



COASTAL  
CAROLINA  
UNIVERSITY



# Comprehensive Annual Financial Report 2009-2010

Included in the Higher Education Fund  
of the State of South Carolina  
For the Fiscal Year Ended  
June 30, 2010





# **Comprehensive Annual Financial Report**

*Included in the Higher Education Fund, an Enterprise Fund of the State of South Carolina*

For the Fiscal Year Ended June 30, 2010

**Prepared by the**

**Office of the Vice President for Finance and Administration**

**and the**

**Office of the Senior Vice President for Finance and Administration**



**COASTAL CAROLINA UNIVERSITY**  
**FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2010

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# COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

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## INTRODUCTORY SECTION



Thomas W. and Robin W. Edwards Building Courtyard





# ***President's Letter***

## ***2010***



Dr. David A. DeCenzo

November 9, 2010

Dear Coastal Carolina University Community:

As my fourth year as President of Coastal Carolina University unfolds, I have reflected on the many achievements we have made toward building an institution in which student learning is central to all that we do and aspire to be. The following highlights from the past year are a testament to the energy and commitment of the students, faculty, staff, alumni and friends of this flourishing University.

The University continues to enjoy unprecedented growth with a student enrollment of 8,700 in Fall 2010, reflecting an enrollment increase of more than 81 percent in the last decade. The University is the fastest growing public institution in the state and has an economic impact in excess of \$255 million.

To reflect the growing academic quality and breadth of the University, there are now 52 baccalaureate areas of study and seven master's degree programs in the following areas: Business Administration (MBA), Coastal Marine and Wetland Studies, Education, and Writing. New undergraduate programs include Biochemistry, Economics, Graphic Design, Information Systems, and Theatre Arts. Additional specializations have been added to the existing undergraduate programs in Biology, Finance, and Sociology. Through strong faculty support, we have enhanced the transfer process for students who possess associate's degrees, providing greater access to the University, especially for South Carolinians.

For the second consecutive year, the University is ranked as one of "America's Best Colleges," compiled by Forbes. The report identifies the top 15 percent of the nation's four-year undergraduate institutions. In addition, for the second consecutive year the College Affordability and Productivity has rated us as one of the top 100 Best Buys. Top quality education at an affordable price—that by any definition is value added.

The University is achieving increasing acclaim for its veteran student services with the recent designations as a "Military-Friendly School for 2011" by *G.I. Jobs* magazine and one of the "2010 Top Military-Friendly Colleges and Universities Honorees" by *Military Advanced Education*. University students qualifying for benefits under the VI Bill numbered 408 in 2009-2010, versus 219 in 2008-2009.

The University also has been recognized at the national level for our graduation rates of African-American students.

The University's alumni base now extends through all 50 states, Washington D.C., Puerto Rico and the Virgin Islands. Alumni live in 33 foreign countries, including Brazil, Cyprus, Guam, Iceland, Israel, Norway, Qatar, South Africa, and Turkey. Since 1974, there have been 19,396 baccalaureate and master's degrees awarded on this campus.

The campus is abuzz with more than \$115 million in major construction under way, marking the University's most ambitious building program in its 56-year history. The building campaign includes a student recreation and convocation center, expected to open in November 2011, and three major academic buildings: Bryan Information Commons, Kenneth E. Swain Science Hall, and a classroom building. When complete, these four new buildings will add more than 231,000 square feet to the main campus.

The University is fortunate to have the support of the Horry County Higher Education Commission, which was formed in 1959 by the South Carolina General Assembly to develop higher education opportunities for students of Horry County and to oversee the use of county tax millage. The Commission provides scholarships for area students and funds capital projects and improvements that directly impact our students. In addition, the penny sales tax approved by Horry County voters has provided more than \$10.5 million for University building projects since its inception in March 2009.

With state appropriations diminishing to a mere 6.2 percent of the University's total budget – which is the lowest percentage in the state – the University has become increasingly reliant on tuition. Although tuition increases are a growing challenge for students and their families, our in-state tuition was increased only 4.92 percent for the 2010-2011 academic year, which is the third lowest increase among the state's comprehensive institutions and well below the highest increase of 14.75 percent.

Regardless of the economic climate and the challenges ahead, Coastal Carolina University is a vibrant place where tradition, integrity and excellence guide our progress. I am pleased to submit this Comprehensive Annual Financial Report, which reflects the solid footing upon which all of us at Coastal Carolina University are building a stronger South Carolina.

Sincerely,

/s/ David A. DeCenzo

David A. DeCenzo  
President



## **LETTER OF TRANSMITTAL**

November 29, 2010

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, 2010.

This report consists of management's representations concerning the finances of Coastal Carolina 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 both to protect the University's assets from loss, theft or misuse, and to 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. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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, 2010, 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. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the University's financial statements for the fiscal year ended June 30, 2010, 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 MD&A and should be read in conjunction with it. The University's MD&A can be found immediately following the report of the independent auditor.

## *Profile of the University*

Coastal Carolina University 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 University entered into an agreement in 1959 with the University of South Carolina to become a campus of the 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 1980's, Coastal Carolina College experienced a dramatic growth with the 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 for Coastal Carolina University. In 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, had acquired its own Board of Trustees which met July 1, 1993, and named Ronald R. Ingle as the University's first president. Dr. David A. DeCenzo became the second president of Coastal Carolina University on May 7, 2007.

The University continues to enjoy unprecedented growth while also increasing the quality of its enrolled students. Coastal Carolina University has experienced an 81.1% increase over the past ten years. Accompanying this growth, the average SAT score of entering freshmen has increased 24 points in ten years. The University has taken steps to try to control growth to a manageable rate of 3 to 5 percent annually as an integral part of its strategic planning process.

In a continuing effort toward assuring campus safety, the University has initiated a new transportation program called the Chauncey Patrol. This program provides students, faculty and staff with free golf cart rides to their vehicle or on-campus residence between 4 p.m. and 2 a.m. daily. Operated through the University's Department of Public Safety, the Chauncey Patrol employs 11 students who work five-hour shifts.

The U.S. Army ROTC program was established at the University in Fall 2008 with 16 cadets; in Spring 2010, there were 40 cadets in the program. The program's first officer was formally commissioned during the May 2010 commencement.

In order to increase the performance training opportunities for students in the Physical Theatre program, the University established a partnership with the Clown Conservatory of the Circus Center of San Francisco in Fall 2009. This partnership will allow students to attain a broad training base in physical theatre on the Coastal Carolina University campus the first three years of the four year program. Students will then attend the Clown Conservatory for the fourth and final year. Many theatres now specialize in Physical Theatre performance, and the Clown

Conservatory is the only full-time professional training program for theatre performers in North America. This agreement will allow Coastal Carolina University students to develop unique skills that are highly marketable in the theatre industry.

In 2010 the University was awarded the "Recycling Event of the Year Award" by the S.C. Department of Health and Environmental Control. The award was given in recognition of the Campus Salvage Program to which students donate reusable items (such as furniture) at the end of the year. Donated items are resold to support the University's sustainability program. On April 19, President DeCenzo signed the American College and University President's Climate Commitment, joining more than 680 U.S. colleges and universities that have agreed to pursue environmentally friendly practices.

The Scholars Academy has been awarded an Honorable Mention in the American School Board Journal's 16<sup>th</sup> annual Magna Awards program. The Scholars Academy is a partnership between Coastal Carolina University and the Horry County School District.

The University maintains residence halls to accommodate 3,289 students in three general locations: main campus (1,210 beds) and University Place I and II (987 beds). In January 2010, the Coastal Carolina University Student Housing Foundation purchased Campus Edge, now called University Place III (1,092 beds), which is contiguous to University Place I and II.

### ***Economic Environment***

Coastal Carolina University's financial profile fits more closely with that of a private institution than with a typical public institution. As the percent of resources from state funding has fallen dramatically over the past few years, it has been necessary to increase tuition to continue to provide quality educational programs. Although the state has chosen to fund students through scholarships, primarily from lottery funds, these funds did not add to the funds available to the University to provide programs and services. For many years, Coastal Carolina University has ranked among the lowest in the state in in-state tuition charges. The University's in-state tuition continues to be below average. The average percent increase of in-state tuition for the comprehensive university sector over the previous year was 7.32 percent. The increase for Coastal over this same period was 4.92 percent. In FY 2010-11, Coastal Carolina University had the third lowest tuition increase year over year than all of the other South Carolina Universities. Out-of-state students, on the other hand, have been charged an amount that exceeds their educational costs to ensure that out-of-state students do not constitute a drain on state resources.

Should Coastal Carolina University find it necessary to increase tuition, every effort will be made to ensure that the increase is at or less than the current Higher Education Price Index (HEPI) plus growth.

The University has made it easier for students with a two-year degree, Associate of Arts or Associate of Science from accredited technical or community colleges to be admitted into the University's four-year degree program by waiving core requirements. This change is expected to reduce the time it takes for some transfer students to complete a baccalaureate degree at the University. Waiver of the core requirements does not apply to students with technical associate degrees. The Residential Bridge Program is a joint venture between the University and Horry Georgetown Technical College that is designed to help each participant succeed

academically in his/her first year at HGTC and then to transfer to Coastal Carolina University. The Bridge Program gives invited students the opportunity to live in University housing, while taking the majority of their classes on the HGTC campus, located adjacent to the University. In the Fall 2010 semester, there are 84 HGTC students participating in this program.

The University operates five auxiliary enterprises which have helped to build and sustain cash reserves in tight economic times. They consist of the bookstore (outsourced to Follett's), housing (operated by the University), vending (outsourced to Coca-Cola and Total Vending), food service (outsourced to Aramark) and the operation of Quail Creek Golf Course. A cooperative program with Horry Georgetown Technical College is in place for the operation of Quail Creek Golf Course, which is also open to the public. This enterprise was added in fiscal year 2006 as a required complement to the University's professional golf management course of study. The golf course is an asset as it helps attract approximately 246 students to the professional golf management program (Fall 2010). It is also one of only 20 programs nationwide accredited by the PGA of America.

The University is also fortunate to receive appropriations from both Horry County and Georgetown County. This gives the University flexibility to take on specific projects in the interest of the citizens of each of those counties, which also benefits the entire University community.

### ***Long-Term Financial Planning***

When Dr. David A. DeCenzo became president of Coastal Carolina University in May 2007, he pledged to begin a process through which the campus community would work together to define its future as an institution modeled on the ideals of excellence and integrity, while appreciating the University's traditions.

Adopted in 2008, the University's strategic plan, *Tradition, Integrity, Excellence: Building a Comprehensive University*, continues to provide direction for the President and various University stakeholders. The Strategic Management Committee is charged on an annual basis with evaluating the goals and objectives contained in the strategic plan. The President serves as the Committee Chair, and the Chief Operating Officer of the University is currently serving as the Committee Coordinator of Strategic Planning. There are 31 various University stakeholders from the campus community which serve as its members.

The Committee meets four times a year with the charge to:

- Review progress of the strategic plan and identify and evaluate appropriateness of key strategies, goals and objectives with the mission of the University.
- Review the vision and mission of the institution to identify whether, and how, it should be changed.
- Develop a "Progress on the Plan" report that will incorporate all institutional assessment reports.
- Coordinate action on strategic initiatives across and between layers within the institution.

- Recommend to the Coastal Carolina University President changes in or challenges to the University vision, mission, strategic priorities or goals and/or changes in the process of timing of the implementation of a plan.
- Coordinate with other agencies, as appropriate, to provide required information on strategic planning.

Basics of the Strategic Plan are:

### ***Key Strategies***

1. Meeting the Educational Needs of Students and Community - Expand degree and non-degree program offerings and formats while maintaining quality in all programs.
2. Ensuring Student Success - Increase retention and graduation rates by supporting programs and services that enrich the student learning and living environment and broaden the diversity of students seeking Coastal Carolina University as their choice for educational advancement.
3. Highly Qualified Faculty and Staff Success - Develop programs and services that support a successful, satisfying, safe, healthy, and productive work life for Coastal Carolina University faculty and staff.
4. Ensuring Financial Viability and Managed Growth – Ensure responsible financial management practices which are based on a clear commitment to enrollment growth and consistent with the mission of the University.

### ***Supporting Strategies***

1. Improved Communication - Enhance communication within the University.
2. Stronger Assessment and Accountability - Implement and maintain an environment of institutional effectiveness that is based on a culture of assessment, results in continuous improvement, and supports the University in effectively accomplishing its mission.
3. Increased Technological Support - Manage technology tools, systems, skills, and applications to deliver effectively on the key strategies.

The University is currently in the process of updating their Master Plan, which was last updated in 2004. This plan provides a strong base and clear direction to institutional development. Details of the Campus Master Plan process are available on the University's web site [www.coastal.edu/masterplan](http://www.coastal.edu/masterplan).

### ***Relevant Financial Policies***

In addition to being guided by its own Strategic Plan, the University is a part of state government in South Carolina and, as such, follows state law and policies regarding

procurement, construction, human resource practices, contract and grant funding and other operating practices. A budget is submitted annually to the Governor’s Office, which is built on a robust internal budget process. University budget policies are built on the strategic plan, the campus master plan and current enrollment data. When borrowing funds for capital projects is necessary, the University accomplishes this by working through staff in the State Treasurer’s Office.

***Major Initiatives***

In Fiscal Year 2010, Coastal Carolina University issued \$54 million in Institutional Bonds to address the following projects:

2010 Bond Issue Projects	Amount
1. Science Building Lab / Office Annex	\$ 15,000,000
2. Student Recreation / Convocation Center	\$ 35,000,000
3. Kimbel Library / Information Commons Addition	\$ 4,000,000
Total	\$ 54,000,000

The acquisition and modification of space to accommodate programs and services is one of Coastal Carolina University’s highest budget priorities. In spite of all of the stopgap measures for providing space, the addition to academic and support space does not begin to address the 81 percent growth in the number of students over the past ten years.

Horry County citizens voted for a penny sales tax to support the Horry County School System, Horry-Georgetown Technical College (HGTC) and Coastal Carolina University. The tax, dubbed “The Education Penny,” is expected to provide between \$800 million and \$1 billion dollars over the next 15 years for public education facility improvements for the three entities. Coastal Carolina University’s allocation of the tax is approximately \$6.5 million to \$7 million per year.

***Awards and Acknowledgements***

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Coastal Carolina University for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. This was the seventh year that the University received this prestigious award. In order to be awarded a Certificate of Achievement, the University published an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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 Chief Operating Officer and the Board of Trustees for their leadership, dedication, vision, and 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,

/s/ Wilbur L. Garland

Wilbur L. Garland  
Senior Vice President for  
Finance and Administration

/s/ Stacie A. Bowie

Stacie A. Bowie  
Vice President for  
Finance and Administration



# 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, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to be "J.R. Enow".

President

A handwritten signature in black ink, appearing to be "Jeffrey R. Enow".

Executive Director

**COASTAL CAROLINA UNIVERSITY**  
**BOARD OF TRUSTEES**  
**2010-2011**

Marshall C. Sanford, Jr.	Ex Officio Chairman
Natasha M. Hanna	First Congressional District – Seat One
Larry L. Biddle	First Congressional District – Seat Two
Oran P. Smith	Second Congressional District – Seat Three
Robert G. Templeton	Second Congressional District – Seat Four
William S. Biggs	Third Congressional District – Seat Five
William L. Lyles, Jr.	Third Congressional District – Seat Six
Charles J. Hodge	Fourth Congressional District – Seat Seven
D. Wyatt Henderson	Fourth Congressional District – Seat Eight
Samuel J. Swad	Fifth Congressional District – Seat Nine
Robert D. Brown	Fifth Congressional District – Seat Ten
Gary W. Brown	Sixth Congressional District – Seat Eleven
J. Wayne George	Sixth Congressional District – Seat Twelve
Eugene C. Spivey	At-Large – Seat Thirteen
William H. Alford, Chair	At-Large – Seat Fourteen
Daniel W. R. Moore, Sr.	At-Large – Seat Fifteen
Samuel H. Frink	Gubernatorial Designee
Joseph L. Carter	Gubernatorial Appointee
Gene Anderson	Trustee Emeritus
Payne H. Barnette, Jr.	Trustee Emeritus
Fred F. DuBard, Jr.	Trustee Emeritus
Cathy B. Harvin	Trustee Emerita
Dean P. Hudson	Trustee Emeritus
James J. Johnson	Trustee Emeritus
Clark R. Parker	Trustee Emeritus
Juli S. Powers	Trustee Emerita
Keith S. Smith	Trustee Emeritus

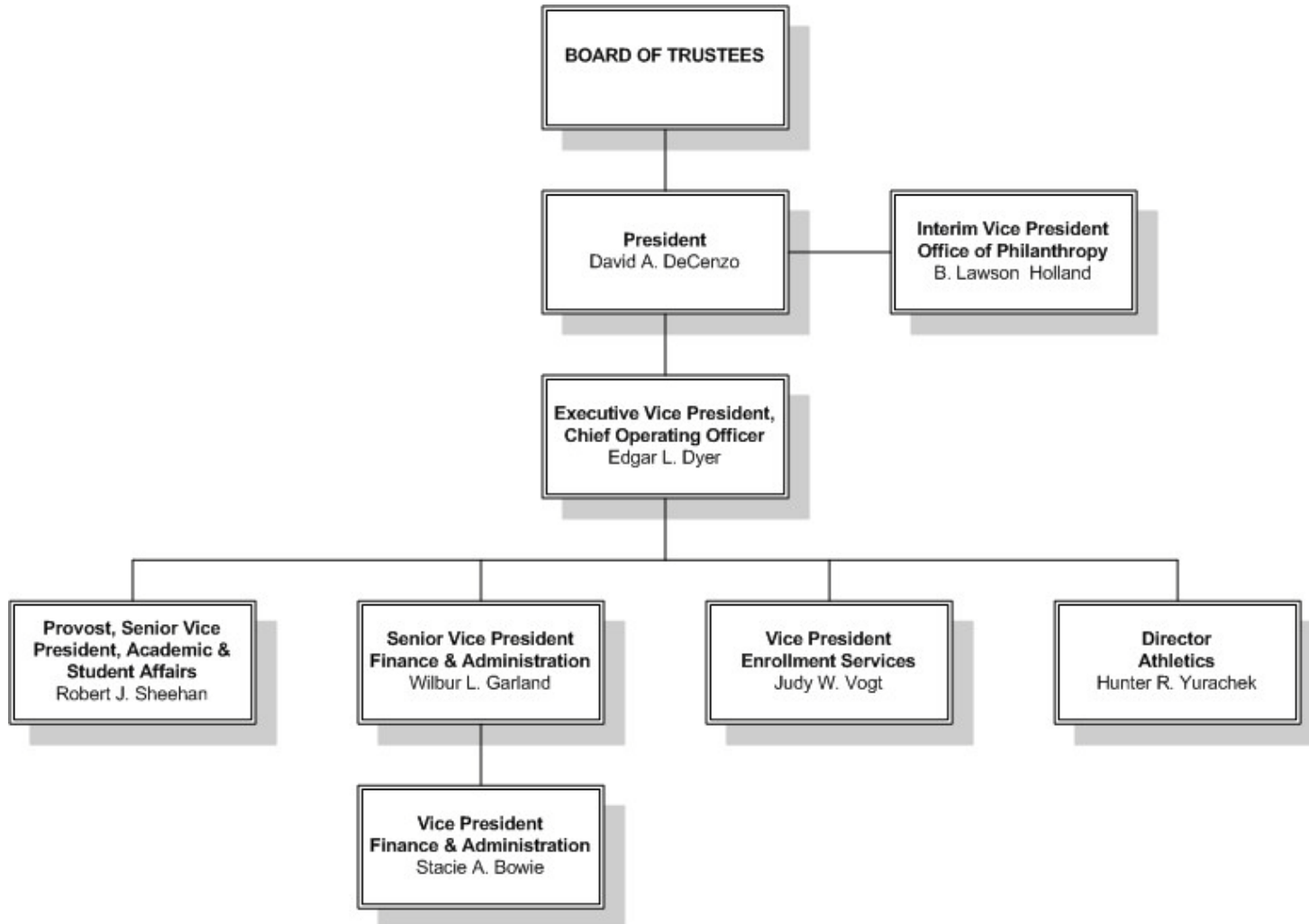
**COASTAL CAROLINA UNIVERSITY  
ADMINISTRATIVE OFFICERS  
2010-2011**

