

Minutes of the Regular Meeting of the Board of Directors of the
University of Louisville Athletic Association, Inc.

In Open Session

Members of the University of Louisville Athletic Association, Inc., Board of Directors met at 9:10 a.m. on Thursday, December 17, 2009, in the Jefferson Room of Grawemeyer Hall, with members present and absent as follows:

Present: Mr. Robert Benson
Prof. William Cheadle
Mr. Owsley B. Frazier
Mr. Ed Glasscock
Prof. Brenda Hart
Dr. William Helm
Dr. Blaine Hudson
Mr. Keith Inman
Mr. Harry Jones
Mr. Tom Jurich, *ex officio*
Prof. Bruce Kemelgor
Prof. Angela Lewis-Klein
Dr. Charlie Moyer
Dr. James R. Ramsey
Mr. Scott Ruhlig
Mr. Michael Seebert
Prof. Robert Staat
Prof. Joe Steffen
Prof. Mary Ann Stenger
Mr. Bill Stone
Dr. Shirley Willihnganz

Absent: Mr. Wade Houston
Mr. O J Oleka
Mr. Sam Rechter
Prof. Gerald Tolson
Prof. Elaine Wise

Guests: Mr. John Weber, SGA
Ms. Mary McKinley, BKD
Ms. Jennifer Williams, BKD

From the University: Ms. Angela Koshewa
Mr. Mike Curtin
Mr. Kevin Miller
Mr. Kenny Klein
Ms. Alicia Clark
Ms. Anne Rademaker

Mr. Gary Friedman
Mr. Jeff Spoelker
Mrs. Kathleen M. Smith
Mrs. Debbie Dougherty

. Call to Order

Having determined a quorum present, Chair Ramsey called the meeting to order at 9:10 a.m. Chair Ramsey welcomed new members, Dr. Charlie Moyer, Prof. Joe Steffen, Prof. William Helm, and SGA representative Scott Ruhlig.

II. Consent Agenda

- Approval of Minutes, June 2, 2009

From the Finance & Budget Committee

- Approval of the Audited Financial Statements for Year Ending June 30, 2009
- Approval of 2010 Football Ticket Prices

Chair Ramsey read the roll of consent agenda items. Hearing no objections, Dr. Hudson made a motion, which Prof. Hart seconded, to approve the consent agenda. The motion passed.

III. Action Item: Election of Officers and Committee Chairs for 2009-10

Chair Ramsey reviewed the slate of officers and committee chairs for 2009-10. Dr. Moyer made a motion, which Dr. Hudson seconded, to approve the

following proposed slate of officers for 2009-10

James R. Ramsey	Chair
Robert Staat	Vice Chair
Robert P. Benson, Jr.	Treasurer
Bill Stone	Secretary
Angela D. Koshewa	Legal Counsel
Michael Curtin	Assistant Treasurer
Kathleen Smith	Assistant Secretary

proposed chairs of committees of the Board of Directors for 2009-10:

Robert P. Benson, Jr.	Personnel Committee
Mike Seebert	Finance & Budget Committee

The motion passed.

IV. Report of the Athletic Director

Mr. Jurich provided an update on the following

- Football Coach Strong is doing a great job with recruiting, very focused. Currently there are four candidates for the assistant coach job.
- The Basketball Arena is 17 days ahead of schedule
- Papa Johns expansion project is at about the same schedule; the scoreboard will be spectacular
- Gary Friedman and his staff have done a tremendous job in sales
- Ken Lola, Soccer Coach, received an incredible offer by another school but chose to stay with UofL; Tom is very pleased to keep him
- In the final stages of interviewing boathouse vendors for construction; construction should begin in 30-60 days
- A great year is anticipated in both women's and men's basketball

Mr. Jurich thanked his staff for their excellent work during a very difficult couple of years. They faced a lot of challenges and have done a wonderful job.

V. Report of the Chair

Chair Ramsey noted the University will hold its December commencement ceremony tonight. It provides an excellent opportunity to reflect on past successes. It also provides a time to recommit to move forward in the toughest of fiscal times. The Provost and Dr. Ramsey have visited each school/college and talked about some of the challenges the University faces. August 4 posed the worst natural disaster in the University's history. Because of the flood, 220 classes were relocated, three dorms devastated by water damage, and 586 faculty and staff relocated to temporary offices. Overlooked in the tragedy was damage to baseball and Cardinal Station; even more amazing was how people stepped forward. Two individuals in the Athletics Department, at considerable risk to their own lives, entered deep water to rescue a colleague. This has been the worst economy since the Great Depression. It has impacted the value of the Foundation's endowment. The University has endured state budget cuts. A new revenue forecast will show an estimated \$8.1 billion shortfall in state revenue. Despite these tough budgetary times, the University has continued to move forward. It must. Chair Ramsey thanked everyone on this board for their dedication to UofL and for all they do. The University is very fortunate to have a very strong Board of Trustees with Owsley Frazier as its chair. The Board of Trustees is represented on this board by Mr. Frazier and Mr. Bill Stone. The University values greatly what this Athletic board has done as well. Provost Willihnganz concurred, noting this board's strong commitment means a lot to the campus and its community.

Chair Ramsey showed a video chronicling the Fall 2009 semester achievements and occurrences.

Chair Ramsey suggested board members keep their calendars open for the upcoming Big East Tournament; the University will schedule some exciting events which will include University's outstanding faculty in Music performing at Carnegie Hall and a planned visit to Columbia and Columbia Presbyterian hospitals.

VI. Adjournment

Prof. Hart made a motion, which Dr. Hudson seconded, to adjourn the meeting at 9:40 a.m. The motion passed.

BOARD ACTION:

Passed _____X_____

Did not pass _____

Other _____

Katalin M. Smith

Asst. Secretary _____

**RECOMMENDATION TO THE BOARD OF DIRECTORS OF THE
UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION CONCERNING
THE AUDITED FINANCIAL STATEMENTS**

December 17, 2009

RECOMMENDATION:

The Athletic Director recommends that the Board of Directors approve the attached audited financial statements for the period ending June 30, 2009, as presented under Governmental Accounting Standards Board (GASB) 34 (copy attached).

BOARD ACTION:

Passed X

Did not pass

Other

Asst. Secretary *Katalin M. Smith*

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.

A Component Unit of the University of Louisville

**Accountants' Report and Financial Statements
June 30, 2009 and 2008**

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.

A Component Unit of the University of Louisville

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Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Directors
University of Louisville
Athletic Association, Inc.
Louisville, Kentucky

We have audited the accompanying basic financial statements of the University of Louisville Athletic Association, Inc. (Association) as of and for the years ended June 30, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2009 and 2008, and its changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis, listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the supplementary information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BKD, LLP

September 30, 2009

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.

A Component Unit of the University of Louisville

Management's Discussion and Analysis (Unaudited)

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the University of Louisville Athletic Association, Inc. (Association) for the years ended June 30, 2009, 2008, and 2007. This discussion has been prepared by management and should be read in conjunction with the financial statements and related notes, which follow this section.

The Association is a Kentucky not-for-profit corporation organized in 1984 for the purpose of promoting the intercollegiate athletic activities of the University of Louisville (University), a state-supported research university located in Kentucky's largest metropolitan area. The Association is reported herein as a separate corporation and it is included in the financial statements of the University.

The Association's mission to provide quality intercollegiate athletic programs through a comprehensive sports program requires a major financial commitment of both operating and capital resources. In addition, the Association is committed to achieving athletic excellence for its student-athletes, maintaining NCAA compliance, ensuring full implementation of gender equity plans and offering a wide variety of sports and recreational outlets for the University community, alumni, and visitors.

The Association is a member of the Big East Conference. The Association had six teams finish as the champion of the conference during the fiscal year ended June 30, 2009. This includes men's basketball, which was a first in the Association's history, and men's baseball and women's field hockey, both repeats from the prior year.

The Association continues to support the athletic achievements of the students by expanding and improving the facilities. The Association broke ground on the expansion of Papa John's Cardinal Stadium (Stadium) during the fiscal year. When finished in late Summer 2010, the expansion will have added 33 new luxury suites and 1,700 loge seats with a glass-enclosed lounge area with private entrance, concessions, and restrooms. The basketball teams anticipate moving to the downtown Arena in November 2010, a construction project of the Louisville/Jefferson County Metro Government.

In addition to the athletic achievements, the Association invested in the academic achievement and community involvement of the student athletes. This year the combined GPA for all student-athletes topped 3.0 in a single semester for the first time in the Association's history. Through the CardsCare program, the student athletes exceeded over 6,100 hours in community service.

Financial Highlights

The Association's financial position at June 30, 2009 is characterized by the following:

- Total assets were \$230.0 million, an increase of \$71.7 million, or 45%, from June 30, 2008. The most significant increases were in deposits with bond trustee, which increased \$57.8 million and capital assets, which increased \$24.0 million, due mainly to the issuance of bonds payable and construction related to the expansion of the Stadium, respectively.

