplies	39,452,720	45,025,345	43,394,573	42,885,990	39,235,872	38,346,205	35,237,806	34,077,957	28,821,931	26,221,253
Utilities	8,094,674	8,563,298	8,958,781	8,463,833	7,552,309	7,024,154	6,843,404	6,582,470	4,359,122	4,019,195
Scholarships	18,308,985	10,207,764	11,198,991	10,766,585	10,649,282	10,275,259	9,859,635	9,320,495	9,772,025	10,124,210
Depreciation	18,753,658	18,017,245	17,842,630	17,379,154	15,184,395	13,614,618	13,355,479	11,798,910	4,538,853	5,235,188
Total operating expenses	<u>249,416,920</u>	<u>238,295,858</u>	<u>233,002,347</u>	<u>217,150,529</u>	<u>198,029,908</u>	<u>182,944,514</u>	<u>170,007,260</u>	<u>159,471,167</u>	<u>137,319,818</u>	<u>127,020,344</u>
Interest & bond issuance cost	7,175,602	8,239,236	8,603,879	9,017,676	5,643,957	7,286,798	6,587,313	6,506,236	1,646,247	1,770,271
Other non-operating expenses	-	-	98,080	7,842	86,743	16,326	424,468	48,469	19,974	67,094
Total non-operating expenses	<u>7,175,602</u>	<u>8,239,236</u>	<u>8,701,959</u>	<u>9,025,518</u>	<u>5,730,700</u>	<u>7,303,124</u>	<u>7,011,781</u>	<u>6,554,705</u>	<u>1,666,221</u>	<u>1,837,365</u>
Total expenses	<u>\$ 256,592,522</u>	<u>\$ 246,535,094</u>	<u>\$ 241,704,306</u>	<u>\$ 226,176,047</u>	<u>\$ 203,760,608</u>	<u>\$ 190,247,638</u>	<u>\$ 177,019,041</u>	<u>\$ 166,025,872</u>	<u>\$ 138,986,039</u>	<u>\$ 128,857,709</u>
Personnel costs and benefits	64.2%	63.5%	62.7%	60.9%	61.5%	59.8%	59.2%	58.8%	64.6%	63.2%
Services and supplies	15.4%	18.3%	18.0%	19.0%	19.3%	20.2%	19.9%	20.5%	20.7%	20.3%
Utilities	3.2%	3.5%	3.7%	3.7%	3.7%	3.7%	3.9%	4.0%	3.1%	3.1%
Scholarships	7.1%	4.1%	4.6%	4.7%	5.2%	5.4%	5.6%	5.6%	7.0%	7.9%
Depreciation	7.3%	7.3%	7.4%	7.7%	7.5%	7.2%	7.5%	7.1%	3.3%	4.1%
Total operating expenses	<u>97.2%</u>	<u>96.7%</u>	<u>96.4%</u>	<u>96.0%</u>	<u>97.2%</u>	<u>96.2%</u>	<u>96.0%</u>	<u>96.1%</u>	<u>98.8%</u>	<u>98.6%</u>
Interest & bond issuance cost	2.8%	3.3%	3.6%	4.0%	2.8%	3.8%	3.7%	3.9%	1.2%	1.4%
Other non-operating expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.1%
Total non-operating expenses	<u>2.8%</u>	<u>3.3%</u>	<u>3.6%</u>	<u>4.0%</u>	<u>2.8%</u>	<u>3.8%</u>	<u>4.0%</u>	<u>3.9%</u>	<u>1.2%</u>	<u>1.4%</u>
Total expenses	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Schedule 5
Coastal Carolina University
Other Changes in Net Position
Fiscal Years 2011 – 2020

	For the year ended June 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Income before other changes in net assets	\$ (19,152,664)	\$ (13,578,384)	\$ (13,103,450)	\$ (5,902,059)	\$ 6,642,912	\$ 2,754,833	\$ (285,965)	\$ 4,987,715	\$ 16,929,824	\$ 19,916,981
Capital appropriations	16,432,689	13,878,025	10,441,312	10,340,951	9,703,620	12,602,044	9,989,149	8,822,085	7,660,595	6,884,907
Capital grants and gifts	1,218,115	3,112,709	2,038,739	348,516	257,532	6,139,548	10,299,984	13,895,892	5,206,768	2,669,599
Total change in net position	\$ (1,501,860)	\$ 3,412,350	\$ (623,399)	\$ 4,787,408	\$ 16,604,064	\$ 21,496,425	\$ 20,003,168	\$ 27,705,692	\$ 29,797,187	\$ 29,471,487

Source: Coastal Carolina University Annual Financial Reports

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REVENUE CAPACITY

These schedules and charts contain information to help the reader assess the factors affecting the University's ability to generate its operating revenue.

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Schedule 6
Coastal Carolina University
Applications, Enrollment and Degrees Awarded
Academic Years 2010-11 through 2019-20

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
ADMISSIONS - FRESHMEN										
Applications	15,061	14,057	18,563	17,768	17,252	14,799	14,050	10,993	10,502	9,639
Applications accepted	10,373	9,777	11,359	10,871	10,291	9,412	9,014	8,139	7,836	7,170
Accepted as a percentage of applications	69%	70%	61%	61%	60%	64%	64%	74%	75%	74%
Students enrolled	2,304	2,329	2,390	2,249	2,368	2,375	2,095	2,206	2,137	2,006
Students enrolled as a percentage of accepted	22%	24%	21%	21%	23%	25%	23%	27%	27%	28%
Average SAT score	1098	1102	1098	1018	1005	1001	1000	1000	1013	1008
ENROLLMENT										
Headcount enrollment										
Undergraduate	9,760	9,917	9,898	9,747	9,615	9,364	8,867	8,746	8,517	8,203
Graduate	724	724	765	732	648	612	611	589	567	503
Full time equivalent enrollment										
Undergraduate	9,531	9,567	9,721	9,535	9,435	9,105	8,564	8,568	8,455	8,073
Graduate	382	383	392	399	342	316	306	291	265	229
Residency for Fee Payment Purposes*										
Undergraduate, State Residents	7,129	7,182	7,215	7,132	6,929	6,889	6,514	6,327	6,013	5,796
Undergraduate, Out of State Residents	2,631	2,735	2,683	2,615	2,686	2,475	2,353	2,419	2,504	2,407
Headcount Total by Fee Payment Purposes	<u>9,760</u>	<u>9,917</u>	<u>9,898</u>	<u>9,747</u>	<u>9,615</u>	<u>9,364</u>	<u>8,867</u>	<u>8,746</u>	<u>8,517</u>	<u>8,203</u>
Percent of Undergraduates paying as Residents	73%	72%	73%	73%	72%	74%	73%	72%	71%	71%
Percent of Undergraduates paying as Non-residents	27%	28%	27%	27%	28%	26%	27%	28%	29%	29%
Required Tuition and Fees**										
Undergraduate, In State, Full Time	\$ 11,640	\$ 11,536	\$ 11,200	\$ 10,876	\$ 10,530	\$ 10,140	\$ 9,760	\$ 9,760	\$ 9,760	\$ 9,390
Undergraduate, Out of State, Full Time	\$ 27,394	\$ 26,648	\$ 25,872	\$ 25,120	\$ 24,320	\$ 23,480	\$ 22,770	\$ 22,050	\$ 21,560	\$ 20,270
Non-resident: Resident Fee Ratio	2.35	2.31	2.31	2.31	2.31	2.32	2.33	2.26	2.21	2.16
DEGREES AWARDED										
Bachelor's	1,892	1,809	1,821	1,581	1,648	1,553	1,510	1,399	1,379	1,289
Master's	319	334	274	272	254	232	199	181	120	92