David A. DeCenzo, Ph. D.	President
Edgar L. Dyer, J.D.	Executive Vice President, Chief Operating Officer
Robert J. Sheehan, Ph. D.	Provost, Senior Vice President, Academic & Student Affairs
Wilbur L. Garland, M.B.A.	Senior Vice President, Finance and Administration
Stacie A. Bowie, M.B.A.	Vice President, Finance and Administration
Judy W. Vogt, Ed. D.	Vice President, Enrollment Services
B. Lawson Holland, B.A.	Interim Vice President, Office for Philanthropy
Hunter R. Yurachek, M.S.A.	Director, Athletics
Haven L. Hart, M. Ed.	Associate Vice President, Student Affairs, Dean of Students
Deborah K. Conner, Ph. D.	Associate Vice President, University Relations
Anne T. Monk, B.A.	Special Assistant to the President, Director of Executive Communication
Timothy E. Meacham, J. D.	University Counsel
Lori G. Church, C.P.A., C.I.A.	University Controller
Barbara C. Buckner, Ed. D.	Associate Provost, Assessment & Accreditation
Sallie D. Clarkson, M.L.S.	Associate Provost, Administrative & Academic Student Services
Robert F. Young, Ph. D.	Interim Director, Grants, Professor
Deborah A. Vrooman, Ph. D.	Interim Director, Graduate Studies
Dianne L. Mark, Ph. D.	Dean, Spadoni College of Education
James R. Byington, Ph. D.	Dean, Wall College of Business
John P. Beard, Ph. D.	Interim Dean, Edwards College of Humanities & Fine Arts
Michael H. Roberts, Ph. D.	Dean, College of Sciences
Barbara A. Burd, Ph. D.	Dean, Library Services
Nelljean M. Rice, Ph. D.	Dean, University College

**COASTAL CAROLINA UNIVERSITY  
FINANCE AND ADMINISTRATION  
2010-2011**

Wilbur L. Garland	Senior Vice President for Finance & Administration
Stacie A. Bowie	Vice President for Finance & Administration
Sharon Sluys	Administrative Coordinator & Budget Analyst
Lori Church	University Controller
Mirinda Chestnut	Administrative Specialist
Heather Brady	Senior Accountant
Richard Zook	Staff Accountant
Gregory Thompson	Staff Accountant
Regina Lee	Director, University Receivables
Lil Heit	Accountant, University Receivables
Sheila Singleton	Accountant, University Receivables
Danny Martin	Manager, Student Accounts
Lisa Dent	Special Project Coordinator, Student Accounts
Patty Dudley	Collections, Student Accounts
Annette Johnson	Cash Receipt Supervisor, Student Accounts
Joni Lucarelli	Cash Receipt Auditor, Student Accounts
Sherrell Richardson	Cashier, Student Accounts
Carolyn Singleton	Student Account Specialist, Student Accounts
Tukonya Vereen	Cashier, Student Accounts
Tammy McAllister	Cashier, Student Accounts
Scott Gallimore	CINO Card Specialist
Larry Peak	Director, Grants/Tax Accounting
Tammy Holt	Grants Accountant
Lila Taylor	Supervisor, Accounts Payable
Virginia Altman	Fiscal Tech, Accounts Payable/Travel
Brenda Rabon	Fiscal Tech, Accounts Payable/Athletics
Lynn Silver	Fiscal Tech, Accounts Payable
Dean Hudson	Director, Procurement and Business Services
June Barfield	Procurement Specialist
Suzanne Beverly	Supply Manager, Campus Supply/Inventory
John McKee	Supply Specialist Temporary, Campus Supply/Delivery
John Stokes	Supply Specialist Temporary, Campus Supply/Delivery
Caren Riedinger	Procurement Specialist
Annette Roberts	Procurement Specialist
Robin Strickland	Procurement Specialist
Vickie Williams	Procurement Specialist
Outsourced	Aramark Food Services, Follett Bookstore, Coca-Cola Bottling Co., Total Vending.
Julianne Cooke	Director of Finance, Foundations
Robyn Diven	Donor Relations and Gift Specialist
Michele Strang	Staff Accountant
Pat West	Exec Director, Human Resource & Org Development
David Moyer	Director, Payroll
Jill Conway	Senior Payroll Accountant
Vicky Rabon	Senior Payroll Accountant
Dana Booth	Accounting Clerk, Payroll
Linda Lyerly	Associate Athletic Director, Finance
Lauren Barker	Accountant

**COASTAL CAROLINA UNIVERSITY  
ORGANIZATIONAL CHART  
2010-2011**







# COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

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## FINANCIAL SECTION



Kearns Hall



**COASTAL CAROLINA UNIVERSITY**

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Independent Auditors' Report  
Financial Statements and Schedules  
*For the Year Ended June 30, 2010*



# COASTAL CAROLINA UNIVERSITY

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## **FINANCIAL INFORMATION**





MEMBERS  
AMERICAN INSTITUTE OF CPAS  
PRIVATE COMPANIES PRACTICE SECTION  
SOUTH CAROLINA ASSOCIATION OF CPAS

CLINE BRANDT KOCHENOWER  
& Co., P.A.  
Certified Public Accountants  
*Established 1950*

ALBERT B. CLINE, CPA  
RAYMOND H. BRANDT, CPA  
BEN D. KOCHENOWER, CPA, CFE, CVA  
STEVEN L. BLAKE, CPA, CFE  
TIMOTHY S. BLAKE, CPA  
JENNIFER J. AUSTIN, CPA

Independent Auditors' Report

To the Honorable Mark Sanford,  
Governor of the State of South Carolina  
And the Board of Trustees of  
Coastal Carolina University  
Conway, South Carolina

We have audited the accompanying financial statements of the business-type activities of Coastal Carolina University, a department of the State of South Carolina, as of and for the years ended June 30, 2010, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of The Coastal Educational Foundation and Coastal Carolina University Student Housing Foundation. The Coastal Educational Foundation and Coastal Carolina University Student Housing Foundation reflect 100% of total assets, 100% of net assets, and 100% of total revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for The Coastal Educational Foundation and Coastal Carolina University Student Housing Foundation, is based on the report of the other auditors.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Coastal Educational Foundation and Coastal Carolina University Student Housing Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the University are intended to present the financial position, changes in net assets and cash flows, where applicable, of only that part of the business type activities that are attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of South Carolina, as of June 30, 2010, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of Coastal Carolina University and its discretely presented component unit, as of June 30, 2010, and the changes in financial position, and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America. As described in Note 1 to the financial statement, the University has adopted the mandate of the SC Comptroller General Office for the classification of PELL grant revenues

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2010 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 and agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards and other financial information listed as supplemental schedules in the table of contents is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and is not a required part of the financial statements of Coastal Carolina University. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



September 24, 2010



## **Coastal Carolina University Management's Discussion and Analysis**

Coastal Carolina University is pleased to present its financial report for the year ended June 30, 2010. This section, Management's Discussion and Analysis, will describe each of the statements, present a condensed, comparative version of each one, and offer financial highlights for the year.

### **Using the Annual Financial Report**

The University's financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities. During fiscal year 2004, the University implemented GASB Statement No. 39; Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14, and incorporated one non-governmental component unit, the Coastal Educational Foundation. In fiscal year 2005, the CCU Student Housing Foundation was determined to be a second component unit, primarily due to its close relationship to the growth plans of the institution.

The basic financial statements prescribed by GASB No. 35 (the Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows) 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.

The Statement of Net Assets includes all assets and liabilities of the University. Over time, increases or decreases in net assets (the difference between assets and liabilities) is one indicator of the improvement or erosion of the University's financial health when considered with non-financial facts such as enrollment levels and the condition of facilities.

The Statement of Revenues, Expenses and Changes in Net Assets presents the revenues earned and the expenses incurred during the year. Activities are reported as either operating or non-operating. A public university's dependency on state aid and gifts usually produces an operating deficit because the financial reporting model classifies state appropriations and gifts as non-operating revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The Statement of Cash Flows presents information related to cash inflows and outflows which are classified into operating, non-capital financing, capital financing and related investing activities, and helps measure the ability to meet financial obligations as they mature.

### **Financial Highlights**

In FY 2010, financial focus and activity continued to revolve around the state appropriation and operating budget. An additional 9.7% or \$1.2 million was cut from state appropriations. Since fiscal year 2008 the reductions have totaled 31.3% or \$5.3 million. In planning for FY2011 cuts of \$2.4 million, which brought the total percentage cut from the FY2008 appropriation level to 45.7%, the University began planning a \$4 million reduction in operating expenses including a small Reduction in Force, the termination of temporary employment contracts as well as general expense reductions such as hiring delays. These reductions, implemented in June/July 2010, will allow the University to absorb the FY2011 appropriations reductions and assist in the preparation to absorb the discontinuance of the stimulus funding which amounted to \$2.3 million in FY 2010 and FY 2011.

In FY 2008, the University worked with legislators to amend a law allowing higher education to participate in the revenue from sales tax. As a result of this amendment, Coastal Carolina University and Horry Georgetown Technical College were eligible to participate in a 1% sales tax referendum in conjunction with Horry County Public Schools. The 1% sales tax referendum was on the ballot in the November 2008 election and passed. The University receives 13.3% of the tax collected for a period of fifteen years and began March 1, 2009. Through June 2010 collections, the penny tax has provided \$8.9 million which is restricted to fund campus construction and land acquisitions. Over the fifteen year period the collections should result in an estimated \$115 to \$120 million.

The University also issued \$54 million in general obligation bonds through the State of South Carolina for the construction of a student convocation/recreation center, a 24/7 information commons expansion to the library and a science center annex.

Managing undergraduate enrollment growth continued to be one of the principal planning issues at the University in FY 2010. The undergraduate full-time equivalency (FTE) enrollment for the fall of 2009 was 7,665, representing a 4.0% increase over the previous fall, and a 90.3% increase since the fall of 2000 (4,027). Total full-time equivalency (FTE) enrollment for fall of 2009 was 7,865, representing a 3.4% growth over the previous fall and a 91.7% growth since fall of 2000 (4,102). This growth is achieved while maintaining quality with the average SAT score for fall 2009 for new freshman at 1028, which is above both the national and the South Carolina average. The average high school GPA for fall of 2009 for new freshman is 3.31 which is slightly below the national average and slightly below the South Carolina average of 3.39. In the fall of 2009, the University implemented an in-state tuition increase of 3.5% and an out-of-state increase of 3.8%. This put Coastal's in-state rate slightly above the average rate of higher education offered by South Carolina public institutions with a similar mission. As a result of the tuition increase and enrollment growth, net revenue generated by tuition increased by 14.2%.

Overall, Coastal Carolina University had the good fortune to have increased student enrollment and the ability to retain these students through both semesters in the midst of national economic uncertainty, while seeing a trend throughout higher education of many students returning to their

parent's home and their home state for financial reasons. Because of this good fortune the University was able to handle the large budget cuts imposed by the state and still continues to move forward with its overall goals and strategy.

### **Statement of Net Assets**

#### **Total Assets – increase of \$86.0M million**

Total assets increased by \$86.0 million. The increase of \$72.3 million in current assets is due to the April issuance of \$54 million in general obligation bonds for campus construction and a \$6.1 million increase in restricted penny sales tax funds. The remainder is an increase in cash of \$6.7 million and a \$4.7 million increase in net accounts receivable due to the assumed management of the University Place apartment complex. The net increase in cash compared to the prior fiscal year is due to cash outflows from operating activities of \$1.9 million, non-capital financing activities including state and local appropriations, state grants and gifts of \$25.6 million, and a net increase of \$41.0 million from capital financing activities. Cash provided by interest income totaled \$2.1 million. Net capital assets increased by approximately \$13.5 million due to routine capital asset purchases, disposals and depreciation as well as the capitalization of the field house construction of \$11.3 million of which \$4.9 million was in construction in progress. In addition, the University acquired land including the donation of \$3.7 million from the Coastal Education Foundation and the purchase of the Meade Fire Tower property for \$1.2 million.

#### **Total Liabilities – increase of \$55.4 million**

Liabilities increased by \$55.4 million. Current liabilities increased by \$5.0 million of which \$2.7 million is the increase due to the current portion of bonds payable and interest from the new issue, and remainder is an increase in accrued payroll liability due to timing of payroll processing at year end. During the fiscal year, the University implemented a 2 week pay lag for classified employees allowing ample time for time and leave processing which resulted in an additional year end accrual. Non-current liabilities increased by \$50.4 million due to the increase in long-term bonds payable.

#### **Net Assets – increase of \$30.6 million**

Net assets increased by \$30.6 million. This was comprised of an increase in capital assets net of debt of \$11.7 million, primarily due to an increase in capital assets of \$13.5 million less related debt spending of \$3.6 million. Restricted expendable assets increased by \$11.5 million, due mainly to an increase in Institutional Capital Projects funds of \$9.3 million, an increase in 1% sales tax referendum funds of \$6.7 million, the movement of \$3.6 million in capital asset related debt spending from the expendable category to the invested in capital assets, net of debt category, and the reduction in cash restricted for debt service of \$170 thousand. Unrestricted net assets increased by \$7.4 million, largely due to an increase in tuition revenue and other fees of \$2.8 million from increased enrollment, the addition of \$2.2 million in stimulus funds, and increases in sales and services revenues.

<b>Condensed Summary of Net Assets</b>				
<b>Assets</b>	<b>2010</b>	<b>2009</b>	<b>Increase/ (Decrease)</b>	<b>Per Cent Change</b>
Current assets	\$ 138,965,107	\$ 66,701,725	\$ 72,263,381	108%
Capital assets, net	107,839,401	94,304,150	13,535,251	14%
Other assets	3,092,117	2,887,351	204,766	7%
<b>Total Assets</b>	<b>249,896,625</b>	<b>163,893,226</b>	<b>86,003,399</b>	<b>52%</b>
<b>Liabilities</b>				
Current liabilities	18,033,672	12,997,745	5,035,927	39%
Non-current liabilities	93,039,672	42,672,797	50,366,875	118%
<b>Total Liabilities</b>	<b>111,073,344</b>	<b>55,670,542</b>	<b>55,402,802</b>	<b>100%</b>
<b>Net Assets</b>				
Invested in capital assets, net of debt	71,619,921	59,953,874	11,666,047	19%
Restricted - non-expendable	100,000	100,000	-	0%
Restricted - expendable	33,277,562	21,751,075	11,526,487	53%
Unrestricted	33,825,798	26,417,735	7,408,063	28%
<b>Total Net Assets</b>	<b>\$ 138,823,281</b>	<b>\$ 108,222,684</b>	<b>\$ 30,600,597</b>	<b>28%</b>

### *Statement of Revenues, Expenses and Changes in Net Assets*

#### **Total Revenues – increase of \$22.1 million**

A \$22.1 million increase in total revenue was comprised entirely of growth in non-operating revenue of \$22.1 million and a decrease in operating revenue of \$51 thousand.

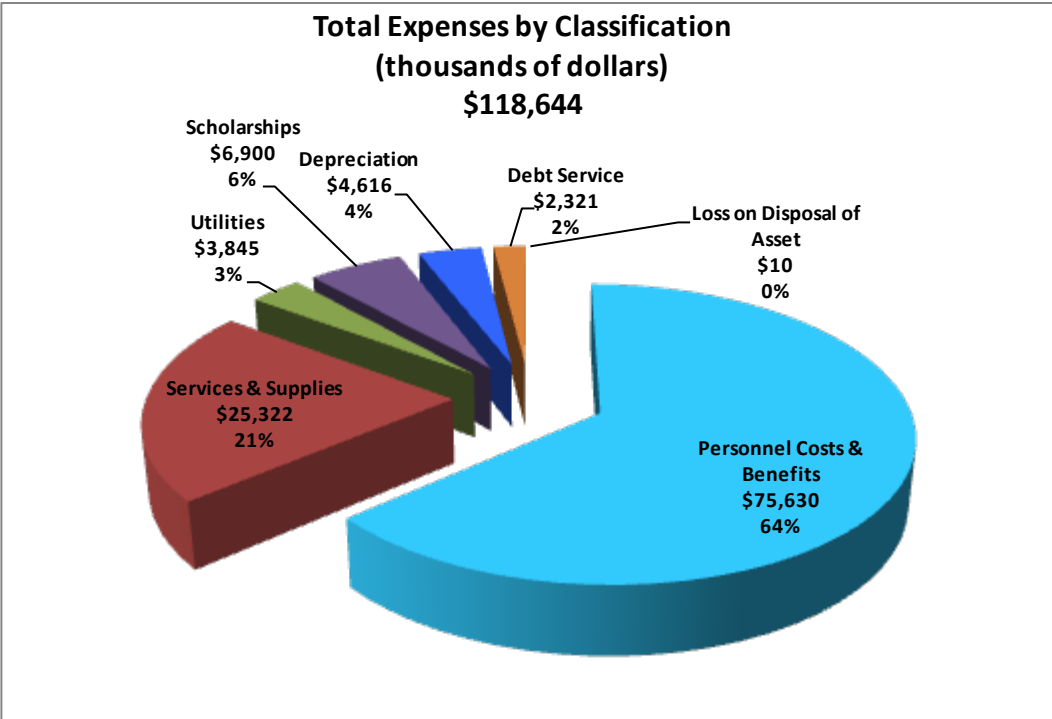
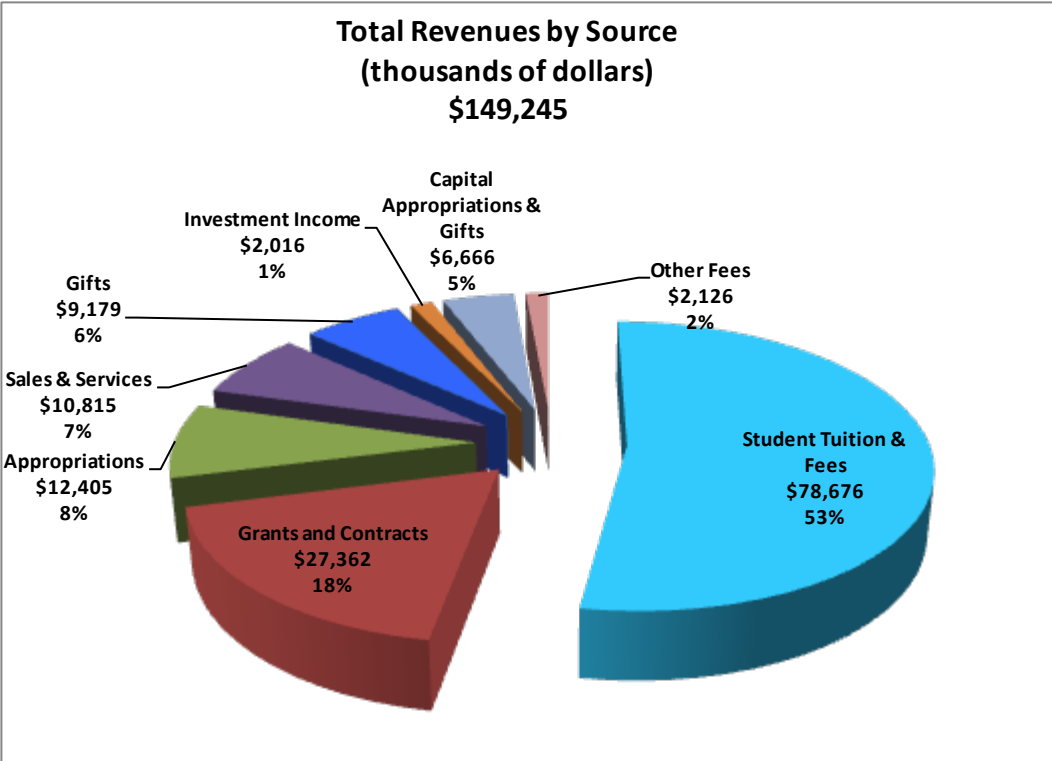
The largest increase due to operations was a \$2.8 million increase in student tuition and fees, representing a 4% growth over the previous year. The full-time in-state student population grew approximately 4.0% and full-time out of state population grew approximately 3.1%. Tuition increased 3.5% and 3.8% respectively. Grants, contracts and scholarships decreased by \$4.3 million, due to the reclassification of Pell Grants to non-operating revenue per a policy revision issued by the SC Comptroller General's office. After removing the Pell Grants from FY2009 figures, grants and contracts revenue increased by \$1.9 million made up of \$1.3 million federal, \$.3 million state, and \$.3 million non-government.

The net increase in non-operating revenue was comprised of decreased state funding of \$1.6 million which comprised an overall reduction in funding of 11% for the fiscal year including a 9.7% reduction in General Appropriations and a 51% reduction in the Technology Grant program. Capital appropriations increased by \$4.7 million due primarily to the passage of the one penny sales tax referendum. Horry County now levies an additional one percent sales tax which is split between the local school district, Horry Georgetown Technical College and Coastal Carolina University at a rate of 80%, 6.7% and 13.3%. This sales tax is restricted to funding capital improvements. Gifts and grants increased by \$18.8M due to the aforementioned Pell Grant reclassification, the inclusion of the \$2.2 million in stimulus funding and land and cash gifts from the Coastal Educational Foundation.

## Total Expenses – increase of \$6.4 million

The total expense increase of \$6.4 million was almost entirely due to operations. Salaries and fringe benefits increased \$5.3 million mostly in the form of permanent faculty and other unclassified positions. The University will continue to play “catch up” in converting temporary faculty to permanent faculty positions as the enrollment continues to increase and the University works toward providing the best possible instruction in the form of permanent full-time faculty. Utilities increased by 13% or \$446 thousand due to a rate increase by the electric provider. Depreciation expense increased by \$520 thousand due to an increase in capital assets accounts. Scholarship expenses decreased by \$499 thousand dollars. Interest expense, unrelated to operations, increased by \$463 thousand as the result of the increased debt issuance.

