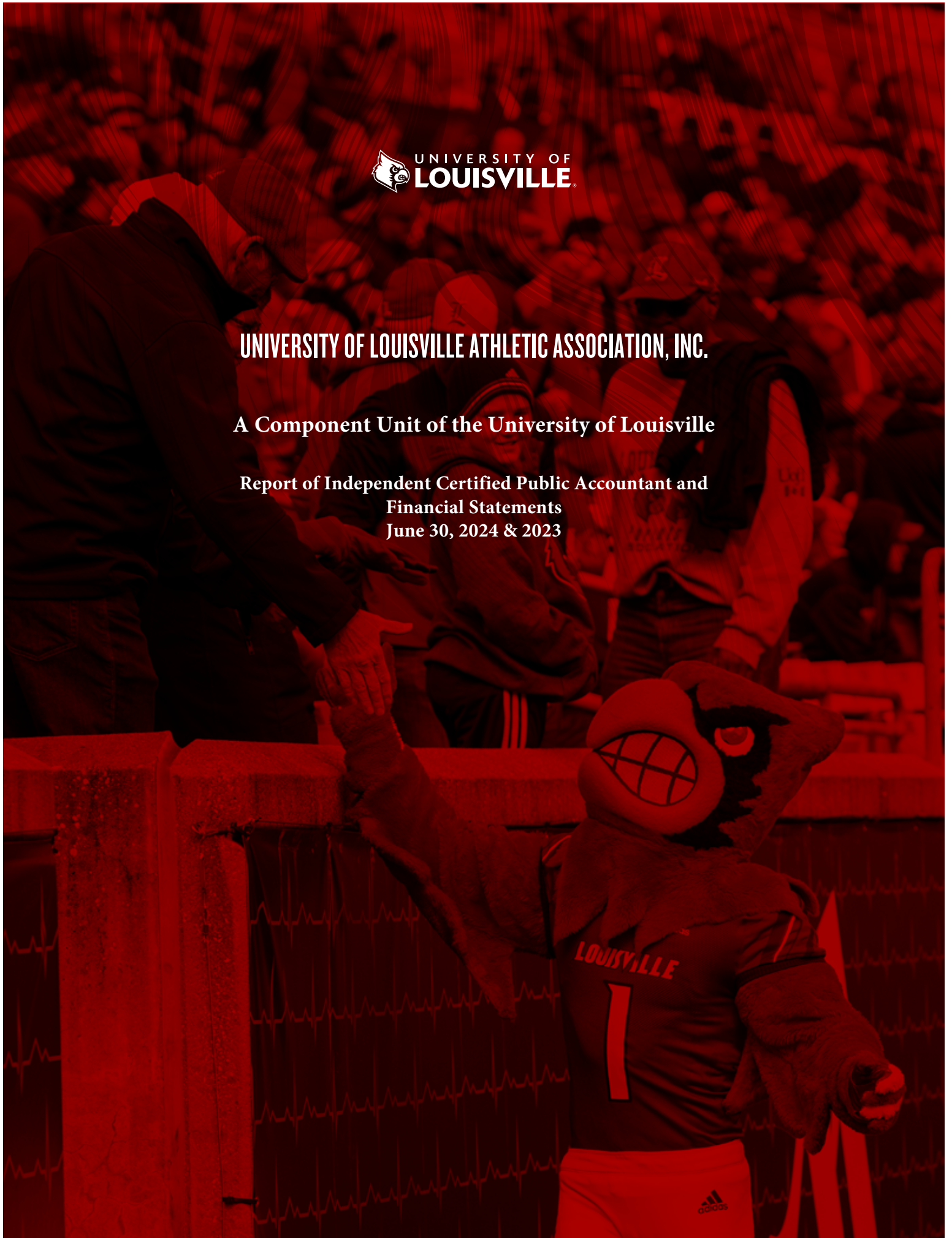




UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.

A Component Unit of the University of Louisville

**Report of Independent Certified Public Accountant and
Financial Statements
June 30, 2024 & 2023**



UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
For the Years Ended June 30, 2024 and 2023

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
University of Louisville Athletic Association, Inc

Report on the financial statements**Opinion**

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 statement of net position as of June 30, 2024, and the related statements of revenues, expenses, and change in net position and cash flows for the year 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, 2024, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). 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 opinion.

Other matter

The financial statements of the Entity as of and for the year ended June 30, 2023 were audited by other auditors who expressed an unmodified opinion on those financial statements in their report dated October 23, 2023.

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 one year after the date the financial statements are available to be issued.

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 opinion. 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 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 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 on pages 4 through 11, and the Post-employment Benefit Information on page 37 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required 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.

Grant Thornton LLP

Boston, Massachusetts
November 22, 2024

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2024 and 2023

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, 2024 and 2023. Comparative information for the year ended June 30, 2022 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 2023/2024 academic year, the overall student athlete GPA for the year was a combined 3.31 and achieved a department-record graduation success rate of 93%. Additionally, the Association placed 447 student-athletes on the Atlantic Coast Conference (ACC) 2023-24 Academic Honor Roll. The league had a record 6,187 student-athletes earn honors and Louisville was one of seven schools with more than 400 student athletes earning recognition.

The Association was well-represented at the 2024 Paris Olympics as 12 current and former student athletes represented their countries. The athletes participated in the swimming, diving, track & field, men's basketball and men's golf events. Of the 12 student athletes competing in Paris, six had participated in NCAA competitions for the University during the 2023-24 academic year.