Notes: * Scholarship recipients who are non-residents may receive a partial or full waiver of the out-of-state fee differential.

** Does not include room and board.

Source: Coastal Carolina University Fact Book

Schedule 7
Coastal Carolina University
Undergraduate Annual Required Tuition and Fees
at South Carolina Public Four-Year Institutions
Academic Years 2010-11 through 2019-20

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>Ten Year Change</u>
The Citadel	\$ 13,140	\$ 13,036	\$ 12,626	\$ 12,229	\$ 11,364	\$ 11,098	\$ 10,838	\$ 10,523	\$ 10,216	\$ 9,871	33.1%
Clemson University	15,120	14,970	14,712	14,318	13,882	13,446	13,054	12,674	12,304	11,854	27.6%
Coastal Carolina University	11,640	11,536	11,200	10,876	10,530	10,140	9,760	9,760	9,760	9,390	24.0%
College of Charleston	12,518	12,418	11,998	11,386	10,900	10,558	10,230	9,918	9,616	9,616	30.2%
Francis Marion University	11,160	11,160	10,842	10,453	10,100	9,738	9,386	9,066	8,802	8,480	31.6%
Lander University	11,700	11,700	11,700	11,200	10,752	10,418	10,100	9,792	9,504	9,144	28.0%
South Carolina State University	11,060	11,060	10,740	10,420	10,088	10,088	9,776	9,258	9,258	8,898	24.3%
University of South Carolina											
Columbia	12,688	12,616	12,262	11,856	11,482	11,158	10,816	10,488	10,168	9,786	29.7%
Aiken	10,710	10,710	10,502	10,196	9,878	9,552	9,258	8,974	8,700	8,374	27.9%
Beaufort	10,680	10,680	10,472	10,166	9,848	9,354	8,922	8,508	8,108	7,756	37.7%
Upstate	11,488	11,488	11,520	11,190	10,718	10,348	10,028	9,722	9,426	9,072	26.6%
Winthrop University	15,306	15,230	14,870	14,510	14,156	13,812	13,430	13,026	12,656	12,176	25.7%
Average Rate	\$ 12,268	\$ 12,217	\$ 11,954	\$ 11,567	\$ 11,142	\$ 10,809	\$ 10,467	\$ 10,142	\$ 9,877	\$ 9,535	28.7%

Note: Coastal Carolina University's 2017-18 tuition reflects a \$100 tuition credit per semester

Source: CHE Tuition & Required Fees for Academic Year 2019-20

Schedule 8
Coastal Carolina University
Schedule of Residence Hall Data
Fiscal Years 2011-2020

For the year ended June 30

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Applications Received	5,374	5,904	5,625	5,136	4,657	5,357	4,084	4,179	1,510	1,436
Waiting List	-	-	-	-	-	-	-	-	-	-
Design Capacity of Beds	4,636	4,636	4,636	4,620	3,966	3,290	3,289	3,289	1,210	1,210
Opening Occupancy	4,383	4,399	4,458	4,406	4,109	3,715	3,551	3,514	1,283	1,257
Percent Occupancy	95%	95%	96%	95%	104%	113%	108%	107%	106%	104%
Residence Hall & Meal Fees**	\$9,290	\$9,190	\$9,140	\$8,890	\$8,690	\$8,440	\$7,860	\$7,700	\$7,700	\$7,350

Notes: ** Housing rates have remained constant since FY2015. Increases are related to new meal plan options.

Source: Coastal Carolina University Fact Book
 Coastal Carolina University Housing Department

Schedule 9
Coastal Carolina University
Total Financial Aid Received
By University Students
Academic Years 2010-2011 through 2019-2020

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
Federal Financial Aid										
Pell Grant	\$15,802,920	\$16,240,845	\$16,397,835	\$15,216,412	\$15,420,633	\$15,431,085	\$14,811,193	\$14,273,553	\$14,097,750	\$13,481,078
ACG/SMART	-	-	-	-	-	-	-	-	-	1,036,716
Supplemental Grants	624,927	624,615	480,320	359,215	395,901	392,742	378,696	328,924	453,569	402,760
College Work Study	554,559	573,648	450,023	340,684	442,089	453,598	308,173	317,680	323,962	296,624
Perkins Loans	N/A	N/A	122,663	100,086	141,724	169,632	215,651	141,627	142,074	79,000
Bank Loans	74,155,908	79,220,007	83,213,894	83,306,473	79,415,602	73,509,521	65,919,891	64,626,729	65,767,852	56,693,532
VA Benefits	-	-	-	-	-	-	-	-	-	-
TOTAL FEDERAL AID	<u>\$91,138,314</u>	<u>\$96,659,115</u>	<u>\$100,664,735</u>	<u>\$99,322,870</u>	<u>\$95,815,949</u>	<u>\$89,956,578</u>	<u>\$81,633,604</u>	<u>\$79,688,513</u>	<u>\$80,785,207</u>	<u>\$71,989,710</u>
Other Aid										
Scholarships – Foundation and Internal Committee	\$7,306,305	\$6,369,009	\$5,530,191	\$3,694,228	\$3,357,769	\$3,145,468	\$2,647,264	\$2,375,733	\$2,133,295	\$1,898,596
Athletics Scholarships/Waivers	7,817,961	7,897,181	7,473,164	7,899,404	7,249,729	6,810,136	6,837,182	6,140,495	6,143,044	5,709,290
Other Scholarships	40,237,553	37,480,803	34,970,034	32,007,524	29,553,467	27,605,652	23,933,261	21,336,056	19,451,248	18,740,011
Institutional Employment	2,949,121	2,715,736	2,715,711	2,634,719	2,824,782	2,766,609	3,278,360	2,600,562	2,462,849	2,337,838
Institutional Work Study	-	-	-	-	-	-	-	-	-	29,799
Private Loans	29,483,933	29,353,132	28,481,736	25,733,114	23,990,701	21,688,227	19,783,278	17,545,235	16,224,751	13,383,634
TOTAL OTHER AID	<u>\$87,794,872</u>	<u>\$83,815,861</u>	<u>\$79,170,836</u>	<u>\$71,968,989</u>	<u>\$66,976,448</u>	<u>\$62,016,092</u>	<u>\$56,479,345</u>	<u>\$49,998,081</u>	<u>\$46,415,187</u>	<u>\$42,099,168</u>
TOTAL FINANCIAL AID	<u><u>\$178,933,186</u></u>	<u><u>\$180,474,976</u></u>	<u><u>\$179,835,571</u></u>	<u><u>\$171,291,859</u></u>	<u><u>\$162,792,397</u></u>	<u><u>\$151,972,670</u></u>	<u><u>\$138,112,949</u></u>	<u><u>\$129,686,594</u></u>	<u><u>\$127,200,394</u></u>	<u><u>\$114,088,878</u></u>
Unduplicated Count of Students Receiving Aid	9,667	9,963	9,958	9,637	9,484	9,160	8,573	8,421	8,323	7,723

