

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

AGREED-UPON PROCEDURES

Year Ended June 30, 2020

*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, which were agreed to by the management of The Citadel, The Military College of South Carolina (the "College") solely to assist you in evaluating whether the Statement of Athletic Revenues and Expenses of the Intercollegiate Athletics Program of the College is in compliance with the National Collegiate Athletic Association ("NCAA") Bylaw 3.2.4.17.1 for the year ended June 30, 2020. The College's management is responsible for compliance with NCAA Bylaw 3.2.4.17.1. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the College's management. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Materiality for the purposes of this report has been determined to be \$25,000.

Agreed-Upon Procedures for Revenues

1. We obtained from management the Intercollegiate Athletics Program's Statement of Athletic Revenues and Expenses (the "Statement") for the year ended June 30, 2020. 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. If a specific reporting category was less than 4% of total revenues, no procedures were required for that specific category. No exceptions were noted as a result of 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:
 - Direct institutional support revenue decreased \$471,329 or 11% during the year ended June 30, 2020 due to less students attending summer school than the prior year, which resulted in lower institutionally required scholarships.
 - Guarantee revenue decreased \$78,500 or 10% during the year ended June 30, 2020. Guarantee revenue fluctuates from year to year based on which higher education institutions the College plays against. In the prior year, the College received a large guarantee for playing the University of Alabama, which led to higher guarantee revenue in the prior year compared to the current year.
2. We compared five operating revenue receipts listed below to supporting schedules provided by the College:

Description	Reference Number	Amount
1. Georgia Tech	F0012300	\$ 400,000
2. Men's Basketball vs. North Carolina State University	F0012331	95,000
3. Men's Basketball Illinois Classic	F0012300	115,000
4. Men's Basketball vs University of Georgia	F0012192	95,000
5. The Citadel Brigadier Foundation	N/A	1,850,000

No exceptions were noted as a result of these procedures.

3. We compared and recalculated total revenues related to ticket sales, complimentary tickets provided, and unsold tickets during the year ended June 30, 2020, to the total ticket revenue reported on the Statement and related attendance figures.

No exceptions were noted as a result of these procedures.

- We recalculated the amount of student fees for the year ended June 30, 2020, 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 noted as a result of these procedures.

- Direct state or other governmental support revenues were less than 4% of total revenues. No procedures were required for this specific category.
- We obtained, recalculated, and traced to the general ledger supporting detail for direct institutional support and recalculated totals.

No exceptions were noted as a result of these procedures.

- We obtained and recalculated a detailed schedule of guarantee revenue and compared the amounts to the amounts recorded in the general ledger. We selected four distributions received by the College, listed below, and obtained supporting documentation to gain an understanding of the relevant terms and conditions. We compared the contract revenue amounts to the amounts recorded in the general ledger.

Description	Reference Number	Amount
1. Georgia Tech	F0012300	\$ 400,000
2. Men's Basketball vs. North Carolina State University	F0012331	95,000
3. Men's Basketball Illinois Classic	F0012300	115,000
4. Men's Basketball vs University of Georgia	F0012192	95,000

No exceptions were noted as a result of these procedures.

- 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 \$1,850,000 that was greater than 10% of all contributions received by the Intercollegiate Athletics Program. We agreed the \$1,850,000 contribution from The Citadel Brigadier Foundation to supporting documentation and recalculated the total.

No exceptions were noted as a result of these procedures.

- We obtained the detailed listing of total in-kind contributions, compared the total to the Statement, and recalculated totals. From this detail, we selected three in-kind contributions, listed below, obtained supporting documentation, and agreed the supporting documentation to the listing of in-kind contributions.

Description	Reference Number	Disbursement Amount
1. Field Turf	J0029305-1	\$ 343,480
2. Field Turf	J0029305-2	208,285
3. Field Turf	J0029305-3	628,160

No exceptions were noted as a result of these procedures.

- Revenues from NCAA distributions were less than 4% of total revenues. No procedures were required for this specific category.
- Program sales, concessions, novelty sales, and parking revenues were less than 4% of total revenues. No procedures were required for this specific category.

12. Royalties, advertisements, and sponsorships revenues were less than 4% of total revenues. No procedures were required for this specific category.
13. Other revenue was less than 4% of total revenues. No procedures were required for this specific category.

