

**THE CITADEL, THE MILITARY COLLEGE
OF SOUTH CAROLINA
INTERCOLLEGIATE ATHLETICS
PROGRAM**

AGREED-UPON PROCEDURES

Year Ended June 30, 2022

*And Independent Accountant's Report on
Applying Agreed-Upon Procedures*

**THE CITADEL, THE MILITARY COLLEGE OF SOUTH CAROLINA
INTERCOLLEGIATE ATHLETICS DEPARTMENT
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Independent Accountant's Report on Applying Agreed-Upon Procedures

General Glenn M. Walters, USMC (Retired), President
The Citadel, The Military College of South Carolina
Charleston, South Carolina

We have performed the procedures enumerated below on the Statement of Athletic Revenues and Expenses of the Intercollegiate Athletics Program (Unaudited) (the "Statement") of the Citadel, the Military College of South Carolina, (the "College"), for the year ended June 30, 2022. The College's management is responsible for the Statement.

The College has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose, as mandated under the provisions of the National Collegiate Athletic Association ("NCAA") Bylaw 3.2.4.17.1, of subjecting to agreed-on procedures all expenses and revenues for or on behalf of the College's intercollegiate athletics program for the year ended June 30, 2022. The College has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are listed below. Materiality for the purposes of this report has been determined to be \$200,000.

Agreed-Upon Procedures for Revenues

1. **Procedure:** We will obtain from management the Statement for the year ended June 30, 2022. We will recalculate the mathematical accuracy of the Statement, trace the individual revenue line items to management's worksheets and compare the amounts on management's worksheets to the College's general ledger. We will also compare each major revenue account greater than 10% of total revenues to prior year amounts and obtain an understanding of any variation greater than 10%.

Results of Procedure: We obtained from management the Statement for the year ended June 30, 2022. We recalculated the mathematical accuracy of the Statement, traced the individual revenue line items to management's worksheets and compared the amounts on management's worksheets to the College's general ledger. No exceptions were found as a result of applying these procedures. We also compared each major revenue account greater than 10% of total revenues to prior year amounts, and obtained an understanding of any variation greater than 10% as follows:

- Ticket sales increased \$1,360,629 or 298% during the year ended June 30, 2022 compared to the prior year due to the College returning to a normal game schedule after the COVID-19 pandemic.
 - Contributions revenue increased \$402,961 or 13% during the year ended June 30, 2022 compared to the prior year due to contributions for Johnson Hagood Stadium that were not received in the prior year being received from the Citadel Foundation in the current year.
 - Royalties, licensing, advertisement and sponsorships increased \$302,297 or 68% during the year ended June 30, 2022 compared to the prior year due to the College receiving more income from promotions in the current year compared to the prior year.
2. **Procedure:** We will compare and agree a sample of five operating revenue receipts to supporting schedules provided by the College. This sample will include the samples obtained for testing in procedure 3, with additional samples picked as necessary to reach a total of five.

Results of Procedure: We compared five operating revenue receipts listed below to supporting schedules provided by the College:

| Description | Reference Number | Amount |
|--|------------------|-----------|
| 1. Men's Basketball vs. Duke University | F0015216 | \$ 90,000 |
| 2. Football vs. Coastal Carolina University | F0015044 | 315,000 |
| 3. Baseball vs. Creighton University | F0015752 | 12,000 |
| 4. Men's Basketball vs. University of Pittsburgh | F0015425 | 90,000 |
| 5. The Blood Connection | F0015774 | 50,000 |

No exceptions were found as a result of applying these procedures.

3. **Procedure:** In accordance with the NCAA 2022 Agreed-Upon Procedures Guide, if a revenue category reported on the Statement is less than 4.0% of total revenues on the Statement, no procedures are required for that specific revenue category. Compute 4.0% of total revenues per the Statement. Inspect the Statement and identify each specific revenue category in excess of 4.0% of total revenues and perform the procedures specified on the NCAA Agreed-Upon Procedures Guide for that revenue category.

Results of Procedure: We mathematically computed 4.0% of total revenues from the Statement. We identified the following revenue categories that were in excess of 4.0% of total revenues reported in the Statement and performed the required procedure for that category in accordance with the NCAA 2022 Agree-Upon Procedures Guide:

- a. **Procedure:** We will compare and recalculate total revenues related to ticket sales, complimentary tickets provided and unsold tickets during the year ended June 30, 2022 to the total ticket revenue reported on the Statement and related attendance figures.