- Total liabilities were \$130.6 million, an increase of \$75.0 million, or 135%, from June 30, 2008, due to a net increase in bonds payable of \$69.1 million.
- Net assets, which represent the residual interest in assets after liabilities are deducted, were \$99.4 million, a decrease of \$3.3 million, or 3%, from June 30, 2008.
- Operating revenues amounted to \$37.7 million. When offset by operating expenses of \$55.9 million, an operating loss of \$18.2 million resulted. The operating loss was offset by \$14.9 million of net nonoperating revenues resulting in a decrease in net assets of \$3.3 million for the year ended June 30, 2009.
- Net nonoperating revenues of \$14.9 million consisted of \$18.9 million in gifts less \$8.3 million in net investment loss and \$4.3 million of other net revenues.

With the Association's decrease of \$3.3 million in net assets for the year ended June 30, 2009, assets exceed liabilities by a ratio of 1.8 to 1. The Association's most significant asset, the Stadium complex, is reflected at its historic cost of \$72.7 million less \$21.2 million in accumulated depreciation for a net capitalized value of \$51.5 million. Construction in progress related to the expansion was \$22.9 million as of June 30, 2009.

The Association's operating loss decreased \$2.3 million, or 11% as compared to the \$20.5 million operating loss during the fiscal year ended June 30, 2008. This is due mainly to the \$5.2 million, or 16%, increase in operating revenue, to which the sports programs are the main contributors.

Nonoperating revenues of the Association decreased \$19.6 million as compared to the prior year, due mainly to a decrease of \$17.7 million in total gifts. This relates mainly to timing as the majority of the gifts and pledges in the prior year related to the Stadium expansion project.

Statements of Net Assets

The statements of net assets present the financial position of the Association at the end of each fiscal year and include all assets and liabilities. Net assets, the difference between total assets and total liabilities, provide a summary of the current financial condition of the Association at the end of a fiscal year. The change in net assets indicates whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. Pledges receivable with payment terms greater than one year are discounted. Capital assets are stated at historical cost less an allowance for accumulated depreciation. The condensed statements of the Association's assets, liabilities and net assets at June 30, 2009, 2008, and 2007 are displayed on the following page:

Condensed Statements of Net Assets
June 30, 2009, 2008, and 2007
(In Thousands)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2009 - 2008</u> <u>Change</u>	<u>2008 - 2007</u> <u>Change</u>
ASSETS					
Current assets	\$ 81,686	\$ 34,564	\$ 23,911	\$ 47,122	\$ 10,653
Long-term investments	30,052	39,597	38,790	(9,545)	807
Capital assets, net	83,020	59,312	60,471	23,708	(1,159)
Other	35,291	24,900	18,198	10,391	6,702
Total assets	<u>230,049</u>	<u>158,373</u>	<u>141,370</u>	<u>71,676</u>	<u>17,003</u>
LIABILITIES					
Current liabilities	32,162	23,848	22,788	8,314	1,060
Noncurrent liabilities	98,476	31,771	29,843	66,705	1,928
Total liabilities	<u>130,638</u>	<u>55,619</u>	<u>52,631</u>	<u>75,019</u>	<u>2,988</u>
NET ASSETS					
Invested in capital assets,	51,238	47,868	48,166	3,370	(298)
Restricted-nonexpendable	1,083	1,293	1,150	(210)	143
Restricted-expendable	23,786	24,652	7,501	(866)	17,151
Unrestricted	23,304	28,941	31,922	(5,637)	(2,981)
Total net assets	<u>\$ 99,411</u>	<u>\$ 102,754</u>	<u>\$ 88,739</u>	<u>\$ (3,343)</u>	<u>\$ 14,015</u>

Assets

Current assets of \$81.7 million represent 36% of total assets. These assets mainly consist of \$45.4 million in deposits with bond trustees, \$21.7 million in cash and cash equivalents, and \$14.1 million in accounts and contributions receivable. Current assets increased \$47.1 million, or 136%, due mainly to the increase in deposits with bond trustees related to the expansion of the Stadium. These funds are held on deposit during the construction phase of the expansion and are expected to be used during the next year for construction expenses and debt service payments. Additionally, the Association had a \$2.1 million increase in accounts and contributions receivable. This increase is due mainly to pledges related to the additional seats in the expansion of the Stadium.

The remaining \$148.3 million, or 64% of total assets, is classified as noncurrent. The Association's most significant long-term assets are \$83.0 million in net capital assets, \$29.7 million in investments held with the University of Louisville Foundation, Inc. (Foundation), \$15.5 million in deposits with bond trustee, and \$13.1 million in accounts and contributions receivable. Noncurrent assets increased \$24.6 million over the prior year, due mainly to increases in deposits with bond trustee and capital assets. The noncurrent portion of deposits with bond trustee relates mainly to amounts required to be held for future debt service payments, with the remainder related to construction expenses expected to occur in fiscal year 2011 for the Stadium expansion. The increase in capital assets of \$23.7 million is related to the Stadium expansion construction in progress of \$22.9 million.

Liabilities

Current liabilities were \$32.1 million at June 30, 2009. This consists primarily of \$15.7 million in deferred revenues for advanced football and basketball ticket sales and sponsorships and \$9.5 million in accounts payable and accrued liabilities. Deferred revenue related to tickets contributed to the \$3.6 million decrease in current deferred revenue, as the football team has two less home games

during fiscal year 2010. Accounts payable and accrued liabilities increased \$8.1 million over the prior year due mainly to \$6.5 million in construction payables related to the expansion of the Stadium.

Noncurrent liabilities were \$98.5 million, or 75% of total liabilities, at June 30, 2009. The most significant noncurrent liability consists of \$77.8 million in bonds and notes payable for the Stadium. The Association also has \$10.8 million in interest-free loans from the University and the Foundation in noncurrent liabilities. These loans relate to the construction of the Stadium and Cardinal Park.

The \$75.0 million increase in total liabilities is due mainly to the issuances of \$84.0 million in new bonds to fund the expansion of the Stadium. A portion of the bond issue was used to refund the \$11.4 million in outstanding bonds at June 30, 2008.

Net Assets

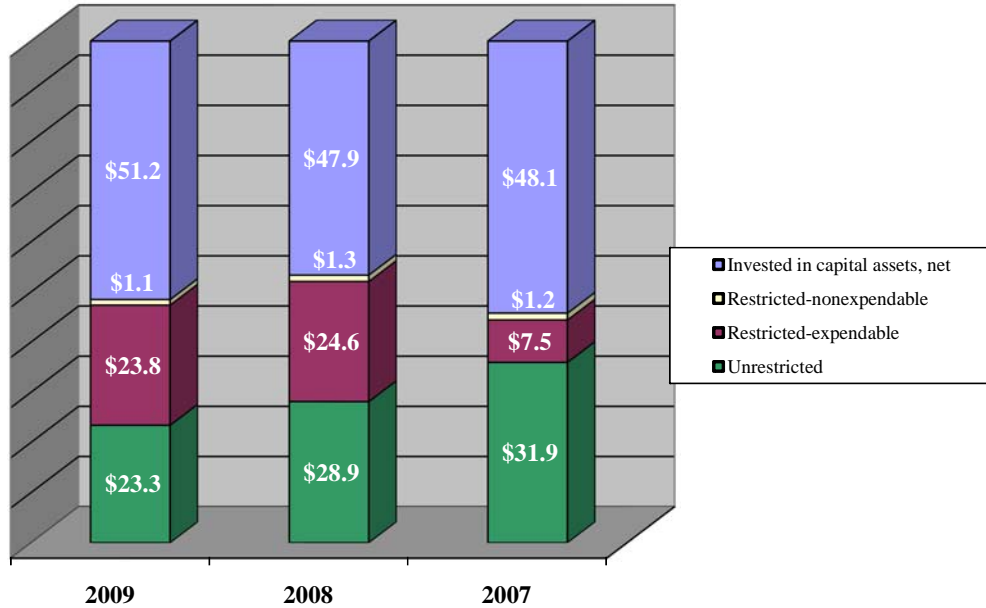
Total net assets of \$99.4 million as of June 30, 2009 are reported in the following net asset categories: invested in capital assets, net of related debt, \$51.2 million (52%); restricted nonexpendable, \$1.1 million (1%); restricted-expendable, \$23.8 million (24%); and unrestricted, \$23.3 million (23%).

Net assets invested in capital assets, net of related debt, represents primarily the net investment in the Stadium. Restricted nonexpendable net assets are subject to externally imposed restrictions that require the Association to maintain the assets in perpetuity. The Association's restricted nonexpendable assets consist of permanent endowments for scholarships.

