

MINUTES OF THE FINANCE & BUDGET COMMITTEE MEETING OF THE  
UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.

October 23, 2020

In Open Session

Members of the Finance & Budget Committee of the University of Louisville Athletic Association, Inc. met virtually at 9:05 a.m. on October 23, 2020, with members present and absent as follows:

Present: Dr. Neeli Bendapudi, Chair  
Prof. Eric Berson  
Dr. Beth Boehm  
Ms. Sabrina Collins  
Dr. Jasmine Farrier  
Mr. Andrew Grubb  
Mr. Dennis Heishman  
Mr. Sam Rechter  
Prof. Karen Turner  
Prof. Krista Wallace-Boaz

Absent: Mr. Dan Durbin

Other Directors

Present: Mr. Ben Barberie  
Dr. Larry Benz  
Prof. Sheldon Bond  
Ryan Bridgeman  
Mr. Randy Bufford  
Prof. Jeremy Clark  
Prof. Dawn Heinecken  
Mr. Steve Jones  
Mr. Tom Meeker  
Prof. Eugene Mueller  
Prof. Whitney Nash  
Ms. Shannon Rickett  
Mr. Jim Rogers  
Mr. Mark Watkins  
Dr. Ron Wright

From the  
University: Mr. Vince Tyra  
Mr. Josh Heird  
Ms. Amy Shoemaker  
Mr. Jeff Spoelker  
Mr. Kenny Klein

Mr. John Carns  
Mr. Michael Dudas  
Mr. Michael Ortman  
Mr. Walter Newell  
Ms. Beverly Santamouris  
Mr. Jake Beamer

Others: Mr. Chris Suda, CLA  
Mr. Ethan Lay, CLA

I. Call to Order

Chair Bendapudi called the roll. Having determined a quorum present, she called the meeting to order at 9:05 a.m.

Action Item: Approval of Minutes, June 12, 2020

Mr. Rechter made a motion, which Dr. Boehm seconded, to approve the minutes of the June 12, 2020 meeting. The motion passed.

II. Action Item: Approval of Audited Financial Statements

Mr. Suda briefed the committee on the corporation's audited financial statements for the period ending June 30, 2020 using the **attached** presentation. He noted the financial statement audit opinion is unmodified (the "cleanest opinion") and that his firm did not identify any deficiencies determined to be a material weakness.

Messrs. Suda and Lay then fielded questions from the committee.

Mr. Rechter made a motion, which Mr. Grubb seconded, to approve the

**Chair's recommendation that the Board of Directors approve the finalized financial statements for the period ending June 30, 2020 and Independent Auditor's unqualified Report as presented under Governmental Accounting Standards Board (GASB) 34, as attached.**

The motion passed.

III. Action Item: Approval of Capital Project – Cardinal Stadium Gate Improvement

Mr. Spoelker briefed the committee on the recommendation to approve a gate improvement project at Cardinal Stadium. He explained that approval for this project is being sought after the fact due to its emergency nature of the project, which is nearing completion. In response to the COVID-19 crisis and to adhere to guidelines from government authorities, an RFP was expedited to improve fan access on the east side of the stadium, to improve the flow of fans, and to increase fan safety.

Messrs. Spoelker and Tyra then answered the questions of committee members.

Mr. Grubb made a motion, which Prof. Turner seconded, to approve the

**Athletic Director's recommendation that the Board of Directors approve a gate improvement project at Cardinal Stadium, not to exceed \$800,000.00, in response to the COVID-19 crisis and to adhere the subsequent guidelines as mandated by government authorities.**

The motion passed.

IV. Action Item: Approval of ULAA Endowment Spending Policy

Mr. Spoelker explained the recommendation to approve a spending policy for the Athletic Association's endowments, explaining that the new policy will implement an annual spending plan for the endowments. He noted the policy mirrors that of the UofL Foundation and funds will be spent in accordance with the purpose of each endowment.

He then fielded questions from the committee.

Dr. Boehm made a motion, which Prof. Wallace-Boaz seconded, to approve the

**Athletic Director's recommendation that the Board of Directors approve the Athletics True Endowment Annual Spending Policy, as attached.**

The motion passed.

V. Information Items

Financial Updates as of June 30 and September 30, 2020

Mr. Spoelker presented to the committee the **attached** financial update reflecting the source and application of funds as of June 30 and September 30, 2020. The update included summaries of revenue, expenditure, endowments, operating funds, and changes in net position.

Messrs. Spoelker, Tyra, and Heird then fielded questions from committee members.

No action was taken.

Annual Update per Financial Transactions Policy

Mr. Spoelker provided a financial report, **attached**, as required under Section IV of the ULAA Financial Transactions Policy approved by the board of directors on October 18, 2019. He then fielded questions from the committee.

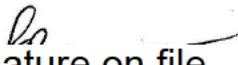
No action was taken.

VI. Adjournment

Having no other business to come before the committee, Dr. Boehm made a motion, which Mr. Rechter seconded, to adjourn the meeting.

The motion passed and the meeting adjourned at 9:58 a.m.

Approved by:

