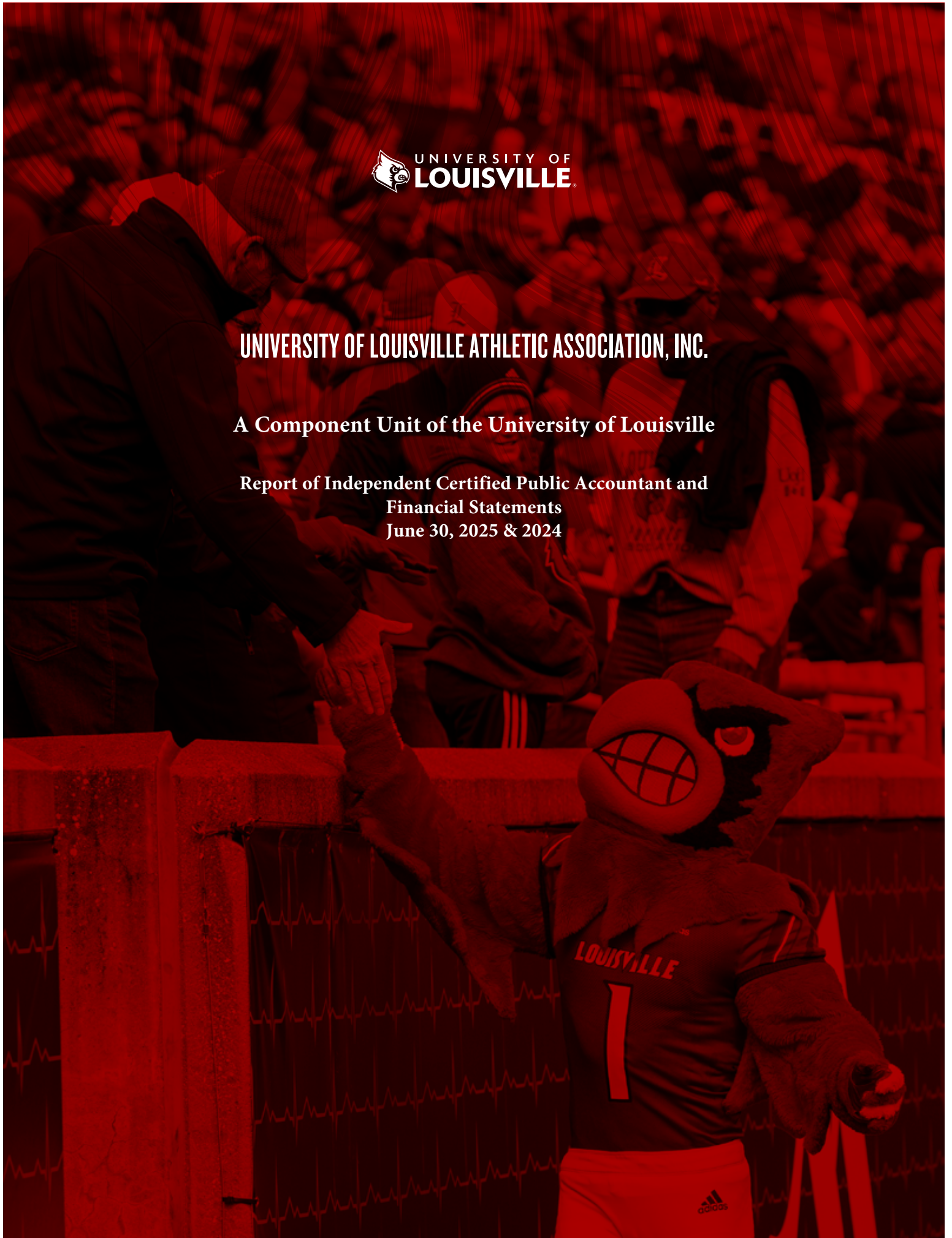




UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.

A Component Unit of the University of Louisville

**Report of Independent Certified Public Accountant and
Financial Statements
June 30, 2025 & 2024**



UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
For the Years Ended June 30, 2025 and 2024

Table of Contents:

	Page
Report of Independent Certified Public Accountant	1
Management's Discussion and Analysis (Unaudited)	4
Basic Financial Statements	
Statements of Net Position	13
Statements of Revenues, Expenses, and Changes in Net Position	15
Statements of Cash Flows	16
Notes to Financial Statements	18
Required Supplementary Information – Postemployment Benefit Information (Unaudited)	38
Report of Independent Certified Public Accountant on Internal Control over Financial Reporting and Compliance and Other Matters Required by Government Auditing Standards	39

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
University of Louisville Athletic Association, Inc.

Report on the audit of the financial statements**Opinions**

We have audited the financial statements of the University of Louisville Athletic Association, Inc. (the “Entity”), a component unit of the University of Louisville, which comprise the statements of net position as of June 30, 2025 and 2024, and the related statements of revenues, expenses, and change in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as of June 30, 2025 and 2024, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinions

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Entity and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Post-employment Benefit Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with US GAAS. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic

financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2025 on our consideration of the Entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control over financial reporting and compliance.

Grant Thornton LLP

Boston, Massachusetts
November 25, 2025

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2025 and 2024

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the University of Louisville Athletic Association, Inc. (Association) as of and for the years ended June 30, 2025 and 2024. Comparative information for the year ended June 30, 2023 has been provided where applicable. 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 nonprofit corporation organized in 1984 for the purpose of promoting the intercollegiate athletic activities of the University of Louisville (University), a state-supported metropolitan research university located in Louisville, Kentucky.

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 National Collegiate Athletic Association (NCAA) compliance, ensuring full implementation of gender equality plans and offering a wide variety of sports and recreational outlets for the University community, alumni, and visitors.

The Association is committed to the academic achievement and community involvement of its student-athletes. During the 2024/2025 academic year, the overall student athlete GPA for the year was a combined 3.39 and achieved a department-record graduation success rate of 96%. Additionally, 90+ student-athletes finished with a 4.0 GPA. Spring 2025 marked 29 semesters in a row with a 3.0+ department GPA. Finally, the Association placed 530 student-athletes on the Atlantic Coast Conference (ACC) 2024-25 Academic Honor Roll.

Our student-athletes continued their significant impact on the local community during the 2024-25 school year, with 530 student-athletes participating in over 116 events. Aside from competing during the academic school year, the Association was well-represented by both coaches and student-athletes participating in international competitions in sports such as swimming and diving, men's basketball and women's basketball.

Using the Financial Statements

The Association's financial report includes the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows. These financial statements are prepared in accordance with the accounting principles established by the Government Accounting Standards Board (GASB), which provides the framework for external financial reporting for public colleges and universities. The Association is presented in these statements as a single entity for financial reporting purposes and is also included in the consolidated financial statements of the University as a blended component unit.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2025 and 2024

Statements of Net Position

The statements of net position present the financial position of the Association at the end of the fiscal year and include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position (the difference between assets, liabilities, deferred outflows of resources and deferred inflows of resources) provides a snapshot of the current financial condition of the Association at the end of a fiscal year. Items on the statements of net position are generally measured using current values with the exception of capital assets which are stated at historical cost less an allowance for accumulated depreciation. Additionally, pledges receivable with payment terms greater than one year are discounted to their respective fair values. The change in net position indicates whether the Association accumulated or consumed resources during the year.

A condensed version of the Association's assets, liabilities, deferred inflows and outflows, and net position at June 30, 2025, 2024, and 2023 is summarized below (in thousands):

	2025	2024	2023	2025-2024 Change	2024-2023 Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current assets	\$ 44,000	\$ 37,765	\$ 44,418	\$ 6,235	\$ (6,653)
Capital assets, net	191,825	201,112	208,267	(9,287)	(7,155)
Right-of-use assets, net	37,822	39,616	42,027	(1,794)	(2,411)
Other	42,839	51,557	56,719	(8,718)	(5,162)
Deferred outflows of resources	1,507	1,224	1,519	283	(295)
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 317,993	\$ 331,274	\$ 352,950	\$ (13,281)	\$ (21,676)
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Current liabilities	\$ 68,704	\$ 53,606	\$ 51,713	\$ 15,098	\$ 1,893
Noncurrent liabilities	172,281	184,913	194,907	(12,632)	(9,994)
Deferred inflows of resources	2,025	2,518	2,956	(493)	(438)
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	243,010	241,037	249,576	1,973	(8,539)
NET POSITION					
Net investment in capital assets	118,446	122,277	123,927	(3,831)	(1,650)
Restricted - nonexpendable	2,195	2,109	1,905	86	204
Restricted - expendable	4,780	4,470	5,236	310	(766)
Unrestricted	(50,438)	(38,619)	(27,694)	(11,819)	(10,925)
TOTAL NET POSITION	74,983	90,237	103,374	(15,254)	(13,137)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 317,993	\$ 331,274	\$ 352,950	\$ (13,281)	\$ (21,676)

Assets

The primary components of current assets are cash and cash equivalents, accounts and contributions receivable, investments held with the Foundation, and inventory. The Association experienced an

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2025 and 2024

increase in current assets of \$6.2 million when compared to June 30, 2024 driven primarily by an increase in accounts and contributions receivable.