Agreed-Upon Procedures for Expenses

14. 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. If a specific reporting category was less than 4% of total expenses, no procedures were required for that specific category. No exceptions were noted as a result of 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% as follows:
 - Support staff and administrative salaries and benefits decreased \$480,275 or 22% during the year ended June 30, 2020. Due to COVID-19 and the College's efforts to reduce labor expenses, there were a number of positions that were vacant during spring 2020, which led to reduced salaries and benefits costs.
 - Team travel decreased \$200,952 or 23% during the year ended June 30, 2020 due to COVID-19, which halted traveling and led to the cancellation of spring sports games.
 - Direct overhead and administrative expenses decreased \$367,743 or 24% due to an effort to reduce administrative expenses. Expenses beginning in the spring were significantly reduced due to COVID-19 and the College opting not to preorder uniforms for the fall, as it typically has done in the past.
15. We compared the 20 disbursements listed below to supporting schedules provided by the College:

	Payee	Reference Number	Disbursement Amount
1.	Marriott Chattanooga	S0156834	\$ 15,445
2.	Kelly Tours, Inc.	I0117760	13,950
3.	Atlanta Marriott North	S0153452	10,993
4.	Kelly Tours, Inc.	I0119394	10,500
5.	US Coachways	S0154437	1,045
6.	Drymax Technologies, Inc.	S0162972	2,694
7.	Adidas America Inc.	I0114980	15,837
8.	Adidas America Inc.	I0114620	2,664
9.	To the Game LLC	I0121005	1,284
10.	UCS Spirit	S0161922	3,055
11.	Hyatt Place D/T Asheville	S0162272	791
12.	Enterprise Rent-a-Car	I0121617	2,256
13.	Look Up Lodge Christian Camp, Inc.	I0115252	8,722
14.	Carnegie Hotel	S0160954	3,068
15.	Daniel Willis	I0120441	6,235
16.	The Budd Group Inc.	P0032537	163,188
17.	Young Office Environments, Inc.	I0116327	9,320
18.	Young Office Environments, Inc.	I0118825	26,342
19.	Overhead Allocation	N/A	483,270
20.	Dominion Energy South Carolina	UP011137	4,461

No exceptions were noted as a result of these procedures.

16. We selected 10% or 27 athletic students from the listing of institutional student aid recipients during the year ended June 30, 2020, as provided below. We recalculated the athletic student aid for each sport and overall. No exceptions were noted as a result of these procedures.

	<u>ID</u>	<u>Sport</u>	<u>Amount</u>
1.	10635546	Basketball	\$ 28,413
2.	10606817	Volleyball	21,817
3.	10615047	Football	22,317
4.	10636179	Tennis	28,413
5.	10630248	Football	28,613
6.	10629428	Football	23,201
7.	10621439	Volleyball	25,203
8.	10630127	Football	22,445
9.	10627069	Volleyball	23,619
10.	10622621	Women's Track	22,331
11.	10637451	Wrestling	19,979
12.	10627267	Baseball	3,102
13.	10632362	Soccer	22,517
14.	10620181	Volleyball	26,727
15.	10635369	Basketball	28,413
16.	10629925	Wrestling	15,191
17.	10631436	Mens Track	4,850
18.	10603870	Tennis	12,406
19.	10623721	Football	25,203
20.	10630754	Women's Rifle	7,444
21.	10625219	Basketball	22,539
22.	10621099	Golf	22,813
23.	10629504	Tennis	9,614
24.	10619154	Mens Track	12,017
25.	10626057	Golf	17,446
26.	10632216	Soccer	19,227
27.	10630709	Women's Track	28,413

We obtained individual student account details for each selection 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 either reported accurately in the NCAA's Compliance Assistant software (the "Software") or entered directly into the NCAA Membership Financial Reporting System (the "System") using the following criteria for which no exceptions were noted.

- a. The equivalency value for each student-athlete in all sports, including head-count 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 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, the value of the grant should not be 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, the student's grant should not be included in the total number and total dollar value of Pell Grants reported for Revenue Distribution purposes in the NCAA Membership Financial Reporting System.

No exceptions were noted as a result of these procedures.

- 17. Guarantees expense was less than 4% of total expenses. No procedures were required for this specific category.
- 18. We obtained and inspected a listing of coaches employed by the College during the year ended June 30, 2020. 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, 2020. 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.