  
Signature on file \_\_\_\_\_  
Assistant Secretary

# University of Louisville Athletic Association, Inc.

Audit Presentation  
Year Ending June 30, 2020

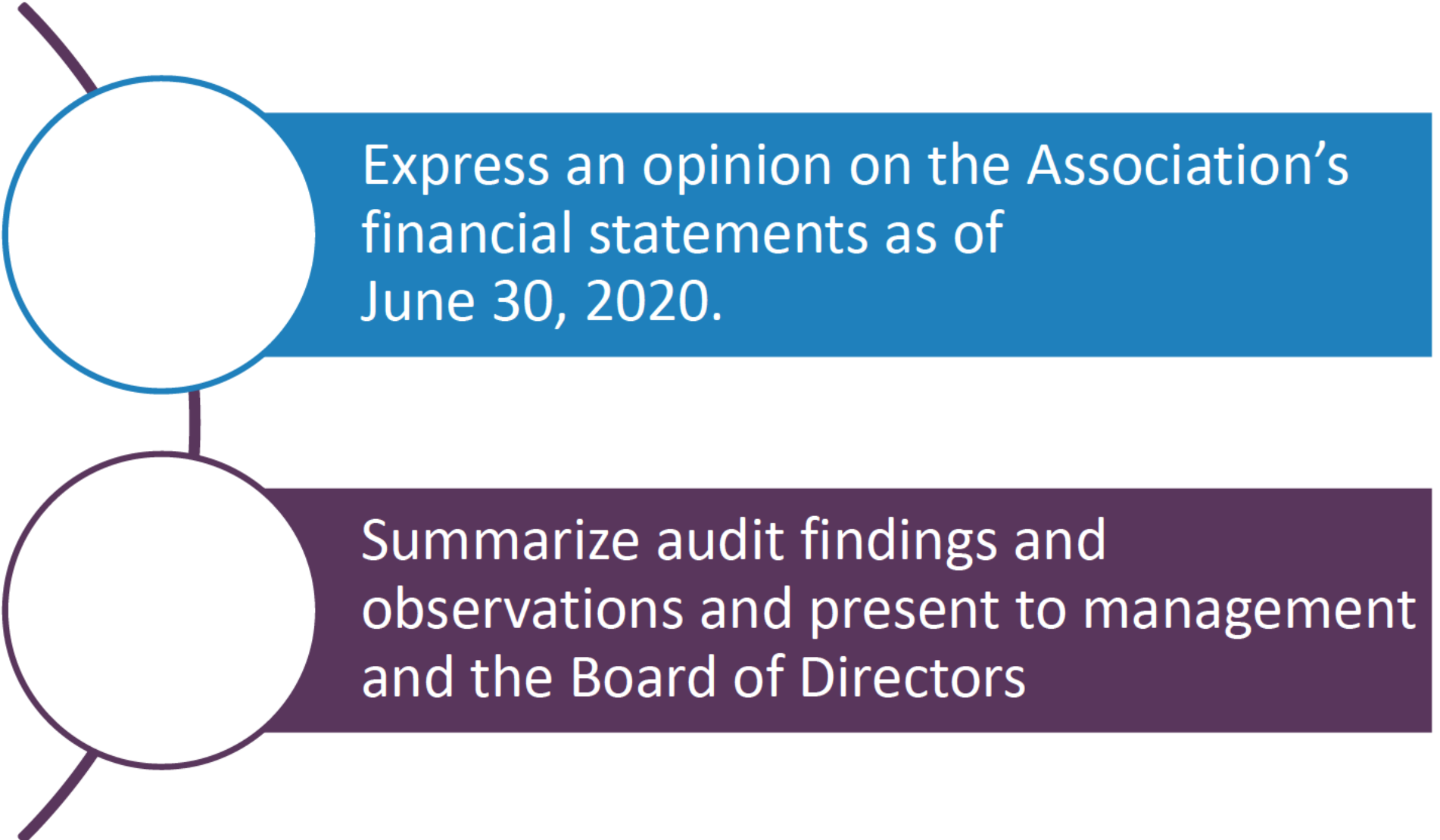
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Create Opportunities

# Terms of Engagement



Express an opinion on the Association's financial statements as of June 30, 2020.

Summarize audit findings and observations and present to management and the Board of Directors



# Audit Scope and Coverage

- Performed audit using a risk-based approach
- Time spent understanding and testing each audit area was commensurate with the level of assessed risk:

Internal Controls

Revenue  
Recognition

Payroll Expense

Accounts  
Receivable and  
Related Allowance

Capital Assets  
(Property &  
Equipment)

Cash and  
Investments

Actuarial Estimates  
– Other  
Postemployment  
Benefits

Bonds, Notes and  
Capital Leases



## Audit Results Highlights

- Financial statement audit opinion is unmodified “cleanest opinion” (page 2).
- Material Weaknesses:
  - We did not identify any deficiencies determined to be a material weakness.





# Uncorrected Misstatements

- Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The below schedule summarizes uncorrected misstatements of the financials.

**SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT**  
**University of Louisville**  
**University of Louisville Athletic Association**  
**Year Ended June 30, 2020**

**UNCORRECTED ADJUSTMENTS**

**Effect of misstatements on:**

Description	Assets	Liabilities	Fund Balance / Net Assets	Net Expense/Revenue and Change in Net Assets / Fund Balance
No uncorrected misstatements in CY				-
Net current year misstatements (Iron Curtain Method)	-	-	-	-
Net prior year misstatements	-	-	(429,471)	429,471
Combined current and prior year misstatements (Rollover Method)	\$ -	\$ -	\$ (429,471)	\$ 429,471
Financial statement totals	<u>\$ 289,292,000</u>	<u>\$ 162,959,000</u>	<u>\$ 126,333,000</u>	<u>\$ 4,330,000</u>
Current year misstatement as a % of financial statement totals (Iron Curtain Method)				
Current and prior year misstatement as a % of financial statement totals (Rollover Method)			0%	10%



# Governance Communication Letter

Overall	Estimates	Difficulties	Other
<ul style="list-style-type: none"><li>• No transactions noted which there is a lack of authoritative guidance.</li><li>• No changes in scope of audit.</li></ul>	<ul style="list-style-type: none"><li>• Some estimates present in financial statements.</li><li>• Allowance for doubtful accounts receivable, depreciation based on estimated useful lives, self-insurance accrual, other postretirement liability and related deferred outflows and inflows.</li><li>• We are comfortable with management's estimates.</li></ul>	<ul style="list-style-type: none"><li>• No difficulties with management.</li><li>• No disagreements encountered.</li></ul>	<ul style="list-style-type: none"><li>• Management representation letter signed by the University's President, Controller, and Director of Accounting and Financial Reporting.</li><li>• Management has determined that the effects of all uncorrected misstatements are immaterial.</li><li>• None of the misstatements detected as a result of audit procedures and corrected by management were material.</li></ul>



# Recently Issued Accounting Standards Impacting Future Periods

## Fiduciary Activities - GASB 84

- This statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting.
- The Association is evaluating the impact this statement may have on its financial statements.
- Effective for years beginning after December 15, 2019.