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 Government Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities. The Association is presented here as a single entity and is also included in the consolidated financial statements of the University.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2024 and 2023

Statements of Net Position

The statements of net position present the financial position of the Association at the end of each fiscal year. Net position represents the difference between total assets, total deferred outflows of resources, total liabilities, and total deferred inflow of resources. The change in net position indicates whether the overall financial condition has accumulated or consumed resources during the year. Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally measured using current values. Pledges receivable with payment terms greater than one year are discounted. Capital assets are stated at historical cost less an allowance for accumulated depreciation.

The condensed version of the Association's assets, liabilities, and net position at June 30, 2024, 2023, and 2022 is summarized below (in thousands):

	2024	2023	2022	2024-2023 Change	2023-2022 Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current assets	\$ 37,765	\$ 44,418	\$ 41,868	\$ (6,653)	\$ 2,550
Capital assets, net	201,112	208,267	206,838	(7,155)	1,429
Right-of-use assets, net	39,616	42,027	43,614	(2,411)	(1,587)
Other	51,557	56,719	35,959	(5,162)	20,760
Deferred outflows of resources	1,224	1,519	1,564	(295)	(45)
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	331,274	352,950	329,843	(21,676)	23,107
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Current liabilities	53,606	51,713	57,660	1,893	(5,947)
Noncurrent liabilities	184,913	194,907	162,712	(9,994)	32,195
Deferred inflows of resources	2,518	2,956	1,413	(438)	1,543
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	241,037	249,576	221,785	(8,539)	27,791
NET POSITION					
Net investment in capital assets	122,277	123,927	127,205	(1,650)	(3,278)
Restricted - nonexpendable	2,109	1,905	1,831	204	74
Restricted - expendable	4,470	5,236	7,635	(766)	(2,399)
Unrestricted	(38,619)	(27,694)	(28,613)	(10,925)	919
TOTAL NET POSITION	90,237	103,374	108,058	(13,137)	(4,684)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 331,274	\$ 352,950	\$ 329,843	\$ (21,676)	\$ 23,107

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 a decrease in current assets of \$6.7 million when compared to June 30, 2023 due primarily to a reduction in 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, 2024 and 2023

The primary components of noncurrent assets are restricted cash, capital assets, including right-of-use leased assets, accounts and contributions receivable collectible in more than one year. A net decrease of \$14.7 million in these assets occurred between June 30, 2024 and June 30, 2023 which was attributed to payments received for pledges and recording depreciation and amortization expenses.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net assets applicable to a future period. The balance of \$1.2 million as of June 30, 2024 consists of a loss on bond refunding of \$280 thousand and \$944 thousand of future payments to be made for other post-retirement employment benefits.

Liabilities

The primary components of current liabilities are accounts payable, unearned compensation, unearned ticket revenue, and the current portion of notes payable. The current liabilities increase of \$1.9 million is primarily attributed to the increase in unearned revenue for amounts received from sponsorship contracts and season ticket holders for subsequent year intercollegiate athletic activities.

Noncurrent liabilities net decrease of \$10.0 million as of June 30, 2024, when compared to June 30, 2023, is mainly attributed payments made to the University of Louisville to reimburse debt service and , revenue recognition for the stadium naming rights contracts.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to future periods. The balance of \$2.5 million consists of \$1.2 million of future receipts from a food service concession arrangement and \$1.3 million related to the change in actuarial assumptions and differences between expected and actual experience in the other post-employment benefit liability.

Net Position

Net position represents the residual interest in the Association's assets after liabilities are deducted. Total net position of \$90.2 million as of June 30, 2024 is reported in the following categories: net investment in capital assets of \$122.3 million; restricted nonexpendable of \$2.1 million; restricted expendable of \$4.5 million, and a net unrestricted deficit \$38.6 million.

Fiscal Year 2023

Total assets at June 30, 2023 were \$353.0 million, an increase of \$23.1 million from June 30, 2022. The increase is attributable to a net increase of \$34.9 million in long-term receivables and additions of capital assets of \$1.4 million offset by a decrease in restricted cash and cash equivalents of \$13.2 million.

Deferred outflows of resources were \$1.5 million as of June 30, 2023 representing a minor decrease of \$45 thousand from the balance as of June 30, 2022.

Liabilities at June 30, 2023 were \$246.6 million, an increase of \$26.2 million compared to June 30, 2022. This increase is primarily due to unearned revenue for the stadium naming rights of \$36.3 million and offset a decrease in the amount due to the University of \$4.4 million.

Deferred inflows of resources experienced a net increase of \$1.5 million from June 30, 2022 to June 30, 2023 due to a decrease in the future benefits of a service concession arrangement offset by an increase in changes in other post employment benefits.

Net position at June 30, 2023 was \$103.4 million, a decrease of \$4.7 million, when compared to the June 30, 2022 net position, the majority of the decrease was captured in net investment in capital assets and restricted-expendable categories.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2024 and 2023

Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in net position present the Association's results of operations. Revenues and expenses are categorized as operating or nonoperating revenues or expenses according to their source or purpose. Significant sources of revenues such as gifts, investment returns and the supplemental income received from the University for gender equity purposes, as well as the student fees collected, are classified as nonoperating activities. Capitalized assets are being depreciated over their useful lives. Depreciation and amortization is recognized as an operating expense.