The restricted expendable net assets of the Association consist of net assets subject to externally imposed restrictions from donors, debt instruments, and other contractual obligations that govern their use. When compared to June 30, 2008, restricted expendable net assets decreased \$0.9 million, due mainly to use of the assets to fulfill the restrictions.

Unrestricted net assets decreased \$5.6 million as compared to the prior year balance of \$28.9 million. This decrease is due mainly to the \$7.2 million decrease in market value of unrestricted investments in the Foundation.

A graphic illustration of net assets as of June 30, 2009, 2008, and 2007 is as follows:



Fiscal year 2008

Total assets at June 30, 2008 were \$158.4 million, an increase of \$17.0 million compared to the \$141.4 million as of June 30, 2007. The increase is due mainly to increases in accounts and contributions receivable of \$16.4 million, related mainly to the Stadium expansion project. During the year, the Association received approximately \$22.4 million in new pledges and commitments, offset by payments of approximately \$4.2 million.

Liabilities at June 30, 2008 were similar to June 30, 2007, increasing only 6%. The increase of \$3.0 million is due mainly to the increase in deferred revenue \$3.5 million. Current deferred revenue increased \$2.0 million due mainly to the increase in the number of home games for the 2008 football season, as the season tickets payments are generally received in the spring. Noncurrent deferred revenue increased \$1.5 million due mainly to tickets and other benefits to be received in the future in connection with contributions receivable.

Net assets at June 30, 2008 were \$102.7 million, an increase of \$14.0 million from the June 30, 2007 net assets of \$88.7 million. This increase is due mainly to the increase in gifts and pledges received by the Association during the year, related mainly to the Stadium expansion.

Statements of Revenues, Expenses and Changes in Net Assets

The statements of revenues, expenses and changes in net assets present the Association's results of operations. Revenues and expenses are categorized as operating or nonoperating revenues or expenses according to their source or purpose. Significant sources of revenues such as gifts, investment returns and the supplemental income received from the University for gender equity purposes, as well as the student fees collected, are classified as nonoperating activities. Capitalized assets are being depreciated over their useful lives. Depreciation is recognized as an operating expense. The Association's condensed statements of revenues, expenses and changes in net assets for the years ended June 30, 2009, 2008 and 2007 are as follows:

Condensed Statements of Revenues, Expenses and Changes in Net Assets Years ended June 30, 2009, 2008, and 2007 (In Thousands)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2009 - 2008</u> <u>Change</u>	<u>2008 - 2007</u> <u>Change</u>
OPERATING REVENUES					
Sports	\$ 30,318	\$ 24,955	\$ 25,036	\$ 5,363	\$ (81)
Other operating revenues	<u>7,420</u>	<u>7,565</u>	<u>6,504</u>	<u>(145)</u>	<u>1,061</u>
Total operating revenues	<u>37,738</u>	<u>32,520</u>	<u>31,540</u>	<u>5,218</u>	<u>980</u>
OPERATING EXPENSES					
Sports	32,211	30,164	25,985	2,047	4,179
Other operating expenses	21,684	20,820	17,022	864	3,798
Depreciation	<u>2,065</u>	<u>2,038</u>	<u>2,005</u>	<u>27</u>	<u>33</u>
Total operating expenses	<u>55,960</u>	<u>53,022</u>	<u>45,012</u>	<u>2,938</u>	<u>8,010</u>
Operating loss	<u>(18,222)</u>	<u>(20,502)</u>	<u>(13,472)</u>	<u>2,280</u>	<u>(7,030)</u>
NONOPERATING REVENUES (EXPENSES)					
Gifts	18,937	36,596	16,675	(17,659)	19,921
Net realized and unrealized (loss)/ gain on investments	(8,276)	(1,068)	4,405	(7,208)	(5,473)
Investment income (net of investment expense)	1,881	613	803	1,268	(190)
Other nonoperating expenses	(1,795)	(626)	(716)	(1,169)	90
Net assets transferred from/(to) related entities	<u>4,132</u>	<u>(998)</u>	<u>(3,082)</u>	<u>5,130</u>	<u>2,084</u>
Net nonoperating revenues (Decrease)/increase in net assets	<u>14,879</u>	<u>34,517</u>	<u>18,085</u>	<u>(19,638)</u>	<u>16,432</u>
	<u>(3,343)</u>	<u>14,015</u>	<u>4,613</u>	<u>(17,358)</u>	<u>9,402</u>
NET ASSETS					
Net assets-beginning of year	102,754	88,739	84,126	14,015	4,613
Net assets-end of year	<u>\$ 99,411</u>	<u>\$ 102,754</u>	<u>\$ 88,739</u>	<u>\$ (3,343)</u>	<u>\$ 14,015</u>

Operating Revenues

Total operating revenues were \$37.7 million and \$32.5 million for the years ended June 30, 2009 and 2008, respectively. Income from sports programs, primarily from football and basketball ticket sales, comprised \$30.3 million, or 80% of total operating revenues for the year. Other operating revenues amounting to \$7.4 million and \$7.6 million for the years ended June 30, 2009 and 2008, respectively, include revenues from sources such as concession sales, parking and facilities rentals, and media contracts.

The \$5.2 million increase in operating revenue results mainly from an increase in ticket revenue for football, as the Association had two more home games in the 2008 season as compared to the 2007 season. Total football revenue increased \$3.2 million, or 25% over the prior year. Additionally, men's basketball revenue increase \$1.6 million, or 14%, over the prior year due mainly to increased ticket revenue and guarantee revenue.

Operating Expenses

Total operating expenses were \$55.9 million and \$53.0 million for the years ended June 30, 2009 and 2008, respectively. For the year ended June 30, 2009, expenses consist mainly of \$32.2 million in direct sports-related expenses. The remaining \$23.7 million in operating expenses consist mainly of marketing and development of \$5.3 million; support services of \$4.9 million; and administrative expenses of \$4.5 million. The depreciation expense of \$2.1 million is associated primarily with the Stadium.

Total operating expenses increased by \$2.9 million, or 6%, in the current year due mainly to expenses related to the sports programs. Other sports expense, not including men's basketball and football, increased \$1.7 million, or 13%. This increase is due mainly to increases in women's sports, which had an increase in expense of \$1.2 million, including \$0.7 million for women's basketball. This increase is due mainly to the women's basketball team reaching the championship game of the NCAA tournament.

Operating Loss, Nonoperating Revenues and the Increase in Net Assets

The Association's loss from operations amounted to \$18.2 million and \$20.5 million for the years ended June 30, 2009 and 2008, respectively. During the fiscal year ended June 30, 2009, the operating loss was partially offset by the \$14.9 million in nonoperating revenues leaving a decrease in net assets of \$3.3 million. This is a decrease of \$17.3 million as compared to the \$14.0 million increase in net assets realized during the fiscal year ended June 30, 2008.

The \$19.6 million decrease in nonoperating revenues is due mainly to the \$9.3 million decrease in gifts and the \$8.4 million decrease in capital gifts. The decrease in gifts is due mainly to the increase in gifts during the year ended June 30, 2008 related to the Stadium expansion project. Additionally, net realized and unrealized losses increased \$7.2 million as compared to the prior year, due mainly to the economic impact on the assets held by the Foundation.

Fiscal year 2008

The Association had an increase in net assets for the year ended June 30, 2008 of \$14.0 million, which was an increase from the \$4.6 million increase for the fiscal year ended June 30, 2007. Operating revenues increased \$1.0 million due mainly to an increase in market and development revenue related to an additional fee assessment on football tickets that will be used to support marketing and development of the Stadium expansion. At the same time, operating expenses increased by \$8.0 million, or 18%, due mainly to increases in expenses related to the sports programs, including an increase of \$1.1 million in women's sport expenses. Additionally, other operating expenses increased \$1.0 million over the fiscal year ended June 30, 2007, due mainly to the \$0.3 million in allocated expenses from the University related to other postemployment benefits. Fiscal year 2008 was the first year for which other postemployment benefits were required by accounting standards to be recognized.

The \$16.4 million increase in nonoperating revenues is due mainly to the \$19.9 million increase in total gifts. This increase is due mainly to gifts associated with seating in the Stadium expansion and capital gifts for the construction of the expansion.