<b>Condensed Summary of Revenues, Expenses and Changes in Net Assets</b>				
	<b>2010</b>	<b>2009</b>	<b>Increase/ (Decrease)</b>	<b>Percent Change</b>
<b>Revenues:</b>				
Student tuition and fees	\$ 78,675,758	\$ 75,894,084	\$ 2,781,674	4%
Grants and contracts	14,808,697	19,160,854	(4,352,157)	-23%
Sales and services	10,815,452	10,016,636	798,816	8%
Other operating revenues	2,043,312	1,322,613	720,699	54%
Total operating revenues	<u>106,343,219</u>	<u>106,394,187</u>	<u>(50,968)</u>	0%
State appropriations	11,970,857	13,524,645	(1,553,788)	-11%
Local appropriations	434,395	209,658	224,737	107%
Gifts and grants	21,814,521	3,009,197	18,805,324	625%
Capital appropriations	6,665,565	1,959,902	4,705,663	240%
Investment income	2,016,468	2,042,596	(26,128)	-1%
Total nonoperating revenues	<u>42,901,806</u>	<u>20,745,998</u>	<u>22,155,808</u>	107%
Total Revenues	<u>149,245,025</u>	<u>127,140,185</u>	<u>22,104,840</u>	17%
<b>Expenses:</b>				
Personnel costs and benefits	75,630,433	70,346,054	5,284,379	8%
Services and supplies	25,321,514	25,146,483	175,031	1%
Utilities	3,844,951	3,399,167	445,784	13%
Scholarships	6,900,239	7,398,775	(498,536)	-7%
Depreciation	4,615,762	4,096,014	519,748	13%
Total operating expenses	<u>116,312,899</u>	<u>110,386,493</u>	<u>5,926,406</u>	5%
Interest expense	2,321,273	1,857,739	463,534	25%
Loss on disposal of asset	10,256	2,585	7,671	
Total Expenses	<u>118,644,428</u>	<u>112,246,817</u>	<u>6,397,611</u>	6%
<b>Change in Net Assets</b>	30,600,597	14,893,368	15,707,229	105%
<b>Net Assets, beginning of year</b>	<u>108,222,684</u>	<u>93,329,316</u>	<u>14,893,368</u>	16%
<b>Net Assets, end of year</b>	<u>\$ 138,823,281</u>	<u>\$ 108,222,684</u>	<u>\$ 30,600,597</u>	28%





## **Capital Assets and Debt**

Capital assets at June 30, 2010, consisted of land, \$5.9 million construction in progress, and \$95.3 million in land improvements, buildings, equipment, vehicles, and intangible assets, net of accumulated depreciation. The portion of campus land owned by the University is booked at a historical value of \$6.6 million. The additions to campus land in the current year came from a donation of land from the Coastal Educational Foundation for Kingston Hall, the science annex addition, the student recreation/convocation center and the library information commons added \$3.7 million and the purchase of the Meade Fire Tower property added \$1.2 million.

The construction in progress is comprised mainly of the student recreation/convocation center, the science annex addition and the baseball/softball hitting facility. Please see Note 6 to the financial statements for further details of capital asset activity.

Debt on capital assets is approximately \$92.3 million, comprised of \$3.9 million in current liabilities and \$88.4 million in long-term liabilities. Details on the capital lease obligation of the University as of June 30, 2010, may be found in Note 9 to the financial statements. Detail of bonds payable and long-term liabilities of the University are found in Notes 10 and 11.

## **Economic Outlook**

Fall 2010 full-time undergraduate in-state enrollment increased 8.6% and out-of-state decreased by 3.9%. Enrollment figures are preliminary. In an effort to move forward with building construction and renovation projects, in FY2008, tuition was increased to facilitate the bonding capacity while balancing the growth needed for operations. Currently, \$525 per student is set aside for future debt service. In the current fiscal year, the University will begin spending the funds generated by issuing \$54 million in bonds to construct academic and student services facilities. The first project scheduled to be completed will be the student recreation/convocation center in Fall 2011. The 24/7 information commons addition to the library, and an annex to the science building will be completed thereafter. The tuition increase for FY2010 was 4.91% and 8.0% for in-state and out-of-state students respectively. An additional 36 FTE positions were added to the budget for both faculty and staff support positions. The university struggles to keep up with growth from both a faculty and a student services perspective.

In late summer, the administration received notice of a budget cut from the State in the amount of 1% of funding or \$156 thousand and the stimulus funding of \$2.27 million was removed from the state appropriation. State appropriations went from \$11.97 million to \$9.13 million for FY2011. Expense reduction of \$4.0 million was implemented by reducing overall expenses, delaying new hires, a small Reduction in Force and non-renewal of temporary employees. Due to the current state of the economy, the University anticipates the possibility of a further reduction to the State appropriation.

# COASTAL CAROLINA UNIVERSITY

## Statement of Net Assets

June 30, 2010

### ASSETS

#### CURRENT ASSETS

Cash and cash equivalents	\$	38,942,278
Accounts and pledges receivable, net of provision for doubtful accounts		7,106,457
Due from component units		1,856,299
Inventories		450,549
Prepaid expenses		425,272

#### RESTRICTED CURRENT ASSETS

Cash and cash equivalents		90,184,252
Total current assets		138,965,107

#### NONCURRENT ASSETS

Capital assets, net of accumulated depreciation		
Land		6,592,033
Construction in progress		5,900,550
Buildings and improvements		92,220,379
Equipment, vehicles and intangible assets		3,126,439
Other assets, net		1,554,472

#### RESTRICTED NONCURRENT ASSETS

Cash and cash equivalents		166,727
Student loans receivable, net		1,370,918
Total non-current assets		110,931,518

#### TOTAL ASSETS

249,896,625

### LIABILITIES

#### CURRENT LIABILITIES

Accounts and retainage payable		3,971,585
Due to component unit		61,216
Accrued payroll and related liabilities		6,258,353
Deferred revenue		2,394,996
Funds held for others		223,733
Accrued compensated absences, current		377,487
Bonds payable, current		3,850,000
Capital lease payable, current		55,133

#### CURRENT LIABILITIES PAYABLE FROM

#### RESTRICTED CURRENT ASSETS

Interest payable		841,169
Total current liabilities		18,033,672

#### NON-CURRENT LIABILITIES

Accrued compensated absences		2,814,568
Bonds payable		88,435,000
Capital lease payable		-
Other liabilities		358,712

#### NON-CURRENT LIABILITIES PAYABLE FROM

#### RESTRICTED NONCURRENT ASSETS

Federal loan program liability		1,431,392
Total non-current liabilities		93,039,672

#### TOTAL LIABILITIES

111,073,344

### NET ASSETS

Invested in capital assets, net of debt		71,619,921
Restricted for:		
Non-expendable/permanently restricted		100,000
Expendable for capital projects		30,919,933
Satisfaction of Debt Covenants (Net of Interest Payable)		2,357,629
Unrestricted		33,825,798
<b>TOTAL NET ASSETS</b>	<b>\$</b>	<b>138,823,281</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**COASTAL CAROLINA UNIVERSITY**  
Statement of Revenues, Expenses and Changes in Net Assets  
For the Year Ended June 30, 2010

**Operating Revenues**

Student tuition and fees, net of scholarship allowance of \$21,819,123 \$6,135,497 is pledged for debt service on general obligation bonds	\$ 78,675,758
Government scholarships and contracts	14,808,697
Sales and services of educational departments	2,974,222
Sales and commissions of auxiliary enterprises, net of scholarship allowance of \$2,424,347	7,841,230
Other fees	<u>2,043,312</u>

**Total Operating Revenues** 106,343,219

**Operating Expenses**

Personnel costs and benefits	75,630,433
Services and supplies	25,321,514
Utilities	3,844,951
Scholarships	6,900,239
Depreciation	<u>4,615,762</u>

**Total Operating Expenses** 116,312,899

**Operating Income (Loss)** (9,969,680)

**Non-Operating Revenue (Expenses)**

State appropriations	11,970,857
Grant Revenue - Stabilization Funds	2,270,097
Pell Grant Revenues	10,273,453
Local appropriations	434,395
Grants and contracts	9,580
Gifts, including \$71,464 from Coastal Educational Foundation and \$177,100 from CCU Student Housing Foundation	1,775,562
Other miscellaneous revenue	83,088
Investment and endowment income	2,016,468
Interest on capital asset related debt	(2,321,273)
Gain (Loss) on disposal of assets	<u>(10,256)</u>

**Net Non-Operating Revenues (Expenses)** 26,501,971

**Income (loss) before other revenues, expenses, gains and losses** 16,532,291

Capital appropriations (Local)	6,665,565
Capital grants and gifts, including \$1,750,000 from Coastal Educational Foundation	<u>7,402,741</u>

**Increase (Decrease) in Net Assets** 30,600,597

**Net Assets**

Net Assets, beginning of year	108,222,684
<b>Net Assets, end of year</b>	<b>\$ <u><u>138,823,281</u></u></b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

# COASTAL CAROLINA UNIVERSITY

## Statement of Cash Flows

For the Year Ended June 30, 2010

<b>Cash Flows from Operating Activities</b>	
Cash received from students for tuition and fees	\$ 81,629,498
Cash received from governmental scholarships and contracts	14,112,092
Cash paid to suppliers	(28,175,414)
Cash paid to employees and fringe benefit providers	(73,390,723)
Cash paid for scholarship payments to students	(6,900,239)
Cash paid for Perkins loans advanced to students	(153,806)
Cash received from Perkins loan repayments	201,972
Cash received from Stafford and parent loans on behalf of students	47,805,960
Cash from Stafford and parent loans paid to students or applied to student accounts	(47,805,960)
Cash received on behalf of CCU Student Housing Foundation	7,661,389
Cash paid on behalf of CCU Student Housing Foundation	(6,890,360)
Cash received on behalf of other organizations	33,894
Cash paid or scholarships applied on behalf of other organizations	(118,845)
Cash received from sales and commissions of auxiliary enterprises:	
Residence halls and food service	7,696,927
Bookstore	597,492
Vending	85,392
Scholarship Allowance for Auxiliary enterprises	(2,424,347)
Golf Course	1,020,655
Cash received from other receipts	3,065,796
Net Cash Used by Operating Activities	<u>(1,948,627)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
State appropriations	14,240,954
Local Appropriations	392,395
Cash received for Pell Grants	10,273,453
State Grants	9,580
Gifts	664,998
Net Cash Provided by Non-Capital Financing Activities	<u>25,581,380</u>
<b>Cash Flows from Capital Financing Activities</b>	
Cash Proceeds from Disposal of Capital Asset	(10,256)
Local capital appropriations	6,665,565
Capital gifts	1,143,933
Purchases of capital assets	(13,535,250)
Proceeds of institution and revenue bonds	50,530,000
Principal paid on capital debt and lease	(2,048,302)
Interest paid on capital debt and lease	(1,776,727)
Net Cash Provided by Capital Financing Activities	<u>40,968,963</u>
<b>Cash Flows from Investing Activities</b>	
Interest on deposits	2,115,393
Net Cash Provided by Investing Activities	<u>2,115,393</u>
<b>Increase in cash and cash equivalents</b>	66,717,109
<b>Cash - beginning of year</b>	<u>62,576,148</u>
<b>Cash - end of year</b>	<u>\$ 129,293,257</u>

# COASTAL CAROLINA UNIVERSITY

## Statement of Cash Flows Continued

For the Year Ended June 30, 2010

### Reconciliation of Net Operating Loss to Net Cash

#### Used by Operating Activities:

Operating income/(loss)	\$	(9,969,680)
Operating expenses covered by in-kind donations		354,354
Bad debt expense		685,910
Depreciation expense		4,615,762
Change in current assets and liabilities:		
Accounts and loans receivable		141,257
Grants and contracts receivable		(123,488)
Inventories		(43,393)
Prepaid expenses		(125,996)
Unearned revenue		(676,623)
Accounts and retainage payable		(739,604)
Funds held for others		1,554,619
Perkins federal liability		(5,192)
Accrued payroll and related liabilities		2,284,521
Local appropriation, accrued interest & endowment income receivable		98,926
Net cash used by operating activities	\$	<u><u>(1,948,627)</u></u>

#### Supplemental disclosure:

Donated supplies and services	\$	354,354
Loss on disposal of fixed assets	\$	<u>10,256</u>
	\$	<u><u>364,610</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**COASTAL CAROLINA UNIVERSITY**

Component Unit

Coastal Education Foundation

Statement of Financial Position

June 30, 2010

	<u>2010</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 469,936
Accounts and pledges receivable, net of allowance of \$531,659 and \$345,762 for 2010 and 2009, respectively	2,271,060
Investments	21,030,115
Real estate held for investment	1,253,894
Cash value of life insurance	46,308
Property and equipment, net	<u>5,193,259</u>
 Total assets	 <b><u>\$ 30,264,572</u></b>
 <b>LIABILITIES AND NET ASSETS</b>	
Accounts payable	\$ 1,829,688
Accrued expenses	3,355
Notes payable	<u>418,930</u>
 Total liabilities	 <u>2,251,973</u>
 Net assets	
Unrestricted	5,809,099
Temporarily restricted	9,595,156
Permanently restricted	<u>12,608,344</u>
 Total net assets	 <u>28,012,599</u>
 Total liabilities and net assets	 <b><u>\$ 30,264,572</u></b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**COASTAL CAROLINA UNIVERSITY**  
Component Unit  
Coastal Education Foundation  
Statement of Activity and Change in Net Assets  
For the Year Ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue, gains (losses) and other support				
Contributions	\$ 1,331,113	\$ 1,981,982	\$ 202,575	\$ 3,515,670
Endowed and other investment income				
Interest income	3,667	-	-	3,667
Realized investment income (loss)	360,699	7,125	(96)	367,728
Net appreciation in fair value of investments	1,215,426	788,417	106,477	2,110,320
Net depreciation in fair value of property	-	(1,038,966)	-	(1,038,966)
Change in cash value of life insurance	2,167	3,530	2,252	7,949
Split interest annuity change	-	345	-	345
Lease income	343,673	-	-	343,673
Royalty income	-	26,927	-	26,927
Miscellaneous income	13	14,391	-	14,404
Fundraising income	-	646	-	646
Gain on transfer of land to the University	3,625,586	-	-	3,625,586
Net assets released from restrictions	<u>2,801,132</u>	<u>(2,801,132)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>9,683,476</u>	<u>(1,016,735)</u>	<u>311,208</u>	<u>8,977,949</u>
Expenses				
Program services				
Scholarships	177,080	-	-	177,080
University support	5,708,583	-	-	5,708,583
Facilities development and physical plant	710,549	-	-	710,549
College of Education	36,278	-	-	36,278
College of Humanities	134,198	-	-	134,198
College of Science	60,780	-	-	60,780
College of Business	337,813	-	-	337,813
General and administrative	312,512	-	-	312,512
Bad debt expense	186,704	-	-	186,704
Bad debt losses	-	-	139,750	139,750
Fundraising expenses	50,736	-	-	50,736
Total expenses	<u>7,715,233</u>	<u>-</u>	<u>139,750</u>	<u>7,854,983</u>
Change in net assets	1,968,243	(1,016,735)	171,458	1,122,966
<b>NET ASSETS, BEGINNING OF YEAR</b>	3,866,498	11,808,255	11,214,880	26,889,633
Transfers	<u>(25,642)</u>	<u>(1,196,364)</u>	<u>1,222,006</u>	<u>-</u>
<b>NET ASSETS, END OF YEAR</b>	<u><b>\$ 5,809,099</b></u>	<u><b>\$ 9,595,156</b></u>	<u><b>\$12,608,344</b></u>	<u><b>\$28,012,599</b></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**COASTAL CAROLINA UNIVERSITY**  
Component Unit  
CCU Student Housing Foundation  
Consolidated Statement of Financial Position  
June 30, 2010

	<b>2010</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 560,446
Cash and cash equivalents, restricted	2,795,106
Interest receivable	\$7,395
Investments	1,519,512
Investments, restricted	7,723,600
Accounts receivable	27,169
Bond issuance costs, net	61,296
Current portion of bond issuance costs, net	61,296
Construction in progress	10,150
Other assets	224,723
Total current assets	12,911,852
Fixed assets, net	69,763,283
Non-current assets:	
Long-term portion of bond issuance costs, net	1,628,366
Investments in leasehold	70,383,722
Other assets	9,800
Total assets	\$ 84,313,301
<b>Liabilities and Net Assets (Deficit)</b>	
Current liabilities:	
Accounts payable	\$ 219,456
Due to Coastal Carolina University	525,951
Deferred revenue	-
Accrued interest	1,272,041
Mortgage payable	3,277,566
Bonds payable, current	1,104,900
Deferred revenue	-
Total current liabilities	6,399,914
Non-current liabilities:	
Long-term portion of revenue bonds payable, net	86,211,183
Total Liabilities	92,611,097
Net assets (deficit)	
Unrestricted deficit	(8,297,796)
Total net assets (deficit)	(8,297,796)
Total liabilities and net assets (deficit)	\$ 84,313,301

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS



**COASTAL CAROLINA UNIVERSITY**  
Component Unit  
CCU Student Housing Foundation  
Consolidated Statement of Activity and Change in Net Assets  
For the Year Ended June 30, 2010

	<b>2010</b>
<b>Unrestricted revenues, gains, and other support</b>	
Housing fees	\$ 6,992,764
Lease Income	76,700
Donated office rental	4,544
Investment income	47,768
Vending Commission	8,811
Other Income	408,668
Total unrestricted revenues and other support	7,539,255
<b>Expenses</b>	
Student housing	3,340,729
Support of Coastal Carolina University	392,808
Management and general	365,713
Interest and financing fees	3,470,657
Donated office rental	4,544
Amortization	44,535
Depreciation	1,284,545
Total expenses	8,903,531
Decrease in net assets	(1,364,276)
Unrestricted deficit, beginning of year	(6,922,520)
Unrestricted deficit, end of year	\$(8,286,796)

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**COASTAL CAROLINA UNIVERSITY**  
Notes to Financial Statements  
June 30, 2010

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations:** Coastal Carolina University is a public, mid-sized (8,600 students) comprehensive liberal arts institution offering baccalaureate degrees in the traditional liberal arts and sciences, interdisciplinary studies, and professional schools, along with master's degrees in several specialized areas. The campus primarily serves its immediate five-county area and the state, while honoring its commitment to the citizens of Horry County who founded the University and continues to provide funding. Recognizing its responsibility to ensure a student population that is diverse both culturally and geographically, the institution also aggressively recruits statewide, out-of-state, and internationally.

The University is a part of the primary government of the State of South Carolina and its funds are reported in the State's higher education enterprise funds in the Comprehensive Annual Financial Report of the State of South Carolina. Generally, all State departments, agencies, and colleges are included in the State's reporting entity. These entities are financially accountable to and fiscally dependent on the State. Although the State-supported universities operate somewhat autonomously, they lack full corporate powers. In addition, the Governor and/or the General Assembly appoint their board members and budget a significant portion of their funds.

The University is governed by a board of 16 members, including 15 elected by the State Legislature and one member to be appointed from the State at large by the Governor. The Governor of the State, or his designee, is an ex officio member of the Board. Accordingly, as such, it administers, has jurisdiction over, and is responsible for the management of the University.

**Financial Statements Presentation:** The financial statement presentation for the University conforms to the requirements of Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*. The University has also adopted GASB Statement No. 38, *Certain Financial Statement Note Disclosures* and Statement No. 39, *Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14*. The financial statement presentation provides a comprehensive, entity-wide perspective of the University's net assets, revenues, expenses and changes in net assets and cash flows as well as the net assets, revenues, expenses and changes in net assets of its separately audited component units.

**Reporting Entity:** The financial reporting entity, as defined by GASB Statement No. 14, *The Financial Reporting Entity*, 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 and two discretely presented component units, the Coastal Educational Foundation and the CCU Student Housing Foundation.

The Coastal Educational Foundation (the CEF) is a legally separate, tax-exempt entity which 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 is 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.

**COASTAL CAROLINA UNIVERSITY**  
Notes to Financial Statements, Continued  
June 30, 2010

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,** Continued

**Reporting Entity:** Continued

The CCU Student Housing Foundation (the Foundation) is also a legally separate, tax-exempt entity which was chartered in 2002, to provide housing for Coastal students and to provide support for various University programs. The Foundation is supported by housing fees paid by students. The Foundation's activities are governed by its board of directors. The Foundation is considered a component unit because its economic resources are held entirely for the benefit of the University.

Both the CEF and the Foundation are not deemed to be governmental entities because a controlling majority of the membership is not appointed by the University, there is no potential for unilateral dissolution by the University, with the net assets reverting to the University, and neither has the power to enact and enforce a tax levy or the ability to issue directly debt that pays interest exempt from federal taxation. Also, both Foundations report their financial results under Financial Accounting Standards Board (FASB) statements, the most significant of which are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Statements of Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. 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 can be obtained by sending a request to the following address: Executive Director, CEF, Coastal Carolina University, Atheneum Hall, 114 James P. Blanton Circle, Conway, South Carolina, 29526. Copies of the separately issued financial statements for the CCU Student Housing Foundation can be obtained by sending a request to the following address: Executive Director, CCU Student Housing Foundation, Foundation Center, P.O. Box 261954, Conway, South Carolina, 29528-6054.