Results of Procedure: We compared and recalculated total revenues related to ticket sales, complimentary tickets provided and unsold tickets during the year ended June 30, 2022 to the total ticket revenue reported on the Statement and related attendance figures. No exceptions were found as a result of applying these procedures.

- b. **Procedure:** We will recalculate the amount of student athletic fees for the year based on enrollment reports and athletic fees for each term. We will also obtain and document an understanding of the College's methodology for allocating student fees to Intercollegiate Athletics Programs. We will also tie the calculation to supporting documents such as student fee totals.

Results of Procedure: We recalculated the amount of student fees for the year ended June 30, 2022, based on enrollment reports and athletic fees for each term. We also obtained and documented an understanding of the College's methodology for allocating student fees to Intercollegiate Athletics Programs. In addition, we traced the calculation to student fee totals. No exceptions were found as a result of applying these procedures.

- c. **Procedure:** We will compare the direct institutional support recorded by the College during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculate totals.

Results of Procedure: We obtained, recalculated, and traced to the general ledger supporting detail for direct institutional support and recalculated totals. No exceptions were found as a result of applying these procedures.

- d. **Procedure:** We will obtain the detailed listing of contributions and will compare the total to the Statement. From the listing, for any contributions that constitute 10% or more of all contributions received for intercollegiate athletics during the year, we will agree amounts per the listing to the supporting documentation, inspect for reasonableness, and will recalculate totals.

Results of Procedure: We obtained the detailed listing of contributions, compared the total to the Statement, and recalculated totals. We inspected the listing, noting one contribution from The Citadel Brigadier Foundation for \$2,000,000 that was greater than 10% of all contributions received by the Intercollegiate Athletics Program. We agreed the \$2,000,000 contribution from The Citadel Brigadier Foundation to supporting documentation and recalculated the total. No exceptions were found as a result of applying these procedures.

- e. **Procedure:** We will obtain and inspect the royalties and licensing agreement related to the College's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions. We will obtain a schedule of revenues from royalties, licensing, advertisements, and sponsorships and recalculate and agree the schedule to the College's general ledger.

Results of Procedure: We obtained and inspected the royalties and licensing agreement related to the College's participation in revenues from royalties, licensing, advertisements, and sponsorships during the year ended June 30, 2022 to gain an understanding of the relevant terms and conditions. We obtained a schedule of revenues from royalties, licensing, advertisements, and sponsorships and recalculate and agreed the schedule to the College's general ledger. No exceptions were found as a result of applying these procedures.

Agreed-Upon Procedures for Expenses

4. **Procedure:** We will recalculate the mathematical accuracy of the Statement, trace the individual expense line items to management's worksheets and compare the amounts on management's worksheets to the College's general ledger. We will also compare each major expense account over 10% of total expenses to prior year amounts and obtain an understanding of any variation greater than 10%.

Results of Procedure: We recalculated the mathematical accuracy of the Statement, traced the individual expense line items to management's worksheets, and compared the amounts on management's worksheets to the College's general ledger. No exceptions were found as a result of applying these procedures. We also compared each major expense account over 10% of total expenses to prior year amounts, and obtained an understanding of any variation greater than 10%, noting no variances greater than 10% as follows:

- Team travel expense increased \$158,229 or 20% during the year ended June 30, 2022 compared to the prior year due to the College returning to a normal game schedule after the COVID-19 pandemic which resulted in an increase in team travel expense in the current year compared to the prior year.
 - Direct overhead and administrative expense increased \$725,977 or 74% during the year ended June 30, 2022 compared to the prior year due to additional direct expense new projects in the current year compared to the prior year.
 - Other expenses increased \$316,156 or 63% during the year ended June 30, 2022 compared to the prior year due additional expenses with Peak Sports MGMT in the current year compared to the prior year.
5. **Procedure:** We will compare and agree a sample of twenty expenses to supporting schedules provided by the College. This sample will include the samples obtained for testing in procedure 7, with additional samples picked as necessary to reach a total of twenty.