Statements of Cash Flows

The statements of cash flows provide information about the Association's sources and uses of cash during the year. Cash inflows and outflows are categorized as operating, noncapital and related financing, capital financing and investing activities. A summary of the Association's cash flow activity for the years ended June 30, 2009, 2008 and 2007 is as follows:

Condensed Statements of Cash Flows Years ended June 30, 2009, 2008, and 2007 (In Thousands)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2009 - 2008</u> <u>Change</u>	<u>2008 - 2007</u> <u>Change</u>
Cash (used)/provided by:					
Operating activities	\$ (17,570)	\$ (15,102)	\$ (10,632)	\$ (2,468)	\$ (4,470)
Noncapital financing activities	17,223	15,870	13,395	1,353	2,475
Capital financing activities	(2,983)	1,688	(66)	(4,671)	1,754
Investing activities	3,823	(1,220)	1,302	5,043	(2,522)
Net increase in cash and cash equivalents	<u>493</u>	<u>1,236</u>	<u>3,999</u>	<u>(743)</u>	<u>(2,763)</u>
Cash and cash equivalents, beginning of year	<u>26,472</u>	<u>25,236</u>	<u>21,237</u>	<u>1,236</u>	<u>3,999</u>
Cash and cash equivalents, end of year	<u>\$ 26,965</u>	<u>\$ 26,472</u>	<u>\$ 25,236</u>	<u>\$ 493</u>	<u>\$ 1,236</u>

Operating activities

The Association's cash and cash equivalents increased by \$0.5 million during the year. The Association experienced a net outflow of \$17.6 million in cash paid for operations, an increase of \$2.5 million, or 16% compared to the fiscal year ended June 30, 2008. Cash provided by ticket sales decreased \$3.3 million, due mainly to increased receipts in the prior year for the 2009 football season, which included two additional home games. Additionally, payments to employees increased \$2.5 million, related mainly to increase in coaches' salaries and bonuses.

This was offset by the decrease in payments for benefits of \$2.6 million and an increase in NCAA distributions of \$1.2 million. The decrease in payments for benefits relates mainly to the payment of a one-time contractual obligation during the fiscal year ended June 30, 2008.

Other activities

Cash provided by noncapital and related financing activities of \$17.2 million offset the cash used by operating activities. These cash flows consist primarily of \$14.9 million in gifts received to support the sports programs. Additionally, the Association received \$2.4 million from related entities. During the current fiscal year, the Association transferred approximately \$1.9 million to the University primarily related to construction projects and bond payments for the Association. This was offset by the approximately \$4.0 million transferred to the Association from the University related to gender equity, retention, and student fees collected for use by the Association.

Cash used by capital financing relates mainly to the issuance of the bonds for the Stadium expansion project. The issuance provided \$84.0 million in bond proceeds, which, as of June 30, 2009, \$17.5 million and \$11.4 million had been used for construction on the project and repayment of prior outstanding debt, respectively. Additional principal payments and bond issuances costs were \$3.4 and \$1.0 million, respectively. Approximately \$57.8 million remained deposited with the bond trustee, to be used for construction purposes in the next fiscal year and for future bond payments.

Cash provided by investing activities increased by \$5.0 million, due mainly to the \$2.8 million of investment income. The increase of \$2.3 million in cash received is related to the increased deposits with bond trustee. The Association liquidated \$1.0 million in investments during the year, resulting in a \$2.7 million increase in cash, as compared to the net purchase of investments in the prior year of \$1.8 million.

Fiscal year 2008

The Association's cash and cash equivalents increased by \$1.2 million during the year ended June 30, 2008. As compared to the fiscal year ended June 30, 2007, the Association used \$4.5 million more cash for operations and \$2.5 million more for investing activities.

Cash paid for benefits increased \$3.4 million due mainly to increases in coaches' salaries and bonuses, as well as the payment of a one-time contractual obligation. Additionally, NCAA distributions decreased \$1.6 million due mainly to the \$2.0 million increase in cash received during the fiscal year ended June 30, 2007 related to the football team's participation in the Orange Bowl.

The increase in cash provided by noncapital financing activities relates to the increase in gifts of \$1.8 million, related to the additional gifts received for the Stadium expansion project. Offsetting the increase, the Association had net purchases of investments of \$1.8 million, as compared to net sales of investments of \$0.5 million in fiscal year ended June 30, 2007.

Economic Factors that May Affect Future Periods

The Association's capital goals for the current year include:

- Implementing and monitoring an agreement with the Louisville Arena Authority and starting the marketing on the Arena in preparation of opening in 2010, including starting the process of assigning seats to season ticket holders.
- Continue fundraising for the expansion of the Papa John's Cardinal Stadium and a boathouse for the rowing team

During the year ended June 30, 2003, the Association's Board of Directors and the University's Board of Trustees approved a resolution to assess a student fee specifically designated to support the Association. The fee increased from \$25 in September 2003 to \$50 per semester in fiscal year 2008. During fiscal year 2010, the fee will be \$50 per semester and is expected to generate approximately \$1.7 million.

The Association's Board of Directors approved a balanced operating budget for the 2009 fiscal year. The budget calls for \$52.4 million in revenue and expenses, a 3% increase over the original 2009 fiscal year budget of \$50.7 million. The budget calls for an increase in men's basketball revenue of 8%, with an increase in expenses of 3%. Football revenue is expected to decrease 11% due to 2 fewer home games in the 2009 season. The other main source of revenue, annual Cardinal Athletic Fund donations, is projected to remain steady at \$10.8 million.

This financial report is designed to provide a general overview of the Association's finances and to show the Association's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Controller; University of Louisville; Louisville, KY 40292.

University of Louisville Athletic Association, Inc.
A Component Unit of the University of Louisville
Statements of Net Assets
As of June 30, 2009 and 2008
(In Thousands)

	<u>2009</u>	<u>2008</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 21,715	\$ 21,424
Deposits with bond trustee	45,361	915
Accounts and contributions receivable, net	14,090	12,009
Other assets	520	216
Total current assets	<u>81,686</u>	<u>34,564</u>
Noncurrent Assets:		
Restricted cash	5,250	5,048
Deposit with bond trustee	15,466	2,123
Accounts and contributions receivable, net	13,090	17,072
Investments held with University of Louisville Foundation, Inc.	29,656	39,201
Other long-term investments	396	396
Other long-term assets	1,485	657
Capital assets, net	83,020	59,312
Total noncurrent assets	<u>148,363</u>	<u>123,809</u>
Total assets	<u>230,049</u>	<u>158,373</u>
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	9,508	1,434
Deferred compensation and wages payable	3,736	1,658
Deferred revenue	15,728	19,356
Note payable to University of Louisville Foundation, Inc.	500	500
Bonds payable	2,690	900
Total current liabilities	<u>32,162</u>	<u>23,848</u>
Noncurrent Liabilities:		
Due to University of Louisville	8,563	8,563
Due to University of Louisville Foundation, Inc.	316	316
Deferred compensation and wages payable	6,660	7,166
Note payable to University of Louisville Foundation, Inc.	2,205	2,705
Deferred revenue	2,332	2,276
Other long term liabilities	554	200
Bonds payable	77,846	10,545
Total noncurrent liabilities	<u>98,476</u>	<u>31,771</u>
Total liabilities	<u>130,638</u>	<u>55,619</u>
NET ASSETS		
Invested in capital assets, net	51,238	47,868
Restricted:		
Nonexpendable		
Scholarships and fellowships	1,083	1,293
Expendable		
Scholarships and fellowships	622	584
Institutional support	1,558	1,369
Capital projects	9,881	9,896
Debt service	11,710	12,522
Other	15	281
Unrestricted	23,304	28,941
Total net assets	<u>\$ 99,411</u>	<u>\$ 102,754</u>

See notes to financial statements

University of Louisville Athletic Association, Inc.
A Component Unit of the University of Louisville
Statements of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2009 and 2008
(In Thousands)

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Sports:		
Basketball	\$ 12,883	\$ 11,262
Football	16,131	12,931
Other sports	1,304	762
Total sports	<u>30,318</u>	<u>24,955</u>
Papa John's Cardinal Stadium	807	556
Marketing & development	4,430	5,154
Administration	1,179	850
Support services	305	347
Other operating revenues	699	658
Total operating revenues	<u>37,738</u>	<u>32,520</u>
OPERATING EXPENSES		
Sports:		
Basketball	7,543	7,252
Football	9,943	9,892
Other sports	14,725	13,020
Total sports	<u>32,211</u>	<u>30,164</u>
Papa John's Cardinal Stadium	870	635
Marketing & development	5,317	5,203
Administration	4,452	4,946
Support services	4,946	4,399
Game management/facilities operations	1,817	1,859
Depreciation	2,065	2,038
Other operating expenses	4,282	3,778
Total operating expenses	<u>55,960</u>	<u>53,022</u>
Operating loss	<u>(18,222)</u>	<u>(20,502)</u>
NONOPERATING REVENUES (EXPENSES)		
Gifts	16,315	25,566
Investment income (net of investment expense)	1,881	613
Net realized and unrealized loss on investments	(8,276)	(1,068)
Interest on capital related debt	(1,771)	(637)
Other nonoperating (expenses)/revenues	(24)	11
Net nonoperating revenues	<u>8,125</u>	<u>24,485</u>
Capital gifts	2,622	11,030
Transfers from/(to) related entities	4,132	(998)
Total other revenues	<u>14,879</u>	<u>34,517</u>
(Decrease)/increase in net assets	<u>(3,343)</u>	<u>14,015</u>
NET ASSETS		
Net assets-beginning of year	102,754	88,739
Net assets-end of year	<u>\$ 99,411</u>	<u>\$ 102,754</u>