**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.

The University applies all applicable GASB pronouncements and in accordance with GASB statement 20, the State of South Carolina has elected to apply only those Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, which are not in conflict with GASB standards.

**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 includes amounts due from the Federal government, state and local governments, component units, or 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.

**COASTAL CAROLINA UNIVERSITY**  
Notes to Financial Statements, Continued  
June 30, 2010

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

**Inventories and Prepaid Items:** Inventories are carried at the lower of cost or market. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Items accounted for as University inventories include: maintenance supplies, housing supplies, office supplies, mail supplies, athletic supplies, and golf-course supplies. Items accounted for as prepaid items include: prepaid insurance, prepaid postage, and advance payments for maintenance and service agreements.

**Capital Assets:** Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The University follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The University capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000. Routine repairs, 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 10-40 years; for land improvements is 10-15 years; and for vehicle, equipment and machines is 3-10 years. A full year of depreciation is taken the year the asset is placed in service and no depreciation is taken in the year of disposition.

**Deferred Revenues:** Deferred 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 deferred 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.

**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 assets, and as a component of compensation and benefit expense in the statement of revenues, expenses and changes in net assets.

**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 which would have to be repaid to the federal government if the University ceases to participate in the program.

**Net Assets:** The University's net assets are classified as follows:  
Invested in capital assets, net of related debt: Assets invested in capital assets, net of related debt, represent the University's total investment in capital assets, net of outstanding debt obligations, related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

**COASTAL CAROLINA UNIVERSITY**  
Notes to Financial Statements, Continued  
June 30, 2010

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

**Net Assets:** Continued

*Restricted net assets - expendable:* Restricted expendable net assets include resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

*Restricted net assets - nonexpendable:* Nonexpendable restricted net assets consist of endowment and similar type funds in 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 net assets:* Unrestricted net assets represent 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 on-going 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. However, in accordance with Question 7.72.10 of GASB's Comprehensive Implementation Guide, the South Carolina Comptroller General's Office has revised its policy and is now requiring 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 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 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 assets. 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. Scholarships for certain individuals that are required by state law or out-of-state fee

**COASTAL CAROLINA UNIVERSITY**  
Notes to Financial Statements, Continued  
June 30, 2010

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

**Scholarship Discounts and Allowances:** Continued

differential abatements facilitated by intra-state agreements are recorded as neither tuition and fee revenue nor scholarship 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, food service, and golf course activities. 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 certain temporary 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 certain capital leases 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. The University has a rebatable arbitrage liability of \$100,134 at June 30, 2010.

**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.

**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.

**COASTAL CAROLINA UNIVERSITY**  
Notes to Financial Statements, Continued  
June 30, 2010

**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 Assets amounts:

STATEMENT OF NET ASSETS:	
Cash and Cash Equivalents - Current	\$ 38,942,278
Cash and Cash Equivalents - Restricted	
Debt Service	3,198,798
Capital Project	86,985,454
Other	66,727
Cash and Cash Equivalents - Endowment	100,000
Total	<u>\$ 129,293,257</u>
DEPOSITS	
Cash on Hand	\$ 10,433,839
Deposits Held by State Treasurer	<u>118,859,418</u>
Total	<u>\$ 129,293,257</u>

**Cash on Hand:** At June 30, 2010, Coastal Carolina University had approximately \$66,727 with the State Treasurer for exclusive use by the Perkins Loan Program.

**Deposits Held by State Treasurer:** State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. On June 30, 2010, Coastal Carolina University had \$118,859,418 in Deposits Held by State Treasurer. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's deposits is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

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 is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

**NOTE 3 – RESTRICTED ASSETS**

The purposes and amounts of University restricted assets at June 30, 2010 are as follows:

CURRENT	
Cash and Cash Equivalents	
Satisfaction of Debt Covenants	\$ 3,198,798
Capital Projects	86,985,454
Total Restricted Current Assets	<u>90,184,252</u>
NON-CURRENT	
Cash and Cash Equivalents	
Federal Perkins Loan Program	66,727
Endowments	100,000
Loans to Students	1,370,918
Total Restricted Non-Current Assets	<u>1,537,645</u>
Total Restricted Assets	<u>\$ 91,721,897</u>

**COASTAL CAROLINA UNIVERSITY**  
Notes to Financial Statements, Continued  
June 30, 2010

**NOTE 4 – ACCOUNTS RECEIVABLE**

University current and non-current receivables for June 30, 2010 are as follows:

<b>CURRENT ACCOUNTS RECEIVABLE</b>		
Student Accounts Receivable	\$ 1,580,027	
Less Allowance for Uncollectible	<u>(682,380)</u>	
Student Accounts Receivable, Net	897,647	
Third Party Receivables		579,278
Federal Grants and Contracts Receivable		796,149
State Grants and Contracts Receivable		91,914
Other Grants & Contracts Receivable		202,471
Local Appropriation Receivable		42,000
Chanticleer Athletic Foundation Receivable		1,146,813
Accrued Interest and Endowment Income Receivable		252,290
Gifts Receivable	653,300	
Less Allowance for Uncollectible Gifts	<u>(500,000)</u>	
Gifts Receivable, Net	153,300	
CEF Receivable		1,821,464
Student Housing Foundation Receivable		34,835
Other Receivables		<u>2,944,595</u>
Net Total Current Receivables		8,962,756
 <b>NON-CURRENT ACCOUNTS RECEIVABLE</b>		
Loans to Students		1,425,511
Less Allowance for Uncollectibles		<u>(54,593)</u>
Net Loans to Students		<u>\$1,370,918</u>

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

**NOTE 5 - LOANS RECEIVABLE AND FEDERAL LIABILITY**

Student loans made through the Federal Perkins Loan Program of the University comprise all of the loans receivable as of June 30, 2010. The Perkins Loan program provides various repayment options; students have the right to repay the loan over periods up to 10 years depending on the amount of the loan and loan cancellation privileges the student decides to exercise. As the University determines that loans are uncollectible, the loans are written off and assigned to the United States Department of Education. At June 30, 2010, the allowance for uncollectible student loans is valued at \$54,593. The funds contributed by the Federal Government are refundable in the event the University decides to no longer participate in the program. Although the University plans to consider participating in the Perkins Loan Program for the foreseeable future, the University has recorded a long-term liability in the amount of \$1,431,392, representing the Federal portion of the loan program at June 30, 2010.



**COASTAL CAROLINA UNIVERSITY**  
Notes to Financial Statements, Continued  
June 30, 2010

**NOTE 6 - CAPITAL ASSETS**

Major outlays for capital assets and improvements are capitalized as they are constructed. Interest incurred during the construction progress may be capitalized or expensed depending on, among other things, whether the source of funding specifies that it may be used only for the acquisition of specified qualifying assets, and in certain cases, the amount of interest earnings on unexpended debt proceeds. During the year ended June 30, 2010, the University did not hold a bond which specified only one qualifying asset.

Capital asset activity for the University for the year ended June 30, 2010 is summarized as follows:

	Beginning Balance July 1, 2009	Additions	Retirements	Transfers	Ending Balance June 30, 2010
Capital Assets Not Being Depreciated:					
Land	\$ 1,669,442	4,931,026	(15,085)	6,650	6,592,033
Construction in Progress	7,764,204	3,813,252	-	(5,676,906)	5,900,550
Total Capital Assets Not Being Depreciated	<u>9,433,646</u>	<u>8,744,278</u>	<u>(15,085)</u>	<u>(5,670,256)</u>	<u>12,492,583</u>
Capital Assets Being Depreciated:					
Land Improvements	4,588,453	1,039,749	-	-	5,628,202
Buildings and Improvements	108,467,005	7,385,626	-	5,670,256	121,522,887
Equipment	7,389,525	768,838	(26,768)	-	8,131,595
Intangible Assets	273,777	-	-	-	273,777
Vehicles	1,284,903	227,606	(7,300)	-	1,505,209
Total Other Capital Assets at Historical Cost	<u>122,003,663</u>	<u>9,421,819</u>	<u>(34,068)</u>	<u>5,670,256</u>	<u>137,061,670</u>
Less Accumulated Depreciation For:					
Land Improvements	(2,019,700)	(406,766)	-	-	(2,426,466)
Buildings and Improvements	(29,615,279)	(2,888,966)	-	-	(32,504,245)
Equipment	(4,471,986)	(1,131,636)	26,768	-	(5,576,854)
Intangible Assets	(273,777)	-	-	-	(273,777)
Vehicles	(752,417)	(188,393)	7,300	-	(933,510)
Total Accumulated Depreciation	<u>(37,133,159)</u>	<u>(4,615,761)</u>	<u>34,068</u>	<u>-</u>	<u>(41,714,852)</u>
Capital Assets Being Depreciated, Net	<u>84,870,504</u>	<u>4,806,058</u>	<u>-</u>	<u>5,670,256</u>	<u>95,346,818</u>
Capital Assets, Net	<u>\$ 94,304,150</u>	<u>13,550,336</u>	<u>(15,085)</u>	<u>-</u>	<u>107,839,401</u>

**Construction:** Coastal Carolina University currently has several construction projects taking place that are not yet complete as of June 30, 2010. Costs of these projects, while they are underway, are capitalized and recorded as Construction in Progress. When these projects are completed they will be reclassified and depreciated. The capitalization of the Adkins Field House, the Environmental Quality Lab and the renovations done to the Myrtle Beach Education Center caused Construction in Progress to decrease this year, as they have been reclassified as assets to be depreciated and newer projects begun this year have not yet accumulated the expense of the finished projects. Some of the key projects that have gotten underway this year are; the Student Recreation and Convocation Center, the Science Annex, the Central Energy Plant, the Bryans Information Commons being added to the library, the addition to the Commons Dining Hall and the Practice Hitting Facility.

**COASTAL CAROLINA UNIVERSITY**  
Notes to Financial Statements, Continued  
June 30, 2010

**NOTE 6 - CAPITAL ASSETS**, Continued

**Land Acquisition Transactions:** The University obtained four parcels of land this year and traded one parcel back to the Coastal Education Foundation. The transactions were processed in an effort to better reflect the actual holdings of land between the University and the Foundation in a way that made sense. Land was obtained to accommodate the building of the Student Recreation/Convocation Center, the Science Building Annex the Bryan Information Commons, as well as have ownership of land on which Kingston Hall stands. A parcel of land consisting of 3.27 acres at the entrance of Hwy. 501 was deeded back to the Coastal Education Foundation. In a similar transaction 1.83 acres at the entrance of Hwy. 501 was traded to the South Carolina Department of Transportation in exchange for .22 acres on which Baxley Hall is located. All transactions were booked at fair market value. Coastal Carolina University also purchased 10 acres of land from the South Carolina Department of Forestry. The combination of number of acres acquired and booking at fair market value has resulted in the land cost increase from \$1.7 million to \$6.6 million over the course of the Fiscal Year.

**NOTE 7 - ENDOWMENTS**

The University holds one permanent endowment of \$100,000. The cash and cash equivalents are recorded in non-current assets, restricted cash. The endowment had a fair market value of \$108,988 at June 30, 2010. 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. The income earned on the endowment is spent for the purpose for which it was established, faculty research support. It is the University's policy to authorize and spend investment income only at the budgeted amount of 5% of the most recent June 30 fair market value.

**NOTE 8 - DEFERRED REVENUE**

Deferred revenue for the University at year-end is comprised of tuition prepayments of \$803,941, University Place Housing Security Deposits of \$112,522, grant and contract funds of \$1,041,508, housing prepayments of \$343,158, advance football tickets sales of \$89,105 and auxiliary gift certificates of \$4,762.

**NOTE 9 - LEASE OBLIGATIONS**

**Operating Leases:** The University leases classroom and office facilities and a golf course from external parties under terms of non-cancelable operating leases having terms in excess of one year. Total payments for such leases were \$546,951 for the year ended June 30, 2010. Future minimum lease payments under terms of these leases are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>
2011	546,951
2012	414,610
2013	100,001
2014	50,000
Total	<u>\$ 1,111,562</u>

The University also leases a parking lot, golf course, two activity fields, and classroom, office and clinic facilities from third parties in accordance with operating leases with fixed annual payments and terms of one year or less. Payments for such space during the fiscal year ending June 30, 2010 were \$617,343.

**COASTAL CAROLINA UNIVERSITY**  
Notes to Financial Statements, Continued  
June 30, 2010

**NOTE 9 – LEASE OBLIGATIONS,** Continued

**Capital Leases:** The University has entered into one capital lease in order to finance the acquisition of various pieces of equipment. The lease is payable in semi-annual installments of \$55,983, including interest of 3.09% through fiscal year 2011. This lease agreement qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of its future minimum lease payments as of the inception date. The carrying value of leased assets as of June 30, 2010 is \$372,284, net of accumulated depreciation of \$327,716.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010 were as follows:

Year Ending June 30	Capital Lease Payment
2011	55,983
2012	-
2013	-
Total Minimum Lease Payments	55,983
Less: Interest	(850)
Present Value of Minimum Lease Payments	\$ 55,133

**NOTE 10 – BONDS PAYABLE**

For the University, bonds payable consisted of the following at June 30, 2010:

Revenue bonds are payable from and secured by a pledge of net revenues derived by the University from the operation of the facilities constructed with the bond proceeds, and by a pledge of additional funds, which are all available funds and academic fees of the University except for those which are not (i) otherwise designated or restricted; (ii) funds derived from State appropriations; and (iii) tuition funds pledged to the repayment of State institution bonds, if any. The University has also secured insurance contracts for its revenue bonds which guarantee payment of principal and interest in the case such required payment has not been made, for a period equal to the final maturity of the bonds. Certain of the bonds payable are callable at the option of the University.

	Balance at Inception	Interest Rates	Maturity Dates	Balance June 30, 2010
Revenue Bonds				
Series 1999S	\$ 24,545,000	4.875% to 5.3%	6/1/2026	\$ 6,635,000
Series 2004 Refunded	13,895,000	4.09%	6/1/2018	2,485,000
Series 2006 Refunded	13,175,000	3.75% to 4.25%	6/1/2026	12,185,000
Total Revenue Bonds				21,305,000
State Institution				
General Obligation 2002	\$ 8,750,000	3.25% to 4.625%	9/1/2022	6,635,000
General Obligation 2006	11,300,000	4.25% to 6.00%	10/1/2026	10,345,000
General Obligation 2010	54,000,000	3.52%	4/1/2030	54,000,000
Total State Institutional Bonds				70,980,000
Total Bonds Payable				\$ 92,285,000

**COASTAL CAROLINA UNIVERSITY**  
Notes to Financial Statements, Continued  
June 30, 2010

**NOTE 10 – BONDS PAYABLE**, Continued

State institution bonds are general obligation bonds backed by the full faith, credit, and taxing power of the State. Tuition revenue is pledged in the amount of \$525 per full time student in-state student, \$525 per full time out-of-state student and \$10 per graduate credit hour. The legal debt margin for general obligation bonds is that the maximum amount of annual debt service shall not exceed ninety percent of the sums received from tuition and fees for the preceding fiscal year. Tuition bonds fees for the preceding year were \$6,817,219 which results in a legal annual debt service of June 30, 2010 of \$6,135,497.

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

	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
<u>Revenue</u>			
<u>Bonds</u>			
2011	1,105,000	941,070	2,046,070
2012	1,155,000	895,518	2,050,518
2013	1,200,000	846,426	2,046,426
2014	1,255,000	794,911	2,049,911
2015	1,305,000	741,134	2,046,134
2016-20	6,655,000	2,828,528	9,483,528
2021-25	7,025,000	1,369,195	8,394,195
2026	1,605,000	74,460	1,679,460
\$	<u>21,305,000</u>	<u>8,491,242</u>	<u>29,796,242</u>
	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
<u>General</u>			
<u>Obligation</u>			
<u>Bonds</u>			
2011	2,745,000	2,658,801	5,403,801
2012	2,795,000	2,522,126	5,317,126
2013	2,855,000	2,487,126	5,342,126
2014	2,920,000	2,369,976	5,289,976
2015	2,990,000	2,335,976	5,325,976
2016-20	16,440,000	10,758,551	27,198,551
2021-25	19,935,000	8,986,697	28,921,697
2026-30	20,300,000	6,640,038	26,940,038
\$	<u>70,980,000</u>	<u>38,759,291</u>	<u>109,739,291</u>

In April of 2010 new General Obligation State Institution Bonds were issued by the State of South Carolina on behalf of the University in the amount of \$54,000,000. The bonds carry a Fitch rating of AAA, a Moody's investors rating of Aaa and a S&P rating of AA+.

**COASTAL CAROLINA UNIVERSITY**  
Notes to Financial Statements, Continued  
June 30, 2010

**NOTE 10 – BONDS PAYABLE**, Continued

The proceeds received at closing totaled \$54,081,755.46, which consisted of the following:

Total Par Amount	\$54,000,000.00
Less Underwriter's Discount	(280,175.00)
Plus Issue Premium	291,612.20
Plus Accrued Interest	<u>70,318.26</u>
Total Proceeds	\$54,081,755.46

The purpose of the new bond issue is listed below as well as for the previous issues still outstanding:

- State Institution Bonds Series 2010A
  - i. Construct an approximately 18,000 square foot addition to the Kimbel Library.
  - ii. Construct an approximately 40,000 square foot annex to the Smith Science Building.
  - iii. Construct a new student recreation complex.
  
- State Institution Bonds Series 2006C
  - i. Fund various projects specifically including Science Facilities, other Academic Facilities, Physical Plant and Campus Infrastructure, and Student Life and Intramural Facilities.
    - a. Repairs and renovations to roofs and HVAC systems on academic facilities.
    - b. Construct a planned environmental research facility.
    - c. Convert the existing space in two warehouses to science laboratories.
    - d. Allow for electrical upgrades, parking lots, sidewalks, irrigation, expansion of fiber optics, security cameras, and wireless technology system throughout the campus.
    - e. Provide playing fields and weight rooms for intramural sports activities.
  
- State Institution Bonds Series 2002D
  - i. Renovate and construct certain academic and athletic facilities.
  
- Revenue Auxiliary Bonds 1999, 2004 & 2006 Series
  - i. Construction of Baxley Hall.
  - ii. Construction of the Commons Dining Hall.
  - iii. Expansion of student housing on main campus.

**COASTAL CAROLINA UNIVERSITY**  
Notes to Financial Statements, Continued  
June 30, 2010

**NOTE 11—LONG-TERM LIABILITIES**

Long-term liability activity for the University for the year ended June 30, 2010 was as follows:

	Balance			Balance	Due Within
	June 30, 2009	Additions	Reductions	June 30, 2010	One Year
<b>Bonds Payable</b>					
General Obligation Bonds	\$ 17,655,000	54,000,000	675,000	70,980,000	2,745,000
Revenue Bonds	22,365,000	-	1,060,000	21,305,000	1,105,000
<b>Total Bonds Payable</b>	<b>40,020,000</b>	<b>54,000,000</b>	<b>1,735,000</b>	<b>92,285,000</b>	<b>3,850,000</b>
Capital Lease Obligations	162,895	-	107,762	55,133	55,133
Federal Loan Program Liability	1,436,584	-	5,192	1,431,392	-
Accrued Compensated Absences	3,236,866	150,737	195,548	3,192,055	377,487
<b>Total Other Liabilities</b>	<b>4,836,345</b>	<b>150,737</b>	<b>308,502</b>	<b>4,678,580</b>	<b>432,620</b>
<b>Total Long-Term Liabilities</b>	<b>\$ 44,856,345</b>	<b>54,150,737</b>	<b>2,043,502</b>	<b>96,963,580</b>	<b>4,282,620</b>

Additional information regarding Capital Lease Obligations is included in Note 9. Additional information regarding Bonds Payable is included in Note 10.

**NOTE 12 – OPERATING EXPENSES BY FUNCTION**

Operating expenses by functional classification for the year ended June 30, 2010 are summarized as follows:

Functional Classification	Personnel Costs and Benefits	Services and Supplies	Utilities	Scholarships	Depreciation	Total
Instruction	\$ 37,921,144	\$ 4,900,464	\$ 118,482	\$ -	\$ -	\$ 42,940,090
Research	1,067,084	1,373,807	9,373	-	-	2,450,264
Public Service	584,267	602,146	7,758	-	-	1,194,171
Academic Support	5,606,891	1,303,088	6,517	-	-	6,916,496
Student Services	11,497,741	6,411,409	101,222	-	-	18,010,372
Institutional Support	8,801,464	2,557,988	186,012	-	-	11,545,464
Plant Operation	8,733,570	5,227,386	2,752,081	-	-	16,713,037
Scholarships	370,725	-	-	6,900,239	-	7,270,964
Auxiliary Enterprises	1,047,547	2,945,226	663,506	-	-	4,656,279
Depreciation	-	-	-	-	4,615,762	4,615,762
<b>Total Expenses</b>	<b>\$ 75,630,433</b>	<b>\$ 25,321,514</b>	<b>\$ 3,844,951</b>	<b>\$ 6,900,239</b>	<b>\$ 4,615,762</b>	<b>\$ 116,312,899</b>

**COASTAL CAROLINA UNIVERSITY**  
Notes to Financial Statements, Continued  
June 30, 2010

**NOTE 13 – PENSION PLANS**

The Retirement Division of the State Budget and Control Board administers two basic types of retirement plans—defined benefit plans and defined contribution plans under six separate retirement systems: the South Carolina Retirement System (SCRS); the Police Officers Retirement System (PORS); the General Assembly Retirement System (GARS); the Judges and Solicitors Retirement System (JSRS); the State Optional Retirement Program (State ORP); and the National Guard Retirement System (NGRS). Generally all State employees, except those specifically exempted by statute, are required to become members of SCRS, PORS, or ORP. The System also issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the Retirement Division, 202 Arbor Lake Drive, Columbia, South Carolina 29223. The financial statements of the Retirement Division may also be found on the State Auditor's website: [www.osa.state.sc.us](http://www.osa.state.sc.us). Furthermore, the Division and the six retirement are included in the CAFR of the State of South Carolina.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined.