Results of Procedures: We compared the twenty disbursements listed below to supporting schedules provided by the College. No exceptions were found as a result of applying these procedures.

| | <u>Payee</u> | <u>Reference Number</u> | <u>Disbursement Amount</u> |
|-----|-------------------------------------|-----------------------------|--------------------------------|
| 1. | Kelly Tours Inc | I0137645 | \$ 19,250 |
| 2. | Anthony Peter Skole | I0139102 | 11,500 |
| 3. | Enterprise Rent-A-Car | I0137504 | 3,337 |
| 4. | NCAA | I0133926 | 1,400 |
| 5. | RA Sushi Atlanta | S0192577 | 811 |
| 6. | Rawlings Sporting Goods Company Inc | I0137977 | 7,194 |
| 7. | Geraghty Tennis | I0137747 | 2,058 |
| 8. | Adidas America Inc | I0134737 | 3,678 |
| 9. | Gubser & Schnakenberg, LLC | I0134736 | 3,706 |
| 10. | PO-221933 | UP012837 | 2,398 |
| 11. | Holiday Inn Express | S0202584 | 12,549 |
| 12. | Hilton Greenville | S0190526 | 9,900 |
| 13. | Geoffrey Neil Von Dollen | I0133560 | 3,000 |
| 14. | Carnegie Hotel | S0193638 | 1,000 |
| 15. | Arbys #7448 Homewood | S0190518 | 753 |
| 16. | Peak Sports MGMT | I0133466 | 75,367 |
| 17. | Peak Sports MGMT | I0136414 | 160,394 |
| 18. | Taymar Sales U, LLC | I0135540 | 11,131 |
| 19. | Taymar Sales U, LLC | I0139106 | 28,127 |
| 20. | Taymar Sales U, LLC | I0141763 | 28,893 |

6. **Procedures:** We will select a sample of 10% of all athletic students from the listing of institutional student aid recipients during the reporting period. We will obtain individual student account detail for each selection and compare total aid allocated from the related aid award letter to the student's account. For each student selected, we will also ensure their information was reported accurately in either the NCAA's Compliance Assistant software (the "Software") or entered directly into the NCAA Membership Financial Reporting System (the "System") using the following criteria:

- a. The equivalency value for each student-athlete in all sports, including headcount sports, needs to be converted to a full-time equivalency value. The full-time equivalency value is calculated using the athletic grant amount reported on the Calculation of Revenue Distribution Equivalencies Report ("CRDE") from the NCAA's Compliance Assistant ("CA") software as the numerator and the full grant amount, which is the total cost for tuition, fees, course-related books, room and board for an academic year as the denominator. If using the NCAA CA software, this equivalency value will be calculated for you on the CRDE report labeled "Revenue Distribution Equivalent Award".
- b. Grants-in-aid is calculated by using the revenue distribution equivalencies by sport and in aggregate. (Athletic grant amount divided by the full grant amount).
- c. Other expenses related to attendance (also known as gap money or cost of attendance) should not be included in grants-in-aid revenue distribution equivalencies. Only tuition, fees, room, board and course-related books are countable for grants-in-aid revenue distribution per Bylaw 20.02.07).
- d. Full grant amount should be entered as a full year of tuition, not a semester or quarter.
- e. Student-athletes are to be counted once and should not receive a revenue distribution equivalency greater than 1.00.

- f. Athletics grants are valid for revenue distribution purposes only in sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football.
- g. Grants-in-aid are valid for revenue distribution purposes in NCAA sports that do not meet the minimum contests and participants' requirements of Bylaw 20.9.6.3.
- h. Institutions providing grants to student-athletes listed on the CRDE as "Exhausted Eligibility (fifth-year)" or "Medical" receive credit in the grants-in-aid component.
- i. The athletics aid equivalency cannot exceed maximum equivalency limits. However, the total revenue distribution equivalency can exceed maximum equivalency limits due to exhausted eligibility and medical equivalencies (reference Bylaw 15.5.3.1).
- j. If a sport is discontinued and the athletic grant(s) are still being honored by the institution, the grant(s) are included in student-athlete aid for revenue distribution purposes.
- k. All equivalency calculations should be rounded to two decimal places.
- l. If a selected student received a Pell Grant, ensure the value of the grant is not included in the calculation of equivalencies or the total dollar amount of student athletic aid expense for the institution.
- m. If a selected student received a Pell Grant, ensure the student's grant was included in the total number and total dollar value of Pell Grants reported for Revenue Distribution purposes in the NCAA Membership Financial Reporting System.

We will recalculate the athletic student aid totals for each sport and overall.