The primary components of noncurrent assets are restricted cash and cash equivalents, capital assets, including right-of-use leased assets, accounts and contributions receivable collectible beyond one year. A net decrease of \$19.8 million in noncurrent assets was recorded between June 30, 2025 to June 30, 2024 primarily due to the receipt of pledge payments and the recognition of depreciation and amortization expenses.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net assets applicable to future reporting periods. The balance of \$1.5 million as of June 30, 2025 relates to a loss on bond refunding of \$171 thousand and \$1.3 million associated with future payments for other postretirement employment benefits.

Liabilities

Current liabilities primarily consist of accounts payable, unearned ticket revenue, amounts due to the University, and the current portion of notes and contracts payable. As of June 30, 2025, current liabilities increased by \$15.1 million compared to the prior year. The increase is largely due to a draw on a new line of credit that resulted in a liability of \$8.8 million, increased amounts due for unearned revenue from sponsorship contracts and season ticket sales for intercollegiate athletic activities that are applicable to the subsequent year.

Noncurrent liabilities decreased by \$12.6 million as of June 30, 2025, when compared to June 30, 2024. This reduction is primarily attributed to payments made to the University of Louisville for debt service reimbursement, revenue recognition from stadium naming rights contracts, and payments against unearned compensation and wages payable.

Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of net position applicable to future periods and totaled \$2.0 million as of June 30, 2025. This balance consists of \$1.1 million in future receipts from a food service concession arrangement and \$1.0 million in OPEB related actuarial adjustments, including differences between expected and actual experience and changes in assumptions used in the OPEB liability calculation.

Net Position

Net position represents the residual interest in the Association's assets and deferred outflows after deducting liabilities and deferred inflows. Total net position of \$75.0 million as of June 30, 2025 is reported in the following categories: net investment in capital assets of \$118.4 million; restricted nonexpendable of \$2.2 million; restricted expendable of \$4.8 million, and a net unrestricted deficit of \$50.4 million.

The Association adopted GASB Statement No. 101, *Compensated Absences*, effective for fiscal year 2025. This statement provides updated guidance for the recognition and measurement for compensated absences. The effect of adoption of this Standard resulted in an immaterial increase of \$1.0 million in net position as of June 30, 2024.

Fiscal Year 2024

As of June 30, 2024, total assets were \$331.3 million, reflecting a decrease of \$21.7 million from June 30, 2023. This reduction is primarily attributable to decreases of \$5.1 million in long-term receivables, a net decrease in capital assets of \$7.2 million, resulting from depreciation exceeding purchases, and a \$5.4 million decrease in restricted cash and cash equivalents.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2025 and 2024

Deferred outflows of resources totaled \$1.2 million as of June 30, 2024, representing a minor decrease of \$295 thousand from the balance as of June 30, 2023.

Total liabilities at June 30, 2024 were \$238.5 million, a decrease of \$8.1 million compared to June 30, 2023. This reduction is primarily due to unearned revenue for stadium naming rights of \$2.7 million and a decrease in the amount due to the University of \$5.1 million.

Deferred inflows of resources experienced a net decrease of \$438 thousand from June 30, 2024 to June 30, 2023 due to a reduction in the future benefits from a service concession arrangement offset by an increase in actuarial adjustments related to other post employment healthcare benefits.

Net position at June 30, 2024 totaled \$90.2 million, a decrease of \$13.1 million, when compared to the June 30, 2023 net position. The majority of the decrease was reflected in the net investment in capital assets and unrestricted categories.

Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position present the Association's financial performance for the fiscal year. Revenues and expenses are categorized as either operating or nonoperating based on their source or purpose. Key nonoperating revenue sources include gifts, investment returns and supplemental income received from the University for gender equity initiatives and student fees. Capital assets are depreciated over their estimated useful lives, with depreciation and amortization expenses recorded as operating expenses.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2025 and 2024

The Association's condensed statements of revenues, expenses and changes in net position for the years ended June 30, 2025, 2024, and 2023 are summarized below (in thousands):

	2025	2024	2023	2025-2024 Change	2024-2023 Change
OPERATING REVENUES					
Ticket sales	\$ 28,310	\$ 31,617	\$ 24,798	\$ (3,307)	\$ 6,819
Media rights	18,279	16,084	16,383	2,195	(299)
NCAA distributions	47,269	46,005	44,341	1,264	1,664
Other operating revenues	12,095	10,405	11,973	1,690	(1,568)
TOTAL OPERATING REVENUES	105,953	104,111	97,495	1,842	6,616
OPERATING EXPENSES					
Salaries and benefits	56,377	65,978	52,234	(9,601)	13,744
Scholarships	17,096	17,754	16,185	(658)	1,569
Travel and recruiting	13,768	13,267	13,642	501	(375)
Game management and facilities operations	18,089	17,210	15,315	879	1,895
Other operating expenses	39,049	25,094	25,041	13,955	53
Depreciation and amortization	12,416	12,424	12,381	(8)	43
TOTAL OPERATING EXPENSES	156,795	151,727	134,798	5,068	16,929
OPERATING LOSS	(50,842)	(47,616)	(37,303)	(3,226)	(10,313)
NONOPERATING REVENUES (EXPENSES)					
Gifts	33,843	32,351	44,521	1,492	(12,170)
Net realized and unrealized gain/(loss) on investments	157	387	822	(230)	(435)
Investment returns	254	253	68	1	185
Other nonoperating expenses	(2,447)	(2,589)	(9,509)	142	6,920
Contributions (to)/from related entities	2,765	4,077	(1,840)	(1,312)	5,917
TOTAL NONOPERATING REVENUES	34,572	34,479	34,062	93	417
DECREASE IN NET POSITION	(16,270)	(13,137)	(3,241)	(3,133)	(9,896)
Net position - beginning of year	90,237	103,374	108,058	(13,137)	(4,684)
Cumulative effect of change in accounting principle	1,016	—	—	1,016	—
Net position - end of year	\$ 74,983	\$ 90,237	\$ 104,817	\$ (15,254)	\$ (14,580)

Operating Revenues

Total operating revenues were \$106.0 million for the year ending June 30, 2025, an increase of \$1.8 million compared to \$104.1 million for the year ended June 30, 2024. Income from sports programs, primarily from football and basketball ticket sales and NCAA distributions, comprised \$75.6 million, or 71.3% of total operating revenues for the year as compared to \$77.6 million, or 74.5% of total operating revenues for June 30, 2024. Media rights and sponsorships amounted to \$18.3 million for the year ended June 30, 2025, as compared to \$16.1 million for the prior year.

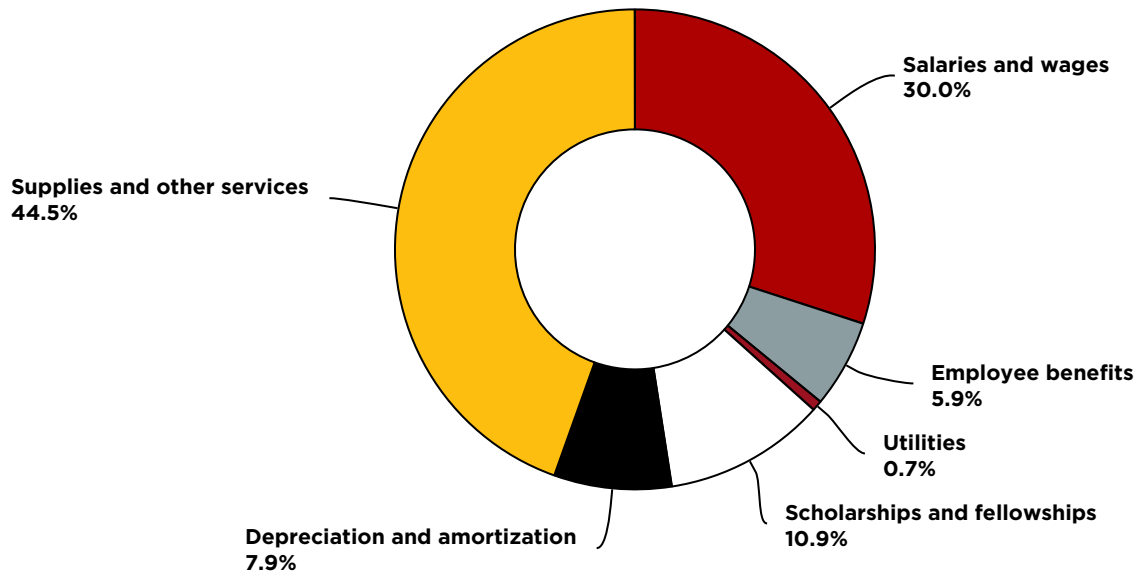
UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2025 and 2024

Operating Expenses

Total operating expenses were \$156.8 million and \$151.7 million for the years ended June 30, 2025 and 2024, respectively. The \$5.1 million increase in operating expenses for fiscal year 2025 was primarily due to a \$15.2 million increase in supplies and other services, partially offset by a \$7.3 million decrease in salaries, wages and benefits.