**South Carolina Retirement System:** SCRS is a traditional defined benefit plan for employees of Coastal Carolina University. The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, is a public employee retirement system. Generally, all benefits eligible employees are required to become members of SCRS, PORS or State ORP as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment and group life benefits to eligible employees.

Employees participating in the SCRS are required to contribute 6.50 percent of all compensation. Effective July 1, 2009, the employer contribution rate became 12.74 percent, which included a 3.50 percent surcharge to fund retiree health and dental insurance coverage. The University's actual contributions to the SCRS for the three most recent fiscal years ending June 30, 2010, 2009, and 2008, were \$3,855,590, \$3,746,353, and \$3,497,834, respectively, and equaled the required contributions (including the required surcharge) for each year. Also, Coastal Carolina University paid employer group-life insurance contributions of \$45,396, in the current fiscal year at the rate of .15 percent of compensation.

**Police Officers Retirement System:** The South Carolina Police Officers Retirement System (PORS) is a cost-sharing defined benefit public employee retirement plan administered by the Retirement Division. Generally all benefits eligible employees who are Police Officers and Firefighters are required to participate in and contribute to the PORS System as a condition of employment. This plan provides annuity benefits as well as disability, cost of living adjustment and group life benefits to eligible employees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Employees participating in the PORS are required to contribute 6.50 percent of all compensation. Effective July 1, 2009, the employer contribution rate became 14.15 percent, which, as for the SCRS, included the

**COASTAL CAROLINA UNIVERSITY**  
Notes to Financial Statements, Continued  
June 30, 2010

**NOTE 13 – PENSION PLANS**, Continued

**Police Officers Retirement System**, Continued

3.50 percent surcharge. The University's actual contributions to the PORS for the years ending June 30, 2010, 2009, and 2008 were \$175,464, \$131,008, and \$121,684, respectively, and equaled the required contributions (including the required surcharge) for each year. Also, the University paid employer group-life insurance contributions of \$2,480 and accidental death insurance contributions 3,374,977 and of \$2,480 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is 20 percent of compensation.

**Optional Retirement Program:** Coastal Carolina University employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts, which are issued to, and become the property of, the participants. The State assumes no liability for this plan other than for payment of contributions to designated insurance companies.

ORP participation is available to all to faculty and staff of the State's higher education institutions who meet all eligibility requirements for membership in the SCRS. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership within their first thirty days of employment. An employee may irrevocably elect SCRS membership in any annual open enrollment period after the first but before the fifth anniversary of their initial enrollment. If a State ORP member does not make the election to transfer to SCRS within the allotted time, he will, by default, continue State ORP membership.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 9.24 percent plus the retiree surcharge of 3.50 percent from the employer in fiscal year 2010.

Certain Coastal Carolina University's employees have elected to be covered under optional retirement plans. For the fiscal year 2010, total contribution requirements to the ORP were \$2,647,611 (including the surcharge) from the University as employer and \$1,350,822, from its employees as plan members. 7.89 percent of all contributions were remitted to the Retirement Division of the State Budget and Control Board and 11.50 percent of all contributions were remitted directly to the respective annuity policy providers. The obligation for payment of benefits resides with the insurance company. State ORP participants are eligible for Group Life Insurance equal to the member's current annual earnable compensation paid following the active member's or retired (but who has returned to covered employment) member's death provided they work for a covered employer.

**Deferred Compensation Plans:** Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of Coastal Carolina 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.



**COASTAL CAROLINA UNIVERSITY**  
Notes to Financial Statements, Continued  
June 30, 2010

**NOTE 13 – PENSION PLANS**, Continued

**Teacher and Employee Retention Incentive:** Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Employees who entered the TERI Program prior to July 1, 2005 do not make contributions to the South Carolina Retirement Systems. Employees who entered the TERI Program on or after July 1, 2005, do make contributions to the South Carolina Retirement Systems at the same rate as active employees. Coastal Carolina University must pay the employer share on all TERI participants at the same rate as on active employees. Teri participants do not earn additional service credit, are not eligible to purchase service, and are not eligible for disability retirement benefits. TERI participants are covered under the active membership Group Life Insurance Program.

**NOTE 14—POST-EMPLOYMENT AND OTHER EMPLOYEE BENEFITS**

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State of South Carolina provides certain health care, dental, and life insurance benefits to certain active and retired State employees and certain surviving dependents of retirees. All permanent full-time and certain permanent part-time employees of Coastal Carolina University are eligible to receive these benefits. The State provides post-employment health and dental benefits to employees who retire from State service who meet eligibility requirements set forth by the Employee Insurance Program. Retirement benefits are effective dependent upon the date of retirement.

These benefits are provided through annual appropriations by the General Assembly to Coastal Carolina University for its active employees and to the State Budget and Control Board for all participating State retirees except the portions funded through the pension surcharge and provided from other applicable fund sources of the University for its active employees who are not funded by State General Fund appropriations. The State finances health and dental plan benefits on a pay-as-you-go basis.

Coastal Carolina University recorded compensation and benefit expenses for these insurance benefits for active employees in the amount of \$4,009,628 for the year ended June 30, 2010. As discussed in Note 13, the University paid \$1,829,995 applicable to the 3.50 percent surcharge included with the employer contributions for retirement benefits. These amounts were remitted to the South Carolina Retirement Systems for distribution to the Employee Insurance Program for retiree health and dental insurance benefits.

Information regarding the cost of insurance benefits applicable to Coastal Carolina University retirees is not available. By State law, the University has no liability for retirement benefits. Accordingly, the cost of providing these benefits for retirees is not included in the accompanying financial statements.

In addition, the State General Assembly periodically directs the Retirement Systems to pay supplemental (cost of living) increases to retirees. Such increases are primarily funded from Systems' earnings; however, a portion of the required amount is appropriated from the State General Fund annually for the SCRS and PORS benefits.

**COASTAL CAROLINA UNIVERSITY**  
Notes to Financial Statements, Continued  
June 30, 2010

**NOTE 15 – 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*, and GASB Statement No. 39, *Determining Whether Certain Organizational are Component Units – an Amendment of GASB Statement No. 14*, to be treated as component units of the University. These entities include the Horry County Higher Education Commission, the Georgetown County Advisory Board for Coastal Carolina University, and the Chanticleer Athletic Foundation. 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 program. 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, 2010, include significant transactions between them and the University which are as follows:

**The Horry County Higher Education Commission:** The Horry County Higher Education Commission was created by Act No. 114 in the 1959 session of the South Carolina General Assembly. The Commission is composed of sixteen members who are appointed by the Horry County Legislative Delegation. The Commission is responsible for providing resources to meet the goals and carry out the mission of Coastal Carolina 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, 2010, the Commission made grants to Coastal Carolina University totaling \$617,750. Of the total, \$135,750 was for scholarships, \$232,000 was for public service, academic enhancement, and staff development projects and \$250,000 was for sidewalks and bike paths around the university campus. Of the \$250,000 total, \$125,000 was receivable at year-end. The Commission leases its land and buildings to the University at a below-market rental rate under terms of annual leases. Rent paid by the University during the fiscal year 2010 was \$24,002, none of which was payable at year-end. Also, as required by the lease, 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. At June 30, 2010, the Commission had net assets of \$5,578,635.

**Georgetown County Advisory Board for Coastal Carolina University:** Georgetown County annually appropriates funds to support the mission of Coastal Carolina University in Georgetown County. The Georgetown County Advisory Board for Coastal Carolina University is responsible for the budgeting and distribution of these funds. During the year ending June 30, 2010, the University recognized \$75,000 in revenue from the Advisory Board, all of which is receivable at year end. Expenditures made on behalf of the University for scholarships and the development of facilities in Georgetown County were approximately \$83,356.

**Chanticleer Athletic Foundation:** The Chanticleer Athletic Foundation, formerly known as the Chanticleer Club, was organized solely to raise funds for Coastal Carolina University's athletic programs. During the year ended June 30, 2010, the Athletic Foundation donated \$1,667,549 to University athletic programs. At June 30, 2010, accounts receivable included \$1,146,814, of which \$48,421 is for management and accounting services provided by the University, \$227,873 is for sponsorship and ticket revenue collected by the Athletic Foundation on behalf of the University, and \$870,520 is for support of University athletic programs. Additionally, at June 30, 2010, the University has accounts payable of \$1,050 to the Athletic Foundation for revenue collected on behalf of the foundation. At June 30, 2010, the Athletic Foundation had net assets of \$303,342.

**Transactions with the State of South Carolina:** The University has significant transactions with the State of South Carolina and various State agencies. The University receives various business, banking and legal services at no cost, and purchases various goods and services from State agencies and component units. The amounts of such expenditures for 2010 are not readily available. At June 20, 2010,

**COASTAL CAROLINA UNIVERSITY**  
Notes to Financial Statements, Continued  
June 30, 2010

**NOTE 15 – RELATED PARTIES, Continued**

**Transactions with the State of South Carolina, Continued**

accounts receivable included \$198,506 due from other State agencies primarily for Federal and State sponsored projects, and accounts payable included 7,562 due to other State agencies. As part of a cooperative agreement with Horry Georgetown Technical College (HGTC) which is located adjacent to the University and its golf course, HGTC staff and turf management students maintained the golf course. The University reimbursed HGTC for \$582,525 for related costs incurred. HGTC also contracts with the University to provide security services to each of their campuses. HGTC currently owes the University \$460,238 for the current year for these services. As discussed in Note 6, there were two transactions involving land with another state agency in fiscal year 2010. Coastal Carolina University purchased 10 acres of land from the South Carolina Forestry Commission. In a separate transaction, Coastal Carolina University exchanged 1.83 acres of land at the entrance of the University located on Hwy. 501, for a plot of land measuring .22 acres on which sits Baxley Hall, with the South Carolina Department of Transportation. The purpose of this exchange of land was to better accommodate the realignment of University Boulevard. Both of these transactions were approved by and met all requirements of the State Budget and Control Board.

**Transactions with Related Party Vendors:** The University has identified 11 potential related party vendors with whom they have transacted business, during fiscal year ending June 30, 2010. These vendors and the total related transaction amounts are listed below:

**Related Party Vendor Transactions  
For Year Ended June 30, 2010**

<u>Vendor</u>	<u>Amounts</u>
Palmetto Chevrolet Geo	\$ 13,209
Grand Strand Regional Medical Center	100,538
Preston M. Roberts	621
S & R Turf Equipment, LLC	8,223
Alternatives News Magazine, Inc	2,275
Atlas Travel Agency	25,505
The Lowcountry Companion	2,619
Coastal Direct, LLC	151
Grand Strand Tee Time Network	19,100
ET Signs and Graphics, LLC	2,408
Charles H. Johns IV	<u>3,730</u>
Total	<u>\$ 178,379</u>

**COASTAL CAROLINA UNIVERSITY**  
Notes to Financial Statements, Continued  
June 30, 2010

**NOTE 16 – 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 assumes substantially all the risk for the following claims of covered employees: unemployment compensation benefits; worker's 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 (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities: 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 employee fidelity bond insurance for all employees for losses arising from theft or misappropriation and for officers' and directors' errors and omissions.

**NOTE 17 – COMPONENT UNITS**

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

The CEF provides support directly to the University through funds embarked from private contributions to support University scholarships and various academic programs. These transfers for fiscal year 2010 were recorded by the University as non-operating gift revenues totaling \$816,330. Indirect support from CEF (payments made directly to others) totaled \$848,901 for fiscal year ending June 30, 2010. The CEF also made a capital gift to the University totaling \$1,750,000 which was recorded as a capital grant in the Statement of Revenues, Expenditures, and Changes in Net Assets. Of these amounts, \$1,821,464 was receivable by the University and payable by the Foundation at year-end.

The University leases the Coastal Science Center and the Foundation Center from the CEF for \$349,500 per year. (See the discussion note 9.)

In further support of the University, the CEF owns parcels of real property on which portions of the University's campus is located. At June 30, 2010, the carrying value of this property was \$5,193,259, net of \$456,969 accumulated depreciation. The Foundation does not charge rent for most of this property. The University, in turn, provides operational and fundraising staff for which it does not charge the

**COASTAL CAROLINA UNIVERSITY**  
Notes to Financial Statements, Continued  
June 30, 2010

**NOTE 17 – COMPONENT UNITS**, Continued

**The Coastal Educational Foundation**, Continued

Foundation. The CEF has valued these services for their financial reporting at \$237,794 for the fiscal year ending June 30, 2010. The University paid rent of \$2 in fiscal year 2010 to the Foundation for two parcels of land, which are comprised of the soccer and baseball fields.

The CEF carries investments in marketable equity securities with readily determinable fair market values, and all debt securities, at fair value in the Statement of Financial Position. Investment income is considered unrestricted unless the donors have specified otherwise. Unrealized gains and losses are netted with realized gains and losses in the statement of activities. Donated investments are valued at fair market value at the date donation. Investments in non-publicly traded securities of closely held entities with no readily determinable market value are carried on the books at established fair value at the date of donation to the Foundation. Dividend income is considered unrestricted unless the donor has specified otherwise. Investments in non-publicly traded closely held partnerships with no readily determinable market value are carried on the books at established fair value at the date of donation or distribution to the Foundation and accounted for under the cost method of accounting for investments, except for certain liquidating distributions which reduce the value of the investment.

A summary of investments at fair value at June 30, 2010 follows:

Commonfund Investments	
Multi-Strategy Equity Funds	\$ 14,922,916
Multi-Strategy Bond Funds	<u>5,917,199</u>
Total Privately Managed Funds	20,840,115
Public Traded Securities	<u>0</u>
Total Privately Managed Funds	<u>0</u>
Closely Held Investments	
Common Stock	190,000
Partnership Interest	<u>2,292,860</u>
Total Closely Held Investments	<u>2,482,860</u>
Total Investments	\$ <u><u>23,322,975</u></u>

During the year ended June 30, 2010, University Board members served as ex-officio members of the Coastal Educational Foundation Board.

**CCU Student Housing Foundation:** The CCU Student Housing Foundation (the Foundation) is a separately chartered corporation organized to provide housing for students at the University, as well as to provide support for the various programs of the University. The CCU Housing Foundation, LLC, (the Company), the sole member and owner of the Foundation, operates University Place (which now includes the apartment complex formerly known as Campus Edge, purchased December 2009), located approximately one half mile from the campus. As discussed in Note 1, the Foundation has been included in the reporting entity as a component unit. Because the Foundation is deemed not to be a governmental

**COASTAL CAROLINA UNIVERSITY**  
Notes to Financial Statements, Continued  
June 30, 2010

**NOTE 17 – COMPONENT UNITS**, Continued

**CCU Student Housing Foundation**, Continued

entity and uses a different reporting model, its balances and transactions are reported on separate financial statements.

At June 30, 2010, the Foundation's carrying value of the University Place housing complex was \$23,068,713 net of \$5,407,616 accumulated depreciation. The Company's carrying value of University Place furnishings was \$2,714,185 net of \$1,353,777 accumulated depreciation. The carrying value of the Foundation's land and buildings on expansion property was \$3,225,400, net of \$74,600 accumulated depreciation.

The Foundation and the Company owe debt in the amount of \$70,383,722 at June 30, 2010, of which \$36,800,000 is the Company's liability on its leasehold investment in University Place, \$3,277,566 of which is a mortgage on future expansion property, and \$30,306,156 liability on leasehold investment on Campus Edge, located contiguous to campus. During 2006, the University agreed to lease the two houses located on the property, pending a decision about how the property will eventually be used. During fiscal year 2010, the Foundation paid interest of \$111,903 on the \$3,277,566 remaining short-term mortgage on property and received \$7,700 in rent from the University.

Interest on the Company's bonds is payable semi-annually and varies from four to five percent. The bonds mature in varying amounts through 2042. The Company's obligations under the bond agreements are collateralized by, among other things, a leasehold mortgage and assignment of rents and leases applicable to University Place. Annual debt service coverage ratio required by the bond agreement is 1.2:1.

As of July 15, 2007, the Foundation terminated the University as property manager and hired an unrelated property management company to manage University Place apartments. As of August 8, 2009, the University was rehired to manage University Place.

The University collects rent for University Place and Campus Edge through its student receivables system. Student rent and related fees are transferred to the Foundation each semester based on billings posted to student accounts receivable accounts regardless of whether the fees have been collected by the University.

In accordance with terms of the bonds discussed above, the Foundation and its subsidiary have entered into a Support Agreement with the University. This agreement provides that the University will refer students to University Place and identify University Place as "Preferred Residential Housing" and will use its best efforts to see that the debt service ratio required by lenders is maintained. The agreement also requires the University to provide at no cost to itself the same internet and intranet services and campus life programs to residents of University Place as it provides to students living in University owned housing, including health care services. Furthermore, the agreement restricts the University's ability to operate or own any other off-campus student housing facility. During the year ended June 30, 2010, the Company paid the University \$146,408 to provide technology services to residents of University Place.

The University received \$309,808 in financial support from the CCU Student Housing Foundation for the fiscal year ended June 30, 2010. During the fiscal year, the Foundation used administrative office space rented by the Coastal Educational Foundation and sub-leased by the University at no charge. The value of this space is \$9,088. The University also provided services to the Foundation in support of the operation of University Place, including shuttle bus, security and alarm monitoring, and billing and collections services in the amount of \$405,215. During the year, the University also provided meal stipends for residence hall advisors who are assigned to the Foundation's apartments.

**COASTAL CAROLINA UNIVERSITY**  
Notes to Financial Statements, Continued  
June 30, 2010

**NOTE 17 – COMPONENT UNITS**, Continued

**CCU Student Housing Foundation**, Continued

The Foundation provides a car allowance and club membership for the Executive Director of the Student Housing Foundation. The amount of the car allowance was \$14,460 during fiscal 2010. The amount paid for the club membership was \$4,946. The Foundation also provided a \$21,000 salary supplement for a University employee who assists this Executive Director.

During the year, the Foundation provided supplemental compensation for the President of Coastal Carolina University. The total amount of supplement payments made to the President in the current fiscal year was \$62,000.

Also, the Foundation has entered into a lease guaranty agreement with owners of a golf course which the University leases as part of its Professional Golf Management program. Under terms of the guaranty agreement, the Foundation will assume the University's position should the University terminate, elect not to renew, or default pursuant to terms of the lease.

The Foundation has paid for legal services from a law firm, who works on behalf of the Foundation. The Foundation also paid a consultant who has an ownership interest in the golf course leased by the University, for which the Housing Foundation has entered into a lease guaranty.

**NOTE 18 – CONTINGENCIES AND LITIGATION**

The University participates in certain Federal grant programs. These programs 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. Management believes disallowances The University participates in certain Federal grant programs. These programs are subject to financial and, if any, will not be material.

The University is a defendant in various legal actions, some of which are uninsured, the outcome of which is not presently determinable. In the opinion of the University's counsel, the resolution of these matters, including the uninsured claims, will not have a material adverse effect on the University's financial position.

**NOTE 19 – COMMITMENTS**

**Horry County One-Cent Sales Tax:** In March 2009, Horry County began charging an additional one-cent sales tax on most all taxable goods and services that a consumer currently pays tax on at the time of purchase to fund facilities for education. Exempt from this sales tax are groceries, gas, and prescription drugs. The one-cent sales tax provides funding for Horry County schools, Coastal Carolina University, and Horry-Georgetown Technical College over the next 15 years. For the fiscal year ending June 30, 2010, Coastal Carolina University has received approximately \$6.7 million in revenue from this new tax. CCU's proposed projects include construction, expansion and/or renovation of academic, classroom, faculty office, library, and/or student activity/recreation buildings and related equipment and furnishings on its campuses within the county; acquisition of real property for such facilities to accommodate renovation, expansion and growth; and construction and equipping of facilities jointly owned and/or operated with other education institutions in the county.

**COASTAL CAROLINA UNIVERSITY**  
Notes to Financial Statements, Continued  
June 30, 2010

**NOTE 19 – COMMITMENTS**, Continued

**Purchase of Quail Creek Golf Course:** On Wednesday, June 30, 2010, the S.C. Budget and Control Board unanimously approved a measure allowing Coastal Carolina University to purchase Quail Creek Golf Course, a course previously leased by the institution for approximately \$353,000 per year plus property taxes of \$36,000. CCU has leased the 188-acre course since 2005 as part of its professional golf management program. The estimated purchase price is \$3 million for the property which appraised at \$3,775,000. If the university had continued to lease the course the cost would have been approximately \$5.3 million, well above the amount to purchase the property. The closing and recording of this purchase took place on August 4, 2010.