## Leases - GASB 87

- The Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.
- The Association is evaluating the impact this statement may have on its financial statements.
- Effective for years beginning after June 15, 2021, with earlier application permitted.

## Majority Equity Interest – GASB 90

- This statement will improve financial reporting by providing users of the financial statements with essential information related to the presentation of majority equity interests in legally separate organizations that previously was reported inconsistently.
- The Association is evaluating the impact this statement may have on its financial statements.
- Effective for years beginning after December 15, 2019, with earlier application permitted.



# Questions

- We welcome any questions pertaining to the audit report and governance communication letter.
- We appreciate the opportunity to serve the Board of Directors as the auditors for the University of Louisville Athletic Association.



# Thank You!

**Chris Suda, Principal**

314-925-4395

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**Ethan Lay, Senior In-charge**

314-925-4416

Ethan.Lay@CLAconnect.com



RECOMMENDATION TO BOARD OF DIRECTORS OF THE  
UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC. CONCERNING  
THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR YEAR  
ENDING JUNE 30, 2020 AND INDEPENDENT AUDITOR'S REPORT

Finance and Budget Committee – October 23, 2020  
Board of Directors – October 23, 2020

RECOMMENDATION:

The Chair recommends that the Board of Directors approve the finalized financial statements for the period ending June 30, 2020 and Independent Auditor's unqualified Report as presented under Governmental Accounting Standards Board (GASB) 34, as [attached](#).

COMMITTEE ACTION:

Passed   X  

Did Not Pass \_\_\_\_\_

Other \_\_\_\_\_

  *ps*    
Signature on file \_\_\_\_\_  
Assistant Secretary

BOARD ACTION:

Passed   X  

Did Not Pass \_\_\_\_\_

Other \_\_\_\_\_

  *ps*    
Signature on file \_\_\_\_\_  
Assistant Secretary

**UNIVERSITY OF LOUISVILLE  
ATHLETIC ASSOCIATION, INC.**

**A Component Unit of the University of Louisville**

**Auditor's Report and Financial Statements  
June 30, 2020 and 2019**

**UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.**  
**A Component Unit of the University of Louisville**  
**For the Years Ended June 30, 2020 and 2019**

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the University of Louisville Athletic Association, Inc. (Association), a component unit of the University of Louisville, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Association as of June 30, 2020 and 2019, and the respective changes in financial position and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 11, and the Schedule of Funding Progress on Page 39, be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, which 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.

Signature on file

**CliftonLarsonAllen LLP**

St. Louis, Missouri  
October 9, 2020

# UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.

## A Component Unit of the University of Louisville Management Discussion and Analysis (Unaudited) For Years Ended June 30, 2020 and 2019

### 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, 2020 and 2019. Comparative information for the year ended June 30, 2018 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 is reported herein as a separate corporation and it is included in the consolidated financial statements of the University.

The Association's mission, to provide quality intercollegiate athletic programs through a comprehensive sports program, requires a major financial commitment of both operating and capital resources. In addition, the Association is committed to achieving athletic excellence for its student-athletes, maintaining 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 2019/2020 academic year, the Association had 413 student-athletes included in the ACC Honor Roll (378 in 2018/2019). The overall student athlete GPA for the year was a combined 3.3 with all 23 sports teams having a collective GPA above 3.0. Eleven teams were recognized by their national associations for academic achievement: Baseball (ABCA), Field Hockey (NFHCA), Football, (AFCA), Men's basketball (NABC), Men's Golf (GCAA), Men's and Women's Swimming and Diving (CSCAA), Men's and Women's Tennis (ITA), Men's and Women's Track and Field (USTFCCCA).

The Association is also committed to community service and student-athlete involvement. UofL Athletics won the 2019-2020 NCAA Team Works Award competition, its second national title for outstanding community service in the six years of the competition. For the fall semester during the national competition, UofL student-athletes amassed over 6,800 service hours through its CardsCARE community outreach program in the NCAA Team Works Helper Community Service Challenge. Throughout the year, a total of 735 student-athletes amassed a total of over 11,000 hours of service and 14 teams placed in the Top 10 in NCAA Division I in their respective sports for community service.

During the 2020 academic year, the World Health Organization declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (referred to as the Pandemic). Response to this Pandemic has caused unprecedented changes in the delivery of education, research, healthcare and administration. The University responded to the Pandemic by pivoting to a fully online delivery of educational instruction, continuing essential research with a hybrid remote/onsite approach, remote work plans for faculty, staff and administration, where possible, and immediate planning for the near term needs and long-term strategy for continued educational, research and community outreach. To lessen the loss of revenues from cancellation of spring and summer activities, the university enacted cost cutting measures.

- Reduction of salaries by 1% to 10% starting in April 2020,
- Suspension of the employer matching contribution to the 403b retirement plan for the months of May, June, and July, 2020,
- Furlough of employees in areas impacted by the reduction or elimination of campus activities,
- Budget reductions to curtail spending and eliminate travel in the last quarter of the 2020 fiscal 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, 2020 and 2019**

These circumstances have changed the operations of the university and further adaptive measures are anticipated to meet the needs of the students, faculty, staff and community as the Pandemic unfolds in the future.