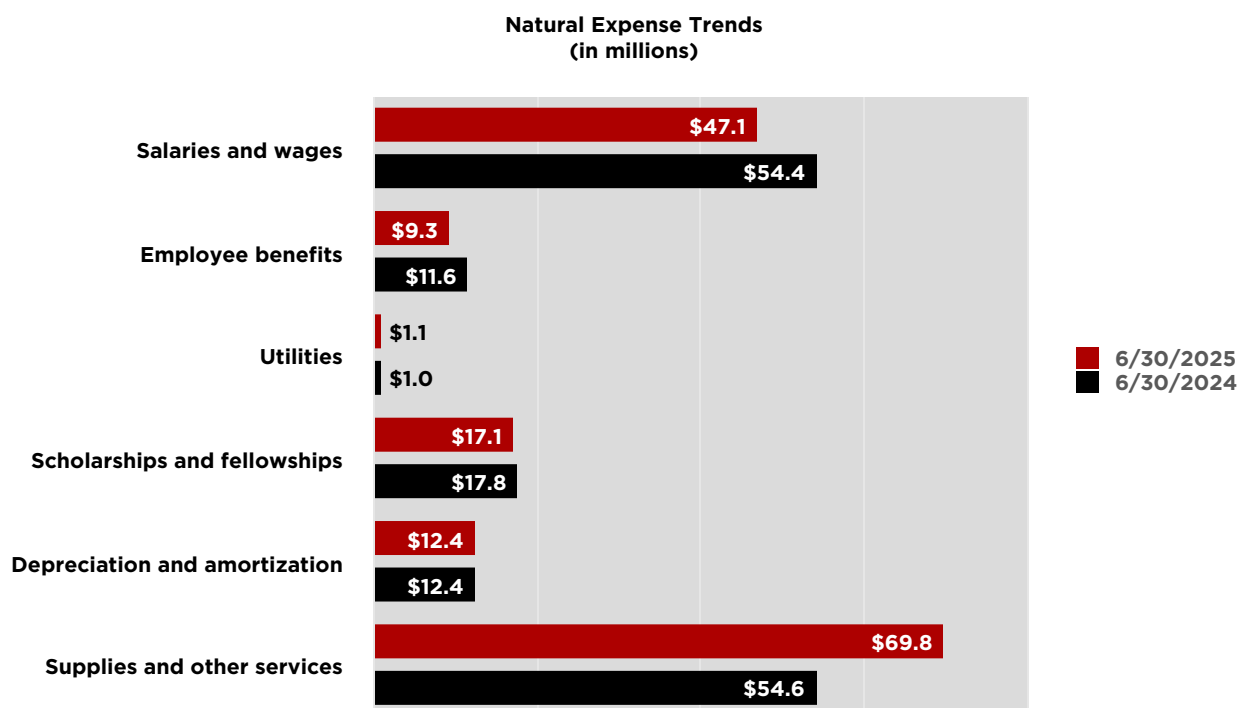
The following chart presents the percentage of operating expenses by natural classification for the year ended June 30, 2025:

Operating Expenses by Natural Classification
Year ended June 30, 2025



UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2025 and 2024

The following chart compares the trends in operating expenses by natural classification for the years ended June 30, 2025 and 2024:



Operating Loss, Nonoperating Revenues, and Net Position

The Association's loss from operations amounted to \$50.8 million and \$47.6 million for the years ended June 30, 2025 and 2024, respectively. During the fiscal year ended June 30, 2025 the operating loss was offset by \$34.6 million in nonoperating revenues and gifts, leaving a decrease in net position of \$16.3 million, compared to the \$13.1 million decrease in net position realized during the fiscal year ended June 30, 2024.

Overall, nonoperating revenues increased \$93 thousand, or 1.2% which is comparable to the prior year.

Fiscal Year 2024

The Association reported operating losses of \$47.6 million and \$37.3 million for the years ended June 30, 2024 and 2023, respectively. For the fiscal year ended June 30, 2024, the operating loss was partially offset by \$34.5 million in nonoperating revenues and capital gifts, resulting in a net decrease in net position of \$13.1 million compared to a net decrease of 3.2 million for the fiscal year ended June 30, 2023.

Total operating revenues were \$104.1 million for the year ending June 30, 2024 and \$97.5 million for the year ended June 30, 2023, reflecting a year-over-year increase of \$6.6 million, or 6.8%.

Total operating expenses increased by \$16.9 million, or 12.6%, for the year ended June 30, 2024 as compared to the year ended June 30, 2023. The increased expenditures are directly related to a increase of \$13.7 million in salaries, wages and employee benefits, an increase in scholarships of \$1.6 million, and an increase in game management and facilities operations of \$1.9 million, offset by a decrease of \$1.0 million for equipment and uniforms.

Overall, nonoperating revenues increased \$417 thousand, or 1.2%, compared to fiscal year 2023. This net increase was primarily driven by a \$5.9 million increase in contributions from related entities, offset by decreases in gift revenues of \$12.2 million and other nonoperating expenses of \$6.8 million.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2025 and 2024

Statements of Cash Flows

The statements of cash flows provide additional information about the Association's financial results by reporting the major sources and uses of cash during the year. Cash inflows and outflows are categorized as operating, noncapital and related financing, capital and related financing and investing activities.

Condensed statements of cash flows for the years ended June 30, 2025, 2024, and 2023 are summarized below (in thousands):

	2025	2024	2023	2025-2024 Change	2024-2023 Change
CASH (USED)/PROVIDED BY:					
Operating activities	\$ (43,919)	\$ (23,587)	\$ (30,028)	\$ (20,332)	\$ 6,441
Noncapital and related financing activities	35,131	22,368	30,076	12,763	(7,708)
Capital and related financing activities	6,059	(4,370)	(14,062)	10,429	9,692
Investing activities	257	269	786	(12)	(517)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,472)	(5,320)	(13,228)	2,848	7,908
Cash and cash equivalents, beginning of year	5,775	11,095	24,323	(5,320)	(13,228)
Cash and cash equivalents, end of year	\$ 3,303	\$ 5,775	\$ 11,095	\$ (2,472)	\$ (5,320)

Operating Activities

The Association's cash and cash equivalents decreased by \$2.5 million during the year. The Association experienced a net outflow of \$43.9 million for operating activities. Cash used for operating activities was primarily for payments of salaries and benefits of employees totaling \$48.4 million, payments to suppliers of \$64.8 million, and payments for scholarships and fellowships of \$17.1 million.

Other Activities

Cash provided by noncapital and related financing activities of \$35.1 million offset the cash used for operating activities. These cash flows consist primarily of \$37.3 million in gifts received to support the sports programs offset by noncapital financing activities of \$214 thousand and \$2.0 million of payments to affiliated entities. Cash used for capital and related financing activities of \$6.1 million relates primarily to purchases of capital assets and payments of debt.

Fiscal Year 2024

The Association's cash and cash equivalents decreased by \$5.3 million during the year ended June 30, 2024 as compared to a decrease of \$13.2 million for the year ended June 30, 2023. Operating activities consumed \$23.5 million in cash during the period ending June 30, 2024 as compared to \$30.0 million for the year ending June 30, 2024. The decrease was offset by increased noncapital and capital and related financing activities.

Economic Factors that May Affect Future Periods

The Association's Board of Directors has approved a balanced operating budget for the 2026 fiscal year of \$154.8 million in revenues and \$167.4 million in expenses. As expected, the 2026 budget looks different from prior years due to the House v/ NCAA settlement, of which allows NCAA Division 1 schools to compensate college athletes for their name, image, and likeness (NIL) through multi-media revenue sharing, which has added an additional \$20.5 million in expenses.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2025 and 2024

The goals of the Association continue to include: 1) zero level 1 or 2 NCAA violations, 2) win ACC and NCAA Championships, 3) end each year with a surplus, 4) trust and collaboration become the norm, and 5) improve diversity, equity and inclusion. The Association is also establishing programs and protocols to help its student athletes successfully navigate name, image, likeness (NIL) to comply with NCAA, State, and Federal Laws. Despite the challenges surrounding the many changes across the industry, the Association continues to make progress in these areas.

The success of the athletics programs managed by the Association is also linked to the success of the University. The University is in the process of developing a 2026-2028 strategic plan, to address how the University plans to ensure student success, creating and supporting a thriving workforce and how the University connects with the community. The University designs its planning and budgeting to support the strategic plan but retains flexibility to meet possible future plan changes; from increasing available student aid to providing an array of compensation improvements to faculty and staff, and investing millions of dollars to improve the University's physical and operational infrastructure.