See notes to financial statements

University of Louisville Athletic Association, Inc.
A Component Unit of the University of Louisville
Statements of Cash Flows
For the Years Ended June 30, 2009 and 2008
(In Thousands)

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Ticket sales	\$ 16,071	\$ 19,323
NCAA distributions	5,035	3,813
Payments to suppliers	(19,467)	(19,262)
Payments to employees	(19,134)	(16,683)
Payments for utilities	(158)	(140)
Payments for benefits	(3,709)	(6,309)
Payments for scholarships and fellowships	(9,015)	(8,786)
Other athletic program receipts, net	12,807	12,942
Net cash used by operating activities	<u>(17,570)</u>	<u>(15,102)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Gifts	14,853	16,857
Transfers to related entities	2,411	(998)
Other payments	(41)	11
Net cash provided by noncapital and related financing activities	<u>17,223</u>	<u>15,870</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Principal paid on loan payable to the University of Louisville Foundation, Inc.	(500)	(500)
Capital gifts received	6,442	4,461
Proceeds from issuance of bonds payable	84,006	-
Payments of issuance costs	(1,008)	-
Purchases of capital assets	(17,540)	(1,102)
Principal paid on bonds payable	(14,830)	(860)
Interest paid on bonds payable	(1,771)	(608)
Deposits with bond trustee	(57,782)	297
Net cash (used)/provided by capital financing activities	<u>(2,983)</u>	<u>1,688</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	7,677	8,946
Purchase of investments	(6,658)	(10,765)
Interest on investments	2,804	599
Net cash provided/(used) by investing activities	<u>3,823</u>	<u>(1,220)</u>
Net increase in cash and cash equivalents	493	1,236
Cash and cash equivalents - beginning of year	26,472	25,236
Cash and cash equivalents - end of year	<u>\$ 26,965</u>	<u>\$ 26,472</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (18,222)	\$ (20,502)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	2,065	2,038
Loss on disposal of equipment	-	11
Change in assets and liabilities:		
Accounts and contributions receivable, net	(512)	10
Other assets	(197)	(115)
Accounts payable and accrued liabilities	703	(130)
Deferred revenue	(3,577)	2,134
Deferred compensation and wages payable	1,816	1,252
Other long-term liabilities	354	200
Net cash used by operating activities	<u>\$ (17,570)</u>	<u>\$ (15,102)</u>
Transfer of equipment from the University of Louisville	<u>\$ 1,721</u>	<u>\$ -</u>
Capital asset additions in accounts payable	<u>\$ 6,512</u>	<u>\$ -</u>

See notes to financial statements

University of Louisville Athletic Association, Inc.

A Component Unit of the University of Louisville

Notes to Financial Statements

June 30, 2009 and 2008

1. Basis of Presentation and Summary of Significant Accounting Policies

The University of Louisville Athletic Association, Inc. (Association) (a Kentucky not-for-profit corporation) is affiliated with the University of Louisville (University) and is included within the University's financial statements. The Association is a separate corporation organized for the purpose of promoting the intercollegiate athletic activities of the University. The Association has authorized the University to receive, hold and disburse funds on behalf of the Association.

a. Basis of Presentation

The financial statements are presented in accordance with Government Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statement No. 37.

The financial statement presentation required by GASB Statement No. 35 is intended to provide a comprehensive, entity-wide perspective of the Association's assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Association has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) that were issued on or before November 30, 1989, and do not conflict with or contradict GASB pronouncements.

The financial statements of the Association can be found at the following:
<http://louisville.edu/finance/controller/finst>

b. Cash and Cash Equivalents

The Association considers all investments (not held for long-term purposes) with original maturities of three months or less to be cash equivalents.

c. Deposits with Bond Trustee

As of June 30, 2009 and 2008, deposits with bond trustees consist of cash and investments in governmental securities and guaranteed investment contracts of \$60.8 million and \$3.0 million, respectively, for the Stadium Project Revenue Bonds. Investments in governmental securities are stated at market value. Guaranteed investment contracts are stated at cost plus accrued interest, which approximates market value.

d. Contributions Receivable

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, as amended by GASB Statement No. 36, *Recipient Reporting for*

Certain Shared Nonexchange Revenues, the Association records operating and capital pledges as revenue when all eligibility requirements have been met. Endowment pledges are not recognized as revenue until the gifts are received.

e. Investments

Investments are stated at current market value. Investments held with the University of Louisville Foundation, Inc. (Foundation) are invested under the policies and objectives established for the Foundation's general endowment pool. In an effort to mitigate market risk, the Foundation has adopted a policy of maintaining a diverse investment pool through the use of target asset allocation guidelines. These guidelines require that the Foundation's investment pool be made up of a mix of publicly traded fixed income and equity securities, private equities and other nonmarketable securities, and real estate investments.

The market risk inherent in certain of the Foundation's investments is primarily the potential loss arising from adverse changes in quoted market prices on equity securities and in interest rates on fixed income securities.

The Association's permanent endowment funds, held by the Foundation and invested in the Foundation's general endowment pool, are administered under the Uniform Management of Institutional Funds Act (UMIFA), as adopted by the Commonwealth of Kentucky. Under the UMIFA regulations, the donor's contributed principal is preserved in perpetuity and invested by employing a total return strategy. The investment objectives of the Foundation are to preserve the principal of the endowment funds in both absolute and real terms while maximizing, over the long-term, the total rate of return (yield and appreciation) within reasonable risk parameters.

The Foundation invests in various corporate debt, equity and mutual fund securities. Investment securities, in general, are exposed to various risks, such as interest rates, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Foundation's statements of financial position.

f. Capital Assets

Capital assets are stated principally at cost or estimated market value at date of receipt from donors. Capital assets are depreciated on the straight-line basis over the estimated useful lives of the assets, as follows: buildings - 40 years; equipment - 3-15 years; and leasehold improvements - 20 years.

The Association capitalizes interest costs as a component of construction in progress, based on interest costs of borrowing specifically for the project, net of interest earned on investments acquired with the proceeds of the borrowing. The Association did not capitalize any interest during the fiscal year ended June 30, 2008. Total interest capitalized was (in thousands):

	<u>2009</u>
Total interest expense incurred on borrowings for project	\$ 2,946
Interest income from investment of proceeds of borrowings for project	(1,641)
Net interest cost capitalized	<u>\$ 1,305</u>
Interest capitalized	\$ 1,305
Interest charged to expenses	1,771
Total interest incurred	<u>\$ 3,076</u>

g. Compensation Expenses

Deferred compensation expenses are recognized as earned over the term of the related employment agreements.

h. Deferred Revenues

Deferred revenues, which consists primarily of amounts received from individual and season ticket holders for subsequent year intercollegiate athletic activities, suite rentals, and parking revenue, was approximately \$18.1 million and \$21.6 million at June 30, 2009 and 2008, respectively. Such deferred revenues are recognized over the term of the related athletic activities.

i. Classification of Revenues

The Association has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues - Operating revenues include activities that have the characteristics of exchange transactions, such as (1) tickets for athletic events, (2) concession sales, (3) parking and facilities rentals, and (4) media contracts.

Nonoperating revenues - Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*, and GASB No. 34, such as investment income.

j. Net Bond Premium

The Association amortizes the net bond premium using the effective interest method over the life of the bond.

k. Net Assets

Net assets of the Association are classified in four components. Net assets invested in capital assets, net of related debt, consist of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted nonexpendable net assets are subject to externally imposed restrictions that require the Association to maintain the assets in perpetuity. Restricted expendable net assets are noncapital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to the Association, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net assets are remaining assets less remaining liabilities that do not meet the definition of invested in capital assets, net of related debt or restricted expendable.

l. Tax Status

As an affiliate of a state institution of higher education, the income of the Association is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the Association is subject to federal income tax on any unrelated business taxable income.

m. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

n. Reclassifications

Certain 2008 amounts have been reclassified to conform with the 2009 presentation. These reclassifications had no effect on the change in net assets.

2. Cash and Investments

a. Summary of Carrying Values

The carrying value of deposits and investments are included in the statements of net assets as follows (in thousands):

	<u>2009</u>	<u>2008</u>
Deposits	\$ 26,965	\$ 26,472
Investments		
U.S. Treasury obligations	7,843	30
Guaranteed investment contracts	52,984	3,008
Investments held with the University of Louisville Foundation, Inc.	29,656	39,201
Certificates of deposit	100	100
Annuities	296	296
	<u>\$ 117,844</u>	<u>\$ 69,107</u>
Included in the following statement of net assets captions:		
Cash and cash equivalents	\$ 21,715	\$ 21,424
Deposit with bond trustee-current	45,361	915
Restricted cash and cash equivalents	5,250	5,048
Deposit with bond trustee-noncurrent	15,466	2,123
Investments held with the University of Louisville Foundation, Inc.	29,656	39,201
Other long-term investments	396	396
	<u>\$ 117,844</u>	<u>\$ 69,107</u>

b. Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Association's deposits or collateral securities may not be returned to it. For administrative convenience, cash balances of the Association are included in bank accounts maintained by the University. Details of accounting transactions affecting cash are maintained in such a manner as to ensure an appropriate segregation of amounts maintained by each entity.