Source: Coastal Carolina University Fact Book

Schedule 10
Coastal Carolina University
Annual Appropriations per In-state Student by Geographic Origin
S. C. Comprehensive Teaching Institutions
Academic Years 2009-2010 through 2018-2019

	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
The Citadel	\$4,576	\$4,420	\$4,408	\$4,158	\$4,146	\$3,968	\$4,227	\$4,375	\$4,911	\$5,671
Coastal Carolina Univ.	2,570	2,361	2,269	2,041	1,866	1,771	1,775	1,761	1,976	2,648
College of Charleston	4,020	3,686	3,457	3,053	2,930	2,779	2,650	2,501	2,578	3,122
Francis Marion Univ.	4,395	4,358	4,092	3,616	3,441	3,097	2,917	2,584	2,789	3,552
Lander University	3,033	3,053	3,048	2,802	2,560	2,356	2,180	2,046	2,141	2,892
SC State University	5,570	5,517	5,592	5,088	4,714	4,303	3,847	3,268	3,342	4,328
USC-Aiken	2,829	2,707	2,669	2,474	2,321	2,262	2,206	2,056	2,149	2,665
USC-Beaufort	2,344	2,141	2,164	1,839	1,883	1,819	965	917	1,044	1,394
USC-Upstate	2,164	2,027	2,037	1,815	1,822	1,780	1,560	1,514	1,568	2,008
Winthrop	3,439	3,088	2,988	2,779	2,769	2,612	2,528	2,547	2,610	3,101
Average	\$3,410	\$3,223	\$3,141	\$2,846	\$2,751	\$2,601	\$2,450	\$2,327	\$2,457	\$3,103

Source: South Carolina Executive Budget Office
South Carolina Commission of Higher Education

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DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the University's current levels of outstanding debt and the University's ability to issue debt in the future.

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Schedule 11
Coastal Carolina University
Ratios of Outstanding Debt
Fiscal Years 2011-2020

For the year ended June 30

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General obligation bonds	\$ 7,305,000	\$ 42,365,000	\$ 45,595,000	\$ 48,710,000	\$ 51,690,000	\$ 56,675,000	\$ 59,665,000	\$ 62,585,000	\$ 65,440,000	\$ 68,235,000
Revenue bonds	<u>184,233,590</u>	<u>190,576,970</u>	<u>196,677,786</u>	<u>202,886,591</u>	<u>187,808,000</u>	<u>192,361,000</u>	<u>106,707,000</u>	<u>72,551,000</u>	<u>19,122,000</u>	<u>20,200,000</u>
Subtotal bonds payable	191,538,590	232,941,970	242,272,786	251,596,591	239,498,000	249,036,000	166,372,000	135,136,000	84,562,000	88,435,000
Unamortized bond premiums	<u>5,164,114</u>	<u>5,877,731</u>	<u>6,547,977</u>	<u>7,255,421</u>	<u>7,112,680</u>	<u>5,160,821</u>	<u>2,301,283</u>	<u>1,672,097</u>	<u>281,987</u>	<u>326,754</u>
Total bonds payable	196,702,704	238,819,701	248,820,763	258,852,012	246,610,680	254,196,821	168,673,283	136,808,097	84,843,987	88,761,754
Capital lease obligations	<u>271,836</u>	<u>69,927</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>144,894,319</u>	<u>148,208,521</u>	<u>-</u>	<u>-</u>
Total outstanding university debt	<u>\$ 196,974,540</u>	<u>\$ 238,889,628</u>	<u>\$ 248,820,763</u>	<u>\$ 258,852,012</u>	<u>\$ 246,610,680</u>	<u>\$ 254,196,821</u>	<u>\$ 313,567,602</u>	<u>\$ 285,016,618</u>	<u>\$ 84,843,987</u>	<u>\$ 88,761,754</u>
Fall full-time equivalent										
Undergraduate and graduate students	9,913	9,950	10,112	9,934	9,777	9,421	8,870	8,859	8,720	8,302
Total outstanding university debt										
Per Fall full-time equivalent student	\$ 19,870	\$ 24,009	\$ 24,606	\$ 26,057	\$ 25,224	\$ 26,982	\$ 35,351	\$ 32,173	\$ 9,730	\$ 10,692

Source: Coastal Carolina University Fact Book

Schedule 12
Coastal Carolina University
Debt Service Coverage on Revenue Bonds
Fiscal Years 2011-2020

For the year ended June 30

REVENUE BONDS	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues	\$ 216,925,519	\$ 210,854,012	\$ 206,468,687	\$ 200,589,664	\$ 190,622,706	\$ 174,937,930	\$ 159,198,369	\$ 152,009,017	\$ 138,853,361	\$ 131,251,959
Expenses	<u>195,030,055</u>	<u>190,998,587</u>	<u>186,282,036</u>	<u>179,200,165</u>	<u>167,713,680</u>	<u>157,721,637</u>	<u>146,387,042</u>	<u>136,531,706</u>	<u>123,860,178</u>	<u>111,929,070</u>
Net Revenues Available for Debt Service	<u>\$ 21,895,464</u>	<u>\$ 19,855,425</u>	<u>\$ 20,186,651</u>	<u>\$ 21,389,499</u>	<u>\$ 22,909,026</u>	<u>\$ 17,216,293</u>	<u>\$ 12,811,327</u>	<u>\$ 15,477,311</u>	<u>\$ 14,993,183</u>	<u>\$ 19,322,889</u>
Debt Service Req, Revenue Bonds	\$ 13,119,434	\$ 13,120,713	\$ 13,486,166	\$ 13,013,796	\$ 9,364,953	\$ 3,057,986	\$ 1,936,417	\$ 1,932,683	\$ 2,050,518	\$ 2,046,069
Coverage	1.67	1.51	1.50	1.64	2.45	5.63	6.62	8.01	7.31	9.44

Notes: Above revenues, expenses, and net revenues available for debt service have been determined in accordance with the requirements of the applicable bonds. The State of SC allocates a portion of its unfunded pension costs to Coastal Carolina University per GASB 68 effective fiscal year 2015, and unfunded post employment benefits per GASB 74 effective fiscal year 2018. Like depreciation, this allocation does not constitute a cash outflow and is excluded from expenses in the calculation of debt service coverage.