Requests for Information

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's Office; University of Louisville; Louisville, KY 40292.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Statements of Net Position
As of June 30, 2025 and 2024
(in thousands)

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,256	\$ 5,682
Accounts and contributions receivable, net	28,299	21,416
Inventories	5,712	5,675
Investments held with University of Louisville Foundation, Inc.	4,074	3,908
Other assets	2,659	1,084
Total current assets	44,000	37,765
Noncurrent Assets		
Restricted cash and cash equivalents	47	93
Accounts and contributions receivable, net	42,792	51,282
Other long-term investments	—	182
Right-of-use assets, net	37,822	39,616
Capital assets, net	191,825	201,112
Total noncurrent assets	272,486	292,285
Total assets	316,486	330,050
DEFERRED OUTFLOWS OF RESOURCES	1,507	1,224
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 317,993	\$ 331,274

See notes to financial statements

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Statements of Net Position
As of June 30, 2025 and 2024
(in thousands)

	2025	2024
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 12,795	\$ 10,736
Line of credit	8,800	—
Unearned compensation and wages payable	2,517	2,788
Unearned revenue	35,018	30,558
Due to the University of Louisville	4,924	4,767
Lease liabilities	1,770	1,640
Subscription-based information technology arrangements	230	276
Notes and contracts payable	2,650	2,841
Total current liabilities	68,704	53,606
Noncurrent liabilities		
Due to University of Louisville	66,525	71,449
Note payable to University of Louisville Foundation, Inc.	1,000	1,000
Unearned compensation and wages payable	1,191	3,042
Unearned revenue	36,607	39,125
Other post-retirement benefits	5,500	4,768
Lease liabilities	37,417	38,549
Subscription-based information technology arrangements	263	494
Notes and contracts payable	23,778	26,486
Total noncurrent liabilities	172,281	184,913
Total liabilities	240,985	238,519
DEFERRED INFLOWS OF RESOURCES	2,025	2,518
NET POSITION		
Net investment in capital assets	118,446	122,277
Restricted - nonexpendable	2,195	2,109
Restricted - expendable	4,780	4,470
Unrestricted	(50,438)	(38,619)
Total net position	74,983	90,237
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 317,993	\$ 331,274

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 Position
For Years Ended June 30, 2025 and 2024
(in thousands)

	2025	2024
OPERATING REVENUES		
Ticket sales	\$ 5,039	\$ 7,284
Media rights and sponsorships	18,279	16,084
NCAA distributions	47,269	46,005
Concessions and parking	3,596	4,340
Season tickets	23,271	24,333
Other operating revenues	8,499	6,065
Total operating revenue	105,953	104,111
OPERATING EXPENSES		
Salaries and wages	47,065	54,380
Employee benefits	9,312	11,598
Scholarships	17,096	17,754
Travel and recruiting	13,768	13,267
Equipment and uniforms	8,952	8,610
Game management and facilities operations	18,089	17,210
Depreciation and amortization	12,416	12,424
Other operating expense	30,097	16,484
Total operating expense	156,795	151,727
Operating loss	(50,842)	(47,616)
NONOPERATING REVENUES (EXPENSES)		
Gifts	29,972	28,602
Investment returns	254	253
Net realized and unrealized gain on investments	157	387
Interest expense	(2,233)	(2,205)
Other nonoperating expense	(214)	(384)
Net nonoperating revenue	27,936	26,653
Capital gifts	3,871	3,749
Contributions (to)/from related entities	2,765	4,077
Total other revenue	6,636	7,826
Decrease in net position	(16,270)	(13,137)
NET POSITION		
Net position - beginning of year	90,237	103,374
Cumulative effect of change in accounting principle	1,016	—
Net position - end of year	\$ 74,983	\$ 90,237

See notes to financial statements

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Statements of Cash Flows
For Years Ended June 30, 2025 and 2024
(in thousands)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Ticket sales	\$ 33,669	\$ 30,361
NCAA/Conference distributions	47,269	36,097
Marketing and development	18,279	28,020
Payments to suppliers, vendors and contractors	(64,756)	(50,725)
Payments for utilities	(1,076)	(979)
Payments to employees	(48,389)	(50,892)
Payments for benefits	(10,066)	(11,092)
Payments for scholarships and fellowships	(17,096)	(17,854)
Other athletic program (payments)/receipts	(1,753)	13,477
Net cash used in operating activities	(43,919)	(23,587)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Gifts	37,347	23,613
Contributions to/from related entities	(2,002)	(860)
Other noncapital financing activity	(214)	(385)
Net cash provided by noncapital financing activities	35,131	22,368
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital gifts received	3,871	3,749
Purchases of capital assets	(1,336)	(2,851)
Proceeds from line of credit	8,800	—
Principal paid on notes payable and contracts	(2,899)	(3,022)
Interest paid on notes payable and contracts	(2,174)	(2,115)
Other capital financing activities	(203)	(131)
Net cash provided by (used in) capital and related financing activities	6,059	(4,370)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	257	269
Net cash provided by investing activities	257	269
Net decrease in cash and cash equivalents	(2,472)	(5,320)
Cash and cash equivalents - beginning of year	5,775	11,095
Cash and cash equivalents - end of year	\$ 3,303	\$ 5,775

See notes to financial statements

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Statements of Cash Flows
For Years Ended June 30, 2025 and 2024
(in thousands)

	2025	2024
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (50,842)	\$ (47,616)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	12,416	12,424
Loss on disposal of equipment	72	47
Change in assets and liabilities:		
Accounts and contributions receivable, net	(10,250)	3,932
Inventories	5,845	6,786
Other assets	(1,575)	461
Other long-term assets	170	188
Accounts payable and accrued liabilities	2,037	(847)
Unearned revenue	1,764	(88)
Unearned compensation and wages payable	(2,122)	3,299
Other long-term liabilities	(547)	(1,896)
Deferred outflows	(393)	161
Deferred inflows	(494)	(438)
Net cash used in operating activities	\$ (43,919)	\$ (23,587)

See notes to financial statements

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For the Years Ended June 30, 2025 and June 30, 2024

1. Basis of Presentation and Summary of Significant Accounting Policies

The University of Louisville Athletic Association, Inc. (Association) (a Kentucky nonprofit 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 accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Government Accounting Standards Board (GASB). The financial statements of the Association have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from nonexchange transactions are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements unless they relate to services provided and used externally. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific, investment income and interest on capital asset-related debt are included in nonoperating revenues and expenses. The Association first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

The financial statements of the Association can be found at the following:

<http://louisville.edu/finance/controller/univacct/finst-1>

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. Accounts and Contributions Receivable

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.

Accounts receivable consist of charges and reimbursements for services provided to students, faculty, staff and external entities. Accounts receivable are recorded net of uncollectible amounts.

d. Inventories

Inventories are valued at the lower of cost or market, under the first-in, first-out method. Inventories consist of equipment, clothing and supplies utilized in sporting activities.

e. Investments

Investments are stated at current fair 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 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.

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 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

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For the Years Ended June 30, 2025 and June 30, 2024

securities will occur in the near term and that such changes could materially affect the amounts reported in the Foundation's consolidated statements of financial position and the Association's statements of net position.

The Association's permanent endowment funds, held by the Foundation and invested in the Foundation's general endowment pool, are administered under the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the Commonwealth of Kentucky (Commonwealth). The Foundation's board of directors has interpreted UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. 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 has a standing policy (the spending policy) of appropriating for expenditure each year a percentage of certain endowment funds' average market values over the prior three years through the calendar year-end preceding the year in which expenditure is planned. The Foundation will adjust the spending policy for a given year to mitigate adverse market performance on the level of support provided to the University.

The Association purchased insurance annuity policies to fund deferred compensation arrangements as stipulated by the arrangements. These are classified as other long-term investments in the statement of net position.

f. Capital Assets

Capital assets are stated principally at cost, if purchased, or at estimated acquisition 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; land improvements – 40 years; equipment – 3-15 years; and leasehold improvements – 20 years.

The Association does not capitalize interest cost of borrowings related to capital construction.

g. Right-of-Use Assets and Liabilities

Right-of-use assets represent the Association's right to occupy and/or utilize an asset over the correlating lease term. The Association's financial statements include right-of-use assets based on GASB statement No. 87, *Leases* and No. 96 *Subscription-based Information Technology Arrangements* ("SBITAs"). Right-of-use assets are valued at the present value of the lease payments less accumulated amortization. Amortization expense is computed using the straight-line method over the lease term.

A lease liability represents the obligation to make lease payments arising from the use of the lease asset over the term of the lease. Lease liabilities are measured at the lease commencement date and are calculated as the present value of the future lease payments using the rate implicit in the contract, when available. If an implicit rate is not readily determinable, the Association uses an incremental borrowing rate.

h. Impairment

The Association evaluates capital, lease and subscription-based information technology arrangements for impairment when events or circumstances indicate a significant decline in the use of an asset has occurred. When an impairment is incurred, the accumulated depreciation or amortization will be adjusted and the impairment loss will be booked. As of June 30, 2025 and 2024, no impairments were recognized.

i. Deferred Outflows and Inflows of Resources

The Association reports deferred outflows of resources, deferred inflows of resources and net position in its statements of net position and related disclosures.