**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.

**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 statements of the Association's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2020, 2019, and 2018 (in thousands) are as follows:

<i>Condensed Statements of Net Position</i>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2020-2019 Change</b>	<b>2019-2018 Change</b>
<b>ASSETS</b>					
Current assets	\$ 39,496	\$ 59,071	\$ 52,633	\$ (19,575)	\$ 6,438
Long-term investments	954	1,155	1,358	(201)	(203)
Capital assets, net	218,364	223,134	218,424	(4,770)	4,710
Other	28,979	25,009	49,265	3,970	(24,256)
Total assets	287,793	308,369	321,680	(20,576)	(13,311)
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	1,499	1,340	1,566	159	(226)
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	289,292	309,709	323,246	(20,417)	(13,537)
<b>LIABILITIES</b>					
Current liabilities	42,393	65,362	61,058	(22,969)	4,304
Noncurrent liabilities	118,739	119,699	123,836	(960)	(4,137)
Total liabilities	161,132	185,061	184,894	(23,929)	167
<b>DEFERRED INFLOWS</b>	1,827	2,645	1,262	(818)	1,383

**UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.**

**A Component Unit of the University of Louisville  
Management Discussion and Analysis (Unaudited)  
For Years Ended June 30, 2020 and 2019**

<i>Condensed Statements of Net Position</i>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2020-2019 Change</b>	<b>2019-2018 Change</b>
<b>NET POSITION</b>					
Net investment in capital assets	134,318	133,518	124,765	800	8,753
Restricted - nonexpendable	1,349	4,710	1,633	(3,361)	3,077
Restricted - expendable	17,485	17,371	28,368	114	(10,997)
Unrestricted	(26,819)	(33,596)	(17,676)	6,777	(15,920)
Total net position	126,333	122,003	137,090	4,330	(15,087)
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>					
	\$ 289,292	\$ 309,709	\$ 323,246	\$ (20,417)	\$ (13,537)

**Assets**

The primary components of current assets are cash and cash equivalents, pledges and accounts receivable, investments held with the Foundation, and inventory. The Association experienced a decrease in current assets of \$19.6 million when compared to June 30, 2019. Declines in cash of \$14.7 million and investments held with the Foundation of \$5.8 million comprise a majority the decrease. The decline in cash was driven by a reduction in football ticket sales in response to uncertainties created by the Pandemic.

The primary components of noncurrent assets are restricted cash, capital assets, and pledges and accounts receivable due in greater than a year.

**Deferred Outflows of Resources**

Deferred outflows of resources represent a consumption of net assets applicable to a future period. The balance of \$1.5 million as of June 30, 2020 consist of a loss on bond refunding of \$947 thousand, \$467 thousand of future payments to be made for other postretirement employment benefits, and the fair market of an interest rate swap of \$85 thousand. The Association recognizes the fair market value of an interest rate swap agreement related to outstanding debt in other long-term assets or other long-term liabilities. The derivative is considered to be effective in the reduction of risk, so the change in its fair market value is shown as a deferred outflows or inflows of resources.

**Liabilities**

The primary components of current liabilities are accounts payable, deferred compensation, deferred ticket revenue, and the current portion of notes payable. Current liabilities were \$42.4 million at June 30, 2020, representing a decrease of \$23.0 million compared to the prior year. Declines in accounts payable of \$14.7 million and deferred ticket, parking and suite rental advances of \$7.6 million account for a majority of the decrease. The decline in accounts payable primarily relates to planned reductions in spending at the Association in response to the Pandemic. The reductions in deferred ticket, parking, and suite rental advances are also related to the Pandemic.

Noncurrent liabilities remained consistent at \$118.7 million and \$119.7 million as of June 30, 2020 and 2019, respectively. The most significant noncurrent liability consists of \$96.2 million in interest-free and interest bearing loans from the University and the Foundation. These loans relate to the construction of the Cardinal Stadium expansion, Cardinal Park and the Academic Center.

**UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.**

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Management Discussion and Analysis (Unaudited)  
For Years Ended June 30, 2020 and 2019**

**Deferred Inflows of Resources**

Deferred inflows of resources represent an acquisition of net position that applies to future periods. The balance of \$1.8 million consist of \$0.4 million of future receipts from a food service concession arrangement and \$1.4 million related to the change in actuarial assumptions and differences between expected and actual experience in the other postemployment benefit liability.

**Net Position**

Total net position of \$126.3 million as of June 30, 2020 is reported in the following categories: net investment in capital assets of \$134.3 million; restricted nonexpendable of \$1.3 million; restricted expendable of \$17.5 million, and unrestricted of \$(26.3) million.

**Fiscal Year 2019**

Total assets at June 30, 2019 were \$308.4 million, a decrease of \$13.3 million from June 30, 2018. The decrease is attributable to usage of restricted cash for the construction of the stadium expansion and ACC Network production studio, along with payments made for settlement of deferred compensation. The decrease in restricted cash is partially offset by the increase in capital assets for the additions.

Liabilities at June 30, 2019 were \$185.1 million, an increase of \$0.2 million, less than 1% compared to June 30, 2018.

Deferred outflows of resources were \$1.3 million as of June 30, 2019 represented by the amortization of the loss on debt refinancing of \$1.2 million, change in assumptions and future payments for other postemployment benefits of \$0.1 million and the change in value of the derivative of \$187 thousand. Deferred inflows of resources experienced a net increase of \$1.4 million from June 30, 2018 to June 30, 2019 due to future benefits of a service concession amortization of \$0.1 million and an increase in changes in other post employment benefits of \$1.5 million.

Net position at June 30, 2019 was \$122.0 million, a decrease of \$15.1 million, or 11%, when compared to the June 30, 2018 net position. The majority of the decrease is captured in unrestricted net position and is due to the loss from operations.