Source: Coastal Carolina University Annual Financial Reports

Schedule 13
Coastal Carolina University
Debt Service Coverage on General Obligation Bonds
Fiscal Years 2011-2020

For the year ended June 30

GENERAL OBLIGATION BONDS	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Tuition Pledged for Debt Service	\$ 1,420,000	\$ 5,647,811	\$ 6,642,535	\$ 6,787,216	\$ 7,408,400	\$ 7,103,562	\$ 7,149,984	\$ 7,744,604	\$ 7,674,531	\$ 7,320,182
Debt Service, General Obligation Bonds	1,247,250	5,071,325	5,088,575	5,109,846	5,086,748	5,241,476	5,248,076	5,259,526	5,317,126	5,403,801
Coverage	1.14	1.11	1.31	1.33	1.46	1.36	1.36	1.47	1.44	1.35

Source: Coastal Carolina University Annual Financial Reports

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DEMOGRAPHIC AND ECONOMIC INFORMATION

These charts offer demographic and economic indicators to help the reader understand the environment within which the University's financial activities take place and to help make comparisons over time and with other universities.

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Schedule 14
Coastal Carolina University
South Carolina Employment by Industry
Calendar Years 2019 and 2010

Industry	2019		2010	
	Number of Employees	Percent of Total	Number of Employees	Percent of Total
Construction	107,300	4.91%	79,800	4.42%
Manufacturing	258,200	11.82%	206,600	11.43%
Trade, Transportation and Utilities	408,200	18.67%	345,900	19.14%
Information	27,100	1.24%	25,900	1.43%
Financial Activities	104,600	4.79%	92,200	5.10%
Professional and Business Services	298,400	13.66%	215,600	11.93%
Education and Health Services	258,200	11.82%	210,100	11.63%
Leisure and Hospitality	271,500	12.43%	207,500	11.48%
Other Services	79,500	3.64%	68,500	3.79%
Government	372,100	17.03%	355,200	19.65%
	2,185,100	100.00%	1,807,300	100.00%

Source: United States Department of Labor, Bureau of Labor Statistics

Schedule 15
Coastal Carolina University
Top 10 Employers in Horry County, South Carolina
Calendar Year 2019

<u>Employer</u>	<u>Number of</u> <u>Employees</u>	<u>%</u>
Horry County School District	5,540	27.2%
Wal-Mart	3,120	15.3%
Coastal Carolina University	2,724	13.4%
Horry County Government	2,225	10.9%
McLeod Seacoast	1,539	7.6%
Conway Medical Center	1,500	7.4%
Grand Strand Regional Medical Center	1,425	7.0%
Food Lion	1,197	5.9%
Horry Telephone Cooperative	694	3.4%
City of Myrtle Beach	420	2.1%

Source: Myrtle Beach Regional Economic Development

Schedule 16
Coastal Carolina University
State and Regional
Population, Income and Unemployment
History Calendar Years 2019-2010

<u>Year</u>	<u>Total Personal Income</u>	<u>Population</u>	<u>Per Capita Income</u>	<u>Annual Unemployment Rate</u>
2019	\$233,948,400,000	5,148,714	\$45,438	2.8%
2018	223,256,900,000	5,084,156	43,912	3.5%
2017	212,034,100,000	5,021,268	42,227	4.3%
2016	201,138,800,000	4,957,968	40,569	4.8%
2015	192,966,800,000	4,891,938	39,446	6.0%
2014	181,483,100,000	4,823,617	37,624	5.7%
2013	170,227,200,000	4,764,080	35,731	6.4%
2012	167,797,500,000	4,717,354	35,570	8.1%
2011	159,187,400,000	4,671,994	34,073	9.6%
2010	150,462,900,000	4,635,649	32,458	11.0%

Source: U.S. Bureau of Economic Analysis
U.S. Bureau of Labor Statistics

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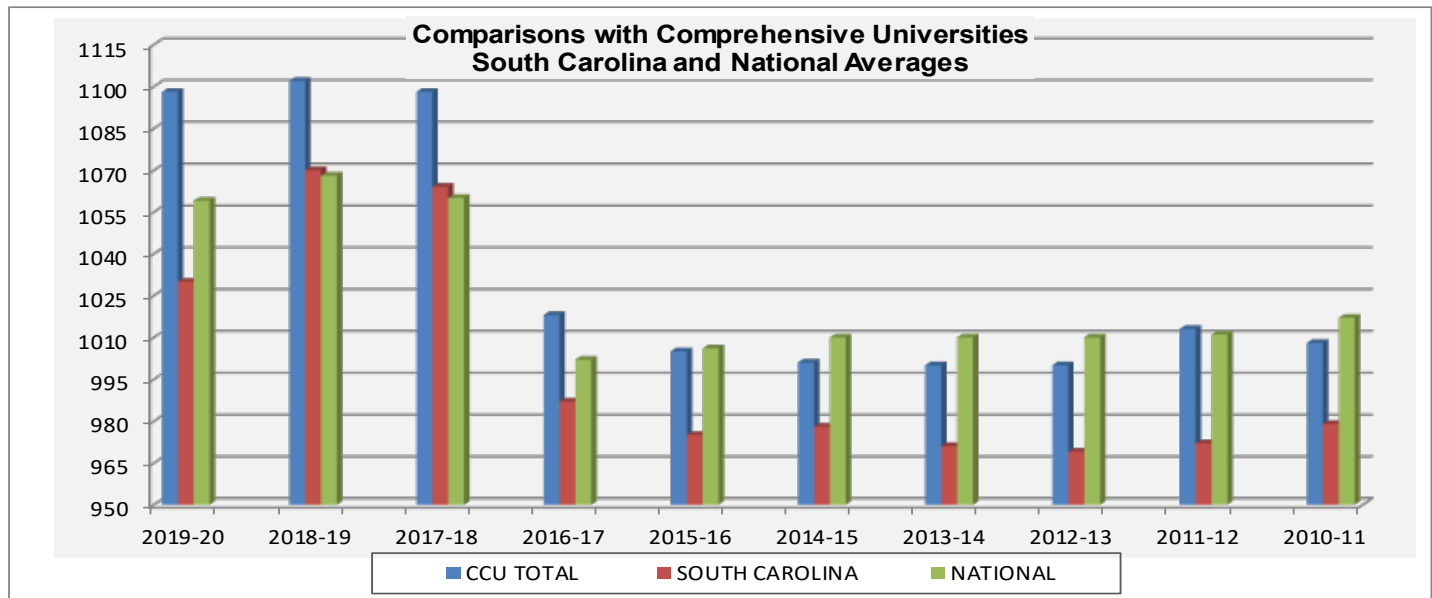
OPERATING INFORMATION

These schedules contain information about the University's operations and resources to help the reader understand how the University's information relates to the services the University provides and the activities it performs.