Deferred outflows of resources were \$1.5 million and \$1.2 million for the years ended June 30, 2025 and 2024, respectively. Balances as of June 30, 2025 consist of loss on bond refinancing of \$171 thousand and future payments of other post-employment benefits of \$1.3 million. Balances as of June 30, 2024 consist of loss on bond refinancing of \$280 thousand and other post-employment benefits of \$0.9 million. Deferred outflows of resources related to the loss on bond refinancing will be amortized as a component of interest expense using the effective interest method over the remaining life of the refinanced debt. Deferred outflows of resources related to other post-employment benefits consist of payments to be made in future periods.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For the Years Ended June 30, 2025 and June 30, 2024

Deferred inflows of resources were \$2.0 million and \$2.5 million for the years ended June 30, 2025 and 2024, respectively. Balances as of June 30, 2025 consist of service concession arrangements of \$1.1 million, and changes in actuarial assumptions and differences between expected and actual experience in the other post-employment benefits liability of \$1.0 million. Deferred inflows of resources of \$2.5 million as of June 30, 2024 consist of service concession arrangements of \$1.2 million and changes in actuarial assumptions and differences between expected and active experience in the other post-employment benefits liability of \$1.3 million. Changes in the other post-employment benefits deferred inflows will be recognized in future periods. Deferred inflows from service concession arrangements will be recognized into revenue over the life of the contract.

j. Unearned Compensation and Wages Payable

Unearned compensation and wages payable are recognized as earned over the term of the related employment agreements.

k. Compensated Absences

Association policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation or sick benefits when earned, whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as retirement contributions, Social Security and Medicare taxes computed using rates in effect at that date. See Note 1.r. for implementation of GASB No. 101, *Compensated Absences*.

l. Unearned Revenue

Unearned revenue consists primarily of amounts received from sponsorship contracts and individual season ticket holders for subsequent year intercollegiate athletic activities, suite rentals, and parking revenue. Unearned revenue is recognized in the period in which the athletic event occurs.

m. Net Position

The net position of the Association is summarized into four major categories as follows:

- a. Net investment in capital assets primarily represents capital assets and right-to-use assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.
- b. Restricted nonexpendable net position consists of endowment gifts with specific restrictions. These endowments were made by donors to support scholarship expenses.
- c. Restricted expendable net position consists of noncapital assets that must be used for a particular purpose as specified by creditors, granters or donors external to the Association. The Association's most significant components in this category are amounts restricted for capital projects, debt service and quasi-endowment gifts with donor stipulations.
- d. Unrestricted net position represents those balances from operational activities that have not been restricted by parties external to the Association, such as donors. Although unrestricted net position is not subject to externally imposed stipulations, substantially all of the Association's unrestricted net position has been designated for various sport, academic programs, or capital projects.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For the Years Ended June 30, 2025 and June 30, 2024

The following table includes detail of the net position balances as of June 30, 2025 and 2024 (in thousands):

	2025	2024
Net investment in capital assets	\$ 118,446	\$ 122,277
Restricted - Nonexpendable		
Scholarships and fellowships	2,195	2,109
Restricted - Expendable		
Scholarships and fellowships	1,879	1,799
Institutional support	2,901	2,671
Unrestricted	(50,438)	(38,619)
Total net position	\$ 74,983	\$ 90,237

n. Revenue and Expense Classifications

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

Operating revenues include activities that have the characteristics of exchange transactions, meaning revenues are received in exchange for goods and services, such as (1) tickets for athletic events, (2) concession sales, (3) parking and facility rentals, and (4) media contracts. With the exception of interest expense, loss on investments and contributions to related entities, all expense transactions are classified as operating expenses.

Certain significant revenues relied on for fundamental operational support of the Association are mandated by GASB requirements to be recorded as nonoperating revenues. Nonoperating revenues, meaning revenues were received and the Association provided no goods or services, include gifts and investment income.

o. 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 and state income tax on any unrelated business taxable income.

p. 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, liabilities, and deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenues, expenses, and other changes in net position during the reporting period. Actual results could differ from those estimates. The accompanying financial statements include estimates for items such as bad debt, discounts on contributions receivable, accrued expenses, estimated useful lives of assets, and other post employment benefits.

q. Reclassifications

Certain 2024 amounts have been reclassified to conform to the 2025 presentation. The reclassifications more accurately represent revenue and expense activities in the categories presented on the statement of revenues, expenses and changes in net position. These reclassifications had no effect on the change in net position.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For the Years Ended June 30, 2025 and June 30, 2024

r. Recent Accounting Pronouncements

Implemented for Fiscal Year Ended June 30, 2025

GASB Statement No. 101, *Compensated Absences*: This Statement provides updated guidance for the recognition and measurement for compensated absences to ensure consistent financial reporting. A liability for compensated absences is recognized when:

- Leave is unused, attributable to services already rendered, accumulates, and is more likely than not to be used for time off, paid in cash, or settled through noncash means.
- Leave has been used but remains unpaid in cash or unsettled through noncash means.

Exemptions include certain types of compensated absences such as parental leave, military leave and jury duty leave, which are recognized as liabilities only when the leave commences.

The adoption of this Standard resulted in an immaterial cumulative increase of \$1.0 million in net position as of June 30, 2024.

GASB Statement No. 102, *Certain Risk Disclosures*: This Statement requires the Association to evaluate whether a concentration or constraint makes the primary reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. The Association will be required to assess whether an event or events associated with a concentration or constraint which could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within twelve months of the date the financial statements are issued. For the year ending June 30, 2025, no concentrations or constraints were identified that would require disclosure in the financial statements.

Implemented for Fiscal Year Ended June 30, 2024

Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB No. 62*: This Statement prescribes the accounting and financial reporting for each type of accounting change and error correction. The definition of accounting changes and error corrections is clarified and guidance for those reported retroactively by restating prior year's financial statements or if they are reported prospectively is provided. Adoption of this Standard did not have a financial impact on the financial statements.

GASB Statements to be implemented in fiscal year 2026:

GASB Statement No. 103, *Financial Reporting Model Improvements*: This Statement was issued to improve key components of the financial reporting model to enhance its effectiveness in providing information and assessing accountability. This Statement addresses requirements relating to Management's Discussion and Analysis, unusual or infrequent items, major component unit information, budgetary comparison information and the presentation of proprietary fund statement of revenues, expenses, and changes in fund net position.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*: This Statement mandates separate disclosure of certain types of capital assets note disclosures required by GASB Statement No. 34. It also establishes requirements for capital assets held for sale, including additional disclosures for such assets.

Management is evaluating the impact of these Statements on the financial statements.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For the Years Ended June 30, 2025 and June 30, 2024

2. Cash, Cash Equivalents, and Investments

a. Summary of Carrying Values

The carrying value of deposits and investments are included in the statements of net position as shown below (in thousands):

	2025	2024
Deposits	\$ 3,303	\$ 5,775
Investments	4,074	4,090
Total	\$ 7,377	\$ 9,865
Included in the following statements of net position captions:		
Cash and cash equivalents	\$ 3,256	\$ 5,682
Restricted cash and cash equivalents	47	93
Investments held with University of Louisville Foundation, Inc.	4,074	3,908
Annuities	—	182
Total	\$ 7,377	\$ 9,865

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. 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 as its depositories. Deposits with commercial banks are covered up to the limits of 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.

Other long-term investments are insurance annuity policies at June 30, 2025 and 2024. The Association's investment policy does not address the monitoring of the issuing party.

c. Interest Rate Risk

Interest rate risk is the risk the Association 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.

As of June 30, 2025 and 2024, the Association had no investments subject to interest rate risk.

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, 2025 and 2024, the \$4.1 million and \$3.9 million, respectively, in investments held by the Foundation are considered pooled investments and not rated as to credit risk.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For the Years Ended June 30, 2025 and June 30, 2024

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, 2025 and 2024 is illustrated below:

	2025	2024
Investment in partnerships	53 %	51 %
Marketable alternatives	9 %	9 %
Mutual funds	22 %	25 %
Fixed income	12 %	11 %
Preferred and common stock	4 %	4 %
Total	100 %	100 %

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 effects on the fair value of an investment from changes in exchange rates. The Association had no investments denominated in foreign currency at June 30, 2025 and 2024.

3. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments within the University of Louisville Foundation, Inc. pooled investment fund consist of money market mutual funds, common and preferred stock, corporate bonds, mutual funds, investments in partnerships, funds of funds, U.S. Government securities and U.S. agency obligations. The Foundation has adopted a policy of maintaining a diverse investment pool through the use of targeted asset allocation guidelines. The fair value of the investments in the fund have been determined using the share value (or its equivalent) of the investments.

The following table presents the fair value measurements of assets recognized in the accompanying financial statements as of June 30, 2025 and 2024 (in thousands):

		2025			
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	
Investments					
University of Louisville Foundation, Inc. investment fund	\$ 4,074	\$ —	\$ —	\$ 4,074	
Total investments measured at fair value	\$ 4,074	\$ —	\$ —	\$ 4,074	

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For the Years Ended June 30, 2025 and June 30, 2024

2024						
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3		
Investments						
University of Louisville Foundation, Inc. investment fund	\$ 3,908	\$ —	\$ —	\$ 3,908		
Total investments measured at fair value	\$ 3,908	\$ —	\$ —	\$ 3,908		

4. 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, 2025 and 2024, the Association made no reimbursement per agreement with the University.

b. University of Louisville Foundation, Inc.