The University currently uses commercial banks and the Commonwealth of Kentucky (the Commonwealth) as its depositories. Deposits with commercial banks are substantially covered by federal depository insurance or collateral held by the bank in the University's name. At the Commonwealth, the University's accounts are pooled with other agencies of the Commonwealth. These Commonwealth-pooled deposits are substantially covered by federal depository insurance or by collateral held by the Commonwealth in the Commonwealth's name.

c. Interest Rate Risk

Interest rate risk is the risk a government may face should interest rate variances affect the fair value of investments. The Association's policy is to invest in U.S. government and U.S. government agency securities, commercial paper, bankers acceptances, and variable rate demand notes with a maturity not greater than one year. The Association has entered into

forward purchase agreements for the investment of bond fund reserves. The provider financial institution agrees to deliver U.S. Treasury obligations yielding a guaranteed rate at an amount equal to the scheduled bond fund reserve. The final maturity under these agreements is March 1, 2028.

As of June 30, 2009 and 2008, the Association had the following investments subject to interest rate risk (in thousands):

June 30, 2009					
Type	Fair Value	Maturities in years			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	\$ 7,843	\$ 7,843			
Guaranteed investment contracts	52,984	48,582	\$ 1,231	\$ 831	\$ 2,340
Certificates of deposit	100	100	-	-	-
	<u>\$ 60,927</u>	<u>\$ 56,525</u>	<u>\$ 1,231</u>	<u>\$ 831</u>	<u>\$ 2,340</u>

June 30, 2008					
Type	Fair Value	Maturities in years			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	\$ 30	\$ 30			
Guaranteed investment contracts	3,008	293	\$ 1,205	\$ 1,510	
Certificates of deposit	100	100	-	-	
	<u>\$ 3,138</u>	<u>\$ 423</u>	<u>\$ 1,205</u>	<u>\$ 1,510</u>	

d. Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. As of June 30, 2009, the \$29.6 million in investments held by the Foundation are considered pooled investments and not rated as to credit risk.

e. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer, excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments.

The asset allocation for investments held with the Foundation as of June 30, 2009 and 2008 was as follows:

	<u>2009</u>	<u>2008</u>
Investment in partnerships	50%	39%
Mutual funds	14%	16%
Marketable alternatives	15%	16%
Preferred and common stock	14%	20%
Corporate bonds	4%	4%
U.S. government securities	2%	3%
Real estate	0%	2%
Certificates of deposit	1%	0%
	<u>100%</u>	<u>100%</u>

The Foundation's investments do not have a significant concentration of credit risk within any industry or specific institution.

f. Foreign Currency Risk

This risk relates to adverse affects on the fair value of an investment from changes in exchange rates. The Association had no investments denominated in foreign currency at June 30, 2009 or 2008.

3. Transactions with Related Organizations

a. University of Louisville

The Association has contracted with the University for certain administrative, operational, and maintenance services. During the years ended June 30, 2009 and 2008, the Association made no reimbursement per agreement with the University.

b. University of Louisville Foundation, Inc. (Foundation)

The Foundation is a separate corporation organized as a supporting organization of the University for the purpose of promoting the University's educational, scientific, literary and cultural interests. The Foundation serves in a fiduciary capacity and invests funds on behalf of the Association based on a formal trust agreement. As of June 30, 2009 and 2008, the Foundation held funds of the Association of approximately \$29.6 million and \$39.2 million, respectively, for investment purposes.

c. Debt with Related Entities

As of June 30, 2009 and 2008, the Association has noninterest bearing debt with no specific repayment terms of approximately \$8.6 million with the University related to expenditures incurred in fiscal years 1999 and 2000 during the construction of the Stadium.

In January 1999, the Association received an \$8.5 million unsecured, noninterest bearing loan from the Foundation for the construction of Cardinal Park. The Association is obligated to repay the loan upon collection of contributions receivable. Certain contributions receivable are held by the University and collections are transferred to the Association for the repayment of the loan. During each of the years ended June 30, 2009 and 2008, the Association repaid approximately \$0.5 million. The outstanding balance was approximately \$2.7 million and

\$3.2 million as of June 30, 2009 and 2008, respectively, of which approximately \$0.5 million was shown as current as of June 30, 2009 and 2008.

In July 2001, the Association received a \$347,000 unsecured, noninterest bearing loan with no specific repayment terms from the Foundation for the refurbishing of the Cardinal Basketball Offices. The outstanding loan balance is approximately \$316,000 as of June 30, 2009 and 2008.

d. Transfers with Related Entities

The University, during its annual budgetary process, agrees to transfer funds to the Association to assist with expenses related to retention and gender issues. The University transferred \$2.1 million for each of the fiscal years ended June 30, 2009 and 2008. Additionally, the University collects certain fees from students designated for use by the Association. The University transferred \$1.9 million of student fees collected for each of the years ended June 30, 2009 and 2008.

The Association is the beneficiary of pledges related to certain capital projects, which are financed by the University, and as such, are recorded as assets of the University. The Association transfers cash received on these pledges, as well as other unrestricted funds to the University in order to fulfill the purpose of the gifts. The Association transferred \$1.9 million and \$4.3 million related to capital projects during the fiscal years ended June 30, 2009 and 2008, respectively. During the fiscal year ended June 30, 2009, the University transferred to the Association \$3.0 million in pledge receipts and other capital project funding related to capital projects that are financed by the Association, and as such, are recorded as assets of the Association.

In July 2007, the University became a member of the Big East Conference. As part of the Membership Expansion Agreement, the University agreed to pay entrance fees of \$2.5 million over a 5 year period. The Association transferred \$0.5 million to the University for each of the years ended June 30, 2009 and 2008 related to this agreement.

Additionally, the Association transferred \$0.4 million and \$0.2 million to the University for the years ended June 30, 2009 and 2008 related to other transactions.

4. Accounts and Contributions Receivable, Net

Accounts and contributions receivable as of June 30, 2009 and 2008 are as follows and on the following page (in thousands):

	2009		
	<u>Gross</u>	<u>Allowance</u>	<u>Net</u>
Trade receivables	\$ 1,092		\$ 1,092
Contributions receivable	30,896	\$ (2,796)	28,100
Total	<u>\$ 31,988</u>	<u>\$ (2,796)</u>	29,192
Less: Discount			(2,012)
Current portion			<u>14,090</u>
Non current portion			<u>\$ 13,090</u>

	2008		
	<u>Gross</u>	<u>Allowance</u>	<u>Net</u>
Trade receivables	\$ 642		\$ 642
Contributions receivable	31,979	\$ (1,097)	30,882
Total	<u>\$ 32,621</u>	<u>\$ (1,097)</u>	31,524
Less: Discount			(2,443)
Current portion			<u>12,009</u>
Non current portion			<u>\$ 17,072</u>

Contributions receivable consist primarily of charitable gifts from individual and corporate donors that are associated with the construction projects of the Association. Contributions receivable with payment schedules in excess of one year are stated at their discounted present value. The discount rates ranged from 1.2% to 5.8%.

Contributions receivable as of June 30, 2009 and 2008 are due to be received as follows (in thousands):

	<u>2009</u>	<u>2008</u>
Less than one year	\$ 14,310	\$ 11,712
One to three years	5,620	7,553
Greater than three years	10,966	12,714
Subtotal	<u>30,896</u>	<u>31,979</u>
Less: discount	(2,012)	(2,443)
Less: allowance	<u>(2,796)</u>	<u>(1,097)</u>
Net contributions receivable	<u>\$ 26,088</u>	<u>\$ 28,439</u>

5. Capital Assets, Net

Capital assets as of June 30, 2009 and 2008 are as follows (in thousands):

	2009				Ending Balance
	Beginning Balance	Additions	Retire- ments	Transfers	
Cost-Nondepreciable					
Land	\$ 3,500	\$ 2,545			\$ 6,045
Construction in progress	-	21,395		\$ 1,521	22,916
Subtotal	<u>3,500</u>	<u>23,940</u>	<u>\$ -</u>	<u>1,521</u>	<u>28,961</u>
Cost-Depreciable					
Buildings	73,709	-	-	-	73,709
Land improvements	1,164	-	-	200	1,364
Equipment	1,063	112	-	-	1,175
Leasehold improvements	500	-	-	-	500
Subtotal	<u>76,436</u>	<u>112</u>	<u>-</u>	<u>200</u>	<u>76,748</u>
Total capital assets-cost	<u>79,936</u>	<u>24,052</u>	<u>-</u>	<u>1,721</u>	<u>105,709</u>
Accumulated depreciation					
Buildings	19,892	1,842	-	-	21,734
Land improvements	45	34	-	-	79
Equipment	473	169	-	-	642
Leasehold improvements	214	20	-	-	234
Subtotal	<u>20,624</u>	<u>2,065</u>	<u>-</u>	<u>-</u>	<u>22,689</u>
Capital assets, net	<u>\$ 59,312</u>	<u>\$ 21,987</u>	<u>\$ -</u>	<u>\$ 1,721</u>	<u>\$ 83,020</u>