<u>Employee</u>	<u>Sport</u>	<u>Position</u>
1. Brent Thompson	Football	Head Coach
2. Duggar Baucom	Men's Basketball	Head Coach
3. Tony Skole	Baseball	Head Coach
4. Lou Conte	Football	Offensive Coordinator
5. Daniel Willis	Men's Basketball	Assistant Head Coach

No exceptions were noted as a result of these procedures.

19. We obtained and inspected a listing of support staff/administrative salaries, benefits, and bonuses paid by the College during the year ended June 30, 2020. 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, 2020. 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.

	Employee	Department	Position
1.	Kathy Kroupa	Administration	Senior Associate Athletic Director for Internal Operations/Senior Woman Administrator
2.	Kevin Yeager	Equipment	Senior Associate Director of Athletic Equipment
3.	John Brush	Athletic Communications	Assistant Athletic Director for Athletic Communications
4.	Kevin Olivett	Administration	Associate Athletic Director for External Operations
5.	Robby Bennett	Facilities & Operations	Assistant Athletic Director for Operations

No exceptions were noted as a result of these procedures.

20. Recruiting expense was less than 4% of total expenses. No procedures were required for this specific category.
21. 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 noted as a result of these procedures.

22. We obtained the general ledger detail of total equipment, uniforms, and supplies expense and compared it to the equipment, uniforms, and supplies expense reported on the Statement and recalculated totals. From this detail, we selected five expenses, listed below, obtained supporting documentation, and agreed the supporting documentation to the general ledger detail.

	Payee	Reference Number	Disbursement Amount
1.	Drymax Technologies, Inc.	S0162972	\$ 2,694
2.	Adidas America, Inc.	I0114980	15,737
3.	Adidas America, Inc.	I0114620	2,664
4.	To The Game, LLC	I0121005	1,284
5.	UCS Spirit	S0161922	3,055

No exceptions were noted as a result of these procedures.

23. Game expense was less than 4% of total expenses. No procedures were required for this specific category.
24. Fundraising, marketing, and promotion expense was less than 4% of total expenses. No procedures were required for this specific category.

25. 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 noted as a result of these procedures.

26. We obtained a detailed listing of direct overhead and administrative expense, recalculated its arithmetic 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.

	Payee	Reference Number	Disbursement Amount
1.	The Budd Group Inc.	P0032537	\$ 163,188
2.	Young Office Environments, Inc.	I0116327	9,320
3.	Young Office Environments, Inc.	I0118825	26,342
4.	Overhead Allocation	N/A	483,270
5.	Dominion Energy South Carolina	UP011137	4,461

No exceptions were noted as a result of these procedures.

27. Medical expenses and medical insurance expense was less than 4% of total expenses. No procedures were required for this specific category.

28. Membership and dues expense was less than 4% of total expenses. No procedures were required for this specific category.

29. Other operating expenses was less than 4% of total expenses. No procedures were required for this specific category.

Additional Agreed-Upon Procedures

1. 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 noted as a result of these procedures.

2. 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%. We found no variances greater than +/- 4%.

No exceptions were noted as a result of these procedures

3. 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 noted as a result of these procedures.

4. 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 noted as a result of these procedures.

5. 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 noted as a result of these procedures.

6. 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 noted as a result of these procedures.

Agreed-Upon Procedures for Other Reporting Items

1. We obtained a repayment schedule for all outstanding intercollegiate athletics debt during the year ended June 30, 2020, 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 noted as a result of these procedures.

2. We compared the total outstanding institutional debt at June 30, 2020 to supporting documentation and the College's audited financial statements.

No exceptions were noted as a result of these procedures.

3. We obtained a schedule of all athletics dedicated endowments maintained by athletics and the College at June 30, 2020. We compared the fair market value in the schedule to the general ledger.

No exceptions were noted as a result of these procedures.

4. We compared the total fair market value of the College's endowments at June 30, 2020 to the general ledger.

No exceptions were noted as a result of these procedures.

- 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 five transactions listed below and traced them to the general ledger detail.