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 through investment management. 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, 2025 and 2024, the Foundation held funds of the Association of approximately \$4.1 million and \$3.9 million, respectively, for investment purposes.

c. Debt with Related Entities

In April 2016, the Association received a \$15.0 million unsecured loan bearing interest at 2.5% from the University. The Association is obligated to repay the loan in equal semi-annual payments over 20 years. During the years ended June 30, 2025 and 2024, the Association repaid \$0.7 million in each respective year. The outstanding loan balance is \$8.8 million and \$9.5 million as of June 30, 2025 and 2024, respectively.

In December 2016, the University issued \$27.6 million of University of Louisville, General Receipts Bonds, 2016 Series F, which the proceeds along with debt service reserve funds and existing University funds were used to complete the current refunding of the Association's Louisville/Jefferson County Metro Government Mortgage Revenue Refunding and Improvement Bonds, 2008 Series A and B (mortgage revenue bonds). Additionally, the University issued \$50.7 million of University of Louisville, General Receipts Bonds, 2016 Series D and E to finance the expansion of Papa John's Cardinal Stadium and athletic training center. The proceeds of the Series D, E and F bonds were loaned to the Association. The Association entered into an agreement with the University for the Association to repay the bonds based on the bond repayment schedules. This liability is stated in current and noncurrent due to University of Louisville and deferred outflow of resources for related loss on refinancing. The outstanding loan balance and related cost due to the University is \$54.1 million and \$58.1 million as of June 30, 2025 and 2024, respectively.

Change in interest bearing debt from related entities as of June 30, 2025 and 2024 are summarized as shown below (in thousands):

2025						
	Beginning Balance	Additions	Payments/ Retirements	Ending Balance	Current Portion	Noncurrent Portion
Interest bearing debt due to University	\$ 67,652	\$ —	\$ (4,767)	\$ 62,885	\$ 4,923	\$ 57,962

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For the Years Ended June 30, 2025 and June 30, 2024

	2024					
	Beginning Balance	Additions	Payments/Retirements	Ending Balance	Current Portion	Noncurrent Portion
Interest bearing debt due to University	\$ 72,590	\$ —	\$ (4,938)	\$ 67,652	\$ 4,767	\$ 62,885

Principal maturities and interest on interest bearing debt from related entities are as follows (in thousands):

For the year ending June 30,	Principal	Interest	Total
2026	\$ 4,923	\$ 2,639	\$ 7,562
2027	4,636	2,437	7,073
2028	4,850	2,223	7,073
2029	5,050	2,024	7,074
2030	5,210	1,866	7,076
2031-2035	29,880	5,487	35,367
2036-2037	8,336	269	8,605
Total	\$ 62,885	\$ 16,945	\$ 79,830

As of June 30, 2025 and 2024, the Association has noninterest bearing debt with no specific repayment terms of approximately \$8.6 million with the University. The debt relates to expenditures incurred in fiscal years 1999 and 2000 during the construction of Cardinal 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 redemption of a life insurance policy pledged by a donor. The outstanding balance was approximately \$1.0 million as of June 30, 2025 and 2024.

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 equality. The University transferred \$1.9 million and \$940 thousand for the years ended June 30, 2025 and 2024 for this purpose, respectively. Additionally, the University collects certain fees from students designated for use by the Association. The University transferred \$904 thousand and \$800 thousand of student fees collected for the years ended June 30, 2025 and 2024, respectively.

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 \$3.6 million and \$1.4 million related to capital projects and debt service payments during each of the fiscal years ended June 30, 2025 and 2024, respectively.

Additionally, other transfers of support for projects or endeavors occur between the Association and the University. The University transferred \$3.5 million and \$2.8 million to the Association for the years ended June 30, 2025 and 2024, respectively.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For the Years Ended June 30, 2025 and June 30, 2024

5. Accounts and Contributions Receivable, Net

Accounts and contributions receivable as of June 30, 2025 and 2024 are as follows (in thousands):

	2025		
	Gross	Allowance	Net
Contributions receivable	\$ 52,154	\$ (6,696)	\$ 45,458
Trade receivables	23,689	—	23,689
Other receivables	2,400	—	2,400
Total	\$ 78,243	\$ (6,696)	\$ 71,547
Less discount			456
Total accounts and contributions receivable			\$ 71,091
Current portion			\$ 28,299
Noncurrent portion			\$ 42,792

	2024		
	Gross	Allowance	Net
Contributions receivable	\$ 61,992	\$ (7,025)	\$ 54,967
Trade receivables	16,838	—	16,838
Other receivables	1,550	—	1,550
Total	\$ 80,380	\$ (7,025)	\$ 73,355
Less discount			657
Total accounts and contributions receivable			\$ 72,698
Current portion			\$ 21,416
Noncurrent portion			\$ 51,282

Contributions receivable consists primarily of charitable gifts from individual and corporate donors who are connected 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 0.0% to 5.38%.

Contributions receivable as of June 30, 2025 and 2024 are due to be received as follows (in thousands):

	2025	2024
Less than one year	\$ 9,711	10,074
One to three years	7,099	10,697
Greater than three years	35,344	41,221
Subtotal	52,154	61,992
Less discount	(456)	(657)
Less allowance	(6,696)	(7,025)
Net contributions receivable	\$ 45,002	\$ 54,310

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For the Years Ended June 30, 2025 and June 30, 2024

6. Capital and Intangible Assets, Net

Capital assets and intangible assets as of June 30, 2025 and 2024 are shown below and on the following page (in thousands):

	2025				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Cost - Nondepreciable					
Land	\$ 5,151	\$ —	\$ —	\$ —	\$ 5,151
Construction in progress	—	279	—	(279)	—
Subtotal	5,151	279	—	(279)	5,151
Cost - Depreciable					
Buildings	287,629	179	—	—	287,808
Land improvements	6,506	—	—	279	6,785
Equipment	15,100	177	(57)	—	15,220
Leasehold improvements	799	—	—	—	799
Right-of-use assets - subscription-based information technology arrangements	1,301	—	—	—	1,301
Right-of-use assets - leases	47,810	700	(376)	—	48,134
Subtotal	359,145	1,056	(433)	279	360,047
Total capital and intangible assets, cost	364,296	1,335	(433)	—	365,198
Accumulated depreciation and amortization					
Buildings	101,173	7,334	—	—	108,507
Land improvements	1,761	201	—	—	1,962
Equipment	10,425	2,419	(127)	—	12,717
Leasehold improvements	714	38	—	—	752
Right-of-use assets - subscription-based information technology arrangements	691	249	—	—	940
Right-of-use assets - leases	8,804	2,175	(306)	—	10,673
Total accumulated depreciation and amortization	123,568	12,416	(433)	—	135,551
Capital and intangible assets, net	\$ 240,728	\$ (11,081)	\$ —	\$ —	\$ 229,647

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For the Years Ended June 30, 2025 and June 30, 2024

	2024				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Cost - Nondepreciable					
Land	\$ 5,151	\$ —	\$ —	\$ —	\$ 5,151
Construction in progress	—	2,119	—	(2,119)	—
Subtotal	5,151	2,119	—	(2,119)	5,151
Cost - Depreciable					
Buildings	286,646	200	—	783	287,629
Land improvements	5,783	—	—	723	6,506
Equipment	14,155	532	(200)	613	15,100
Leasehold improvements	799	—	—	—	799
Right-of-use assets - subscription-based information technology arrangements	1,247	54	—	—	1,301
Right-of-use assets - leases	47,810	—	—	—	47,810
Subtotal	356,440	786	(200)	2,119	359,145
Total capital and intangible assets, cost	361,591	2,905	(200)	—	364,296
Accumulated depreciation and amortization					
Buildings	93,850	7,323	—	—	101,173
Land improvements	1,559	202	—	—	1,761
Equipment	8,182	2,396	(153)	—	10,425
Leasehold improvements	676	38	—	—	714
Right-of-use assets - subscription-based information technology arrangements	443	248	—	—	691
Right-of-use assets - leases	6,587	2,217	—	—	8,804
Total accumulated depreciation and amortization	111,297	12,424	(153)	—	123,568
Capital and intangible assets, net	\$ 250,294	\$ (9,519)	\$ (47)	\$ —	\$ 240,728

7. Lines of Credit

On June 30, 2025, the Association entered into a \$25.0 million line of credit agreement with a financial institution that matures on June 30, 2030. The line of credit note is secured by collateral, including investments held by the University. Advances under this agreement bear interest at the Daily Simple SOFR (Secured Overnight Financing Rate) rate plus one hundred basis points (1.00%). Accrued interest is payable monthly, commencing on August 1, 2025. As of June 30, 2025, the outstanding balance on the line of credit was \$8.8 million.