The Association's condensed statements of revenues, expenses and changes in net position for the years ended June 30, 2024, 2023, and 2022 are summarized below (in thousands):

	2024	2023	2022	2024-2023 Change	2023-2022 Change
OPERATING REVENUES					
Sports	\$ 79,504	\$ 73,891	\$ 70,290	\$ 5,613	\$ 3,601
Other operating revenues	24,607	23,604	26,650	1,003	(3,046)
TOTAL OPERATING REVENUES	104,111	97,495	96,940	6,616	555
OPERATING EXPENSES					
Sports	77,752	75,811	74,510	1,941	1,301
Other operating expenses	61,551	46,606	54,226	14,945	(7,620)
Depreciation and amortization	12,424	12,381	10,576	43	1,805
TOTAL OPERATING EXPENSES	151,727	134,798	139,312	16,929	(4,514)
OPERATING LOSS	(47,616)	(37,303)	(42,372)	(10,313)	5,069
NONOPERATING REVENUES (EXPENSES)					
Gifts	32,351	44,521	37,300	(12,170)	7,221
Net realized and unrealized gain/(loss) on investments	387	822	(33)	(435)	855
Investment returns	253	68	27	185	41
Other nonoperating expenses	(2,589)	(9,509)	(2,693)	6,920	(6,816)
Contributions (to)/from related entities	4,077	(1,840)	(889)	5,917	(951)
TOTAL NONOPERATING REVENUES	34,479	34,062	33,712	417	350
DECREASE IN NET POSITION	(13,137)	(3,241)	(8,660)	(9,896)	5,419
Net position - beginning of year	103,374	106,615	116,718	(3,241)	(10,103)
Net position - end of year	\$ 90,237	\$ 103,374	\$ 108,058	\$ (13,137)	\$ (4,684)

Operating Revenues

Total operating revenues were \$104.1 million for the year ending June 30, 2024 an increase of \$6.6 million compared to \$97.5 million for the year ended June 30, 2023. Income from sports programs, primarily from football and basketball ticket sales, comprised \$79.5 million, or 76.4% of total operating revenues for the year compared to \$73.9 million, or 75.8% of total operating revenues for June 30, 2023. Recovery from capacity restrictions continued as attendance to athletic events increased. Other operating revenues amounted to \$24.6 million for the year ended June 30, 2024, and include revenues from sources such as concession sales, parking and facility rentals, sponsorships, and media contracts.

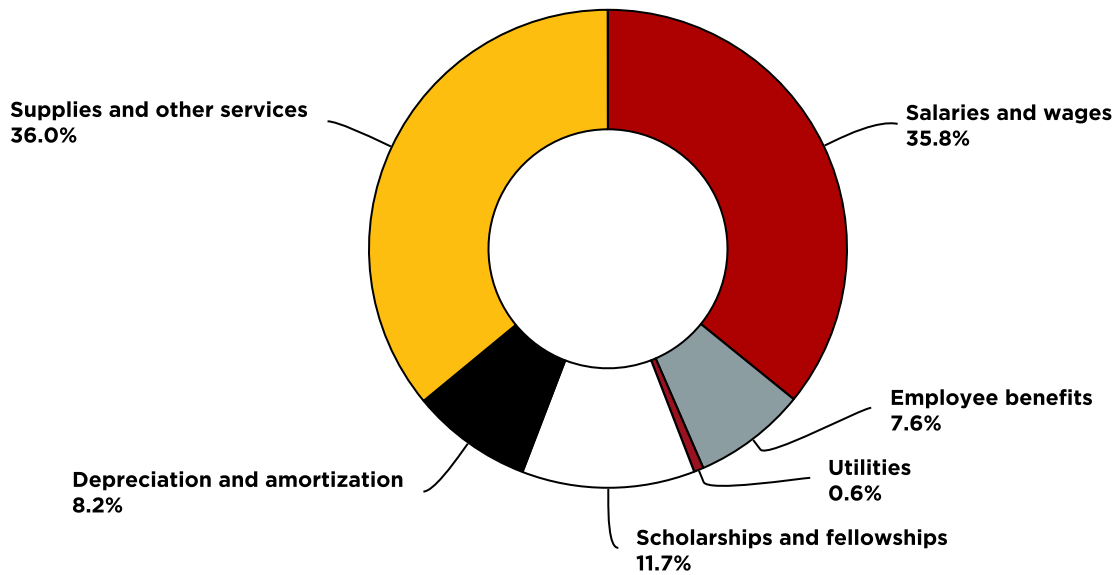
UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2024 and 2023

Operating Expenses

Total operating expenses were \$151.7 million and \$134.8 million for the years ended June 30, 2024 and 2023, respectively. For the year ended June 30, 2024, increase in operating expenses of \$16.9 million were attributed primarily to increases in salaries and wages and benefits of \$13.8 million and supplies and other services of \$1.5 million.