	2008				
	Beginning Balance	Additions	Retire- ments	Transfers	Ending Balance
Cost-Nondepreciable					
Land	\$ 3,500				\$ 3,500
Construction in progress	213	\$ 669		\$ (882)	-
Subtotal	<u>3,713</u>	<u>669</u>	<u>\$ -</u>	<u>(882)</u>	<u>3,500</u>
Cost-Depreciable					
Buildings	73,040	-	-	669	73,709
Land improvements	951	-	-	213	1,164
Equipment	866	221	(24)	-	1,063
Leasehold improvements	500	-	-	-	500
Subtotal	<u>75,357</u>	<u>221</u>	<u>(24)</u>	<u>882</u>	<u>76,436</u>
Total capital assets-cost	<u>79,070</u>	<u>890</u>	<u>(24)</u>	<u>-</u>	<u>79,936</u>
Accumulated depreciation					
Buildings	18,062	1,830	-	-	19,892
Land improvements	16	29	-	-	45
Equipment	327	159	(13)	-	473
Leasehold improvements	194	20	-	-	214
Subtotal	<u>18,599</u>	<u>2,038</u>	<u>(13)</u>	<u>-</u>	<u>20,624</u>
Capital assets, net	<u>\$ 60,471</u>	<u>\$ (1,148)</u>	<u>\$ (11)</u>	<u>\$ -</u>	<u>\$ 59,312</u>

Principal and interest payments on bonds payable due in the next five years and thereafter are as follows (in thousands):

For the Year Ended June 30	Principal	Interest	Total
2010	\$ 2,545	\$ 3,231	\$ 5,776
2011	5,705	3,102	8,807
2012	5,885	2,919	8,804
2013	6,090	2,719	8,809
2014	6,310	2,504	8,814
2015 - 2019	29,960	8,543	38,503
2020 - 2024	11,870	4,354	16,224
2025 - 2028	11,530	1,427	12,957
Total	<u>\$ 79,895</u>	<u>\$ 28,799</u>	<u>\$ 108,694</u>

Louisville/Jefferson County Metro Government Mortgage Revenue Refunding and Improvement Bonds, Series 2008A and Series 2008B

In July 2008, the Louisville Metro Government issued \$39.8 million of Mortgage Revenue Bonds 2008 Series A and \$43.5 million of Mortgage Revenue Bonds 2008 Series B at a combined net interest cost of 4.2 percent. The bond proceeds were used on September 1, 2008 to retire the outstanding County of Jefferson Kentucky Governmental Lease Revenue Bonds, Series 1997, the proceeds of which financed the acquisition, construction, installation and equipping of the sports stadium known as University of Louisville Papa John's Cardinal Stadium (the Prior Project). Additional funds will be used to finance a portion of the costs of acquisition, construction, installation and equipping of an expansion to the Prior Project.

County of Jefferson (the County), Kentucky Governmental Project Lease Revenue Bonds, Series 1997

In March 1997, the County issued \$18.5 million of lease revenue bonds to be used for the acquisition, construction and installation of the Stadium. The Association entered into a Trust Indenture and Financing Agreement with the County, which requires the Association to pay the trustee for all monetary obligations of the bonds. The County has entered into a lease agreement with the University and has agreed to make lease payments to the Trustee of up to \$2 million annually if the Association is unable to pay the minimum debt requirements, as defined in the lease agreement. The County has also entered into a Sublease and Assignment Agreement with the City of Louisville (the City) whereby the City will make sublease rental payments to the County of up to 50% of the amounts paid as lease rental payments by the County. In September 2008, these bonds were retired, which resulted in a loss of approximately \$114,000.

7. Other Liabilities

Other liabilities as of June 30, 2009 and 2008 are summarized as follows (in thousands):

	2009					
	Beginning Balance	Additions	Retire- ment	Ending Balance	Current Portion	Noncurrent Portion
Due to University of Louisville	\$ 8,563			\$ 8,563		\$ 8,563
Due to University of Louisville Foundation Inc.	316			316		316
Deferred compensation and wages payable	8,824	\$ 2,397	\$ (825)	10,396	\$ 3,736	6,660
Deferred revenue	21,632	15,546	(19,118)	18,060	15,728	2,332
Note payable to University of Louisville Foundation, Inc.	3,205	-	(500)	2,705	500	2,205
Other long-term liabilities	302	438	(81)	659	105	554
Total	<u>\$ 42,842</u>	<u>\$ 18,381</u>	<u>\$ (20,524)</u>	<u>\$ 40,699</u>	<u>\$ 20,069</u>	<u>\$ 20,630</u>
	2008					
	Beginning Balance	Additions	Retire- ment	Ending Balance	Current Portion	Noncurrent Portion
Due to University of Louisville	\$ 8,563			\$ 8,563		\$ 8,563
Due to University of Louisville Foundation Inc.	316			316		316
Deferred compensation and wages payable	7,797	\$ 3,258	\$ (2,231)	8,824	\$ 1,658	7,166
Deferred revenue	18,154	20,590	(17,112)	21,632	19,356	2,276
Note payable to University of Louisville Foundation, Inc.	3,705	-	(500)	3,205	500	2,705
Other long-term liabilities	-	302	-	302	102	200
Total	<u>\$ 38,535</u>	<u>\$ 24,150</u>	<u>\$ (19,843)</u>	<u>\$ 42,842</u>	<u>\$ 21,616</u>	<u>\$ 21,226</u>

Other long-term liabilities as of June 30, 2009 and 2008, consist of the Association's portion of other postemployment benefits, as discussed in Note 11 – Postemployment Healthcare Benefits. The current portion is included in accounts payable and accrued liabilities in the statements of net assets as of June 30, 2009 and 2008.

8. Pollution Remediation Obligations

Effective July 1, 2008, the Association changed its method of accounting for pollution remediation obligations (PRO) in accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. As of July 1, 2008, the Association had no PRO; accordingly, no adjustment was made to beginning net assets. In March 2009, the Association purchased property with known environmental issues and assumed responsibility for remediation, including neutralization, containment, removal and disposal of ground pollutants. The Association estimates the current value of remediation costs to be \$1.1 million. The PRO is included in accounts payable and accrued liabilities and capital projects in the statement of net assets at June 30, 2009.

9. Expenses

Operating expenses by natural classification for the years ended June 30, 2009 and 2008 were approximately (in thousands):

	<u>2009</u>	<u>2008</u>
Salaries and wages	\$ 18,812	\$ 17,671
Employee benefits	6,562	6,627
Supplies and services	19,343	17,760
Utilities	163	140
Scholarships and fellowships	9,015	8,786
Depreciation	2,065	2,038
	<u>\$ 55,960</u>	<u>\$ 53,022</u>

10. Retirement Plan

Association and University personnel participate in a contributory retirement plan administered by the University. The Association recorded expenses related to the defined contribution plan of approximately \$1,042,000 and \$968,000 during the years ended June 30, 2009 and 2008, respectively.

11. Postemployment Healthcare Benefits

a. Plan Description

Association and University personnel are eligible for postemployment healthcare benefits as described in The University of Louisville Group Health Plan (Plan), administered by the University. To be eligible for the Plan, a retired employee must be the earlier of the attainment of age 60 with seven years of service in eligible faculty or staff status, or the date that the sum of the employees age and years of regular service of not less than 80% full-time equivalent at the University equals or exceeds 75.

b. Funding Policy

The Plan is funded on a pay-as-you-go basis. During each of the years ended June 30, 2009 and 2008, the University contributed approximately \$1.0 million, approximately 59 percent and 50 percent of total premiums, respectively. Retired Plan members under age 65 receiving benefits contributed approximately \$0.7 million and \$1.0 million, approximately 41 percent and 50 percent of total premiums, respectively, through their required monthly contributions according to the following schedules:

	<u>2009</u>				
	<u>PPO</u>	<u>EPO</u>	<u>PCA High</u>	<u>PCA Low</u>	<u>Out of Area</u>
Employee	\$ 317	\$ 355	\$ 216	\$ 151	\$ 334
Employee and Spouse	\$ 659	\$ 739	\$ 494	\$ 373	\$ 665

	2008				
	PPO	EPO	HRA High	HRA Low	Out of Area
Employee	\$ 270	\$ 304	\$ 178	\$ 119	\$ 286
Employee and Spouse	\$ 581	\$ 653	\$ 431	\$ 321	\$ 586