Results of Procedures: We obtained a listing of student athletes receiving student athletic aid and recalculated the student athletic aid totals for each sport and overall. We selected 10% or 30 students, as listed below and on page 6, receiving student athletic aid from the listing of institutional student aid recipients during the year ended June 30, 2022, as provided below. We obtained individual student account details for each selection below and compared total aid allocated from the related aid award letter to the student's account. For each student selected, we also ensured their information was reported accurately in either the Software or entered directly into the NCAA Membership Financial Reporting System (the "System") using the criteria above.

| | <u>ID</u> | <u>Sport</u> | <u>Amount</u> |
|-----|-----------|---------------|---------------|
| 1. | 10644978 | Football | 27,355 |
| 2. | 10641722 | Football | 6,346 |
| 3. | 10648355 | Soccer | 6,292 |
| 4. | 10636339 | Football | 20,421 |
| 5. | 10630131 | Football | 20,775 |
| 6. | 10620690 | Men's Track | 8,929 |
| 7. | 10630248 | Football | 5,946 |
| 8. | 10634412 | Football | 24,680 |
| 9. | 10643214 | Soccer | 5,445 |
| 10. | 10638414 | Volleyball | 25,051 |
| 11. | 10632584 | Golf | 18,990 |
| 12. | 10627692 | Men's Track | 5,077 |
| 13. | 10627069 | Volleyball | 11,508 |
| 14. | 10643213 | Basketball | 24,365 |
| 15. | 10645262 | Soccer | 6,743 |
| 16. | 10625730 | Soccer | 3,648 |
| 17. | 10634137 | Women's Track | 24,368 |
| 18. | 10648720 | Volleyball | 14,676 |
| 19. | 10634507 | Baseball | 12,660 |
| 20. | 10633119 | Volleyball | 24,826 |
| 21. | 10638344 | Women's Track | 23,271 |
| 22. | 10626057 | Golf | 19,661 |
| 23. | 10641488 | Tennis | 7,616 |
| 24. | 10635651 | Football | 27,128 |
| 25. | 10644209 | Baseball | 7,673 |
| 26. | 10647236 | Football | 29,462 |
| 27. | 10633435 | Mixed Rifle | 2,539 |
| 28. | 10618189 | Men's Track | 10,529 |
| 29. | 10653142 | Wrestling | 4,425 |
| 30. | 10629177 | Baseball | 13,698 |

No exceptions were found as a result of applying these procedures

- Procedure:** In accordance with the NCAA 2022 Agreed-Upon Procedures Guide, if an expense category reported on the Statement is less than 4.0% of total expenses on the Statement, no procedures are required for that specific expense category. Compute 4.0% of total expenses per the Statement. Inspect the Statement and identify each specific expense category in excess of 4.0% of total expenses and perform the procedures specified on the NCAA Agreed-Upon Procedures Guide for that expense category.

Results of Procedure: We mathematically computed 4.0% of total expenses from the Statement. We identified the following expense categories that were in excess of 4.0% of total expenses reported in the Statement and performed the required procedure for that category in accordance with the NCAA 2022 Agree-Upon Procedures Guide:

- a. **Procedure:** We will obtain and inspect a listing of coaches employed by the College during the year. We will select a sample of five coaches, including football and men's basketball, and compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the College in the Statement during the year. We will also obtain and inspect respective payroll summary registers for each selection and compare the amounts reported to the related salaries, benefits, and bonuses paid to the expense reported by the College. We will also compare and agree the totals recorded to any employment contracts executed for the sample selected.

Results of Procedure: We obtained and inspected a listing of coaches employed by the College during the year ended June 30, 2022. We selected five coaches, including football and men's basketball, listed below, and compared the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the College in the Statement during the year ended June 30, 2022. We also obtained and inspected respective payroll summary registers for each selection and compared the amounts reported to the related salaries, benefits, and bonuses paid to the expense reported by the College. In addition, we compared the totals recorded to any employment contracts executed for the coaches selected. No exceptions were found as a result of applying these procedures

| | <u>Employee</u> | <u>Sport</u> | <u>Position</u> |
|----|-----------------|------------------|--------------------|
| 1. | Brent Thompson | Football | Head Coach |
| 2. | Robert Baucom | Men's Basketball | Head Coach |
| 3. | Anthony Skole | Baseball | Head Coach |
| | Lou Conte | Football | Football/Offensive |
| 4. | | | Coordinator |
| 5. | Lori Bonacci | Women's Golf | Head Coach |

- b. **Procedure:** We will obtain and inspect a listing of support staff/administrative salaries, benefits, and bonuses paid by the College during the year. We will select a sample of five support staff/administrative employees and compare and agree the financial terms and conditions of each selection to the related support staff/administrative salaries, benefits and bonuses paid by the College recorded in the Statement during the year. We will also obtain and inspect respective payroll summary registers for each selection and compare the amounts reported to the related salaries, benefits, and bonuses paid to the expense reported by the College.