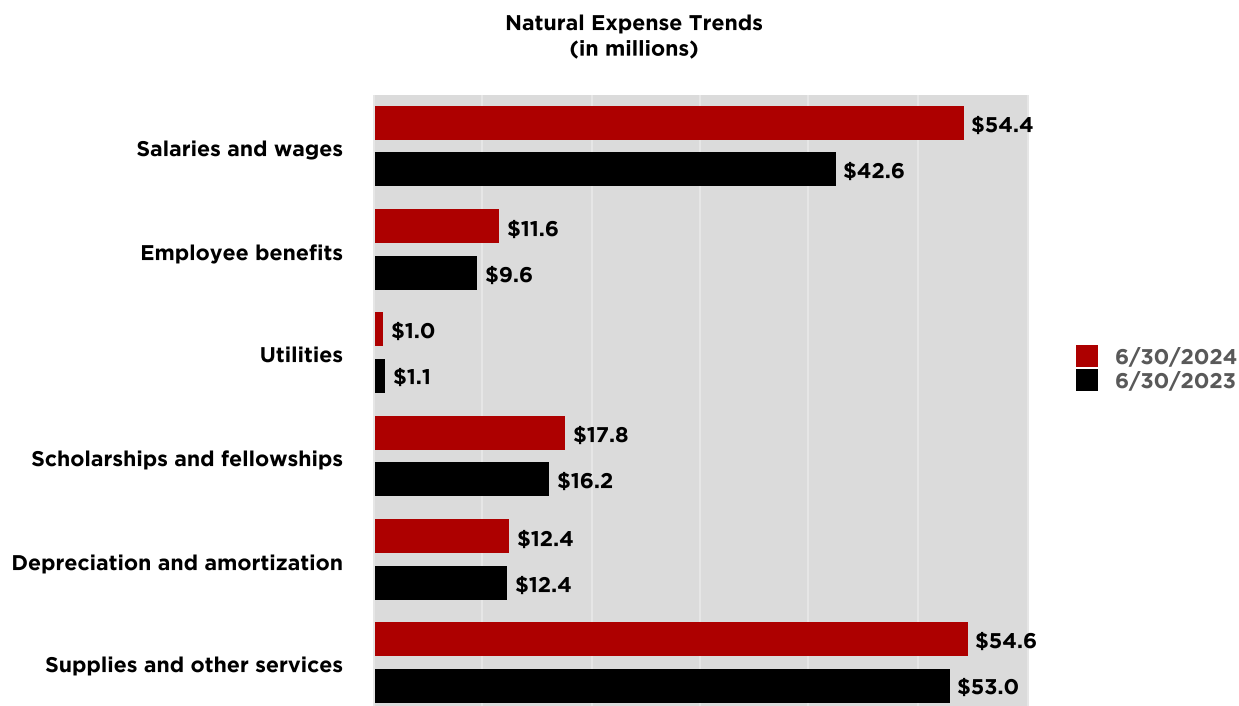
The chart below illustrates the percentage of total operating expenses by natural classification for the year ended June 30, 2024:

Operating Expenses by Natural Classification
Year ended June 30, 2024



UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2024 and 2023

The following chart compares expenses by natural classification for the years ended June 30, 2024 and 2023:



Operating Loss, Nonoperating Revenues, and Net Position

The Association's loss from operations amounted to \$47.6 million and \$37.3 million for the years ended June 30, 2024 and 2023, respectively. During the fiscal year ended June 30, 2024 the operating loss was offset by \$34.5 million in nonoperating revenues and gifts, leaving a decrease in net position of \$13.1 million, compared to the \$3.2 million decrease in net position realized during the fiscal year ended June 30, 2023.

Overall, nonoperating revenues increased \$417 thousand, or 1.2% which is comparable to the prior year.

Fiscal Year 2023

The Association's loss from operations amounted to \$37.3 million and \$42.4 million for the years ended June 30, 2023 and 2022, respectively. During the fiscal year ended June 30, 2023, the operating loss was offset by \$34.1 million in nonoperating revenues and capital gifts, leaving a decrease in net position of \$3.2 million compared to a decrease of \$10.1 million recognized during fiscal year ended June 30, 2022.

Total operating revenues were \$97.5 million for the year ending June 30, 2023 and \$96.9 million for the year ended June 30, 2022.

Total operating expenses decreased by \$4.5 million, or 3.2%, for the year ended June 30, 2023 as compared to the year ended June 30, 2022. The decreased expenditures are directly related to a decrease of \$7.5 million in support services offset by increase of \$1.3 million for sports and an increase of \$1.8 million in depreciation and amortization expenses.

Overall, nonoperating revenues increased \$350 thousand, or 0.8% primarily from an increase in gifts of \$7.2 million offset by a decrease in 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, 2024 and 2023

Statements of Cash Flows

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

The condensed statements of cash flows for the years ended June 30, 2024, 2023, and 2022 are summarized below (in thousands):

	2024	2023	2022	2024-2023 Change	2023-2022 Change
CASH (USED)/PROVIDED BY:					
Operating activities	\$ (23,587)	\$ (30,028)	\$ (44,144)	\$ 6,441	\$ 14,116
Noncapital and related financing activities	22,368	30,076	21,489	(7,708)	8,587
Capital and related financing activities	(4,370)	(14,062)	20,951	9,692	(35,013)
Investing activities	269	786	3	(517)	783
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,320)	(13,228)	(1,701)	7,908	(11,527)
Cash and cash equivalents, beginning of year	11,095	24,323	26,024	(13,228)	(1,701)
Cash and cash equivalents, end of year	\$ 5,775	\$ 11,095	\$ 24,323	\$ (5,320)	\$ (13,228)

Operating Activities

The Association's cash and cash equivalents decreased by \$5.3 million during the year. The Association experienced a net outflow of \$23.6 million for operating activities. The cash used for operating activities was primarily for payments of salaries and benefits of employees totaling \$50.9 million, payments to suppliers of \$50.7 million, and payments for scholarships and fellowships of \$17.9 million offset by ticket sales and conference receipts of \$95.2 million.

Other Activities

Cash provided by noncapital and related financing activities of \$22.4 million offset the cash used for operating activities. These cash flows consist primarily of \$23.6 million in gifts received to support the sports programs offset by noncapital financing activities of \$385 thousand and \$860 thousand of payments to affiliated entities. Cash used for capital and related financing activities of \$4.4 million relates primarily to purchases of capital assets and payments of debt.

Fiscal Year 2023

The Association's cash and cash equivalents decreased by \$13.2 million during the year ended June 30, 2023 as compared to a decrease of \$1.7 million for the year ended June 30, 2022. Operating activities consumed \$30.0 million in cash during the period ending June 30, 2023 as compared to \$44.1 for the year ending June 30, 2022. The decrease was offset by increased noncapital and capital and related financing activities.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
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Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2024 and 2023

Economic Factors that May Affect Future Periods

The Association's Board of Directors has approved a balanced operating budget for the 2025 fiscal year of \$145.0 million in revenues. The 2026 budget may look different from prior years, due to a proposed settlement of three antitrust cases involving teams in the NCAA power conferences related to the compensation of college athletes. If the settlement is approved, schools may be required to pay athletes for their name image and likeness (NIL).