	Description	Reference Number	Amount
1.	Bleacher Wall	I0123147	\$ 5,200
2.	Bleacher Wall	I0122859	46,530
3.	MFH Door	I0121431	1,537
4.	MFH Door	I0120614	256
5.	East Stand Study	I0120618	10,727

No exceptions were noted as a result of these procedures.

We were not engaged to, and did not perform, an audit, the objective of which would be the expression of an opinion on the compliance of the accompanying Statement of Athletic Revenues and Expenses of the Intercollegiate Athletics Program (Unaudited) of The Citadel, The Military College of South Carolina or on compliance with NCAA Bylaw 3.2.4.17.1 for the year ended June 30, 2020. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the 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 15, 2021

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

YEAR ENDED JUNE 30, 2020

	Football	Men's Basketball	Other Sports	Nonprogram Specific	Total
Operating Revenues:					
Ticket sales	\$ 1,385,171	\$ 63,131	\$ 18,840	\$ -	\$ 1,467,142
Direct state or other governmental support	-	-	-	425,000	425,000
Student fees	2,139,687	864,306	2,076,345	2,551,899	7,632,237
Direct institutional support	1,523,742	322,257	1,891,452	234,179	3,971,630
Guarantees	400,000	305,000	-	-	705,000
Contributions	809,774	203,084	1,127,906	-	2,140,764
In-kind contributions	-	-	-	1,179,925	1,179,925
NCAA distributions	-	-	-	125,968	125,968
Program sales, concessions, novelty sales, and parking	58,832	-	-	-	58,832
Royalties, advertisements, and sponsorships	-	-	27,415	202,359	229,774
Other revenue	40,565	(4,262)	(19,796)	5,552	22,059
Total Operating Revenues	6,357,771	1,753,516	5,122,162	4,724,882	17,958,331
Operating Expenses:					
Athletics student aid	2,371,510	501,551	2,943,805	364,470	6,181,336
Guarantees	-	12,000	-	-	12,000
Coaching salaries and benefits	1,356,467	562,141	1,350,445	-	3,269,053
Support staff/administrative salaries and benefits	35,176	-	-	1,659,743	1,694,919
Recruiting	79,628	27,930	42,071	-	149,629
Team travel	297,052	236,145	160,225	-	693,422
Equipment, uniforms, and supplies	364,430	66,794	342,179	11,661	785,064
Game expenses	79,167	72,905	61,052	-	213,124
Fundraising, marketing, and promotion	9,072	1,399	6,116	89,192	105,779
Athletic facilities debt service	-	-	-	1,068,865	1,068,865
Direct overhead and administrative expenses	68,977	5,441	11,163	1,065,804	1,151,385
Medical expenses and medical insurance	16,590	3,523	8,709	78,294	107,116
Memberships and dues	11,330	16,645	6,298	40,600	74,873
Other operating expenses	227,312	20,232	74,916	115,983	438,443
Total Operating Expenses	4,916,711	1,526,706	5,006,979	4,494,612	15,945,008
Excess (Deficiency) of Operating Revenues over Expenses	\$ 1,441,060	\$ 226,810	\$ 115,183	\$ 230,270	\$ 2,013,323

**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, 2020

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 pledges which are not considered allocated until cash is received.

Note 2—Contributions

The College received a contribution totaling \$1,850,000 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, 2020. 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, 2020, 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, 2020, the fair value for endowment funds specifically dedicated to support athletics was \$1,333,893. During the year ended June 30, 2020, gifts totaling \$10,000 were added to the athletics endowment funds. In addition, gross pledges receivable to support athletics was \$2,475 at June 30, 2020. Such amounts are not included in the Statement.

Note 5—Direct institutional support

The College provided \$3,971,630 of direct institutional support to the Intercollegiate Athletic Program during the year ended June 30, 2020. This total was composed of transfers from non-athletic auxiliary of \$1,700,000, transfers from The Citadel Alumni Association of \$50,000, and waived student tuition and fees of \$2,221,630.

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, 2020. 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, 2020

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 2020.

Note 9—Capital expenditures

The College incurred \$1,251,686 in athletics capital expenditures during 2020.

Note 10—Long-term liabilities

The total annual debt service for the year ended June 30, 2020 is \$625,000 for athletic facilities. The total debt outstanding at June 30, 2020 was \$9,140,000 for athletic facilities. Total institutional debt at June 30, 2020 was \$16,860,000.