Results of Procedure: We obtained and inspected a listing of support staff/administrative salaries, benefits, and bonuses paid by the College during the year ended June 30, 2022. We selected five support staff/administrative employees, listed below, and compared the financial terms and conditions of each selection to the related support staff/administrative salaries, benefits, and bonuses paid by the College recorded in the Statement during the year ended June 30, 2022. We also obtained and inspected respective payroll summary registers for each selection and compared the amounts reported to the related salaries, benefits, and bonuses paid to the expense reported by the College. No exceptions were found as a result of applying these procedures.

| | <u>Employee</u> | <u>Department</u> | <u>Position</u> |
|----|-----------------|-------------------|---|
| 1. | Mike Capaccio | Administration | Director of Athletics |
| 2. | Kevin Olivett | Administration | Assistant Athletic Director for External Operations |
| 3. | Daniel Graham | Communications | Associate Director of Athletic Communications |
| 4. | Kerney Lane | Marketing | Associate Director for Marketing |
| 5. | Robert Bennett | Operations | Assistant Athletic Director for Operations |

- c. **Procedure:** We will obtain an understanding of the College's team travel policies. We will compare and agree the policies to existing institutional and NCAA-related policies. We will obtain the general ledger detail of travel expenses and compare it to the total travel expenses reported on the Statement and recalculate totals.

Results of Procedure: We obtained an understanding of the College's team travel policies. We compared the policies to existing institutional and NCAA-related policies. We obtained the general ledger detail of travel expenses and compared it to the total travel expenses reported on the Statement and recalculated totals. No exceptions were found as a result of applying these procedures.

- d. **Procedure:** We will obtain and recalculate a listing of athletic facilities debt service schedules, lease payments, and rental fee. We will agree the payments to supporting documentation (including debt financing agreements, leases, rental agreements, etc.). We will also compare the amounts recorded to the Statement and recalculate totals.

Results of Procedure: We obtained a listing of athletic facilities debt service schedules, lease payments, and rental fees and recalculated its mathematical accuracy. We compared the payments to supporting debt financing agreements. We also compared the amounts recorded to the Statement and recalculated totals. We compared the total of facility payments to supporting debt financing agreements. No exceptions were found as a result of applying these procedures.

- e. **Procedure:** We will obtain and recalculate the general ledger detail of direct overhead and administrative expenses and compare to the total direct overhead and administrative expenses recorded on the Statement and recalculate totals. We will select a sample of five expenses and obtain supporting documentation to validate the existence of the expense and accuracy of its recorded amount.

Results of Procedure: We obtained a detailed listing of direct overhead and administrative expense, recalculated its mathematical accuracy and compared the amounts to the amounts recorded in the general ledger. We compared the general ledger amounts to the amounts reported on the Statement and recalculated totals. From this detail, we selected five expenses, listed below, and obtained supporting documentation to validate the existence of the transaction and accuracy of recording. No exceptions were found as a result of applying these procedures.

| | <u>Payee</u> | <u>Reference Number</u> | <u>Disbursement Amount</u> |
|----|---------------------------------------|-------------------------|----------------------------|
| 1. | Seignous Hall Budd Group | UP012552 | \$ 33,096 |
| 2. | MFH Budd Group | UP012552 | 101,868 |
| 3. | FY 2022 Auxiliary Overhead Adjustment | J0031751 | 9,645 |
| 4. | Prepaid Insurance Adjustment | UP013042 | 13,698 |
| 5. | 2022 Insurance Premiums | UP013039 | 20,314 |

- f. **Procedure:** We will obtain and recalculate the general ledger detail of other operating expenses and transfers and compare to the operating expenses and transfers recorded on the Statement and recalculate totals. We will select a sample of five expenses and obtain supporting documentation to validate the existence of the expense and accuracy of its recorded amount.

Results of Procedure: We obtained a detailed listing from the general ledger of other operating expenses and transfers and compared the general ledger amounts to the amounts reported on the Statement and recalculated totals. From this detail, we selected five expenses, listed below, and obtained supporting documentation to validate the existence of the transaction and accuracy of recording. No exceptions were found as a result of applying these procedures.

| | Payee | Reference Number | Disbursement Amount |
|----|---------------------|-----------------------------|--------------------------------|
| 1. | Peak Sports MGMT | I0133466 | \$ 75,367 |
| 2. | Peak Sports MGMT | I0136414 | 160,394 |
| 3. | Taymar Sales U, LLC | I0135540 | 11,131 |
| 4. | Taymar Sales U, LLC | I0139106 | 28,127 |
| 5. | Taymar Sales U, LLC | I0141763 | 28,893 |

Additional Agreed-Upon Procedures

1. **Procedure:** We will compare and agree the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the College. If any discrepancies are found between the NCAA Membership Financial Reporting System and the squad lists, we will inquire about the discrepancy and validate that it is justifiable and report any justification on the final agreed-upon procedures report.