**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 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, 2020, 2019, and 2018 (in thousands) are as follows:

**UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.**

**A Component Unit of the University of Louisville  
Management Discussion and Analysis (Unaudited)  
For Years Ended June 30, 2020 and 2019**

<i>Condensed Statements of Revenues, Expenses, and Changes in Net Position</i>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2020-2019 Change</b>	<b>2019-2018 Change</b>
<b>OPERATING REVENUES</b>					
Sports	\$ 61,528	\$ 64,310	\$ 61,722	\$ (2,782)	\$ 2,588
Other operating revenues	25,031	22,516	14,769	2,515	7,747
Total operating revenues	86,559	86,826	76,491	(267)	10,335
<b>OPERATING EXPENSES</b>					
Sports	64,925	80,221	67,281	(15,296)	12,940
Other operating expenses	46,814	53,552	45,841	(6,738)	7,711
Depreciation	8,204	7,857	5,746	347	2,111
Total operating expenses	119,943	141,630	118,868	(21,687)	22,762
Operating loss	(33,384)	(54,804)	(42,377)	21,420	(12,427)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Gifts	39,240	41,939	29,320	(2,699)	12,619
Net realized and unrealized (loss)/gain on investments	(5)	477	248	(482)	229
Investment returns	56	23	150	33	(127)
Other nonoperating expenses	(789)	(1,329)	(1,706)	540	377
Contributions (to)/from related entities	(788)	(1,393)	260	605	(1,653)
Net nonoperating revenues	37,714	39,717	28,272	(2,003)	11,445
Increase/(decrease) in net position	4,330	(15,087)	(14,105)	19,417	(982)
<b>NET POSITION</b>					
Net position-beginning of year	122,003	137,090	153,724	(15,087)	(16,634)
Cumulative effect of change in accounting principle	—	—	(2,529)	—	2,529
Net position-end of year	\$ 126,333	\$ 122,003	\$ 137,090	\$ 4,330	\$ (15,087)

**Operating Revenues**

Total operating revenues were \$86.6 million for the year ending June 30, 2020 and flat compared to \$86.8 million for the years ended June 30, 2019. Income from sports programs, primarily from football and basketball ticket sales, comprised \$61.5 million, or 71% of total operating revenues for the year. Other operating revenues amounting to \$25.0 million for the year ended June 30, 2020, and include revenues from sources such as concession sales, parking and facilities rentals, sponsorships, and media contracts. Operating revenues from sports decreased \$2.8 million as a result of a combination of Louisville hosting an NCAA Men's Regional in fiscal year 2019 and the cancellation of the NCAA Basketball tournament and the majority of spring 2020 sports due to the Pandemic. The loss spring revenues were slightly offset by an increase of \$2.0 million in revenues from the Football program.

**UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.**

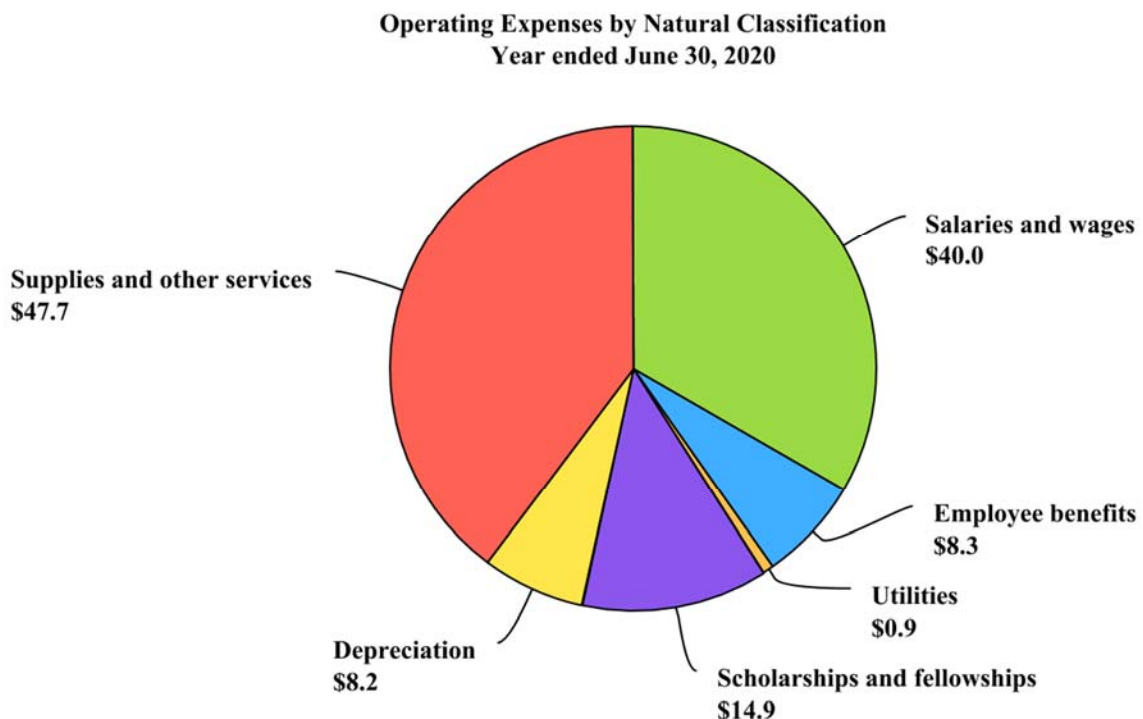
**A Component Unit of the University of Louisville  
Management Discussion and Analysis (Unaudited)  
For Years Ended June 30, 2020 and 2019**

**Operating Expenses**

Total operating expenses were \$119.9 million and \$141.6 million for the years ended June 30, 2020 and 2019, respectively. For the year ended June 30, 2020, expenses consist mainly of \$64.9 million, or 54%, in direct sports-related expenses. The remaining \$55.0 million in operating expenses consist mainly of support and administrative services of \$37.0 million, marketing and development of \$9.8 million, and depreciation expense of \$8.2 million.

Total operating expenses decreased by \$21.7 million, or 15%, in the current year. The decrease was predominately in salary expenses and supplies and other services. Salary and benefit expenses decreased \$16.1 million primarily related to contractual payments to the prior football coaching staff expensed during the fiscal year ending June 30, 2019 and the combination of furloughs and pay reductions in the fourth quarter of fiscal year 2020 in response to the Pandemic. Other sources of the decrease are reduced spending in the fourth quarter of the 2020 fiscal year. The Association made substantial cuts in operations and administration due to the cancellation of spring sports and uncertainties about the start up of fall sports leading to a \$5.9 million reduction in expenses.