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, staff, State and Federal Laws. Despite recent financial setbacks due to the pandemic, 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 has completed its 2023-2025 strategic plan, addressing how the University ensures 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.

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

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Statements of Net Position
As of June 30, 2024 and 2023
(in thousands)

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,682	\$ 11,088
Accounts and contributions receivable, net	21,416	22,848
Inventories	5,675	5,400
Investments held with University of Louisville Foundation, Inc.	3,908	3,537
Other assets	1,084	1,545
Total current assets	37,765	44,418
Noncurrent Assets		
Restricted cash and cash equivalents	93	7
Accounts and contributions receivable, net	51,282	56,341
Other long-term investments	182	371
Right-of-use assets, net	39,616	42,027
Capital assets, net	201,112	208,267
Total noncurrent assets	292,285	307,013
Total assets	330,050	351,431
DEFERRED OUTFLOWS OF RESOURCES	1,224	1,519
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 331,274	\$ 352,950

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, 2024 and 2023
(in thousands)

	2024	2023
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 10,736	\$ 11,584
Unearned compensation and wages payable	2,788	1,145
Unearned revenue	30,558	28,541
Due to the University of Louisville	4,767	4,636
Lease liabilities	1,640	1,688
Subscription-based information technology arrangements	276	241
Notes and contracts payable	2,841	3,878
Total current liabilities	53,606	51,713
Noncurrent liabilities		
Due to University of Louisville	71,449	76,517
Note payable to University of Louisville Foundation, Inc.	1,000	1,000
Unearned compensation and wages payable	3,042	1,386
Unearned revenue	39,125	41,838
Other post-retirement benefits	4,768	4,765
Lease liabilities	38,549	40,189
Subscription-based information technology arrangements	494	741
Notes and contracts payable	26,486	28,471
Total noncurrent liabilities	184,913	194,907
Total liabilities	238,519	246,620
DEFERRED INFLOWS OF RESOURCES	2,518	2,956
NET POSITION		
Net investment in capital assets	122,277	123,927
Restricted - nonexpendable	2,109	1,905
Restricted - expendable	4,470	5,236
Unrestricted	(38,619)	(27,694)
Total net position	90,237	103,374
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 331,274	\$ 352,950

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, 2024 and 2023
(in thousands)

	2024	2023
OPERATING REVENUES		
Sports:		
Basketball	\$ 20,517	\$ 22,159
Football	56,466	49,534
Other sports	2,521	2,198
Total sports	79,504	73,891
Cardinal Stadium	2,176	1,012
Marketing and development	7,381	8,590
Administration	2,860	2,633
Support services	3,927	3,206
Other operating revenues	8,263	8,163
Total operating revenue	104,111	97,495
OPERATING EXPENSES		
Sports:		
Basketball	16,436	16,225
Football	27,895	27,335
Other sports	33,421	32,251
Total sports	77,752	75,811
Cardinal Stadium	5,111	3,469
Marketing and development	12,453	8,303
Administration	5,126	4,282
Support services	11,488	13,695
Game management and facilities operations	4,337	3,759
Depreciation and amortization	12,424	12,381
Other operating expense	23,036	13,098
Total operating expense	151,727	134,798
Operating loss	(47,616)	(37,303)
NONOPERATING REVENUES (EXPENSES)		
Gifts	28,602	35,647
Investment returns	253	68
Net realized and unrealized gain on investments	387	822
Interest expense	(2,205)	(2,118)
Other nonoperating expense	(384)	(7,391)
Net nonoperating revenue	26,653	27,028
Capital gifts	3,749	8,874
Contributions (to)/from related entities	4,077	(1,840)
Total other revenue	7,826	7,034
Decrease in net position	(13,137)	(3,241)
NET POSITION		
Net position - beginning of year	103,374	106,615
Net position - end of year	\$ 90,237	\$ 103,374

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, 2024 and 2023
(in thousands)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Ticket sales	\$ 30,361	\$ 22,540
NCAA/Conference distributions	36,097	45,542
Marketing and development	28,020	16,968
Payments to suppliers, vendors and contractors	(50,725)	(52,168)
Payments for utilities	(979)	(1,114)
Payments to employees	(50,892)	(43,071)
Payments for benefits	(11,092)	(9,485)
Payments for scholarships and fellowships	(17,854)	(16,087)
Other athletic program receipts	13,477	6,847
Net cash used in operating activities	(23,587)	(30,028)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Gifts	23,613	36,754
Contributions to/from related entities	(860)	(6,299)
Other noncapital financing activity	(385)	(379)
Net cash provided by noncapital financing activities	22,368	30,076
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital gifts received	3,749	1,908
Purchases of capital assets	(2,851)	(11,445)
Principal paid on notes payable and contracts	(3,022)	(2,428)
Interest paid on notes payable and contracts	(2,115)	(1,959)
Other capital financing activities	(131)	(138)
Net cash used in capital and related financing activities	(4,370)	(14,062)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	—	21
Interest on investments	269	765
Net cash provided by investing activities	269	786
Net decrease in cash and cash equivalents	(5,320)	(13,228)
Cash and cash equivalents - beginning of year	11,095	24,323
Cash and cash equivalents - end of year	\$ 5,775	\$ 11,095

See notes to financial statements

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
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Statements of Cash Flows
For Years Ended June 30, 2024 and 2023
(in thousands)