**Open Construction Contracts:** As noted in Note 10, bonds for \$54 million were issued in April 2010 to construct several capital projects. As a result, construction contracts were signed in order to begin work on the projects. The following contractors have open construction contracts with the University as of June 30, 2010:

Contractor	Project	PO Numbers	Contract Amount	Amount Spent
Watson Tate Savory Architects	Swain Hall Science Annex-Phase II	B0007571	\$ 1,161,880	\$ 479,122
System WorCx	Swain Hall Science Annex-Commiss	PO 32402	\$ 56,800	
PC Construction	Student Rec/Conv Ctr	PO 7681 & 7938	\$ 23,224,000	\$ 902,437
Garvin Design Group	Student Rec/Conv Ctr-Phase II	PO 7646 & 7864	\$ 2,267,840	\$ 1,767,500
RPM Engineering, Inc.	Student Rec/Conv Ctr - Inspec Serv	PO 32689	\$ 51,113	
S&ME, Inc.	Student Rec/Conv Ctr -Spec Inspec	PO 32688	\$ 109,900	\$ 2,233
System WorCx	Student Rec/Conv Ctr-Commiss.	PO 32401	\$ 87,500	
SGA Architecture, LLC	Bryan Info Commons- Phase II	PO 32288	\$ 372,099	\$ 218,611
System WorCx	Bryan Info Commons-Commiss	PO 32403	\$ 29,500	
			<u>\$ 27,360,632</u>	<u>\$ 3,369,903</u>



**OTHER FINANCIAL INFORMATION**



**COASTAL CAROLINA UNIVERSITY**  
Schedule of Information on Business-Type Activities  
Required for the Government-Wide  
Statement of Activities in the State CAFR  
For the Year Ended June 30, 2010

	<u>Year Ended June 30</u>		Increase
	<u>2010</u>	<u>2009</u>	<u>(Decrease)</u>
Charges for Services	\$ 106,343,219	106,394,187	(50,968)
Operating Grants and Contributions	16,853,063	3,729,964	13,123,099
Capital Grants and contributions	7,402,741	1,524,241	5,878,500
Less Expenses	<u>(118,644,428)</u>	<u>(112,246,817)</u>	<u>(6,397,611)</u>
Net Program Revenue (Expense)	<u>11,954,595</u>	<u>(598,425)</u>	<u>12,553,020</u>
General Revenues			
Earnings on Investments	-	-	-
Special Items	-	-	-
Extraordinary Items	-	-	-
Contributions to Permanent and Term Endowments	<u>-</u>	<u>-</u>	<u>-</u>
Transfers			
State Appropriations	11,970,857	13,524,645	(1,553,788)
Research Infrastructure Bond Proceeds	0	482,480	(482,480)
Other Transfers in from State Agencies	9,580	7,246	2,334
Local Sales Tax Allocation	<u>6,665,565</u>	<u>1,477,422</u>	<u>5,188,143</u>
Total General Revenue and Transfers	<u>18,646,002</u>	<u>15,491,793</u>	<u>3,154,209</u>
Change in Net Assets	30,600,597	14,893,368	15,707,229
Net Assets - Beginning	108,222,684	93,329,316	14,893,368
Net Assets - Ending	<u>\$ 138,823,281</u>	<u>108,222,684</u>	<u>30,600,597</u>

**COASTAL CAROLINA UNIVERSITY**  
 Schedule of Reconciling State Appropriation per the Financial Statements  
 to State Appropriation Recorded in State Accounting Records  
 For the Year Ended June 30, 2010

Following is a reconciliation of the original base budget amount presented in the General Funds Column of Section 11 of Part IA of the 2009-2010 Appropriation Bill 3560 enacted by the South Carolina General Assembly to State Appropriations revenue reported in the financial statements for the year ended June 30, 2010.

**Non-Capital Appropriations**

Original Appropriation	\$ 12,675,241
Supplement Appropriation Reductions	(1,119,912)
Technology Grant Program	405,687
South Carolina Endowment Incentive Act of 1997	9,841
the Financial Statements	\$ 11,970,857

**American Recovery and Reinvestment Act (ARRA) Funds**

Stabilization Fund (Section 2.A5, Part III, Bill 3560)	\$ 2,270,097
the Financial Statements	\$ 2,270,097

**COASTAL CAROLINA UNIVERSITY**  
Schedule of Tuition Fees  
For the Year Ended June 30, 2010

South Carolina Code of Laws Section 59-107-90 requires that the maximum amount of annual debt service on State institution bonds for each institution shall not exceed ninety percent of the sums received from tuition fees (as defined by code Section 59-107-30) for the preceding year. The applicable amount for the year ended June 30, 2010 is as follows:

Amount of Tuition Fees as defined by Code Section 59-107-30 for the Fiscal Year Ended June 30, 2009	<u>\$ 6,817,219</u>
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Legal Annual Debt Service Limit at June 30, 2010	<u>\$ 6,135,497</u>
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# COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

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## STATISTICAL SECTION



Bell Tower

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. The University implemented GASB Statement No. 34 in 2002; certain schedules include information beginning in that year.





## **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.

**Schedule 1**  
**Coastal Carolina University**  
**Net Assets by Component**  
**Fiscal Years 2002 – 2010**

	For the year ended June 30									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	
<b>Net Assets</b>										
Invested in capital assets, net of debt	\$ 71,619,921	\$ 59,953,874	\$ 57,318,311	\$ 46,314,833	\$ 57,050,243	\$ 54,822,552	\$ 53,844,656	\$ 48,759,779	\$ 49,347,474	
Restricted - non-expendable	100,000	100,000	100,000	100,000	97,953	102,626	102,934	103,546	101,260	
Restricted - expendable	33,277,562	21,751,075	19,439,071	15,203,375	3,119,736	637,981	1,238,953	5,282,000	42,477	
Unrestricted	33,825,798	26,417,735	16,471,934	18,843,171	10,887,678	9,031,159	5,969,709	4,396,078	5,608,593	
<b>Total Net Assets</b>	<b>\$ 138,823,281</b>	<b>\$ 108,222,684</b>	<b>\$ 93,329,316</b>	<b>\$ 80,461,379</b>	<b>\$ 71,155,610</b>	<b>\$ 64,594,318</b>	<b>\$ 61,156,252</b>	<b>\$ 58,541,403</b>	<b>\$ 55,099,804</b>	

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2010 are available.

**Schedule 2**  
**Coastal Carolina University**  
**Major Revenue Sources**  
**Fiscal Years 2004 – 2010**

For the year ended June 30

(dollars)

	2010	2009	2008	2007	2006	2005	2004
Tuition, net of allowance	\$ 78,675,758	\$ 75,894,084	\$ 64,647,787	\$ 60,037,693	\$ 51,186,504	\$ 43,074,537	\$ 35,779,409
State grants to students	9,200,535	8,884,673	8,261,850	6,725,629	6,368,500	5,637,258	4,493,503
Federal grants to students	3,529,443	8,468,043	7,467,366	5,031,709	4,631,878	4,866,852	4,403,041
Other operating grants	2,078,719	1,808,138	1,948,524	2,578,763	2,643,014	2,104,181	2,736,269
Sales and services of educ activities	2,974,222	2,789,296	2,380,591	2,527,891	1,957,787	1,788,649	1,734,367
Auxiliary enterprises, net of allowance	7,841,230	7,227,340	7,193,288	7,018,449	6,538,216	5,305,441	5,149,927
Other fees	2,043,312	1,322,613	1,243,228	1,073,120	1,125,867	999,332	861,376
<b>Total operating revenue</b>	<b>106,343,219</b>	<b>106,394,187</b>	<b>93,142,634</b>	<b>84,993,254</b>	<b>74,451,766</b>	<b>63,776,250</b>	<b>55,157,891</b>
State appropriations	11,970,857	13,524,645	17,671,977	16,171,875	13,562,113	11,792,079	11,220,170
Local appropriations	434,395	209,658	233,670	315,079	338,539	214,889	218,067
Gifts, Grants, and Contracts*	14,411,780	1,484,956	2,525,354	1,412,749	2,074,663	2,503,349	3,047,176
Investment income	2,016,468	2,042,596	1,551,714	1,256,909	425,808	402,465	92,668
<b>Total non-operating revenue</b>	<b>28,833,500</b>	<b>17,261,855</b>	<b>21,982,715</b>	<b>19,156,612</b>	<b>16,401,123</b>	<b>14,912,782</b>	<b>14,578,081</b>
<b>Total non-capital revenue</b>	<b>\$ 135,176,719</b>	<b>\$ 123,656,042</b>	<b>\$ 115,125,349</b>	<b>\$ 104,149,866</b>	<b>\$ 90,852,889</b>	<b>\$ 78,689,032</b>	<b>\$ 69,735,972</b>
	(percentages of total)						
Tuition, net of allowance	58.2%	61.4%	56.2%	57.6%	56.3%	54.7%	51.3%
State grants to students	6.8%	7.2%	7.2%	6.5%	7.0%	7.2%	6.4%
Federal grants to students	2.6%	6.8%	6.5%	4.8%	5.1%	6.2%	6.3%
Other operating grants	1.5%	1.5%	1.7%	2.5%	2.9%	2.7%	3.9%
Sales and services of educ activities	2.2%	2.3%	2.1%	2.4%	2.2%	2.3%	2.5%
Auxiliary enterprises, net of allowance	5.8%	5.8%	6.2%	6.7%	7.2%	6.7%	7.4%
Other fees	1.5%	1.1%	1.1%	1.0%	1.2%	1.3%	1.2%
<b>Total operating revenue</b>	<b>78.7%</b>	<b>86.0%</b>	<b>80.9%</b>	<b>81.6%</b>	<b>81.9%</b>	<b>81.0%</b>	<b>79.1%</b>
State appropriations	8.9%	10.9%	15.4%	15.5%	14.9%	15.0%	16.1%
Local appropriations	0.3%	0.2%	0.2%	0.3%	0.4%	0.3%	0.3%
Gifts	10.7%	1.2%	2.2%	1.4%	2.3%	3.2%	4.4%
Investment income	1.5%	1.7%	1.3%	1.2%	0.5%	0.5%	0.1%
<b>Total non-operating revenue</b>	<b>21.3%</b>	<b>14.0%</b>	<b>19.1%</b>	<b>18.4%</b>	<b>18.1%</b>	<b>19.0%</b>	<b>20.9%</b>
<b>Total non-capital revenue</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

\* Includes \$10,273,453 in Pell Grant Revenue and \$2,270,097 in Stabilization Funding for FY10.

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2004-2010 are available.

**Schedule 3**  
**Coastal Carolina University**  
**Expenses by Function**  
**Fiscal Years 2003 – 2010**

For the year ended June 30  
(dollars)

	2010	2009	2008	2007	2006	2005	2004	2003
Instruction	\$ 42,940,090	\$ 41,222,211	\$ 37,496,227	\$ 33,749,600	\$ 30,302,652	\$ 27,433,692	\$ 25,798,618	\$ 22,786,032
Research	2,450,264	1,534,647	1,365,651	991,703	1,130,243	689,398	966,347	743,184
Public Service	1,194,171	1,010,520	1,398,176	1,530,716	1,402,660	1,188,870	1,533,278	1,290,221
Academic Support	6,916,496	6,839,919	6,260,774	5,544,497	5,444,440	5,193,271	4,485,906	4,032,686
Student Services	18,010,372	17,282,683	16,636,251	13,718,946	12,499,087	10,836,863	9,341,425	8,053,622
Institutional Support	11,545,464	10,121,548	9,927,237	8,847,425	8,180,490	7,383,968	6,374,436	5,645,194
Plant Operation	16,713,037	15,346,465	13,433,372	14,476,310	12,700,415	9,488,335	7,330,871	6,266,252
Scholarships	7,270,964	7,717,421	6,807,605	6,220,738	5,555,772	5,639,316	5,001,247	4,630,717
Auxiliary Enterprises	4,656,279	5,215,065	4,943,921	5,374,426	4,384,077	3,336,934	3,509,497	2,695,134
Depreciation	4,615,762	4,096,014	3,703,908	3,267,991	3,190,958	2,922,724	2,768,983	2,318,304
<b>Total operating expenses</b>	<b>116,312,899</b>	<b>110,386,493</b>	<b>101,973,122</b>	<b>93,722,352</b>	<b>84,790,794</b>	<b>74,113,371</b>	<b>67,110,608</b>	<b>58,461,346</b>
Interest on capital debt	2,321,273	1,857,739	1,647,266	1,740,332	1,627,464	1,690,726	1,883,691	1,766,286
<b>Total non-operating expenses</b>	<b>2,321,273</b>	<b>1,857,739</b>	<b>1,647,266</b>	<b>1,740,332</b>	<b>1,627,464</b>	<b>1,690,726</b>	<b>1,883,691</b>	<b>1,766,286</b>
<b>Total expenses</b>	<b>\$ 118,634,172</b>	<b>\$ 112,244,232</b>	<b>\$ 103,620,388</b>	<b>\$ 95,462,684</b>	<b>\$ 86,418,258</b>	<b>\$ 75,804,097</b>	<b>\$ 68,994,299</b>	<b>\$ 60,227,632</b>

(percentages of total)

Instruction	36.2%	36.7%	36.2%	35.4%	35.1%	36.2%	37.4%	37.8%
Research	2.1%	1.4%	1.3%	1.0%	1.3%	0.9%	1.4%	1.2%
Public Service	1.0%	0.9%	1.3%	1.6%	1.6%	1.6%	2.2%	2.1%
Academic Support	5.8%	6.1%	6.0%	5.8%	6.3%	6.9%	6.5%	6.7%
Student Services	15.2%	15.4%	16.1%	14.4%	14.5%	14.3%	13.5%	13.4%
Institutional Support	9.7%	9.0%	9.6%	9.3%	9.5%	9.7%	9.2%	9.4%
Plant Operation	14.1%	13.7%	13.0%	15.2%	14.7%	12.5%	10.6%	10.4%
Scholarships	6.1%	6.9%	6.6%	6.5%	6.4%	7.4%	7.2%	7.7%
Auxiliary Enterprises	3.9%	4.6%	4.8%	5.6%	5.1%	4.4%	5.1%	4.5%
Depreciation	3.9%	3.6%	3.6%	3.4%	3.7%	3.9%	4.0%	3.8%
<b>Total operating expenses</b>	<b>98.0%</b>	<b>98.3%</b>	<b>98.4%</b>	<b>98.2%</b>	<b>98.1%</b>	<b>97.8%</b>	<b>97.3%</b>	<b>97.1%</b>
Interest on capital debt	2.0%	1.7%	1.6%	1.8%	1.9%	2.2%	2.7%	2.9%
<b>Total non-operating expenses</b>	<b>2.0%</b>	<b>1.7%</b>	<b>1.6%</b>	<b>1.8%</b>	<b>1.9%</b>	<b>2.2%</b>	<b>2.7%</b>	<b>2.9%</b>
<b>Total expenses</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2010 are available.

**Schedule 4**  
**Coastal Carolina University**  
**Expenses by Use**  
**Fiscal Years 2003 – 2010**

For the year ended June 30  
(dollars)

	2010	2009	2008	2007	2006	2005	2004	2003
Personnel costs and benefits	\$ 75,630,433	\$ 70,346,054	\$ 65,043,866	\$ 57,926,829	\$ 52,396,576	\$ 46,868,903	\$ 42,104,080	\$ 37,919,803
Services and supplies	25,321,514	25,146,483	23,150,973	23,272,146	20,422,732	16,433,595	15,184,331	11,750,783
Utilities	3,844,951	3,399,167	3,517,704	3,280,450	3,447,960	2,562,796	2,300,106	2,095,677
Scholarships	6,900,239	7,398,775	6,556,671	5,974,936	5,332,568	5,325,354	4,753,108	4,376,779
Depreciation	4,615,762	4,096,014	3,703,908	3,267,991	3,190,958	2,922,723	2,768,983	2,318,304
<b>Total operating expenses</b>	<b>116,312,899</b>	<b>110,386,493</b>	<b>101,973,122</b>	<b>93,722,352</b>	<b>84,790,794</b>	<b>74,113,371</b>	<b>67,110,608</b>	<b>58,461,346</b>
Interest on capital asset debt	2,321,273	1,857,739	1,647,266	1,740,332	1,627,464	1,690,726	1,883,691	1,766,286
<b>Total non-operating expenses</b>	<b>2,321,273</b>	<b>1,857,739</b>	<b>1,647,266</b>	<b>1,740,332</b>	<b>1,627,464</b>	<b>1,690,726</b>	<b>1,883,691</b>	<b>1,766,286</b>
<b>Total expenses</b>	<b>\$ 118,634,172</b>	<b>\$ 112,244,232</b>	<b>\$ 103,620,388</b>	<b>\$ 95,462,684</b>	<b>\$ 86,418,258</b>	<b>\$ 75,804,097</b>	<b>\$ 68,994,299</b>	<b>\$ 60,227,632</b>

(percentages of total)

Personnel costs and benefits	63.8%	62.7%	62.8%	60.7%	60.6%	61.8%	61.0%	63.0%
Services and supplies	21.3%	22.4%	22.3%	24.4%	23.6%	21.7%	22.0%	19.5%
Utilities	3.2%	3.0%	3.4%	3.4%	4.0%	3.4%	3.3%	3.5%
Scholarships	5.8%	6.6%	6.3%	6.3%	6.2%	7.0%	6.9%	7.3%
Depreciation	3.9%	3.6%	3.6%	3.4%	3.7%	3.9%	4.0%	3.8%
<b>Total operating expenses</b>	<b>98.0%</b>	<b>98.3%</b>	<b>98.4%</b>	<b>98.2%</b>	<b>98.1%</b>	<b>97.8%</b>	<b>97.3%</b>	<b>97.1%</b>
Interest on capital asset debt	2.0%	1.7%	1.6%	1.8%	1.9%	2.2%	2.7%	2.9%
<b>Total non-operating expenses</b>	<b>2.0%</b>	<b>1.7%</b>	<b>1.6%</b>	<b>1.8%</b>	<b>1.9%</b>	<b>2.2%</b>	<b>2.7%</b>	<b>2.9%</b>
<b>Total expenses</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2010 are available.

**Schedule 5**  
**Coastal Carolina University**  
**Other Changes in Net Assets**  
**Fiscal Years 2003 – 2010**

	For the year ended June 30							
	2010	2009	2008	2007	2006	2005	2004	2003
<b>Income before other changes in net assets</b>	\$ 16,542,547	\$ 11,411,810	\$ 11,522,195	\$ 8,687,182	\$ 4,434,631	\$ 2,884,935	\$ 741,673	\$ (590,185)
Capital appropriations	6,665,565	1,959,902	145,000	168,307	1,246,339	-	178,719	3,821,281
Capital grants and gifts	7,402,741	1,524,241	833,356	-	193,939	-	-	151,733
Gain (Loss) on disposal of assets	(10,256)	(2,585)	(45,539)	649,901	686,383	553,131	1,694,457	58,770
<b>Total change in net assets</b>	<b>\$ 30,600,597</b>	<b>\$ 14,893,368</b>	<b>\$ 12,455,012</b>	<b>\$ 9,505,390</b>	<b>\$ 6,561,292</b>	<b>\$ 3,438,066</b>	<b>\$ 2,614,849</b>	<b>\$ 3,441,599</b>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2010 are reported.

**Notes: State capital grants and appropriations**

- \*Amounts received in 2002 and 2003 were for construction of the football stadium.
- \*The 2006 and 2007 amounts include \$1.35 million in state research infrastructure bond proceeds for complete renovation of the Kearns Hall classroom building.
- \*In 2009 and 2010, the University received \$1.48 million and \$6.66 million respectively from the Horry County 1 % Education Capital Improvement Tax.
- \*In 2010 SCDOT granted \$300,000 for University Blvd. road improvements.

**Notes: Local and other capital grants and appropriations**

- \*In 2002, almost \$900,000 of local gift funding was received from the Coastal Educational Foundation to furnish the new Humanities building and the new University Hall and Welcome Center.
- \*From 2004 to 2006 a total of over \$1,125,000 was received from the Horry County Higher Education Commission for upgrades to the building housing the Burroughs and Chapin Center for Marine and Wetlands Studies.
- \*In 2006, a grant was received from the Santee Cooper utility for \$216,400 for upgrades to the newly leased Coastal Science Center.
- \*From 2004 to 2006 a cumulative amount of over \$525,000 was received in pledge payments for naming rights at the football stadium.
- \*In 2007, over \$400,000 represents the donation of a bell tower constructed on campus, and the gift of related land, by the Coastal Educational Foundation.
- \*The 2009 amount for capital appropriations include \$482,480 of research infrastructure bond proceeds.
- \*In 2010 the Coastal Education Foundation gave \$1,750,000 for improvements to Adkins Field House and \$3,676,000 in land donations for building projects.
- \*In 2010 the Chanticleer Club gave a \$750,000 gift for an athletic training facility and \$491,600 for Adkins Field House improvements.