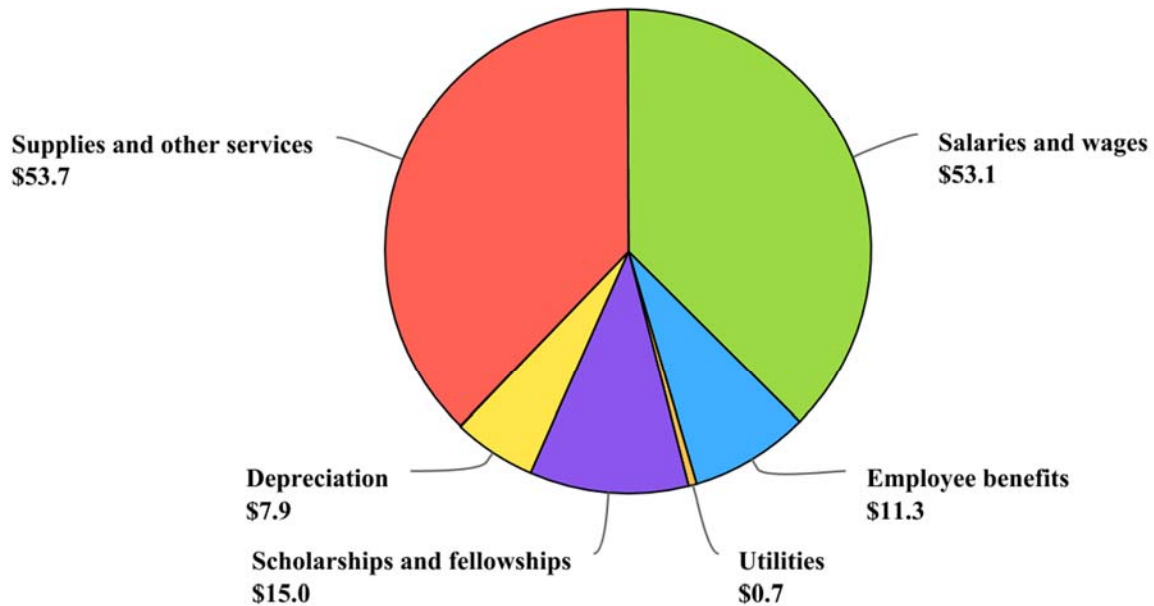
The illustrations below show total expenses by natural classification for the years ended June 30, 2020 and 2019 (in millions):





**UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.**  
**A Component Unit of the University of Louisville**  
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**Operating Expenses by Natural Classification**  
**Year Ended June 30, 2019**



**Operating Loss, Nonoperating Revenues, and Net Position**

The Association's loss from operations amounted to \$33.4 million and \$54.8 million for the years ended June 30, 2020 and 2019, respectively. During the fiscal year ended June 30, 2020 the operating loss was offset by the \$37.7 million in nonoperating revenues and capital gifts, leaving an increase in net position of \$4.3 million, compared to the \$15.1 million decrease in net position realized during the fiscal year ended June 30, 2019.

Overall, nonoperating revenues decreased \$2.0 million, or 5.3%. The most significant change being a decrease in capital gifts of \$2.7 million.

**Fiscal Year 2019**

The Association's loss from operations amounted to \$54.8 million and \$42.4 million for the years ended June 30, 2019 and 2018, respectively. During the fiscal year ended June 30, 2019, the operating loss was offset by the \$39.7 million in nonoperating revenues and capital gifts, leaving a decrease in net position of \$15.1 million compared to a loss of \$14.1 million recognized during fiscal year ended June 30, 2018.

Overall, nonoperating revenues increased \$11.4 million, or 29%. Capital gifts increased \$12.6 million due primarily to the Next Step Campaign.

Total operating expenses increased by \$22.8 million, or 19%, for the year ended June 30, 2019 as compared to the year ended June 30, 2018. The majority of this increase was in salary and benefit expenses related to contractual payments to the prior football coaching staff. Other sources of increase include additional staffing to support the Cardinal Athletic Fund and Ticket Sales, additional expenses related to baseball post season and College World Series and expenses associated with moving Golf, Equipment and Transportation operations to the new Lee Street facility.

**UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.**

**A Component Unit of the University of Louisville  
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For Years Ended June 30, 2020 and 2019**

**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 financing, capital financing and investing activities.

A summary of the Association's cash flow activity for the years ended June 30, 2020, 2019, and 2018 (in thousands) is shown below:

<i>Condensed Statements of Cash Flow</i>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2020-2019 Change</b>	<b>2019-2018 Change</b>
Cash (used)/provided by:					
Operating activities	\$ (47,230)	\$ (25,255)	\$ (30,162)	\$ (21,975)	\$ 4,907
Noncapital financing activities	29,642	11,329	37,659	18,313	(26,330)
Capital financing activities	899	(8,986)	(39,230)	9,885	30,244
Investing activities	5,829	848	1,174	4,981	(326)
Net increase/(decrease) in cash and cash equivalents	(10,860)	(22,064)	(30,559)	11,204	8,495
Cash and cash equivalents, beginning of year	33,121	55,185	85,744	(22,064)	(30,559)
Cash and cash equivalents, end of year	\$ 22,261	\$ 33,121	\$ 55,185	\$ (10,860)	\$ (22,064)

**Operating Activities**

The Association's cash and cash equivalents decreased by \$10.9 million during the year, mostly due to the operating cash used by the Association for 2020. The Association experienced a net outflow of \$47.2 million, which is an increase in cash used for operations primarily related to paying down its accruals for the terminated coach and staff and other normal operating expenses.

**Other Activities**

Cash provided by noncapital and related financing activities of \$29.6 million offset the cash used by operating activities. These cash flows consist primarily of \$36.4 million in gifts received to support the sports programs and offset by \$5.9 million of payments to affiliated entities. Cash provided by capital financing activities of \$0.9 million relates mainly to capital activities for the receipt of capital gifts and purchases of capital assets or payment of debt for capital assets.