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Schedule 17
Coastal Carolina University
SAT Scores, New Freshmen
Academic Years 2010-2011 through 2019-2020

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
CCU TOTAL	1098	1102	1098	1018	1005	1001	1000	1000	1013	1008
SOUTH CAROLINA	1030	1070	1064	987	975	978	971	969	972	979
NATIONAL	1059	1068	1060	1002	1006	1010	1010	1010	1011	1017



Source: Coastal Carolina Office of Institutional Research (<https://www.coastal.edu/iraa/factbooks/university/>)

Schedule 18
Coastal Carolina University
Average Faculty Salaries by Rank
Academic Years 2009-2019 through 2018-2019

	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
Coastal Carolina University										
Professor	\$95,898	\$97,690	\$97,867	\$94,892	\$95,623	\$90,920	\$86,945	\$84,168	\$82,640	\$83,036
Associate Professor	\$73,440	\$74,236	\$74,539	\$71,290	\$71,574	\$69,923	\$70,405	\$70,535	\$68,877	\$68,397
Assistant Professor	\$65,816	\$65,769	\$66,511	\$61,361	\$61,083	\$59,586	\$59,999	\$58,234	\$56,232	\$57,468
Instructor	\$54,781	\$51,452	\$51,135	\$48,146	\$47,907	\$45,347	\$47,472	\$46,112	\$45,593	\$46,076
Average, all ranks	\$76,961	\$77,107	\$77,681	\$73,183	\$72,764	\$69,721	\$68,960	\$67,832	\$65,110	\$65,270
Average, percent of										
SC public universities	109.30%	108.79%	109.87%	106.17%	107.56%	107.22%	107.18%	111.40%	108.50%	108.90%
Average, percent of SREB**	126.02%	127.38%	126.70%	127.60%	123.02%	120.12%	117.25%	113.40%	113.21%	112.92%
Average, percent of national***	93.14%	91.61%	92.70%	89.39%	89.66%	88.14%	90.38%	93.06%	90.07%	91.29%
South Carolina Public Universities										
Professor	\$87,287	\$88,282	\$87,511	\$85,375	\$85,438	\$83,019	\$82,365	\$76,402	\$75,990	\$75,452
Associate Professor	\$71,888	\$71,786	\$71,215	\$69,203	\$68,348	\$66,114	\$66,027	\$62,647	\$62,428	\$62,158
Assistant Professor	\$63,242	\$63,061	\$63,293	\$61,001	\$60,322	\$57,927	\$57,559	\$54,599	\$54,100	\$54,175
Instructor	\$51,822	\$51,477	\$50,411	\$49,621	\$49,033	\$48,350	\$47,538	\$45,426	\$44,848	\$44,866
Average, all ranks	\$70,412	\$70,875	\$70,702	\$68,933	\$67,652	\$65,024	\$64,341	\$60,893	\$60,009	\$59,937
Southern (SREB**) Average	\$61,070	\$60,535	\$61,310	\$57,355	\$59,150	\$58,042	\$58,816	\$59,816	\$57,515	\$57,804
National*** (CUPA) Average	\$82,632	\$84,168	\$83,802	\$81,866	\$81,153	\$79,102	\$76,301	\$72,894	\$72,291	\$71,500

Notes: *Fall 2019 note available at time of publishing

**Southern Regional Education Board

***College and University Professional Association

Source: Coastal Carolina University Fact Book

South Carolina Commission on Higher Education

Schedule 19
Coastal Carolina University
Faculty, Staff and Administrative Statistics
Fiscal Years 2011-2020

For the year ended June 30

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Full-time faculty	488	490	450	449	433	416	414	384	355	346
Part-time faculty	174	193	229	214	214	218	184	199	195	193
Total faculty	662	683	679	663	647	634	598	583	550	539
Full-time staff/administrators	960	946	756	737	730	722	692	666	672	652
Part-time staff/administrators	172	159	347	355	335	306	296	228	141	191
Total staff/administrators	1,132	1,105	1,103	1,092	1,065	1,028	988	894	813	843
Total full-time employees	<u>1,448</u>	<u>1,436</u>	<u>1,206</u>	<u>1,186</u>	<u>1,163</u>	<u>1,138</u>	<u>1,106</u>	<u>1,050</u>	<u>1,027</u>	<u>998</u>
Total employees	1,794	1,788	1,782	1,755	1,712	1,662	1,586	1,477	1,363	1,382
Part-time faculty FTE (full-time equivalent)	150.3	150.5	185.5	166.4	171.6	165.7	145.2	151.9	151.1	149.2
Total teaching faculty FTE	623.3	627.5	619.5	604.4	594.6	580.7	556.2	529.9	502.1	493.2
Ratios:										
Full-time faculty: Full-time staff/administrators	0.51	0.52	0.60	0.61	0.59	0.58	0.60	0.58	0.53	0.53
Total faculty: Total staff and administrators	0.58	0.62	0.62	0.61	0.61	0.62	0.61	0.65	0.68	0.64
Part-time faculty: Total faculty	0.26	0.28	0.34	0.32	0.33	0.34	0.31	0.34	0.35	0.36

Source: National Center for Educational Statistics, Integrated Postsecondary Education Data System

Schedule 20
Coastal Carolina University
Capital Asset Information
Fiscal Years 2011-2020