## **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.

**Schedule 6**  
**Coastal Carolina University**  
**Applications, Enrollment, and Degrees Awarded**  
**Last Ten Academic Years**

	Academic Year Beginning in Fall										Ten Year Change	
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000		1999
<b>ADMISSIONS - FRESHMEN</b>												
Applications	8,706	7,514	6,618	6,218	5,427	5,041	4,527	3,603	3,094	2,533	2,420	72%
Applications accepted	6,438	5,215	4,524	4,238	4,016	3,661	3,208	2,580	2,296	1,813	1,753	73%
Accepted as a percentage of applications	74%	69%	68%	68%	74%	73%	71%	72%	74%	72%	72%	
Students enrolled	1,775	1,655	1,652	1,474	1,498	1,323	1,272	1,078	941	792	766	57%
Students enrolled as a percentage of accepted	28%	32%	37%	35%	37%	36%	40%	42%	41%	44%	44%	
SAT scores - total	1028	1030	1040	1047	1046	1041	1045	1044	1042	1026	1032	0%
<b>ENROLLMENT</b>												
<b>Headcount enrollment</b>												
Undergraduate	7,920	7,573	7,070	6,660	6,397	6,020	5,610	5,058	4,771	4,405	4,370	45%
Graduate	440	581	802	1,389	1,216	1,001	1,170	922	194	248	245	44%
<b>Full time equivalent enrollment</b>												
Undergraduate	7,665	7,372	6,890	6,398	6,140	5,807	5,390	4,796	4,428	4,027	3,919	49%
Graduate	200	238	288	546	436	334	405	299	59	75	72	64%
<b>Residency for Fee Payment Purposes*</b>												
Undergraduate, State Residents	5,365	5,147	4,825	4,623	4,519	4,319	4,128	3,804	3,541	3,347	3,378	37%
Undergraduate, Out of State Residents	2,555	2,426	2,245	2,037	1,878	1,701	1,482	1,254	1,230	1,058	992	61%
Headcount Total by Fee Payment Purposes	7,920	7,573	7,070	6,660	6,397	6,020	5,610	5,058	4,771	4,405	4,370	45%
Percent of Undergraduates paying as Residents	68%	68%	68%	69%	71%	72%	74%	75%	74%	76%	77%	
Percent of Undergraduates paying as Non-residents	32%	32%	32%	31%	29%	28%	26%	25%	26%	24%	23%	
<b>Required Tuition and Fees**</b>												
Undergraduate, In State, Full Time	\$ 8,950	\$ 8,650	\$ 7,600	\$ 7,500	\$ 6,860	\$ 6,100	\$ 5,190	\$ 4,350	\$ 3,770	\$ 3,500	\$ 3,340	63%
Undergraduate, Out of State, Full Time	\$ 18,770	\$ 18,090	\$ 16,590	\$ 16,190	\$ 15,100	\$ 14,150	\$ 12,870	\$ 11,760	\$ 10,680	\$ 9,810	\$ 9,280	51%
Non-resident: Resident Fee Ratio	2.10	2.09	2.18	2.16	2.20	2.32	2.48	2.70	2.83	2.80	2.78	
<b>DEGREES AWARDED</b>												
Bachelor's	1,222	1,076	1,004	931	887	768	801	690	657	619	636	48%
Master's	95	86	75	46	49	30	29	31	27	20	21	78%

\* 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: CCU Office of Institutional Research & Assessment



**Schedule 7**  
**Coastal Carolina University**  
**Undergraduate Annual Required Tuition and Fees at South Carolina Public Four-Year Institutions**  
**Last Ten Academic Years**

	Academic Year Beginning in Fall											Ten Year Change
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	
The Citadel	\$ 9,871	\$ 8,735	\$ 8,403	\$ 7,735	\$ 7,168	\$ 6,522	\$ 5,900	\$ 4,999	\$ 4,067	\$ 3,727	\$ 3,404	190.0%
Clemson University	11,908	11,078	10,378	9,870	9,400	8,886	7,840	6,934	5,834	5,090	3,590	231.7%
Coastal Carolina University	9,390	8,950	8,650	7,600	7,500	6,860	6,100	5,190	4,350	3,770	3,500	168.3%
College of Charleston	10,314	8,988	8,400	7,778	7,234	6,668	6,202	5,770	4,858	3,780	3,630	184.1%
Francis Marion University	8,480	7,960	7,682	7,038	6,512	5,984	5,540	5,082	4,340	3,790	3,600	135.6%
Lander University	9,144	8,760	8,380	7,728	7,162	6,668	5,866	5,400	4,704	4,152	3,888	135.2%
South Carolina State University	8,898	8,462	7,806	7,318	7,278	6,480	6,170	5,570	4,898	4,240	3,724	138.9%
University of South Carolina												
Columbia	9,786	9,156	8,838	8,346	7,808	7,314	6,416	5,778	5,024	4,260	3,868	153.0%
Aiken	8,374	7,900	7,532	7,006	6,670	6,128	5,622	5,084	4,374	3,738	3,558	135.4%
Beaufort	7,940	7,250	7,000	6,250	5,724	5,214	4,670	4,208	3,080	2,410	2,200	260.9%
Upstate	9,072	8,642	8,342	7,760	7,218	6,636	6,060	5,460	4,748	4,058	3,624	150.3%
Winthrop University	\$ 12,176	\$ 11,606	\$ 11,140	\$ 10,210	\$ 9,500	\$ 8,756	\$ 7,816	\$ 6,652	\$ 5,600	\$ 4,868	\$ 4,262	185.7%
<b>Average</b>	<b>\$ 9,613</b>	<b>\$ 8,957</b>	<b>\$ 8,546</b>	<b>\$ 7,887</b>	<b>\$ 7,431</b>	<b>\$ 6,843</b>	<b>\$ 6,184</b>	<b>\$ 5,511</b>	<b>\$ 4,656</b>	<b>\$ 3,990</b>	<b>\$ 3,571</b>	169.2%

*In June 2002, USC Beaufort was granted four-year status by the South Carolina Commission on Higher Education, and in 2004 was accredited as a Level II baccalaureate degree granting university.*

*Source: S.C. Commission on Higher Education*



## **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.

**Schedule 8**  
**Coastal Carolina University**  
**Ratios of Outstanding Debt**  
**Last Ten Fiscal Years**

	For the year ended June 30									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>General Bonded Debt</b>										
General obligation bonds	\$ 70,980,000	\$ 17,655,000	\$ 18,305,000	\$ 18,935,000	\$ 7,935,000	\$ 8,220,000	\$ 8,490,000	\$ 8,750,000	\$ -	\$ 325,000
Total general bonded debt	\$ 70,980,000	\$ 17,655,000	\$ 18,305,000	\$ 18,935,000	\$ 7,935,000	\$ 8,220,000	\$ 8,490,000	\$ 8,750,000	\$ -	\$ 325,000
Outstanding general bonded debt per full-time equivalent student	\$ 9,025	\$ 2,320	\$ 2,551	\$ 2,727	\$ 1,207	\$ 1,339	\$ 1,465	\$ 1,717	\$ -	\$ 79
<b>Other Debt</b>										
Revenue bonds	\$ 21,305,000	\$ 22,365,000	\$ 23,375,000	\$ 24,345,000	\$ 24,600,000	\$ 25,425,000	\$ 26,215,000	\$ 26,855,000	\$ 27,565,000	\$ 28,240,000
Capital lease obligations	\$ 55,133	\$ 162,895	\$ 267,404	\$ 368,758	\$ 467,052	\$ 562,379	\$ 834,930	\$ 216,978	\$ 251,074	\$ -
Total outstanding debt	\$ 92,340,133	\$ 40,182,895	\$ 41,947,404	\$ 43,648,758	\$ 33,002,052	\$ 34,207,379	\$ 35,539,930	\$ 35,821,978	\$ 27,816,074	\$ 28,565,000
Total outstanding debt per full-time equivalent student	\$ 11,741	\$ 5,280	\$ 5,845	\$ 6,286	\$ 5,019	\$ 5,570	\$ 6,133	\$ 7,031	\$ 6,199	\$ 6,964
Number of full time equivalent undergraduate and graduate students	7,865	7,610	7,177	6,944	6,576	6,141	5,795	5,095	4,487	4,102

**Schedule 9**  
**Coastal Carolina University**  
**Debt Service Coverage on Revenue Bonds**  
**Fiscal Years 2002-2010**

<b>REVENUE BONDS</b>	<b>For the year ended June 30</b>								
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Revenues	\$87,849,888	\$83,732,262	\$70,857,695	\$ 70,209,074	\$ 59,884,941	\$ 50,441,023	\$ 44,878,156	\$ 35,566,512	\$ 30,940,831
Expenses	81,607,222	73,126,774	62,474,962	58,774,006	53,701,011	46,408,826	40,255,735	33,338,327	26,544,137
Net Revenues Available for Debt Service	<u>\$6,242,666</u>	<u>\$10,605,488</u>	<u>\$8,382,733</u>	<u>\$ 11,435,068</u>	<u>\$ 6,183,930</u>	<u>\$ 4,032,197</u>	<u>\$ 4,622,421</u>	<u>\$ 2,228,185</u>	<u>\$ 4,396,694</u>
Debt Service, Revenue Bonds	2,056,501	2,056,504	2,242,005	\$ 1,296,398	\$ 2,096,891	\$ 2,113,270	\$ 2,084,574	\$ 2,194,949	\$ 2,195,460
Coverage	3.04	5.16	3.74	8.82	2.95	1.91	2.22	1.02	2.00

Above revenues, expenses, and net revenues available for debt service have been determined in accordance with the requirements of the applicable bonds.

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2010 are available.

**Schedule 10**  
**Coastal Carolina University**  
**Debt Service Coverage on General Obligation Bonds**  
**Fiscal Years 2000-2010**

<b>GENERAL OBLIGATION BONDS</b>	<b>For the year ended June 30</b>										
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
Tuition Pledged for Debt Service	\$6,135,497	\$5,753,325	\$6,392,583	\$2,020,067	\$1,687,780	\$1,344,290	\$ 968,436	\$ 864,426	\$ 841,252	\$ 603,631	\$ 577,234
Debt Service, General Obligation Bonds	\$1,418,776	\$1,396,973	\$1,426,706	\$ 961,328	\$ 614,439	\$ 605,532	\$ 378,335	\$ 175,647	\$ 335,969	\$ 340,020	\$ 338,160
Coverage	4.32	4.12	4.48	2.10	2.75	2.22	2.56	4.92	2.50	1.78	1.71

## **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.

**Schedule 11**  
**Coastal Carolina University**  
**South Carolina Employment by Industry**  
**Calendar Year 2010 and Ten Years Earlier**

<u>Sources</u>	<u>2000</u>		<u>2010</u>	
	<u>Number of Employees</u>	<u>Percent of Total</u>	<u>Number of Employees</u>	<u>Percent of Total</u>
Construction	118,900	6.27%	80,900	4.40%
Manufacturing	339,500	17.92%	209,100	11.37%
Trade, Transportation, and Utilities	368,200	19.43%	346,600	18.85%
Information	31,000	1.64%	27,900	1.52%
Financial Activities	89,700	4.73%	103,500	5.63%
Professional and Business Services	200,900	10.60%	212,600	11.56%
Education and Health Services	156,800	8.27%	208,300	11.33%
Leisure and Hospitality	199,900	10.55%	219,600	11.94%
Other Services	60,000	3.17%	71,300	3.88%
Government	330,100	17.42%	359,300	19.54%
	<u>1,895,000</u>	<u>100.00%</u>	<u>1,839,100</u>	<u>100.00%</u>

*Source: US Department of Labor Bureau of Labor Statistics*



**Schedule 12**  
**Coastal Carolina University**  
**Top 10 Employers - Calendar Year 2010 and Ten Years Earlier**  
**Horry and Georgetown Counties, South Carolina**

**Year 2010 - HORRY COUNTY**

<b><u>Employer</u></b>	<b><u>Number of Employees</u></b>	<b><u>%</u></b>
Horry County School District	4,870	30.1%
Wal-Mart Associates, Inc.	2,386	14.7%
Horry County Government	1,913	11.8%
Grandstrand Regional Medical Center	1,200	7.4%
Conway Hospital	1,150	7.1%
Coastal Carolina University	1,057	6.5%
Myrtle Beach National	980	6.1%
City of Myrtle Beach	902	5.6%
Loris Health Care System	900	5.6%
Blue Cross / Blue Shield	827	5.1%

**Year 2010 - GEORGETOWN COUNTY**

<b><u>Employer</u></b>	<b><u>Number of Employees</u></b>	<b><u>%</u></b>
Georgetown Hospital System	1,600	30.4%
Georgetown County Schools	1,450	27.6%
International Paper Company	830	15.8%
Georgetown County	582	11.1%
City of Georgetown	191	3.6%
3V Inc	183	3.5%
Screen Tight	140	2.7%
Agru-America	100	1.9%
Sid Harvey	98	1.9%
American Gypsum	84	1.6%

**Year 2000 - HORRY COUNTY**

<b><u>Employer</u></b>	<b><u>Number of Employees</u></b>	<b><u>%</u></b>
Horry County School District	3,800	30.8%
Horry County Government	1,400	11.3%
AVX Corporation	1,380	11.2%
Conway Hospital	1,000	8.1%
Kingston Plantation	1,000	8.1%
Burroughs and Chapin	850	6.9%
Grand Strand Regional Medical Center	824	6.7%
City of Myrtle Beach	764	6.2%
Loris Community Hospital	725	5.9%
Coastal Carolina University	606	4.9%

**Year 2000 - GEORGETOWN COUNTY**

<b><u>Employer</u></b>	<b><u>Number of Employees</u></b>	<b><u>%</u></b>
Georgetown County Schools	1,495	30.1%
Georgetown Memorial Hospital	805	16.2%
International Paper Company - Pulp & Paper	750	15.1%
Georgetown Steel Corporation	602	12.1%
Georgetown County Government	505	10.2%
3V Inc.	211	4.2%
City of Georgetown	206	4.1%
Sampit Lumber Company	142	2.9%
International Paper Company - Container Division	135	2.7%
Unicon, Inc	120	2.4%

*Source: Myrtle Beach Regional Economic Development Corporation  
Georgetown County Economic Development  
Waccamaw Regional Council of Governments*

**Schedule 13**  
**Coastal Carolina University**  
**State and Regional**  
**Population, Income and Employment History**  
**Last Ten Calendar Years**

<u>Year</u>	<u>Population</u>			<u>Total Personal Income</u>			<u>Unemployment Rate (%)</u>		
	<u>South Carolina</u>	<u>Horry County</u>	<u>Georgetown County</u>	<u>South Carolina</u>	<u>Horry County</u>	<u>Georgetown County</u>	<u>South Carolina</u>	<u>Horry County</u>	<u>Georgetown County</u>
2009	4,561,242	263,868	60,703	\$ 145,041,489,000	n/a	n/a	11.0	10.3	11.3
2008	4,479,800	257,380	60,731	146,334,933,000	\$ 7,603,947,000	\$ 2,230,074,000	11.6	10.9	12.5
2007	4,404,914	249,711	60,388	141,243,653,000	7,068,484,000	2,095,081,000	5.9	5.1	6.4
2006	4,324,799	239,496	59,912	134,203,912,000	6,754,139,000	1,995,556,000	6.4	5.5	7.0
2005	4,249,385	228,254	59,464	124,379,061,000	6,119,654,000	1,819,785,000	6.7	5.7	8.6
2004	4,196,799	217,890	59,141	117,229,951,000	5,616,186,000	1,700,895,000	6.8	5.9	9.5
2003	4,143,420	210,840	58,355	110,644,256,000	5,270,555,000	1,572,159,000	6.7	5.6	9.7
2002	4,102,211	206,110	57,679	106,984,582,000	5,011,034,000	1,518,970,000	5.9	5.1	8.2
2001	4,061,844	201,833	56,785	104,198,958,000	4,870,738,000	1,467,244,000	5.2	4.9	7.4
2000	4,012,012	196,629	55,797	100,913,392,000	4,739,959,000	1,360,845,000	3.6	3.6	5.3
1999	3,974,682	191,833	55,053	91,715,570,000	4,415,823,000	1,239,725,000	4.5	3.9	8.7

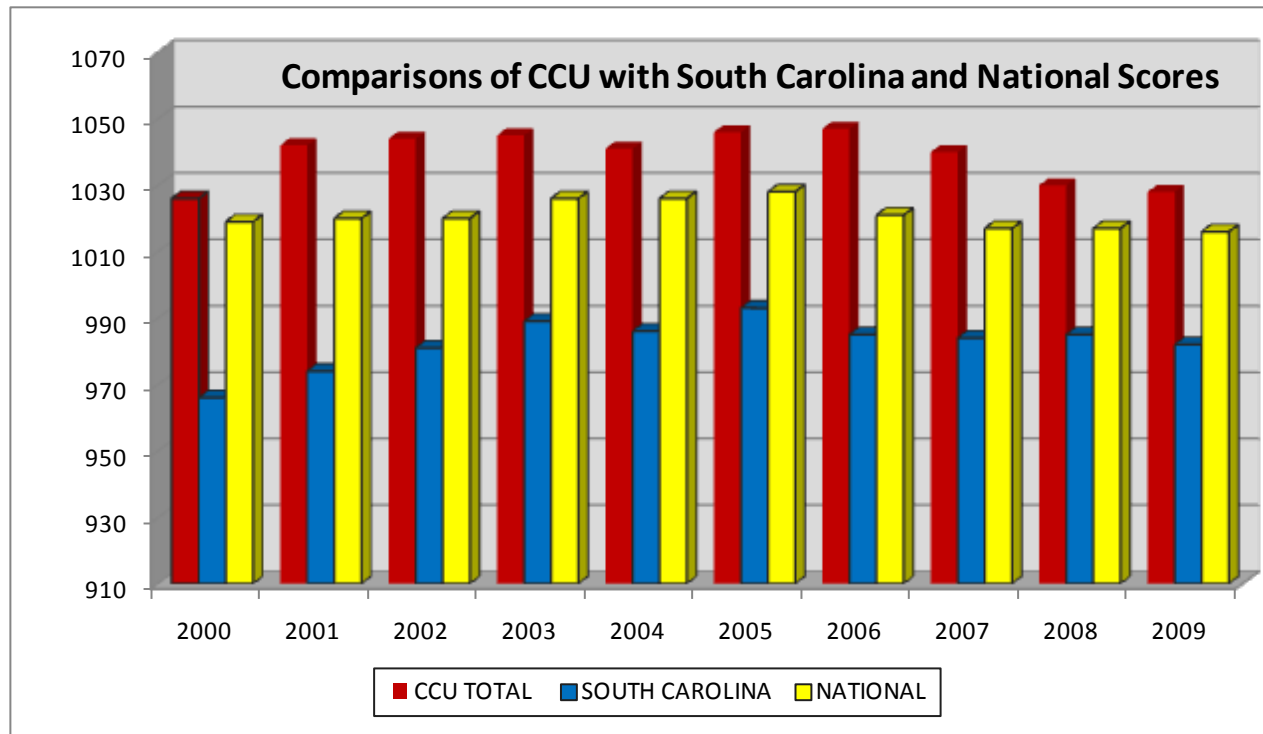
Source: S.C. Employment Security Commission Labor Market Information

## **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.

**Schedule 14**  
**Coastal Carolina University**  
**SAT Scores, New Freshmen**  
**Last Ten Academic Years**

	Fall Semesters									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
CCU TOTAL	1026	1042	1044	1045	1041	1046	1047	1040	1030	1028
SOUTH CAROLINA	966	974	981	989	986	993	985	984	985	982
NATIONAL	1019	1020	1020	1026	1026	1028	1021	1017	1017	1016



**Schedule 15**  
**Coastal Carolina University**  
**Average Faculty Salaries by Rank**  
**Last Ten Academic Years**

	<b>Academic Year Beginning in Fall</b>									
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
<b>Coastal Carolina University</b>										
Professor	\$83,036	\$82,159	\$78,667	\$73,231	\$71,845	\$68,471	\$62,559	\$63,186	\$61,614	\$59,810
Associate Professor	\$68,397	\$67,679	\$63,887	\$62,123	\$59,385	\$56,615	\$53,936	\$51,831	\$51,468	\$49,705
Assistant Professor	\$57,468	\$58,005	\$57,786	\$53,996	\$51,395	\$48,248	\$44,887	\$43,592	\$42,781	\$42,742
Instructor/Other	\$46,076	\$44,910	\$41,300	\$37,009	\$34,470	\$32,564	\$30,698	\$29,805	\$31,827	\$32,256
Average, all ranks	\$65,270	\$64,034	\$61,905	\$58,227	\$55,822	\$52,411	\$49,095	\$48,208	\$48,387	\$47,278
Average, percent of										
SC public universities	108.90%	105.99%	103.40%	101.33%	99.11%	97.15%	96.62%	98.77%	99.10%	99.37%
Average, percent of SREB*	n/a	111.74%	110.42%	105.99%	104.44%	102.13%	99.67%	96.56%	97.41%	98.21%
Average, percent of national**	91.29%	90.25%	91.67%	90.16%	81.55%	79.56%	78.18%	79.19%	81.28%	79.97%
<b>South Carolina Public Universities</b>										
Professor	\$75,452	\$76,573	\$74,802	\$71,895	\$69,949	\$66,270	\$61,351	\$62,615	\$61,760	\$60,094
Associate Professor	\$62,158	\$64,009	\$63,124	\$60,936	\$59,267	\$56,901	\$53,415	\$51,443	\$50,243	\$48,911
Assistant Professor	\$54,175	\$54,199	\$53,825	\$51,282	\$49,373	\$46,761	\$44,468	\$43,728	\$42,936	\$42,682
Instructor/Other	\$44,866	\$44,357	\$44,159	\$41,942	\$40,443	\$40,350	\$37,059	\$35,448	\$35,470	\$33,945
Average, all ranks	\$59,937	\$60,416	\$59,868	\$57,462	\$56,326	\$53,949	\$50,814	\$48,809	\$48,827	\$47,578
Southern (SREB*) Average	n/a	\$57,308	\$56,062	\$54,937	\$53,449	\$51,318	\$49,260	\$49,927	\$49,674	\$48,142
National** (CUPA) Average	\$71,500	\$70,953	\$67,533	\$64,580	\$68,454	\$65,875	\$62,800	\$60,880	\$59,532	\$59,123

Source: United States Department of Education Integrated Post Secondary Educational Data Survey (IPEDS), converted to nine month basis.