Results of Procedure: We compared the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the College noting no discrepancies. No exceptions were found as a result of applying these procedures.

2. **Procedure:** We will compare current year Grants-in-Aid revenue distribution equivalencies to prior year reported equivalencies per the NCAA Membership Financial Reporting System. We will inquire and document any variance greater than +/-4%.

Results of Procedure: We compared current year grants-in-aid revenue equivalencies to prior year reported equivalencies per the Membership Financial Report submission and inquired and documented an explanation for any variance greater than +/- 4%. Overall, grants-in-aid increased by 32% from the prior year. The difference in equivalencies is due the College using difference reports in the current year compared to the prior year. In 2022, the College used the competition equivalency report which includes non-countable institutional aid, and in 2021, the College used the revenue equivalencies report which excluded institutional aid. No exceptions were found as a result of applying these procedures

3. **Procedure:** We will obtain the College's Sports Sponsorship and Demographics Forms Report for the reporting year and validate that the countable sports reported by the College meet the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and the number of participants in each contest that is counted toward meeting the minimum contest requirement. Once countable sports have been confirmed, we will ensure that the College has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System.

Results of Procedure: We obtained the College's Sports Sponsorship and Demographic Forms Report for the reporting year. We inspected it to validate that the countable sports reported by the institution meet the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and number of participants in each contest that is counted toward meeting the minimum contest requirement. Once the countable sports were confirmed, we inspected it to ensure the College had properly reported the sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. No exceptions were found as a result of applying these procedures.

4. **Procedure:** We will compare the current year number of Sports Sponsored to the prior year reported total per the Sports Sponsored per the NCAA Membership Financial Report submission. We will inquire and document any variance.

Results of Procedure: We compared the current year number of sports sponsored to the prior year reported total per the Membership Financial Report submission and inquired and documented an explanation for any variance. We found no variances in the current year number of sports sponsored compared to the prior year reported total per the Membership Financial Report submission. No exceptions were found as a result of applying these procedures.

5. **Procedure:** For Pell Grant recipients, we will agree the total number of Division I student-athletes who, during the academic year received a Pell Grant Award (e.g. Pell Grant recipients on Full Grant-in Aid, Pell Grant recipients on Partial Grants-in-Aid and Pell Grant recipients with no Grants-in-Aid) and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated out of the institutions financial aid records, of all student-athlete Pell Grants.

Results of Procedure: For Pell Grants, we compared the total number of Division I student-athletes who, during the academic year, received a Pell Grant award (e.g., Pell Grant recipients on Full Grant-in-Aid, Pell Grant recipients on Partial Grants-in-Aid, and Pell Grant recipients with no Grants-in-Aid) and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report generated out of the institution's financial aid records of all student-athlete Pell Grants. No exceptions were found as a result of applying these procedures.

6. **Procedure:** We will compare the current year Pell Grants total to the prior year total Pell Grants per the NCAA Membership Financial Report submission. We will inquire and document any variance greater than +/-20 grants.

Results of Procedure: We compared the current year Pell Grants total to the prior year reported total per the Membership Financial Report submission and inquired and documented an explanation for any variance greater than +/- 20 grants. We found no variances greater than +/- 20 grants. No exceptions were found as a result of applying these procedures.

Agreed-Upon Procedures for Other Reporting Items

7. **Procedure:** We will obtain a repayment schedule for all outstanding intercollegiate athletics debt during the year ended June 30, 2022 and recalculate annual maturities (consisting of principal and interest) provided in the schedules. We will agree the total annual maturities and total outstanding athletic related debt to supporting documentation and the College's general ledger.

Results of Procedure: We obtained a repayment schedule for all outstanding intercollegiate athletics debt during the year ended June 30, 2022, and recalculated annual maturities (consisting of principal and interest) provided in the schedules. We compared the total annual maturities and total outstanding athletic related debt to supporting documentation and the College's general ledger. No exceptions were found as a result of applying these procedures.

8. **Procedure:** We will agree the total outstanding institutional debt at June 30, 2022 to supporting documentation and the College's audited financial statements.

Results of Procedure: We compared the total outstanding institutional debt at June 30, 2022 to supporting documentation and the College’s audited financial statements. No exceptions were found as a result of applying these procedures.