For the year ended June 30

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Buildings – Assignable Area (sq. ft)										
Instruction	406,712	406,712	397,922	349,729	339,883	351,591	364,887	331,723	318,969	318,969
Research	29,439	29,134	29,444	29,439	20,336	8,508	8,508	997	997	997
Public Service	-	-	-	-	-	-	182	-	-	-
Academic Support	47,729	47,729	47,729	47,729	47,720	47,777	47,147	49,144	35,083	35,083
Student Services	196,399	195,256	195,531	195,431	195,431	181,777	179,818	175,364	89,323	89,323
Institutional Support	98,375	96,515	101,084	94,841	76,530	82,232	70,472	59,634	59,763	59,763
Plant Operation and Maintenance	30,806	30,806	30,806	30,806	30,806	30,212	30,212	30,212	29,822	29,822
Auxiliaries	1,086,703	1,086,703	990,143	990,198	992,770	875,500	875,500	522,736	298,581	298,581
Other	63,759	63,759	63,735	92,559	86,771	55,304	51,605	64,237	53,136	53,136
Total Assignable Area (sq. ft)	1,959,922	1,956,614	1,856,394	1,830,732	1,790,247	1,632,901	1,628,331	1,234,047	885,674	885,674
Residence Hall - Number of beds										
Main Campus	2,541	2,541	2,541	2,541	1,917	1,210	1,210	1,210	1,210	1,210
University Place I and II	987	987	987	987	987	987	987	987	987	987
University Place III	1,100	1,100	1,100	1,092	1,092	1,092	1,092	1,092	1,092	1,092
Georgetown	8	8	8	-	-	-	-	-	-	-
Total Number of Beds	4,636	4,636	4,636	4,620	3,996	3,289	3,289	3,289	3,289	3,289
Athletic and Intramural Facilities										
Stadiums	4	4	4	4	4	4	4	4	4	4
Extramural and intramural fields	4	4	4	4	4	3	3	3	3	3
Track facility	1	1	1	1	1	1	1	1	1	1
Golf course	1	1	1	1	1	1	1	1	1	1
Pool	2	2	2	2	2	2	1	3	1	1
Gymnasiums	3	3	3	3	3	3	3	2	3	2
Fitness centers	2	2	2	2	2	2	2	2	3	2
Tennis courts	18	18	18	18	18	18	-	6	8	8
Number of Capital Assets:	120	120	120	120	114	106	102	101	74	72

Source: Coastal Carolina University Institutional Research Department
Coastal Carolina University Housing Department
Coastal Carolina University Facilities Department

COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

SINGLE AUDIT SECTION



Science class at Coastal Carolina University

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Independent Auditors' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Based On An Audit Of Financial Statements Performed
In Accordance With Government Auditing Standards

To the Board of Trustees of
Coastal Carolina University
Conway, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component units of Coastal Carolina University, a discretely presented component unit of the State of South Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Coastal Carolina University's basic financial statements, and have issued our report thereon dated September 30, 2020. Our report includes a reference to other auditors who audited the financial statements of Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation, as described in our report on Coastal Carolina University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Coastal Educational Foundation, Coastal Carolina University Student Housing Foundation, and Chanticleer Athletic Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Coastal Carolina University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coastal Carolina University's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coastal Carolina University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

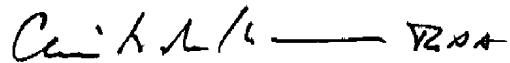
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coastal Carolina University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gaffney, SC
September 30, 2020

Independent Auditors' Report on Compliance for Each
Major Program And On Internal Control Over
Compliance Required By The Uniform Guidance

To the Board of Trustees of
Coastal Carolina University
Conway, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Coastal Carolina University's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Coastal Carolina University's major federal programs for the year ended June 30, 2020. Coastal Carolina University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Coastal Carolina University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Coastal Carolina University's compliance.

Opinion on Each Major Federal Program

In our opinion, Coastal Carolina University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2020.

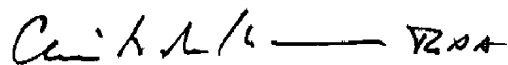
Report on Internal Control Over Compliance

Management of Coastal Carolina University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirement referred to above. In planning and performing our audit of compliance, we considered Coastal Carolina University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Coastal Carolina University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Gaffney, SC
January 28, 2021

COASTAL CAROLINA UNIVERSITY
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2020

Findings Relating to the Financial Statements:

There were no findings relating to the financial statements.

Findings and Questioned Costs Relating to Federal Awards:

There were no findings or questioned costs related to federal awards.

COASTAL CAROLINA UNIVERSITY
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Summary of Auditor's Results:

- An unmodified opinion was issued on Coastal Carolina University's basic financial statements dated September 30, 2020.
- There were no material weaknesses or significant deficiencies relating to the financial statements reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in accordance with *Government Auditing Standards*.
- There were no instances of noncompliance material to the financial statements of Coastal Carolina University disclosed during the audit
- The auditor's report on compliance for the major federal award programs for Coastal Carolina University expresses an unmodified opinion.
- There were no material weaknesses or significant deficiencies relating to the audit of major federal awards reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance required by the Uniform Guidance.
- There were no audit findings reported relative to the major federal award programs for Coastal Carolina University as depicted below in this schedule.
- Major federal programs:

Research and Development Cluster CFDA # Various

Department of Homeland Security
Hazard Mitigation Grant Program CFDA #97.039

Department of Education
Student Financial Aid Cluster
COVID-19 Higher Education Emergency Relief Fund (HEERF) CFDA #84.425E
COVID-19 Higher Education Emergency Relief Fund (HEERF) CFDA #84.425F