	2024	2023
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (47,616)	\$ (37,303)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	12,424	12,381
Loss on disposal of equipment	47	246
Change in assets and liabilities:		
Accounts and contributions receivable, net	3,932	(45,724)
Inventories	6,786	7,526
Other assets	461	(224)
Other long-term assets	188	114
Accounts payable and accrued liabilities	(847)	(2,189)
Unearned revenue	(88)	40,126
Unearned compensation and wages payable	3,299	(732)
Other long-term liabilities	(1,896)	(4,346)
Deferred outflows	161	(112)
Deferred inflows	(438)	209
Net cash used in operating activities	\$ (23,587)	\$ (30,028)

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, 2024 and June 30, 2023

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

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Notes to the Financial Statements
For the Years Ended June 30, 2024 and June 30, 2023

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, 2024 and 2023, 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 \$1.2 million and \$1.5 million for the years ended June 30, 2024 and 2023, respectively. Balances as of June 30, 2024 consist of loss on bond refinancing of \$280 thousand and future payments of other post-employment benefits of \$0.9 million. Balances as of June 30, 2023 consist of loss on bond refinancing of \$413 thousand and other post-employment benefits of \$1.1 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.

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For the Years Ended June 30, 2024 and June 30, 2023

Deferred inflows of resources were \$2.5 million and \$3.0 million for the years ended June 30, 2024 and 2023, respectively. Balances as of June 30, 2024 consist of service concession arrangements of \$1.2 million, and changes in actuarial assumptions and differences between expected and actual experience in the other post-employment benefits liability of \$1.3 million. Deferred inflows of resources of \$3.0 million as of June 30, 2023 consist of service concession arrangements of \$1.4 million and changes in actuarial assumptions and differences between expected and active experience in the other post-employment benefits liability of \$1.6 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 Social Security and Medicare taxes computed using rates in effect at that date.

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.

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The following table includes detail of the net position balances as of June 30, 2024 and 2023 (in thousands):

	2024	2023
Net investment in capital assets	\$ 122,277	\$ 123,927
Restricted - Nonexpendable		
Scholarships and fellowships	2,109	1,905
Restricted - Expendable		
Scholarships and fellowships	1,799	1,632
Institutional support	2,671	3,447
Capital projects	—	157
Unrestricted	(38,619)	(27,694)
Total net position	\$ 90,237	\$ 103,374

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 2023 amounts have been reclassified to conform to the 2024 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.

r. Recent Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) Statement was implemented by the Association for the fiscal year ended June 30, 2024 which did not have a financial impact on the financial statements.

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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 reported retroactively by restating prior year's financial statements or if they are reported prospectively is provided.

As of June 30, 2023 the following GASB Statements were implemented which had a financial or disclosure impact on the financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The pronouncement established definitions of public-private and public-public partnerships (P3) and availability payment arrangements (APA). The objective of the pronouncement is to provide guidance for the accounting and financial reporting for transactions that meet these definitions. The University implemented GASB 94 for the fiscal year ending June 30, 2023. Changes adopted conform to the provisions of this statement and are effective from July 1, 2022 forward.

GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. This pronouncement defines subscription-based information technology arrangements (SBITA) as a contract that conveys the control of the right to use a vendor's IT software. The objective of the pronouncement is to provide guidance for the accounting and financial reporting for the resulting capital and intangible assets and associated cost. The University implemented GASB 96 for the fiscal year ending June 30, 2023. Changes adopted conform to the provisions of this statement and are effective from July 1, 2022 forward.

The cumulative effect of the adoption of the accounting pronouncements on net position as of June 30, 2022 is show below (in thousands) :

Net position reported at June 30, 2022, as previously reported	\$ 108,058
Adjustment for P3 arrangements change in accounting	(1,333)
Adjustment for subscription-based information technology arrangements change in accounting	(110)
Net position as of June 30, 2022, as restated	<u>\$ 106,615</u>

The following GASB Statements will be implemented in future reporting periods:

Fiscal Year 2025:

- a. GASB Statement No. 101, *Compensated Absences*: This Statement updates the recognition and measurement guidance for compensated absences. This is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.
- b. GASB Statement No. 102, *Certain Risk Disclosures*: This Statement requires the Association to assess 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 that 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.

Fiscal Year 2026:

- a. GASB Statement No. 103, *Financial Reporting Model Improvements*: This Statement was issue 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.

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Notes to the Financial Statements
For the Years Ended June 30, 2024 and June 30, 2023

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):

	2024	2023
Deposits	\$ 5,775	\$ 11,095
Investments	4,090	3,908
Total	\$ 9,865	\$ 15,003
Included in the following statements of net position captions:		
Cash and cash equivalents	\$ 5,682	\$ 11,088
Restricted cash and cash equivalents	93	7
Investments held with University of Louisville Foundation, Inc.	3,908	3,537
Annuities	182	371
Total	\$ 9,865	\$ 15,003

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, 2024 and 2023. 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, 2024 and 2023, 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, 2024 and 2023, the \$3.9 million and \$3.5 million, respectively, in investments held by the Foundation are considered pooled investments and not rated as to credit risk.

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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, 2024 and 2023 is illustrated below:

	2024	2023
Investment in partnerships	51 %	53 %
Marketable alternatives	9 %	9 %
Mutual funds	25 %	24 %
Fixed income	11 %	10 %
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, 2024 and 2023.