**Fiscal Year 2019**

The Association's cash and cash equivalents decreased by \$22.1 million during the year, mostly due to the operating loss incurred by the Association for 2019. The Association experienced a net outflow of \$25.3 million in cash paid for operations. The significant decrease of cash produced by noncapital financing activities was due to the completion of the Next Step donation campaign for general maintenance and debt repayment during fiscal year 2018.

**UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.**

**A Component Unit of the University of Louisville  
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Cash used by capital financing activities of \$9.0 million relates mainly to the purchases of capital assets of \$24.1 million offset by capital contributions of \$18.4 million. The significant increase in cash provided by financing of \$30.2 million from 2018 was due to completion of the Cardinal Stadium expansion in 2018.

**Economic Factors that May Affect Future Periods**

As a result of the Pandemic commerce across the globe was shut-down, including all sporting events. At the same time, the Association was notified by the NCAA that all winter and spring sport activities were cancelled, therefore stopping all sport activities of the Association for the remainder of the fiscal year ending June 30, 2020.

Senior leadership of the University of Louisville and the Association were able to successfully manage the reductions in revenue and incremental costs related to the Pandemic by taking aggressive measures that included budget cuts, pay reductions, furloughs, and reductions in retirement contributions. Senior Leadership continues to believe that it is financially well-positioned despite the impact of the Pandemic to educate and serve its community through:

- Teaching diverse undergraduate, graduate, and professional students in order to develop engaged citizens, leaders and scholars.
- Practicing and applying research, scholarship and creative activity, and
- Providing engaged service and outreach that improve the quality of life for local and global communities.

The Pandemic will continue to have a significant impact on the University and the Association moving into fiscal year 2021. Some of the significant disruptions to revenue streams or changes to the expense base that may be impacted by the Pandemic are as follows:

- The University may lose state appropriations from the Commonwealth of Kentucky as the state economy has been hit with extensive reductions in tax revenues related to the Pandemic which are expected to be substantially lower until the economy recovers. General Fund revenues are expected to decline for the first time in over a decade.
- The University may lose tuition revenue if it were required to cancel face to face classes and was not able to convert the classes to an on-line format.
- The University could suffer reductions in spend policy on endowed gifts and interest income due to significant deterioration in the financial markets.
- The University could suffer reductions Athletics revenue from reduced ticket sales and other related athletic revenue streams due to canceled games or reduced fan base allowed at events.
- The University expects COVID-19 testing, personal protective equipment and other safety measures to be an incremental cost for 2021.
- The University has moved many classes into a hybrid delivery model for the 2020/2021 academic year which is expected to be an incremental cost for 2020.

The Association's Board of Directors approved a balanced operating budget for the 2021 fiscal year of \$95.1 million. This represents a reduction of \$9.25 million or 8.86% from the 2020 fiscal year budget. The Association budget was approved with the knowledge that future sport activities are uncertain and adjustments to the budget to compensate for the changing environment may be necessary.

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. Progress towards these goals is not eroded by setbacks brought on by the Pandemic.

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, 2020 and 2019**  
**(in thousands)**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 15,089	\$ 29,797
Accounts and contributions receivable, net	13,079	14,085
Inventories	4,434	3,212
Investments held with University of Louisville Foundation, Inc.	5,460	11,236
Other assets	1,434	741
Total current assets	39,496	59,071
Noncurrent Assets		
Restricted cash and cash equivalents	7,172	3,324
Accounts and contributions receivable, net	21,807	21,685
Other long-term investments	954	1,155
Capital assets, net	218,364	223,134
Total noncurrent assets	248,297	249,298
Total assets	287,793	308,369
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	1,499	1,340
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	289,292	309,709
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and accrued liabilities	7,191	21,908
Unearned compensation and wages payable	2,699	2,920
Advances	24,918	32,499
Due to the University of Louisville	5,213	5,078
Notes payable	2,372	2,957
Total current liabilities	42,393	65,362
Noncurrent Liabilities		
Due to University of Louisville	96,205	101,418
Due to University of Louisville Foundation, Inc.	—	316
Note payable to University of Louisville Foundation, Inc.	1,000	1,000
Unearned compensation and wages payable	2,549	5,250
Advances	6,358	4,171
Other long-term liabilities	9,843	3,888
Notes payable	2,784	3,656
Total noncurrent liabilities	118,739	119,699
Total liabilities	161,132	185,061
<b>DEFERRED INFLOWS OF RESOURCES</b>	1,827	2,645
<b>NET POSITION</b>		
Net investment in capital assets	134,318	133,518
Restricted:		
Nonexpendable	1,349	4,710
Expendable	17,485	17,371
Unrestricted	(26,819)	(33,596)
Total net position	126,333	122,003
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	\$ 289,292	\$ 309,709

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 the Years Ended June 30, 2020 and 2019**  
**(in thousands)**

	<u>2020</u>	<u>2019</u>
<b>OPERATING REVENUES</b>		
Sports:		
Basketball	\$ 19,342	\$ 23,140
Football	40,700	38,748
Other sports	1,486	2,422
Total sports	<u>61,528</u>	<u>64,310</u>
Cardinal Stadium	630	637
Marketing and development	7,967	7,270
Administration	3,031	1,957
Support services	1,111	621
Other operating revenues	12,292	12,031
Total operating revenue	<u>86,559</u>	<u>86,826</u>
<b>OPERATING EXPENSES</b>		
Sports:		
Basketball	13,962	15,736
Football	23,644	36,543
Other sports	27,319	27,942
Total sports	<u>64,925</u>	<u>80,221</u>
Cardinal Stadium	2,236	1,721
Marketing and development	9,814	7,772
Administration	5,204	4,623
Support services	12,709	22,047
Game management and facilities operations	3,819	3,286
Depreciation	8,204	7,857
Other operating expenses	13,032	14,103
Total operating expenses	<u>119,943</u>	<u>141,630</u>
Operating loss	<u>(33,384)</u>	<u>(54,804)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Gifts	33,603	27,016
Investment returns	56	23
Net realized and unrealized gain on investments	(5)	477
Interest on capital asset-related debt	(256)	(255)
Other nonoperating revenues (expenses)	(533)	(1,074)
Net nonoperating revenues	<u>32,865</u>	<u>26,187</u>
Capital gifts	5,637	14,923
Contributions (to)/from related entities	(788)	(1,393)
Total other revenue	<u>4,849</u>	<u>13,530</u>
Increase (decrease) in net position	<u>4,330</u>	<u>(15,087)</u>
<b>NET POSITION</b>		
Net position - beginning of year	<u>122,003</u>	<u>137,090</u>
Net position - end of year	<u>\$ 126,333</u>	<u>\$ 122,003</u>