- The threshold for distinguishing between Type A and Type B Programs was \$750,000.
- Coastal Carolina University is a low risk auditee according to the criteria in Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**COASTAL CAROLINA UNIVERSITY
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass through Grantor/Program Title	CFDA Number	Grant Number	Grant Budget	Total Expenditures
RESEARCH & DEVELOPMENT CLUSTER:				
DEPARTMENT OF COMMERCE				
<i>Passed thru SC Sea Grant Consortium</i>				
The Impacts of Future Sea Level Rise on the Flood Vulnerability of South Carolina and the Function of Stormwater Management Ponds	11.417	Year 6 A/E-SG6 Phase II	\$ 23,159	\$ 14,244
SC Marine Mammal Stranding Network: Stranding Response and Enhanced Diagnostic Testing	11.439	NA18NMF4390027	\$ 96,650	\$ 44,671
SC Marine Mammal Stranding Network: Stranding Response and Enhanced Diagnostic Testing	11.439	NA19NMF4300165	\$ 97,125	\$ 46,474
<i>Passed thru Synoptic Data Corp</i>				
National Mesonet Program	11.467	S2020-131	\$ 117,035	\$ 11,176
Subrecipient portion with Florida Atlantic University		31-2085	\$ 110,196	
<i>Passed thru Synoptic Data Corp</i>				
National Mesonet Program	11.467	S2017-0113	\$ 268,444	\$ 110,327
Subrecipient portion with Florida Atlantic University		31-2841-01	\$ 245,348	\$ 129,243
Use of Satellite Data to Evaluate Connections between Radiation, Cumulus Convection, and Microphysics Parameterization Schemes and their Scale Sensitivity for FV3-GFS	11.468	NA18NWS4680052	\$ 208,345	\$ 104,187
		TOTAL FOR DEPARTMENT OF COMMERCE	\$ 460,322	\$ 460,322
DEPARTMENT OF DEFENSE				
<i>Passed thru Office of Naval Research</i>				
Inversely Determining Atmospheric Refractivity Structure Using Electromagnetic Wave Propagation Models & Measurements	12.300	N00014-16-1-2075	\$ 263,847	\$ 10,754
<i>Passed thru Office of Naval Research</i>				
Influence of Horizontal Inhomogeneity of Refractivity Vertical Profiles on Electromagnetic Measurements in Application to Refractivity Inversions	12.300	N00014-19-1-2350	\$ 273,187	\$ 87,781
		TOTAL FOR DEPARTMENT OF DEFENSE	\$ 98,535	\$ 98,535
DEPARTMENT OF THE INTERIOR				
<i>Passed thru SC Department of Natural Resources</i>				
SC Offshore Sand Resources: Data Inventory and Needs Assessment-State Component	15.424	SCDNR FY2018-011	\$ 28,503	\$ 24,087
<i>Passed thru VA Department of Game and Inland Fisheries</i>				
Quantify Catch and Release Mortality and Determining its Effect on Southern Muskellunge	15.605		\$ 139,203	\$ 47,082
<i>Passed thru SC Department of Natural Resources</i>				
Identification of Environmental and Biological Factors Limiting Occurrence of the Sandhills Chub in SC	15.634	P24019497420	\$ 40,449	\$ 6,371
<i>Passed thru US Geological Survey</i>				
Modeling of Sea Cliff Retreat	15.808	G20AC00005	\$ 30,000	\$ 13,927
		TOTAL FOR DEPARTMENT OF INTERIOR	\$ 91,467	\$ 91,467
NATIONAL SCIENCE FOUNDATION				
REU: Site Computing and Geoscience in the Coastal Carolina Region	47.050	1560210	\$ 324,783	\$ 58,218
RAPID: Collaborative Sediment and Contaminant Mobilization by Extreme Flooding Associated with Hurricane Florence	47.050	1901818	\$ 12,000	\$ 962
Developing a Paleo-Tempsite Archive at Strandplain Swales, St Vincent Island, FL	47.050	1906114	\$ 26,859	\$ 13,683
Availability & Planktonic Food Web Dynamics in the Western Tropical North Atlantic	47.050	1736947	\$ 189,860	\$ 28,222
Age Constraints on Subtropical Iceberg Scour Events	47.050	1558994	\$ 70,606	\$ 5,334
Validation of a New Geochemical Approach to Constraining Deep Sea Porewater Residence Times & Advection Rates: Applications to Biogeochemical Cycling at Guaymas Basin	47.050	1558829	\$ 82,579	\$ 1,501
Warming	47.050	1642232	\$ 354,895	\$ 95,027
Collaborative Research P2C2: Extreme Floods on the Lower Mississippi River in the Context of Late Holocene Climatic Variability	47.050	1804799	\$ 49,704	\$ 2,828
Collaborative Research: Interactions Between Incipient Continental Rifting, Fluvial Systems and Regional Climate in Southern Africa: Okavango-Makgadikgadi Complex, Botswana	47.050	1714754	\$ 93,625	\$ 5,455
<i>Passed thru US-Israel Binational Science Foundation</i>				
Male Moth Mate Preference During Flight	47.070	2013399	\$ 14,211	\$ 5,461
RAPID: Sensing & Modeling Infrastructure for Storm Monitoring and Forecasting in Coastal Zones	47.070	1763294	\$ 99,395	\$ 37,804

**COASTAL CAROLINA UNIVERSITY
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass through Grantor/Program Title	CFDA Number	Grant Number	Grant Budget	Total Expenditures
RESEARCH & DEVELOPMENT CLUSTER CONT'D:				
RUI: Reprogramming Cellular Processes in Proteasome-Inhibited Plants	47.074	1615318	\$ 184,601	\$ 16,544
Ecosystem Function Using Theory, Multi-scale Temp. Manipulations and Modeling	47.074	1655797	\$ 311,780	\$ 67,805
TOTAL FOR NATIONAL SCIENCE FOUNDATION			\$ 338,845	
ENVIRONMENTAL PROTECTION AGENCY				
<i>Passed thru University of Rhode Island</i>				
Integrated Observational and Modeling Approach to Estimation of the Groundwater Contribution to the Water and Nutrient Budgets in Coastal Environments: Case Studies from Narragansett Bay and Southern Rhode Island	66.129	0007338/020419	\$ 111,628	\$ 8,383
TOTAL FOR ENVIRONMENTAL PROTECTION AGENCY			\$ 8,383	
DEPARTMENT OF ENERGY				
<i>Passed thru Triad National Security LLC</i>				
HPC Scheduler Resilience Research	81.124	301264	\$ 89,764	\$ 43,889
<i>Passed thru Triad National Security, LLC</i>				
Los Alamos National Security Lab Agreement for Research	81.140	301353	\$ 214,993	\$ 12,086
TOTAL FOR DEPARTMENT OF ENERGY			\$ 55,975	
DEPARTMENT OF HEALTH & HUMAN SERVICES				
<i>Passed thru National Institute of Health</i>				
Otolith-Dependent Brain Functions in Mice	93.173	7R15DC012630-03	\$ 110,701	\$ 2,726
<i>Passed thru University of South Carolina</i>				
South Carolina IDeA Network of Biomedical Research Excellence	93.859	19-3760	\$ 137,432	\$ 95,794
<i>Passed thru Xleratehealth, LLC</i>				
Southeast Xlerator Network	93.859	1UT2GM130174-01	\$ 53,231	\$ 47,943
Subrecipient portion with Winthrop University		31-2083 SXN-4	\$ 3,275	\$ 3,275
Subrecipient portion with Clemson University		31-2083 SXN-2	\$ 2,729	\$ 2,729
Subrecipient portion with the Medical University of South Carolina		31-2083 SXN-3	\$ 5,050	\$ 5,050
TOTAL FOR DEPT OF HEALTH & HUMAN SERVICES			\$ 157,517	
TOTAL RESEARCH & DEVELOPMENT CLUSTER			\$ 1,211,044	
OTHER PROGRAMS:				
DEPARTMENT OF INTERIOR				
<i>Passed thru National Park Service</i>				
Preservation of the Sandy Island School	15.904	P17AP00044	\$ 104,798	\$ 7,075
TOTAL FOR DEPARTMENT OF INTERIOR			\$ 7,075	
DEPARTMENT OF JUSTICE				
<i>Passed thru SC Department of Public Safety</i>				
Law Enforcement Victim's Advocate	16.575	1V18049	\$ 74,412	\$ 17,070
<i>Passed thru SC Department of Public Safety</i>				
Law Enforcement Victim's Advocate	16.575	1V19026	\$ 74,412	\$ 50,733
TOTAL FOR DEPARTMENT OF JUSTICE			\$ 67,803	
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
<i>Passed thru College of Charleston</i>				
Space Grant Campus Director Award	43.008	521179-CD-CO	\$ 5,000	\$ 1,956
TOTAL FOR NATIONAL AERONAUTICS & SPACE ADMIN			\$ 1,956	
OFFICE OF PERSONNEL MANAGEMENT				
<i>Passed thru National Science Foundation</i>				
Dr. Varavut Limpasuvan's Intergovernmental Personnel Act Assignment	27.011	AGS-1946677	\$ 205,893	\$ 189,090
TOTAL FOR OFFICE OF PERSONNEL MANAGEMENT			\$ 189,090	
NATIONAL ENDOWMENT FOR THE ARTS & HUMANITIES				
<i>Passed thru SC Humanities</i>				
Gullah Geechee Community Day	45.129	19-1937-1	\$ 8,000	\$ 1,950
<i>Passed thru SC Humanities</i>				
National History Day in South Carolina	45.129	CP-18-874-5	\$ 10,000	\$ 6,801
TOTAL FOR NTL ENDT FOR THE ARTS & HUMANITIES			\$ 8,751	
DEPARTMENT OF EDUCATION				
<i>Passed thru SC Department of Education</i>				
Project CREATE	84.027	Year 16	\$ 45,578	\$ 34,502
COVID-19 Higher Education Emergency Relief Fund (HEERF) - Student Portion	84.425E	P425E200602	\$ 5,027,174	\$ 5,027,174
COVID-19 Higher Education Emergency Relief Fund (HEERF) - Institutional Portion	84.425F	P425F200549	\$ 5,027,173	\$ 5,027,173
TOTAL FOR DEPARTMENT OF EDUCATION			\$ 10,088,849	
NATIONAL ARCHIVES & RECORDS ADMINISTRATION				
Gullah Geechee Digital Project	89.003	RM-102739-19	\$ 270,327	\$ 115,348
TOTAL FOR NATIONAL ARCHIVES & RECORDS ADMIN			\$ 115,348	