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, 2024 and 2023 (in thousands):

		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	

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2023						
	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	\$ 3,537	\$ —	\$ —	\$ 3,537		
Total investments measured at fair value	\$ 3,537	\$ —	\$ —	\$ 3,537		

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, 2024 and 2023, 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, 2024 and 2023, the Foundation held funds of the Association of approximately \$3.9 million and \$3.5 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, 2024 and 2023, the Association repaid \$0.7 million in each respective year. The outstanding loan balance is \$9.5 million and \$10.2 million as of June 30, 2024 and 2023, 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 \$58.1 million and \$62.4 million as of June 30, 2024 and 2023, respectively.

Change in interest bearing debt from related entities as of June 30, 2024 and 2023 are summarized as shown below (in thousands):

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

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	2023					
	Beginning Balance	Additions	Payments/Retirements	Ending Balance	Current Portion	Noncurrent Portion
Interest bearing debt due to University	\$ 77,050	\$ —	\$ (4,460)	\$ 72,590	\$ 4,636	\$ 67,954

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

For the year ending June 30,	Principal	Interest	Total
2025	\$ 4,767	\$ 2,834	\$ 7,601
2026	4,432	2,639	7,071
2027	4,636	2,437	7,073
2028	4,850	2,223	7,073
2029	5,050	2,024	7,074
2030-2034	28,561	6,808	35,369
2035-2037	15,356	813	16,169
Total	\$ 67,652	\$ 19,778	\$ 87,430

As of June 30, 2024 and 2023, the Association has noninterest bearing debt with no specific repayment terms of approximately \$8.6 million with the University. The debt relates to \$8.6 million of 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, 2024 and 2023.

a. 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 \$0.9 million for the years ended June 30, 2024 and 2023 for this purpose. Additionally, the University collects certain fees from students designated for use by the Association. The University transferred \$800 thousand and \$900 thousand of student fees collected for the years ended June 30, 2024 and 2023, 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 \$1.4 million and \$7.6 million related to capital projects and debt service payments during each of the fiscal years ended June 30, 2024 and 2023, respectively.

Additionally, other transfers of support for projects or endeavors occur between the Association and the University. The University transferred \$2.8 million and 3.9 million to the Association for the years ended June 30, 2024 and 2023, respectively.

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5. Accounts and Contributions Receivable, Net

Accounts and contributions receivable as of June 30, 2024 and 2023 are as follows (in thousands):

		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	

		2023		
	Gross	Allowance	Net	
Contributions receivable	\$ 67,169	\$ (6,972)	\$ 60,197	
Trade receivables	18,361	—	18,361	
Other receivables	1,409	—	1,409	
Total	\$ 86,939	\$ (6,972)	\$ 79,967	
Less discount			778	
Total accounts and contributions receivable			\$ 79,189	
Current portion			\$ 22,848	
Noncurrent portion			\$ 56,341	

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, 2024 and 2023 are due to be received as follows (in thousands):

	2024	2023
Less than one year	\$ 10,074	\$ 10,126
One to three years	10,697	11,509
Greater than three years	41,221	45,534
Subtotal	61,992	67,169
Less discount	(657)	(778)
Less allowance	(7,025)	(6,972)
Net contributions receivable	\$ 54,310	\$ 59,419

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6. Capital and Intangible Assets, Net

Capital assets and intangible assets as of June 30, 2024 and 2023 are shown below and on the following page (in thousands):

	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

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	2023				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Cost - Nondepreciable					
Land	\$ 5,151	\$ —	\$ —	\$ —	\$ 5,151
Construction in progress	3,375	9,723	—	(13,098)	—
Subtotal	8,526	9,723	—	(13,098)	5,151
Cost - Depreciable					
Buildings	279,250	76	—	7,320	286,646
Land improvements	4,814	302	—	667	5,783
Equipment	7,751	1,293	—	5,111	14,155
Leasehold improvements	1,299	—	(500)	—	799
Right-of-use assets - subscription-based information technology arrangements	1,247	—	—	—	1,247
Right-of-use assets - leases	47,999	—	(189)	—	47,810
Subtotal	342,360	1,671	(689)	13,098	356,440
Total capital and intangible assets, cost	350,886	11,394	(689)	—	361,591
Accumulated depreciation and amortization					
Buildings	86,524	7,326	—	—	93,850
Land improvements	1,381	178	—	—	1,559
Equipment	5,767	2,415	—	—	8,182
Leasehold improvements	1,130	39	(493)	—	676
Right-of-use assets - subscription-based information technology arrangements	222	221	—	—	443
Right-of-use assets - leases	4,385	2,202	—	—	6,587
Total accumulated depreciation and amortization	99,409	12,381	(493)	—	111,297
Capital and intangible assets, net	\$ 251,477	\$ (987)	\$ (196)	\$ —	\$ 250,294

7. Debt

Debt payable as of June 30, 2024 and 2023 are summarized as shown below (in thousands):

	Interest Rate	Fiscal Year of Maturity	2024	2023
Notes from direct placement	2.93%	2043	\$ 21,374	\$ 22,929
Contracts payable	2.39%-3.69%	2027-2029	7,953	9,420
Total long-term debt			\$ 29,327	\$ 32,349

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

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	

2023							
	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion	Noncurrent Portion	
Notes from direct placement	\$ 14,529	\$ 9,000	\$ (600)	\$ 22,929	\$ 2,411	\$ 20,518	
Contracts payable	11,248	—	(1,828)	9,420	1,467	7,953	
Total long-term debt	\$ 25,777	\$ 9,000	\$ (2,428)	\$ 32,349	\$ 3,878	\$ 28,471	

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
2025	\$ 1,334	\$ 642	\$ 1,507	\$ 207	\$ 2,841	\$ 849
2026	1,101	602	1,547	166	2,648	768
2027	1,105	566	1,589	124	2,694	690
2028	1,117	530	1,632	81	2,749	611
2029	1,156	491	1,678	37	2,834	528
2030-2034	5,258	1,920	—	—	5,258	1,920
2035-2039	5,499	1,140	—	—	5,499	1,140
2040-2043	4,804	285	—	—	4,804	285
Total	\$ 21,374	\$ 6,176	\$ 7,953	\$ 615	\$ 29,327	\$ 6,791

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 revenue recognized were \$4.0 million and \$122.1 million, respectively.