9. **Procedure:** We will obtain a schedule of all athletics dedicated endowments maintained by athletics and the College at June 30, 2022. We will agree the fair market value in the schedule to the general ledger.

Results of Procedure: We obtained a schedule of all athletics dedicated endowments maintained by athletics and the College at June 30, 2022. We compared the fair market value in the schedule to the general ledger. No exceptions were found as a result of applying these procedures.

10. **Procedure:** We will agree the total fair market value of the College's endowments at June 30, 2022 to the general ledger.

Results of Procedure: We compared the total fair market value of the College’s endowments at June 30, 2022 to the general ledger. No exceptions were found as a result of applying these procedures.

11. **Procedure:** We will obtain a schedule of athletics related capital expenditures made by athletics and the College during the year ended June 30, 2022. We will obtain general ledger detail and compare to the total capital expenditures reported. We will select a sample of one transaction to validate the existence of transactions and accuracy of recording and recalculate totals.

Results of Procedure: We obtained a schedule of athletics-related capital expenditures made by athletics department and the College and recalculated totals. We also obtained general ledger detail and compared to the total capital expenditures reported. We selected the one transaction listed below and traced it to the general ledger detail. No exceptions were found as a result of applying these procedures.

| Description | Reference Number | Amount |
|-------------------|------------------|-----------|
| 1. Headset System | 10133828 | \$ 53,578 |

We were engaged by the College to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Statement. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the College and to meet out other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the management of The Citadel, The Military College of South Carolina, and is not intended to be, and should not be, used by anyone other than this specified party.

Cherry Bekaert LLP

Greenville, South Carolina
January 12, 2023

**THE CITADEL, THE MILITARY COLLEGE OF SOUTH CAROLINA
INTERCOLLEGIATE ATHLETICS PROGRAM
STATEMENT OF ATHLETIC REVENUES AND EXPENSES (UNAUDITED)**

YEAR ENDED JUNE 30, 2022

| | Football | Men's Basketball | Other Sports | Nonprogram Specific | Total |
|--|---------------------|---------------------|---------------------|------------------------|-------------------|
| Operating Revenues: | | | | | |
| Ticket sales | \$ 1,659,111 | \$ 68,444 | \$ 89,593 | \$ - | \$ 1,817,148 |
| Student fees | 1,642,615 | 850,921 | 1,590,092 | 2,919,618 | 7,003,246 |
| Direct institutional support | 1,461,412 | 347,778 | 1,502,066 | 540,610 | 3,851,866 |
| Guarantees | 315,000 | 180,000 | 12,000 | - | 507,000 |
| Contributions | 983,212 | 283,219 | 1,149,795 | 1,006,525 | 3,422,751 |
| In-kind contributions | - | - | - | - | - |
| NCAA distributions | - | - | - | 181,410 | 181,410 |
| Conference distributions | - | - | - | 403,304 | 403,304 |
| Program sales, concessions, novelty sales, and parking | 81,293 | 1,335 | 37,376 | 77,336 | 197,340 |
| Royalties, advertisements, and sponsorships | - | - | 33,684 | 715,555 | 749,239 |
| Athletics restricted endowment and investments income | (2,972) | (2,302) | (16,800) | (4,856) | (26,930) |
| Other revenue | - | - | 8,164 | 94,680 | 102,844 |
| Total Operating Revenues | 6,139,671 | 1,729,395 | 4,405,970 | 5,934,182 | 18,209,218 |
| Operating Expenses: | | | | | |
| Athletics student aid | 2,249,491 | 535,321 | 2,312,068 | 925,468 | 6,022,348 |
| Guarantees | 50,000 | 13,408 | 38,500 | - | 101,908 |
| Coaching salaries and benefits | 1,248,398 | 646,705 | 1,208,480 | - | 3,103,583 |
| Support staff/administrative salaries and benefits | - | - | - | 2,218,928 | 2,218,928 |
| Recruiting | 120,937 | 39,559 | 36,309 | 3,708 | 200,513 |
| Team travel | 222,431 | 191,776 | 525,584 | 9,476 | 949,267 |
| Equipment, uniforms, and supplies | 235,434 | 55,639 | 322,329 | - | 613,402 |
| Game expenses | 242,736 | 88,748 | 126,623 | 63,283 | 521,390 |
| Fundraising, marketing, and promotion | 2,000 | 2,742 | 6,381 | 153,969 | 165,092 |
| Spirit groups | - | - | - | 42,913 | 42,913 |
| Athletic facilities debt service | - | - | 3,342 | 1,073,375 | 1,076,717 |
| Direct overhead and administrative expenses | 150,356 | 2,511 | 9,233 | 1,543,948 | 1,706,048 |
| Medical expenses and medical insurance | 9,843 | 2,088 | 5,187 | 74,650 | 91,768 |
| Memberships and dues | 3,613 | 31,704 | 19,984 | 73,724 | 129,025 |
| Student athlete meals (non-travel) | 201,461 | 47,640 | 50,475 | - | 299,576 |
| Other operating expenses | 46,921 | 32,805 | 102,746 | 635,234 | 817,706 |
| Total Operating Expenses | 4,783,621 | 1,690,646 | 4,767,241 | 6,818,676 | 18,060,184 |
| Excess (Deficiency) of Operating Revenues over Expenses | \$ 1,356,050 | \$ 38,749 | \$ (361,271) | \$ (884,494) | \$ 149,034 |