**COASTAL CAROLINA UNIVERSITY
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass through Grantor/Program Title	CFDA Number	Grant Number	Grant Budget	Total Expenditures
DEPARTMENT OF HOMELAND SECURITY				
<i>Passed thru SC Emergency Management Division</i> Hazard Mitigation Grant Program	97.039	FEMA-DR-4241-SC S185 F16	\$ 559,667	\$ 535,358
<i>Passed thru SC Emergency Management Division</i> CCU Facility Emergency Signage & Education Campaign	97.039	FEMA-4286-DR-SC HMGP Project P51	\$ 235,327	\$ 112,087
<i>Passed thru SC Emergency Management Division</i> Housing Indoor Warning/Mass Notification System	97.039	FEMA-4346-DR-S HMGP Project 4346-	\$ 151,460	\$ 118,091
			TOTAL FOR DEPARTMENT OF HOMELAND SECURITY	\$ 765,535
			TOTAL OTHER PROGRAMS	\$ 11,244,408
STUDENT FINANCIAL ASSISTANCE CLUSTER:				
DEPARTMENT OF EDUCATION				
Federal Supplemental Educational Opportunity	84.007	Year 18-19		\$ 25
Federal Supplemental Educational Opportunity	84.007	Year 19-20		\$ 500,316
Federal Work Study Program	84.033	CWS Year 19-20		\$ 444,335
PERKINS Loans	84.038			\$ 942,589
Federal Pell Grant Programs	84.063	Year 19-20		\$ 15,351,680
Federal Pell Grant Programs	84.063	Year 17-18		\$ 45
Federal Pell Grant Programs	84.063	Year 18-19		\$ 532,586
Federal Direct Student Loans	84.268	Stafford Subsidized & Unsubsidized		\$ 44,419,587
Federal Direct Student Loans	84.268	PLUS Loans		\$ 28,500,829
Federal Direct Student Loans	84.268	UGTCH 18-19		\$ 3,746
Federal Direct Student Loans	84.268	UGTCH 19-20		\$ 65,191
Teacher Education Assistance for College and Higher Education	84.379	GRTCH 19-20		\$ 15,011
			TOTAL FOR DEPARTMENT OF EDUCATION	\$ 90,775,940
			TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER	\$ 90,775,940
			TOTAL FEDERAL EXPENDITURES	\$ 103,231,392

COASTAL CAROLINA UNIVERSITY
Note to Schedule of Expenditures of Federal Awards
For the Year Ended June30, 2020

GENERAL

The accompanying Schedule of Federal Financial Assistance presents the activity of all federal award programs of the University. The reporting entity is defined in Note 1 of the University's financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

BASIS OF ACCOUNTING

The accompanying Schedule of Federal Financial Assistance is presented using the accrual basis of accounting, which is described in Note 1 of the University's financial statements.

Expenditures for nonfinancial aid awards include indirect costs, related primarily to facilities operation and maintenance and general, divisional and departmental administrative services, which are allocated to direct cost objectives (including federal awards) based on negotiated formulas commonly referred to as facilities and administrative cost rates. Facilities and administrative costs allocated to such awards for the year ended June 30, 2020, were based on predetermined fixed rates negotiated with the University's cognizant federal agency. The University has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

LOAN PROGRAMS

The federal loan program the University participated in from July 1, 2019, through June 30, 2020, is the William D. Ford Federal Direct, which is the umbrella name for the Federal Direct Stafford Student Loan Program and the Federal Direct Parent Loan for Undergraduate Students (PLUS) Program. The Federal Family Education Loan Program (FFELP) ended June 30, 2010 but the Ford title is still used as the umbrella title for all the federal loan programs. The loans are made directly from the federal government; therefore, there is no loan balance recorded at the University. The totals of loans processed for the current fiscal year are:

Stafford Student Loan – Subsidized	\$19,576,451
Stafford Student Loan – Unsubsidized	24,843,136
PLUS Loans	<u>28,500,829</u>
Total	<u>\$72,920,416</u>

The Federal Perkins Loan Program is administered directly by the University and balances and transactions relating to the program are included in the University's financial statements. The balance of loans outstanding under the Federal Perkins Loan program was \$760,324 as of June 30, 2020, with no new loans being disbursed.