In April 2021, the Association entered into a \$20.0 million line of credit with a financial institution to fund the Association's working capital expenses. The line of credit is secured by collateral, including funding and revenues of the Association and third-party pledges to the Association. The balance drawn on the line converted to a 20-year note May 31, 2023 with principal and interest payments through April 30, 2043. The interest rate on the new note at conversion is fixed at 2.93%. The balance of the term note is \$8.3 million as of June 30, 2025.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For the Years Ended June 30, 2025 and June 30, 2024

8. Debt

Debt payable as of June 30, 2025 and 2024 are summarized as shown below (in thousands):

	Interest Rate	Fiscal Year of Maturity	2025		2024	
Notes from direct placement	2.93%	2043	\$	19,981	\$	21,374
Contracts payable	2.39%-3.69%	2027-2029		6,447		7,953
Total long-term debt			\$	26,428	\$	29,327

The change in notes from direct placement is summarized as follows (in thousands):

2025						
	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion	Noncurrent Portion
Notes from direct placement	\$ 21,374	\$ —	\$ (1,393)	\$ 19,981	\$ 1,102	\$ 18,879
Contracts payable	7,953	—	(1,506)	6,447	1,548	4,899
Total long-term debt	\$ 29,327	\$ —	\$ (2,899)	\$ 26,428	\$ 2,650	\$ 23,778

2024						
	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion	Noncurrent Portion
Notes from direct placement	\$ 22,929	\$ —	\$ (1,555)	\$ 21,374	\$ 1,334	\$ 20,040
Contracts payable	9,420	—	(1,467)	7,953	1,507	6,446
Total long-term debt	\$ 32,349	\$ —	\$ (3,022)	\$ 29,327	\$ 2,841	\$ 26,486

Principal and interest payments on notes from direct placement due in the next five years and thereafter are as follows (in thousands):

For the year ended June 30,	Notes from direct placement		Contracts		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 1,102	\$ 607	\$ 1,548	\$ 163	\$ 2,650	\$ 770
2027	1,107	571	1,589	121	2,696	692
2028	1,119	534	1,633	78	2,752	612
2029	1,158	495	1,677	34	2,835	529
2030	1,197	455	—	—	1,197	455
2030-2034	5,029	1,762	—	—	5,029	1,762
2035-2039	5,665	975	—	—	5,665	975
2040-2043	3,604	158	—	—	3,604	158
Total	\$ 19,981	\$ 5,557	\$ 6,447	\$ 396	\$ 26,428	\$ 5,953

Association revenue is pledged for the payment of the term loan. For the current year, principal and interest paid by the Association and the total pledged revenues recognized were \$3.1 million and \$140.2 million, respectively.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For the Years Ended June 30, 2025 and June 30, 2024

Direct Placement Notes

In April 2021, the Association entered into an \$11.0 million Term Note with a financial institution to refinance a prior note for the renovation of the baseball and softball stadiums and construction of a soccer stadium (the Project). The interest rate on the note is 2.93%. The balance of the term loan was \$10.1 million and \$10.5 million as of June 30, 2025 and June 30, 2024, respectively. The note is secured by collateral, including funds and revenues of the Association and third-party pledges to the Association.

The Association entered into a financing arrangement with vendors to finance certain fixtures and equipment. The notes are payable over 10 years. The balance of the notes was \$1.6 million and \$2.2 million as of June 30, 2025 and 2024, respectively.

The Association is subject to covenant clauses, whereby the Association is required to maintain net position of \$90.0 million. The Association did not fulfil the net position requirement in the loan agreement. A waiver for the covenant violation was requested from the lender and was granted as of June 30, 2025.

9. Leases

The Association leases land, operating and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2067 and provide for renewal options ranging from one year to fifty years. The Association records right-to-use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, or are otherwise discounted using the Association's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. Those variable payments are recognized as outflows of resources in the periods in which the obligation for those payments is incurred. During the years ended June 30, 2025 and June 30, 2024, the Association made variable payments as required by lease agreements totaling \$1.6 million and \$2.1 million, respectively. Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. The Association does not have any leases subject to a residual value guarantee.

a. Right-Of-Use Assets

Right-of-use assets acquired through outstanding leases are shown below, by underlying asset class.

	Net asset balance as of June 30, 2025		Net asset balance as of June 30, 2024	
Building	\$	37,012	\$	38,496
Land		451		510
Total	\$	37,463	\$	39,006

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For the Years Ended June 30, 2025 and June 30, 2024

b. Future Minimum Lease Payments

Future minimum lease payments are as follows (in thousands), subject to change with the new leases (in thousands):

For the year ending June 30,	Principal	Interest
2026	\$ 1,770	\$ 1,154
2027	1,766	1,097
2028	1,804	1,043
2029	1,818	982
2030	1,801	923
2031-2035	9,001	3,799
2036-2040	9,879	2,345
2041-2045	11,103	736
2046-2050	40	34
2051-2055	46	27
2056-2060	54	20
2061-2065	63	11
2066-2070	42	1
Future minimum lease payments	\$ 39,187	\$ 12,172

See Note 6, Capital Assets, for balances of right-to-use assets and associated accumulated amortization. See Note 11, Other Liabilities, for balances of lease liabilities. Certain of the Association's leases for operating and office facilities are with an affiliated party. The leases provide for minimum annual lease payments totaling \$720 thousand expiring at various times through 2068, plus variable payments based on usage.

10. Subscription-Based Information Technology Arrangements (SBITA)

The Association contracts subscription-based information technology for operating activities for various terms under long-term, non-cancelable agreements. The agreements expire at various dates through 2027 and provide for renewal options ranging from one year to five years. The Association records right-of-use assets and current or noncurrent liabilities based on the present value of expected payments over the term of the respective agreements. The expected payments are discounted using the Association's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. Those variable payments are recognized as outflows of resources in the periods in which the obligation for those payments is incurred. There were no variable payments expensed during the current year.

Right-to-use assets acquired through subscription-based information technology agreements as of June 30, 2025 and 2024 were \$1.3 million with accumulated amortization of the assets of \$940 thousand and \$691 thousand, resulting in a net value of \$361 thousand and \$610 thousand, respectively.

The Association's total future minimum payments to be made under the agreements are as follows (in thousands), subject to change with new agreements:

For the year ending June 30,	Principal	Interest
2026	\$ 230	\$ 8
2027	263	—
Future agreement payments	\$ 493	\$ 8

See Note 6, Capital Assets, for balances of right-to-use assets and associated accumulated amortization. See Note 11, Other Liabilities, for balances of lease liabilities.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For the Years Ended June 30, 2025 and June 30, 2024

11. Other Liabilities

Other liabilities as of June 30, 2025 and 2024 are summarized as shown below (in thousands):

	2025					
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Unearned compensation and wages payable	\$ 5,830	\$ 1,684	\$ (3,806)	\$ 3,708	\$ 2,517	\$ 1,191
Unearned revenue	69,684	33,645	(31,704)	71,625	35,018	36,607
Lease liabilities	40,189	1,150	(2,152)	39,187	1,770	37,417
Subscription-based information technology arrangements	770	—	(277)	493	230	263
Total	\$ 116,473	\$ 36,479	\$ (37,939)	\$ 115,013	\$ 39,535	\$ 75,478

	2024					
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Unearned compensation and wages payable	\$ 2,531	\$ 9,860	\$ (6,561)	\$ 5,830	\$ 2,788	\$ 3,042
Unearned revenue	70,379	29,205	(29,900)	69,684	30,558	39,125
Lease liabilities	41,877	1,476	(3,164)	40,189	1,640	38,549
Subscription-based information technology arrangements	982	60	(272)	770	276	494
Total	\$ 115,769	\$ 40,601	\$ (39,897)	\$ 116,473	\$ 35,262	\$ 81,210

12. Public-Private and Public-Public Arrangements

The Association has entered into contractual agreements with external parties to provide services to students, employees, and guests of the Association. The contracted services include food service arrangements providing meals and concessions. The third parties (operators) receive the right to utilize and control University or Association assets, such as infrastructure or other capital assets, to provide the services. In exchange for entering into the agreements, the Association has received upfront payments, capital assets, and/or payments throughout the agreement term. The operators receive payments for services from customers or the Association. The Association has recognized \$1.1 million in deferred inflows related to the agreements. Future installment payments were discounted using rates applicable at the time the agreement was commenced.

Under the agreements, the operator obtains the rights described in the table below:

Nature of rights granted	
Dining Operations	Design and operations of dining facilities utilized by student athletes.
Event Concessions	Operation of food and merchandise concessions at athletic events.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For the Years Ended June 30, 2025 and June 30, 2024

13. Natural Classification

Operating expenses by natural classification for the years ended June 30, 2025 and 2024 were (in thousands):

	2025	2024
Salaries and wages	\$ 47,065	\$ 54,380
Employee benefits	9,312	11,598
Utilities	1,076	979
Scholarships and fellowships	17,096	17,754
Depreciation and amortization	12,416	12,424
Supplies and other services	69,830	54,592
Total	\$ 156,795	\$ 151,727

14. Retirement Plan

Full and benefit eligible part-time employees can participate in the university of Louisville 403(b) Retirement Plan (Plan) immediately upon hire. The University contributes 7.5% of an eligible employee's base salary regardless of an employee's participation in the plan. Additionally, the University matches employee contributions up to 2.5% of base pay. Both the University contribution and match are subject to eligibility requirements of twelve-months of consecutive service and attainment age 21. The Plan requires three years of continuous service for employees to vest in the University contributions.