See selected Notes to Athletic Statement of Revenues and Expenses (Unaudited).

**THE CITADEL, THE MILITARY COLLEGE OF SOUTH CAROLINA
INTERCOLLEGIATE ATHLETICS PROGRAM
SELECTED NOTES TO STATEMENT OF ATHLETIC REVENUES AND EXPENSES
(UNAUDITED)**

YEAR ENDED JUNE 30, 2022

Note 1—Basis of presentation

The Statement of Athletic Revenues and Expenses (Unaudited) of The Citadel, The Military College of South Carolina's (the "College") Intercollegiate Athletics Program (the "Statement") was prepared on the accrual basis of accounting modified to omit depreciation expense and gross pledges receivable which are not considered allocated until cash is received.

Note 2—Contributions

The College received a contribution totaling \$2,000,000 from a related party organization that constituted 10% or more of all contributions received by the Intercollegiate Athletic Program during the year ended June 30, 2022. Contributions are donations that are restricted for financial aid for student athletes and for the support of specific intercollegiate athletic programs.

Note 3—Gifts restricted for plant acquisitions and improvements

During the year ended June 30, 2022, there were no gifts to the athletics department that were restricted for plant acquisitions and improvements.

Note 4—Gifts to the endowment and pledges receivable

At June 30, 2022, the fair value for endowment funds specifically dedicated to support athletics was \$5,160,184. In addition, gross pledges receivable to support athletics was \$31,849 at June 30, 2022. Such amounts are not included in the Statement. At June 30, 2022, the fair value for the College's endowment funds was \$124,317,291.

Note 5—Direct institutional support

The College provided \$3,851,866 of direct institutional support to the Intercollegiate Athletic Program during the year ended June 30, 2022. This total was composed of transfers from non-athletic auxiliary of \$1,860,346, transfers from The Citadel Alumni Association of \$25,000, and waived student tuition and fees of \$1,966,520.

Note 6—Contract with outside vendor

On November 17, 2016, the College entered into an exclusive supplier contract with a soft drink vendor that provided for annual funding up to \$347,000 the year ended June 30, 2022. Such funding is restricted for specific purposes within the athletics department, including capital expenditures. The contract started on December 13, 2016 and ends on June 30, 2022.

Note 7—Facility service charges

Service charges are allocated to athletics buildings based on facility service personnel time spent or square footage and are included in the direct overhead and administrative expenses line item in the Statement.

**THE CITADEL, THE MILITARY COLLEGE OF SOUTH CAROLINA
INTERCOLLEGIATE ATHLETICS PROGRAM**
SELECTED NOTES TO STATEMENT OF ATHLETIC REVENUES AND EXPENSES
(UNAUDITED)

YEAR ENDED JUNE 30, 2022

Note 8—Capital assets

Capital assets are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts. The College 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 the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The College 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 and maintenance and library materials, except individual items costing in excess of \$5,000, 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, generally 15 to 50 years for buildings and improvements and land improvements and 2 to 25 years for machinery, equipment, and vehicles. 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. Depreciation expense is not included in the Statement.

The College capitalizes as a component of construction in progress interest cost in excess of earnings on debt associated with the capital projects; therefore, asset values in capital assets include such interest costs. There was no capitalized interest for any athletics or non-athletics capital projects in 2022.

Note 9—Capital expenditures

The College incurred \$53,578 in athletics capital expenditures during 2022.

Note 10—Long-term liabilities

The total annual debt service for the year ended June 30, 2022 is \$1,076,717 for athletic facilities. The total debt outstanding at June 30, 2022 was \$7,815,000 for athletic facilities. Total institutional debt of the College at June 30, 2022 was \$51,662,910.