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 \$10.5 million and \$10.9 million as of June 30, 2024 and June 30, 2023, 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 \$2.2 million and \$3.2 million as of June 30, 2024 and 2023, respectively.

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8. 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, 2024 and June 30, 2023, the Association made variable payments as required by lease agreements totaling \$2.1 million and \$2.6 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, 2024		Net asset balance as of June 30, 2023	
Building	\$	38,496	\$	40,653
Land		510		570
Total	\$	39,006	\$	41,223

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	
2025	\$	1,640	\$	1,173
2026		1,646		1,124
2027		1,632		1,074
2028		1,658		1,026
2029		1,665		974
2030-2034		8,875		4,074
2035-2039		9,697		2,646
2040-2044		10,775		1,075
2045-2049		2,387		36
2050-2054		45		29
2055-2059		52		21
2060-2064		61		12
2065-2068		56		3
Future minimum lease payments	\$	40,189	\$	13,267

See Note 6, Capital Assets, for balances of right-to-use assets and associated accumulated amortization. See Note 10, 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 \$0.7 million expiring at various times through 2068, plus variable payments based on usage.

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9. 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, 2024 and 2023 were \$1.3 million and \$1.2 million with accumulated amortization of the assets of \$691 thousand and \$443 thousand, resulting in a net value of \$610 thousand and 441 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
2025	\$ 276	\$ 15
2026	230	8
2027	264	—
Future agreement payments	\$ 770	\$ 23

See Note 6, Capital Assets, for balances of right-to-use assets and associated accumulated amortization. See Note 10, Other Liabilities, for balances of lease liabilities.

10. Other Liabilities

Other liabilities as of June 30, 2024 and 2023 are summarized as shown below (in thousands):

	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	(29,901)	69,683	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	\$ (39,898)	\$ 116,472	\$ 35,262	\$ 81,210

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	2023					
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Unearned compensation and wages payable	\$ 3,264	\$ 481	\$ (1,214)	\$ 2,531	\$ 1,145	\$ 1,386
Unearned revenue	31,111	44,592	(5,324)	70,379	28,541	41,838
Lease liabilities	43,665	—	(1,788)	41,877	1,688	40,189
Subscription-based information technology arrangements	1,103	—	(121)	982	241	741
Other long-term liabilities	2,045	—	(2,045)	—	—	—
Total	\$ 81,188	\$ 45,073	\$ (10,492)	\$ 115,769	\$ 31,615	\$ 84,154

11. 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 \$1.2 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.

12. Natural Classification

Operating expenses by natural classification for the years ended June 30, 2024 and 2023 were (in thousands):

	2024	2023
Salaries and wages	\$ 54,380	\$ 42,570
Employee benefits	11,598	9,594
Utilities	979	1,114
Scholarships and fellowships	17,754	16,186
Depreciation and amortization	12,424	12,381
Supplies and other services	54,592	52,953
Total	\$ 151,727	\$ 134,798

13. 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.

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The Association recorded expenses related to the defined contribution plan of approximately \$2.6 million and \$2.4 million for the years ended June 30, 2024 and 2023, respectively. As of June 30, 2024 and 2023, the Association had no outstanding liability related to the Retirement Plan.

14. 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, 2023 and 2022:

	2024	2023
Retirees and beneficiaries	1,916	1,916
Active plan members	4,446	4,446
Total	6,362	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, 2024 and 2023, the University contributed \$3.8 million and \$3.9 million to the Healthcare Plan, approximately 80% of total premiums. Retired Plan members under age 65 receiving benefits contributed approximately \$918 thousand and \$958 thousand, approximately 20% of total premiums. Healthcare Plan rates remained unchanged for the year ended June 30, 2024. Retired Healthcare Plan members made monthly contributions according to the rate schedule below.

	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, 2024 and 2023, the University contributed \$2.4 million and \$2.5 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, 2023. 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 7.0% declining to an ultimate rate of 4.25% after 15 years

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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 is 3.86% as of the Measurement Date, 3.69% as of the beginning of the Measurement Period.

The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's net OPEB obligation (in thousands):

	2024	2023
Balance, beginning year	\$ 79,415	\$ 85,940
Changes for the year:		
Service cost	2,545	2,983
Interest	2,892	1,642
Differences between expected and actual experience	659	4,771
Changes of assumptions	(1,387)	(12,131)
Benefit payments	(4,649)	(3,790)
Net changes	60	(6,525)
Balance, end year	\$ 79,475	\$ 79,415

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):

	2024			2023		
	1% Decrease (2.86)%	Discount Rate (3.86)%	1% Increase (4.86)%	1% Decrease (2.69)%	Discount Rate (3.69)%	1% Increase (4.69)%
Net OPEB liability	\$ 88,217	\$ 79,475	\$ 72,021	\$88,490	\$79,415	\$71,721

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):

	2024			2023		
	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	\$ 75,933	\$ 79,475	\$ 83,595	\$76,079	\$79,415	\$83,296

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

	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):

Year ended June 30:	
2025	\$ (3,204)
2026	(2,788)
2027	(2,687)
2028	(439)
2029	(858)
Thereafter	(100)
Total	\$ (10,076)

15. 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.

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

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

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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