The Association recorded expenses related to the defined contribution plan of approximately \$2.6 million for the years ended June 30, 2025 and 2024, respectively. As of June 30, 2025 and 2024, the Association had no outstanding liability related to the Retirement Plan.

15. Postemployment Healthcare Benefits

a. Plan Description

Association personnel are employees of the University and are eligible for postemployment healthcare benefits as described in The University of Louisville Group Health Plan (Healthcare Plan), administered by the University. The Healthcare Plan is a single-employer plan and the University's Board of Trustees determines the eligibility requirements related to the Healthcare Plan. The Healthcare Plan does not issue stand-alone financial reports and is not included in the report of any entity.

To be eligible for the Healthcare 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 employee's age and years of regular service of not less than 80% full-time equivalent at the University equals or exceeds 75.

The following University, Association and Research Foundation employees were covered by the benefit terms as of July 1, 2025 and 2024:

	2025	2024
Retirees and beneficiaries	2,080	1,916
Active plan members	5,182	4,446
Total	7,262	6,362

b. Funding Policy

The Healthcare Plan is funded on a pay-as-you-go basis. The contribution requirements of the contributing members are determined by the University's management on an annual basis. During the years ended June 30, 2025 and 2024, the University contributed \$4.7 million and \$3.8 million to the Healthcare Plan, approximately 80% of total premiums. Retired Plan members under age 65 receiving benefits contributed approximately \$1.1 million and \$918

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For the Years Ended June 30, 2025 and June 30, 2024

thousand, approximately 20% of total premiums. Healthcare Plan rates remained unchanged for the year ended June 30, 2025.

Retired Healthcare Plan members made monthly contributions according to the rate schedules below.

	2025			
	PPO	EPO	PCA High	PCA Low
Employee	\$511	\$539	\$428	\$358
Employee and Spouse	\$1,228	\$1,295	\$1,028	\$857

	2024			
	PPO	EPO	PCA High	PCA Low
Employee	\$454	\$474	\$383	\$316
Employee and Spouse	\$1,092	\$1,138	\$920	\$757

Medicare-eligible retirees receive a monthly benefit of \$108 per individual covered. For the years ended June 30, 2025 and 2024, the University contributed \$2.5 million and \$2.4 million for Medicare-eligible retirees, respectively.

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

The University's total OPEB liability was measured by an actuarial valuation as of June 30, 2024. The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.25%
Salary Increases	5.00%, average
Investment rate of return	NA
Healthcare trend rates	Initial rate of 7.5% FY2025 and 7.0% FY2024, declining to an ultimate rate of 4.25% after 15 years

The investment rate of return is shown as not applicable (NA) since the University contributes only the amount necessary to pay current benefits. The discount rate was 3.97% and 3.86% as of the Measurement Dates, and 3.86% and 3.69% as of the beginning of the Measurement Periods as of June 30, 2024 and 2023, respectively.

Changes in total reported liability for postemployment healthcare benefits obligations for the year ended June 30, 2025 and 2024 are summarized below (in thousands):

	2025	2024
Balance, beginning year	\$ 79,475	\$ 79,415
Changes for the year:		
Service cost	3,054	2,545
Interest	3,054	2,892
Differences between expected and actual experience	10,380	659
Changes of assumptions	(527)	(1,387)
Benefit payments	(3,769)	(4,649)
Net changes	12,192	60
Balance, end year	\$ 91,667	\$ 79,475

The following reflects the sensitivity of the net OPEB liability if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate (in thousands):

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For the Years Ended June 30, 2025 and June 30, 2024

	2025			2024		
	1% Decrease (2.97)%	Discount Rate (3.97)%	1% Increase (4.97)%	1% Decrease (2.86)%	Discount Rate (3.86)%	1% Increase (4.86)%
Net OPEB liability	\$ 101,799	\$ 91,667	\$ 83,020	\$88,217	\$79,475	\$72,021

The following reflects the sensitivity of the net OPEB liability if it were calculated using a healthcare cost trend rate that is one-percentage-point lower or one-percentage-point higher than current health care trend rate (in thousands):

	2025			2024		
	1% Decrease (6.0)%	Healthcare Cost Trend Rates (7.0)%	1% Increase (8.0)%	1% Decrease (6.0)%	Healthcare Cost Trend Rates (7.0)%	1% Increase (8.0)%
Net OPEB liability	\$ 87,311	\$ 91,667	\$ 96,719	\$75,933	\$79,475	\$83,595

For the year ended June 30, 2025 and 2024, the University recognized OPEB expense of \$4.3 million and \$2.2 million, respectively. At June 30, 2025 and 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,474	\$ 1,273
Changes of assumptions	5,097	14,693
Contributions made in fiscal year ending 6/30/2025 after the measurement date of 6/30/2024	4,709	—
Total	\$ 22,280	\$ 15,966

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,587	\$ 2,065
Changes of assumptions	7,309	19,907
Contributions made in fiscal year ending 6/30/2024 after the measurement date of 6/30/2023	3,842	—
Total	\$ 15,738	\$ 21,972

The amount reported as contributions after the measurement date included in deferred outflows will be recognized as benefit payments during the following fiscal year.

Amounts reported as differences between expected and actual experience and changes in assumptions included under deferred inflows of resources will be recognized in OPEB expense during the following years as presented below (in thousands):

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For the Years Ended June 30, 2025 and June 30, 2024

Year ended June 30:		
2026	\$	(1,412)
2027		(1,311)
2028		937
2029		518
2030		1,275
Thereafter		1,598
Total	\$	1,605

16. Commitments

Litigation

While the Association is a party to various legal actions and other claims in the normal course of business, there are no legal actions against the Association at this time.

17. Subsequent Event

Modification to Loan Agreements

Subsequent to year end, the financial institution providing the loan agreements to the Association opted to modify the notes that were in noncompliance with certain debt covenants. These modifications include establishing a new interest rate based on the five-year US Constant Maturity Treasury Index (CMT) plus 150 basis points (5.10%) and revising the minimum net position requirement. All other terms of the loan agreements remain unchanged. Payments reflecting the new interest rate will begin with the November 2025 payment.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Fiscal Year Ending
(in thousands)

	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Total OPEB liability								
Service cost	\$ 3,054	\$ 2,545	\$ 2,983	\$ 2,795	\$ 2,538	\$ 2,437	\$ 4,630	\$ 5,203
Interest	3,054	2,892	1,642	1,956	2,318	2,497	3,296	2,728
Difference between expected and actual experience	10,380	659	4,771	(458)	(1,687)	1,923	(1,718)	(2,608)
Changes of assumption	(527)	(1,387)	(12,131)	4,967	5,757	5,488	(27,504)	(5,495)
Benefit payments	(3,769)	(4,649)	(3,790)	(3,558)	(2,927)	(2,836)	(2,817)	(3,007)
Net change in OPEB Liability	\$ 12,192	\$ 60	\$ (6,525)	\$ 5,702	\$ 5,999	\$ 9,509	\$ (24,113)	\$ (3,179)
OPEB liability - beginning of year	79,475	79,415	85,940	80,238	74,239	64,730	88,843	92,022
OPEB liability - end of year	\$ 91,667	\$ 79,475	\$ 79,415	\$ 85,940	\$ 80,238	\$ 74,239	\$ 64,730	\$ 88,843
Covered employee payroll	\$ 587,064	\$ 473,424	\$ 445,201	\$ 434,864	\$ 490,221	\$ 493,893	\$ 450,332	\$ 445,356
Total OPEB liability as a percentage of covered employee payroll	15.61 %	16.79 %	17.84 %	19.76 %	16.37 %	15.03 %	14.37 %	19.95 %

Notes to Schedule:

Discount Rate	3.97 %	3.86 %	3.69 %	1.92 %	2.45 %	3.13 %	3.87 %	3.58 %
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Changes of assumptions reflect the effects of the discount rate each period.

FY2025 - The mortality tables, health care trend rates, participation rates, and two-person coverage rate for males assumptions were updated.

FY2023 - The health care trend rates were updated to better reflect the Plan's anticipated experience and the mortality assumptions were updated.

FY2021 - The health care trend rates were updated to reflect the repeal of the excise tax on high-cost employer health plans.

FY2020 - The retirement rates, participation rates, and health care trend rates were modified.

FY2019 - The per capita claims costs and the mortality improvement scale assumptions were modified.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
University of Louisville Athletic Association, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the University of Louisville Athletic Association, Inc. (the "Entity") a component unit of the University of Louisville as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements, and have issued our report thereon dated November 25, 2025.

Report on internal control over financial reporting

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

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

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

Report on compliance and other matters

As part of obtaining reasonable assurance about whether the Entity's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this report

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

Grant Thornton LLP

Boston, Massachusetts
November 25, 2025



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