\*Southern Regional Education Board

\*\*College and University Professional Association

**Schedule 16**  
**Coastal Carolina University**  
**Faculty, Staff and Administrative Statistics**  
**Last Ten Academic Years**

	For year ended June 30									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Full-time faculty	315	299	264	248	233	231	238	209	189	190
Part-time faculty	168	184	160	132	120	133	133	103	122	133
<b>Total faculty</b>	<b>483</b>	<b>483</b>	<b>424</b>	<b>380</b>	<b>353</b>	<b>364</b>	<b>371</b>	<b>312</b>	<b>311</b>	<b>323</b>
Full-time staff/administrators	619	606	561	541	532	459	408	393	368	353
Part-time staff/administrators	152	203	134	136	98	94	58	116	91	92
<b>Total staff/administrators</b>	<b>771</b>	<b>809</b>	<b>695</b>	<b>677</b>	<b>630</b>	<b>553</b>	<b>466</b>	<b>509</b>	<b>459</b>	<b>445</b>
Total full-time employees	934	905	825	789	765	690	646	602	557	543
<b>Total employees</b>	<b>1254</b>	<b>1292</b>	<b>1119</b>	<b>1057</b>	<b>983</b>	<b>917</b>	<b>837</b>	<b>821</b>	<b>770</b>	<b>768</b>
Part-time faculty FTE (full time equivalent)	140.7	141.5	135.7	121.5	106.1	100.4	93.3	64.0	53.0	48.7
Total teaching faculty FTE	452.7	435.5	397.7	361.5	339.1	320.4	301.3	264.0	232.0	228.7
<b>Ratios:</b>										
Full-time faculty: Full-time staff/administrators	0.51	0.49	0.47	0.46	0.44	0.50	0.58	0.53	0.51	0.54
Total faculty: Total staff and administrators	0.63	0.60	0.61	0.56	0.56	0.66	0.80	0.61	0.68	0.73
Part-time faculty: Total faculty	0.35	0.38	0.38	0.35	0.34	0.37	0.36	0.33	0.39	0.41

Source: IPEDS, EAP

**Schedule 17**  
**Coastal Carolina University**  
**Capital Asset Information**  
**2009 – 2010**

	<b>2010</b>
<b>Buildings – Assignable Area Square Feet</b>	
Instruction	319,342
Research	927
Public Service	0
Academic Support	35,083
Student Services	89,149
Institutional Support	59,763
Plant Operation and Maintenance	26,721
Auxiliaries	298,581
Other	41,033
 <b>Library</b>	
Total physical volumes (excluding e-books)	143,935
 <b>Dormitories - Number of beds</b>	
Main Campus	1,210
University Place I and II	987
University Place III	1,092
 <b>Athletic and Intramural Facilities</b>	
Stadiums	4
Extramural and intramural fields	3
Track facility	1
Golf course	1
Pool	1
Gymnasiums	2
Fitness centers	2
Tennis courts	8





# COASTAL CAROLINA UNIVERSITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

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## SINGLE AUDIT SECTION



Wheelwright Auditorium

**COASTAL CAROLINA UNIVERSITY --SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2010**

Account	Federal Grantor/Pass through Grantor/Program Title	CFDA NUMBER	Pass-through Grantor's Number	Res/Dev	Budget	EXPENDITURES	AGENCY TOTAL
<b>DEPARTMENT OF COMMERCE</b>							
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION,							
Passed through South Carolina Sea Grant Consortium							
31-1803	SCSGC Support IGCP 495 Annual Conference and Field Excursion	11.417	IGCP 495	NO	\$2,000.00	\$2,000.00	
31-2751	Geochemical Characterization of Submarine Groundwater Seeps on the South Carolina Continental Shelf	11.419	R370	Yes	\$45,115.00	\$25,783.32	
31-2303	Identification of Coastal Hypoxia Mechanisms and Hypoxia Monitoring in Inner Shelf Waters of Long Bay, South Carolina	11.419	R268	YES	\$76,543.00	\$7,953.00	
31-2750	Beach Renourishment Activities and Potential Impacts on Critical Hard Bottom Habitats on the Shore face of the Grand Strand	11.420	R381	YES	\$66,222.00	\$24,367.04	
31-2769	Spatial and Temporal Variability in Rate of Mean High Water Rise Along the South Carolina Coast During the Past 6000 Years - Year 2	11.420	R479	YES	\$43,903.00	\$9,345.66	
31-2770	Beach Renourishment Activities and Potential Impacts on Critical Hard Bottom Habitats on the Shore face of the Grand Strand	11.420	R481	YES	\$59,296.00	\$2,386.22	
31-2772	Temporal and Spatial Variability of Dissolved Oxygen in Long Bay as Characterized by Pier-Based In-Site Sensors	11.420	R21R	YES	\$8,000.00	\$7,648.76	
31-2958	Continued Monitoring of Nekton in Sandpiper Pond, Huntington Beach State Park, SC	11.420	R21D	YES	\$5,722.00	\$513.36	
31-3721	SC Sea Grant Extension Cooperative Agreement 2008-09	11.420		NO	\$33,370.00	\$33,369.79	
31-2771	Geochemical Characteristics of Submarine Groundwater Seeps on the South Carolina Continental Shelf	11.420	R470	YES	\$53,727.00	\$47,688.90	
31-2777	Submarine Groundwater Discharge to Long Bay, SC: Preliminary Assessment of Land Use Impact, Geological Controls and Nutrient Loads	11.420	M179	YES	\$75,640.00	\$9,597.35	
31-2963	Guidance for South Carolina on Near-Shore Adaptation Priorities	11.431	NA090AR4310154	YES	\$59,591.00	\$3,350.10	
31-2962	State Marine Mammal Stranding Network	11.439	NA09NMF4390219	YES	\$99,790.00	\$57,681.88	
31-2306	Mechanisms Controlling Hypoxia: Integrated Causal Modeling	11.478	NAOPNOS4780229	YES	\$26,387.00	\$24,894.86	
Passed through William & Mary VIMS							
31-2773	Numerical Modeling	11.478	712260	YES	\$14,000.00	\$5,589.30	
						\$262,169.54	
<b>DEPARTMENT OF DEFENSE</b>							
Passed thru KTECK CORPORATION							
31-2965	A Forensic Assessment of the Pathology of Energy Flows through Natural Systems: Applying Topological Data Analysis to Climate Data Sets and Model Outputs	12.910	KSO9-0118	YES	\$261,689.00	\$251,329.48	
31-2299	2007 Myrtle Beach Renourishment Project: Beach, Near shore Reef and Borrow Site Monitoring	12.999	W912HP-05-20001	YES	\$157,333.00	\$108,155.71	
31-2711	Regional Sediment Management Studies - Winyah and Charleston Approaches	12.999	W81D4A91839845	YES	\$409,947.00	\$217,245.71	
						\$576,730.90	

**COASTAL CAROLINA UNIVERSITY --SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2010**

Account	Federal Grantor/Pass through Grantor/Program Title	CFDA NUMBER	Pass-through Grantor's Number	Res/Dev	Budget	EXPENDITURES	AGENCY TOTAL
<b>DEPARTMENT OF THE INTERIOR</b>							
Fish and Wildlife Service/US Geological Survey							
Passed thru South Carolina Department of Natural Resources							
31-2961	Least Tern Reproductive Success on Rooftops	15.628	79090874	YES	\$32,000.00	(\$721.41)	
31-2288	Coastal Watershed Habitat Assessment	15.630	401816J048	YES	\$46,580.00	\$818.90	
31-2055	Mapping Near shore and Inner Shelf at Fire Island National Seashore	15.808	G09AC00511	YES	\$20,250.00	\$20,250.00	
31-3722	USGS Sublease of Space at Coastal Carolina University	15.808	GO9AC00327	NO	\$14,484.00	\$5,956.00	
							\$26,303.49
<b>DEPARTMENT OF JUSTICE</b>							
31-3926	ARRA - COPS Universal Hiring Program 2009	16.710	2009RKWX0762	NO	\$138,807.00	\$26,012.62	
Passed thru SC Department of Public Safety							
31-3932	ARRA - JAG Program: Public Safety Vehicle Replacement	16.738	1G06056	NO	\$44,000.00	\$39,234.00	
31-3934	ARRA - JAG Program: Tasers	16.738	1G07074	NO	\$27,200.00	\$26,029.57	
31-3933	ARRA - JAG Program: Ballistic Vest Upgrade	16.803	1GS09143	NO	\$9,800.00	\$6,955.20	
							\$98,231.39
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>							
31-2742	The Roles of Gravity Waves in the Polar Atmosphere	43.001	C2566B1	YES	\$282,886.00	\$69,582.70	
Passed through College of Charleston							
31-2912	South Carolina Space Grant Consortium Year 14	43.001	NNG05GI68G	YES	\$2,000.00	\$990.63	
							\$70,573.33
<b>NATIONAL SCIENCE FOUNDATION</b>							
31-2292	RUI:Gravity Waves and the Stratospheric Polar Vortex	47.050	ATM-0646672	YES	\$225,371.00	\$54,956.61	
31-2708	Acquisition of Marine Geophysical Instrumentation Suite for Seafloor Mapping and Bottom Boundary Layer Analysis	47.050	OCE-0722796	YES	\$535,770.00	\$8,132.18	
31-3829	Material Cycling Along the Egyptian Coastline: A Workshop to be Held at Alexandria, Egypt	47.050	OISE 0946596	NO	\$43,793.00	\$40,245.33	
31-2054	Collaborative Research: Defining Ecosystem Heterotrophic Response to Nutrient Concentration and Ratios	47.074	DEB-0919054	YES	\$246,394.00	\$11,519.06	
31-2778	Collaborative Research: Regulation of CpNifS/CpSufE1-Mediated Iron-Sulfur Cluster Synthesis in Plant Plastids	47.074	MCB-0950648	YES	\$57,032.00	\$18,489.20	
31-2735	Collaborative Project: Development of POGIL-IC Modules for General Chemistry	47.076	DUE-0633191	YES	\$91,930.00	\$9,756.54	

**COASTAL CAROLINA UNIVERSITY --SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2010**

Account	Federal Grantor/Pass through Grantor/Program Title	CFDA NUMBER	Pass-through Grantor's Number	Res/Dev	Budget	EXPENDITURES	AGENCY TOTAL
<b>NATIONAL SCIENCE FOUNDATION, continued</b>							
31-2760	GK-12 Fellows Linking Marine and Wetland Research with Science Education in Coastal Carolina Schools	47.076	DGE-0742419	YES	\$387,564.00	\$374,106.05	
31-2733	Development of POGIL-IC modules for General Chemistry	47.079	OISE-0622810	YES	\$86,070.00	\$27,171.57	
							<u>\$544,376.54</u>
<b>OFFICE OF WATER, ENVIRONMENTAL PROTECTION AGENCY</b>							
31-2270	Community-Based Watershed Management Planning for the Waccamaw Basin	66.461	CD-96416205-0	YES	\$257,950.00	\$10,272.55	
							<u>\$10,272.55</u>
<b>US DEPARTMENT OF ENERGY</b>							
31-2960	South Carolina Roadmap go Gigawatt-Scale Coastal Clean Energy Generation	81.119	DEFGO8NT05560	YES	\$200,000.00	\$124,641.22	
31-3935	ARRA - Energy Conservation Plan	81.502	S09-0064	NO	\$433,327.00	\$73,857.00	
							<u>\$198,498.22</u>
<b>US DEPARTMENT OF EDUCATION</b>							
FEDERAL STUDENT AID, US DEPARTMENT OF EDUCATION							
31-8040	SEOG 09-10	84.007	PO07A077401	NO	\$0.00	\$391,263.00	
Office of Special Education and Rehabilitative Services Passed thru South Carolina Department of Education							
31-1148	Project CREATE - Amendment for Redistribution	84.027	10-CO-310-01	NO	\$15,629.00	\$12,449.19	
Federal Family Education Loans							
80-8201	STAFFORD EFT Loans	84.032	Period 2008	NO		\$736,437.96	
	STAFFORD EFT Loans	84.032	Period 2009	NO		\$36,534,370.90	
	STAFFORD Paper Loans	84.032	Period 2008	NO		\$0.00	
	STAFFORD Paper Loans	84.032	Period 2009	NO		\$148,351.00	
80-8202	PLUS EFT Loans	84.032	Period 2008	NO		\$70,814.22	
	PLUS EFT Loans	84.032	Period 2009	NO		\$9,961,518.97	
	PLUS Paper Loans	84.032	Period 2008	NO		\$2,250.00	
	PLUS Paper Loans	84.032	Period 2009	NO		\$226,546.00	
50-5230	PERKINS Loans	84.038	Period 2008	NO		\$0.00	
	PERKINS Loans	84.038	Period 2009	NO		\$1,601,372.87	

**COASTAL CAROLINA UNIVERSITY --SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2010**

Account	Federal Grantor/Pass through Grantor/Program Title	CFDA	Pass-through	Res/Dev	Budget	EXPENDITURES	AGENCY TOTAL
		NUMBER	Grantor's Number				
<b>US DEPARTMENT OF EDUCATION, continued</b>							
31-8014	CWS America Reads	84.033		NO		\$4,908.10	
31-8050	CWS 09-10	84.033	PO33A097401	NO		\$191,641.50	
31-8050	ARRA - CWS 09-10	84.033	PO33A097401	NO		\$58,443.00	
31-5220	Pell 95/CWS JLD	84.063	PO63PO72202	NO		\$26,360.24	
31-8029	Pell 08/09	84.063	PO63P082202	NO		\$11,527.00	
31-8020	Pell 09-10	84.063		NO		\$10,261,926.18	
Ford Federal Direct Loan Program							
80-8201	Stafford EFT Direct Loans	84.268	Period 2009	NO		\$623,233.00	
80-8202	Plus EFT Direct Loans	84.268	Period 2009	NO		\$124,860.00	
31-8090	ROTC 09-10	84.334		NO		(\$5.00)	
31-8150	UGTCH 09-10			NO		\$150,994.00	
31-8160	GRTCH 09-10			NO		\$15,000.00	
31-8030	Yellow Ribbon Program			NO		\$3,000.00	
31-8070	Academic Competitiveness 09-10	84.375	P375A062202	NO	\$0.00	\$568,752.69	
31-8080	SMART Grant 09-10	84.376	P3765062202	NO	\$0.00	\$270,977.00	
Passed through South Carolina Commission on Higher Education							
	ARRA - State Fiscal Stabilization Fund (SFSF) - Education	84.394	S394A090052	NO	\$2,270,097.00	\$2,270,097.00	
Passed through National Writing Project							
31-3540	Coastal Area Writing Project 2009-2010	84.928	94-SC03#15	NO	\$48,503.06	\$48,503.06	
							\$64,315,591.88
<b>TOTAL FEDERAL EXPENDITURES</b>					\$7,015,712.06	\$66,102,747.84	<b>\$66,102,747.84</b>

**COASTAL CAROLINA UNIVERSITY**  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

1. GENERAL

The accompanying Schedule of Federal Financial Assistance presents the activity of all federal award programs of Coastal Carolina 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.

2. 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

3. LOAN PROGRAMS

The University has students who have approved loans which were received by those students during the current year. The University is not the lender; it only processes them for the lender the student chooses. The totals and types of loans received for the current fiscal year are:

Stafford Student Loan – Subsidized	\$ 17,830,331
Stafford Student Loan – Unsubsidized	20,212,062
PLUS Loans	<u>10,261,129</u>
Total	<u>\$ 48,303,522</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 \$1,425,511 as of June 30, 2010. The expenditures for June 30, 2010 are calculated as follows:

June 30, 2009 Loan Balance	\$ 1,475,702
Current Year Loans Made	<u>125,671</u>
Total	<u>\$ 1,601,373</u>

Independent Auditors' Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control Over  
Compliance in Accordance with OMB Circular A-133

To the Honorable Mark Sanford,  
Governor of the State of South Carolina  
And the Board of Trustees of  
Coastal Carolina University  
Conway, South Carolina

Compliance

We have audited the compliance of Coastal Carolina University, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 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, 2010. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Coastal Carolina University's management. Our responsibility is to express an opinion on Coastal Carolina University's compliance based on our audit.

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 (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on Coastal Carolina University's compliance with those requirements.

In our opinion Coastal Carolina University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Coastal Carolina University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Coastal Carolina University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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Conway, South Carolina  
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A control deficiency in an entity's 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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business-type activities of Coastal Carolina University as of and for the year ended June 30, 2010, and have issued our report thereon dated September 24, 2010, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. OMB Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the audit committee, management, others within the organization and the federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.



September 24, 2010



MEMBERS  
AMERICAN INSTITUTE OF CPAS  
PRIVATE COMPANIES PRACTICE SECTION  
SOUTH CAROLINA ASSOCIATION OF CPAS

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TIMOTHY S. BLAKE, CPA  
JENNIFER J. AUSTIN, CPA

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 Honorable Mark Sanford,  
Governor of the State of South Carolina  
And the Board of Trustees of  
Coastal Carolina University  
Conway, South Carolina

We have audited the financial statements of the business-type activities of Coastal Carolina University, a department of the State of South Carolina, as of and for the year ended June 30, 2010, which collectively comprise the University's basic financial statements and have issued our report thereon dated September 24, 2010. Our report includes a reference to 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. Other auditors audited the financial statements of the Coastal Educational Foundation and Coastal Carolina University Student Housing 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 Coastal Educational Foundation and Coastal Carolina University Student Housing Foundation's financial statements were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

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

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance And Other Matters

As part of obtaining reasonable assurance about whether Coastal Carolina University's financial statements are free of 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 determination of financial statement amounts. 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. .

This report is intended solely for the information of the finance committee, management, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Coin Brunt & Co. PA*

September 24, 2010

**COASTAL CAROLINA UNIVERSITY**  
Summary Schedule of Prior Audit Findings  
June 30, 2010

**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  
June 30, 2010

**Summary of Auditors' Results:**

GAGAS

An unqualified opinion was issued on Coastal Carolina University's general purpose financial statements dated September 24, 2010.

There were no significant deficiencies or material weaknesses. No instances of noncompliance material to the financial statement were disclosed by the audit of their financial statements.

A-133

An unqualified opinion was also issued on compliance of major programs at Coastal Carolina University dated September 24, 2010. No significant deficiencies in the internal control over major programs were found. Our audit disclosed no audit findings that are required to be reported under OMB Circular A-133.

The major programs at Coastal Carolina University are the Student Financial Aid Cluster and ARRA-State Fiscal Stabilization Fund-State Education Grants CFDA #84.394 from the U.S. Department of Education. Type A or major programs are defined as those that expended \$300,000 or more. Coastal Carolina University's total federal awards expended for the year ended June 30, 2010 were between \$10 million and \$100 million.

Coastal Carolina University is considered to be a low risk auditee by the criteria listed in OMB Circular A-133.

**Findings Relating to the Financial Statements:**

There were no findings relating to the financial statements.

**Findings and Questioned Costs Relating to Federal Awards:**

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

**U.S. DEPARTMENT OF EDUCATION PROGRAMS**

CFDA	84.007	Federal Supplemental Education Opportunity Grants (FSEOG)
CFDA	84.032	Federal Family Education Loans (FFEL)
CFDA	84.033	Federal Work-Study Programs (FWS)
CFDA	84.038	Federal Perkins Loans (FPL) – Federal Capital Contributions
CFDA	84.063	Federal Pell Grant Program (PELL)
CFDA	84.375	Academic Competitiveness Grant (ACG)
CFDA	84.376	National Science and Mathematics Access to Retain Talent Grant (National SMART Grant)