Medicare-eligible retirees receive a monthly benefit of \$108 per individual covered. For each of the years ended June 30, 2009 and 2008, the University contributed \$1.0 million for Medicare-eligible retirees.

c. Annual Other Postemployment Benefit (OPEB) Cost and Net OPEB Obligation

The University's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB Statement No. 45). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (AAL) over a period not to exceed thirty years. The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's net OPEB obligation (in thousands):

	2009	2008
Normal Cost	\$ 5,079	\$ 4,687
AAL Amortization	3,958	3,427
Annual Required Contribution (ARC)	9,037	8,114
Interest on above	577	243
Adjustment to ARC	(532)	-
OPEB Liability Loss	4,393	-
Annual OPEB Cost (AOC)	13,475	8,357
Contributions made	(2,056)	(2,020)
Increase in net OPEB obligation	11,419	6,337
Net OPEB obligation - beginning of year	6,337	-
Net OPEB obligation - end of year	<u>\$ 17,756</u>	<u>\$ 6,337</u>

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2009 and 2008 were as follows (in thousands):

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 13,475	15%	\$ 17,756
2008	8,357	24%	6,337

The University allocates a portion of the ARC, and the corresponding OPEB obligation, to its affiliated corporations, including the Association. For the years ended June 30, 2009 and

2008, the Association's portion of the AOC was \$0.4 million and \$0.3 million, respectively. The Association's net OPEB obligation was \$0.7 million and \$0.3 million, of which \$0.6 million and \$0.2 million was recorded in other long-term liabilities and \$0.1 million was recorded in accounts payable and accrued expenses as of June 30, 2009 and 2008, respectively.

d. Funded Status and Funding Progress

As of July 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$78.5 million and \$69.2 million and there were no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$78.5 million and \$69.2 million as of June 30, 2009 and 2008, respectively. The covered payroll (annual payroll of active employees covered by the plan) was \$358.7 million and \$345.6 million, and the ratio of the UAAL to the covered payroll was 22 percent and 20 percent, for the years ended June 30, 2009 and 2008, respectively.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

e. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008, actuarial valuation, the unit credit method actuarial cost method was used. The actuarial assumptions included a 3.0 percent investment rate of return (net of administrative expenses), which is based on the estimated return on the University's general assets, and an annual healthcare cost trend rate of 10 percent initially, reduced by decrements to an ultimate rate of 5 percent after 10 years. The UAAL is being amortized on a straight line basis over 30 years. The remaining amortization period at June 30, 2009 was 28 years.

12. Leases

a. Kentucky State Fair Board

The University has entered into a lease agreement with the Kentucky State Fair Board (KSFB) for use of a basketball arena. The University's rights under this agreement have been assigned to the Association. As discussed in Section c. Arena Authority, the Association has entered into a lease agreement with the Louisville Arena Authority, Inc. (Arena Authority) related to the Association's use of the arena for the men's and women's basketball programs. The Association has entered into a Termination Agreement with KSFB that allows the

Association to terminate the existing lease without penalty when the basketball teams move to the Arena.

The lease has an initial term of 25 years. Annual lease payments are equal to the greater of 10 percent of gross ticket sales or a minimum lease amount of \$5,000 per game and annual lease payments for private suites are 9.75 percent of the first \$35,000 of gross rental income and 25 percent thereafter. Total lease expense during the years ended June 30, 2009 and 2008 amounted to approximately \$1.4 million and \$1.2 million, respectively.

The University also entered into an agreement with the KSFB for use of a football stadium. Due to the construction of an on-campus stadium, the lease was amended and restated effective November 1, 1997 to allow for the use by the baseball and field hockey programs. The University's rights under this agreement have been assigned to the Association.

b. Central Station, LLC

The Association has entered into a lease agreement with Central Station, LLC (Central Station) for use of the Central Station Office Building. The lease has an initial term of 21 years. Annual lease payments are approximately \$47,000. In addition, the Association paid approximately \$799,000 of lease payments in advance, of which \$657,000 is still outstanding (\$38,000 in other current assets and \$619,000 in other long-term assets) as of June 30, 2009. This prepayment is being amortized evenly over the life of the lease. Total lease expenses during the years ended June 30, 2009 and 2008 amounted to approximately \$115,000 and \$88,000, respectively, of which \$38,000 in each year relates to the amortization of prepaid rent.

In July 2008, AAF-Louisville, LLC, whose sole member is the Foundation, purchased the building from Central Station; therefore, the lease is now with a related party. No changes were made to the provisions of the lease agreement as a result of the purchase.

c. Louisville Arena Authority, Inc.

In July 2008, the Association entered into a lease agreement with the Arena Authority. The lease has an initial term of 36 years. Annual lease payments are equal to the greater of 10 percent of gross ticket sales or a minimum lease amount of \$10,000 per game for men's basketball games; the greater of 5 percent of gross ticket sales or a minimum of \$5,000 for any other Association sponsored event; and, as payment for private suites, 12 percent of net private suite revenue.

Under the terms of the lease, the Association will receive payments from the Arena Authority as follows: (a) 50 percent of all payments received from third-party concessionaire and catering sales at all University-sponsored events or 25 percent of the gross proceeds of any Arena Authority owned concessions or catering sales; (b) 50 percent of all rental/commission payments received in connection with the gift shop and its operations, and 50 percent of any additional merchandise revenue received from any source other than the gift shop; (c) 50 percent of all revenue received from the sale of inventory of the permanent signage inside and outside the Arena structure, excluding any signage that is part of the 10% of permanent signage reserved for the Association; (d) 33.3 percent of all revenue from the sale of inventory on all video boards outside the Arena structure, excluding any video board inventory that is part of the Association's signage.

The Association's obligations are expected to commence on or about November 1, 2010.

d. Future Minimum Lease Payments

Future minimum lease payments are as follows (in thousands):

<u>For the year ended June 30,</u>	<u>Lease Payment Due</u>
2010	\$ 102
2011	102
2012	102
2013	102
2014	108
2015 - 2019	545
2020 - 2024	569
2025 - 2027	106
Future minimum lease payments	<u>\$ 1,736</u>

13. Commitments and Contingencies

a. Commitments

At June 30, 2009 and 2008, the Association had approximately \$3,297,000 and \$593,000, respectively, in encumbrances outstanding for future expenditures.

b. Litigation

The Association has been named as defendant in several lawsuits. It is the opinion of management and its legal counsel, based in part on the doctrine of sovereign immunity, commercial insurance coverages and other statutory provisions, that the ultimate outcome of litigation will not have a material effect on the future operations or financial position of the Association beyond the amounts already provided.

c. Current Economic Conditions

The current economic environment presents not-for profit organizations with unprecedented circumstance and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets. The financial statements have been prepared using values and information currently available to the Association.

In addition, given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values that could negatively impact the Association's ability to maintain sufficient liquidity.

14. Recent Accounting Pronouncements

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by the University. The provisions of this statement are effective for financial statements for fiscal periods beginning after June 15, 2009. The University is still evaluating the impact of this statement.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress by the University
For Other Postemployment Benefits
(in thousands)

Actuarial Value Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
7/1/2008	\$ -	\$ 78,455	\$ 78,455	0%	\$ 358,680	22%
7/1/2007	-	69,179	69,179	0%	345,636	20%

RECOMMENDATION TO THE UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC. BOARD OF DIRECTORS CONCERNING FOOTBALL SEASON TICKET PRICES

Finance & Budget Committee – December 21, 2009
Board of Directors- December 21, 2009

Recommendation:

The Athletic Director recommends that the Board of Directors approve for Football a season ticket package for 2010 as outlined below:

Category	2007 (6 games)	2008 (8 games)	2009 (6 games)	2010 (7 games)
<u>Lower Bowl of Stadium:</u>				
Reserved	\$240	\$320	\$240	\$294
Club/Suites	\$270	\$360	\$270	\$350
Faculty/Staff	\$228	\$304	\$228	\$280
L-Club	\$228	\$304	\$228	\$280
Family Plan	\$912	\$1,216(\$304 x 4 tkts)	\$912 (\$228 x 4 tkts)	\$980 (\$245 x 4 tkts)
<u>Upper Level (East Side):</u>				
Reserved	n/a	n/a	n/a	\$129
Family Plan	n/a	n/a	n/a	\$396 (\$99 x 4 tkts)
Mezzanine	n/a	n/a	n/a	\$294
<u>Other:</u>				
Students-Football only:				
Students	\$54	\$72	\$72	\$84
Student Combination:				
Student only	\$210	\$210	\$210	\$210
Single Game Reserved	\$45	\$45/\$75	\$45	\$10/\$45/\$75

BOARD ACTION:

Passed X
Did not pass
Other

Asst. Secretary *Katalin M. Smith*