See notes to financial statements

**UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.**  
**A Component Unit of the University of Louisville**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2020 and 2019**  
**(in thousands)**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Ticket sales	\$ 21,010	\$ 28,678
NCAA/Conference distributions	32,443	28,992
Marketing and development	7,967	7,270
Payments to suppliers, vendors and contractors	(63,379)	(40,868)
Payments for utilities	(869)	(721)
Payments to employees	(42,877)	(46,740)
Payments for benefits	(3,674)	(9,943)
Payments for scholarships and fellowships	(14,863)	(14,978)
Other athletic program receipts	17,012	23,055
Net cash used by operating activities	<u>(47,230)</u>	<u>(25,255)</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Gifts	36,358	17,539
Contributions to/from related entities	(5,867)	(1,393)
Payments of affiliate debt	(316)	121
Affiliate payable	—	(4,938)
Other noncapital financing activity	(533)	—
Net cash provided by noncapital financing activities	<u>29,642</u>	<u>11,329</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital gifts received	5,637	18,374
Proceeds from notes payable	1,750	—
Purchases of capital assets	(3,454)	(24,092)
Principal paid on bonds and notes payable	(3,207)	(3,013)
Interest paid on bonds and notes payable	(118)	(255)
Deposits with bond trustee	291	—
Net cash provided (used) by capital and related financing activities	<u>899</u>	<u>(8,986)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	5,918	598
Purchase of investments	(141)	—
Interest on investments	52	250
Net cash provided by investing activities	<u>5,829</u>	<u>848</u>
Net decrease in cash and cash equivalents	(10,860)	(22,064)
Cash and cash equivalents - beginning of year	33,121	55,185
Cash and cash equivalents - end of year	<u>\$ 22,261</u>	<u>\$ 33,121</u>

See notes to financial statements

**UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.**  
**A Component Unit of the University of Louisville**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2020 and 2019**  
**(in thousands)**

	<b>2020</b>	<b>2019</b>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (33,384)	\$ (54,804)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	8,204	7,857
Loss on disposal of equipment	20	—
Change in assets and liabilities:		
Accounts and contributions receivable, net	(232)	342
Inventories	(1,222)	—
Investments held with University of Louisville Foundation, Inc.	—	2,505
Other assets	(692)	(463)
Other long term assets	201	—
Accounts payable and accrued liabilities	(14,718)	14,642
Advances	(7,242)	(685)
Unearned compensation and wages payable	(2,924)	5,650
Other long-term liabilities	5,874	(299)
Deferred outflows	(297)	—
Deferred inflows	(818)	—
Net cash used by operating activities	\$ (47,230)	\$ (25,255)
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Capital asset additions in accounts payable	\$ —	\$ 1,183
Loss on disposal of assets	\$ 20	\$ —

See notes to financial statements

**UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.**  
**A Component Unit of the University of Louisville**  
**Notes to Financial Statements**  
**June 30, 2020 and June 30, 2019**

**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.



**UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.**  
**A Component Unit of the University of Louisville**  
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**June 30, 2020 and June 30, 2019**

These guidelines require that the Foundation's investment pool be made up of a mix of publicly traded fixed income and equity securities, private equities and other nonmarketable securities.

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 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 Board of the Foundation approved the spend policy rate of 3.00% for fiscal year ending June 30, 2020 for support of the academic units, including the Association.

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 summary 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.

Prior to the period ending June 30, 2018, the Association capitalized interest cost as a component of construction in progress, based on the interest cost of borrowings, net of interest earned from proceeds of borrowings. The Association ceased capitalizing interest after this date in accordance with updated GASB guidance.

**UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.**  
**A Component Unit of the University of Louisville**  
**Notes to Financial Statements**  
**June 30, 2020 and June 30, 2019**

g. 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 of \$1.5 million and \$1.3 million for the years ended June 30, 2020 and 2019, respectively. Balances as of June 30, 2020 consist of loss on bond refinancing of \$0.9 million, future payments of other post-employment benefits of \$0.5 million and \$85 thousand of fair value derivative. Balances as of June 30, 2019 consist of loss on bond refinancing of \$1.2 million and other post-employment benefits of \$0.2 million, and \$4 thousand of fair value derivative. As the derivative is considered an effective hedging instrument, changes in the fair value of the derivative is recognized as deferred outflows of resources. 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.

Deferred inflows of resources of \$1.8 million as of June 30, 2020 consist of service concession arrangements of \$0.4 million, and changes in actuarial assumptions and differences between expected and actual experience in the other post-employment benefits liability of \$1.4 million. Deferred inflows of resources of \$2.6 million as of June 30, 2019 consist of service concession arrangements of \$0.7 million and changes in actuarial assumptions and differences between expected and active experience in the other post-employment benefits liability of \$1.9 million. Changes in the other post-employment benefits deferred inflow will be recognized in future periods. Deferred inflows from service concession arrangements will be recognized into revenue over the life of the contract.

h. Unearned Compensation Expenses

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

i. 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.

j. Advances

Advances, which consist primarily of amounts received from individual and season ticket holders for subsequent year intercollegiate athletic activities, suite rentals, and parking revenue, was approximately \$31.3 million and \$36.7 million at June 30, 2020 and 2019, respectively. Such advances are recognized over the term of the related athletic activities.

**UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.**  
**A Component Unit of the University of Louisville**  
**Notes to Financial Statements**  
**June 30, 2020 and June 30, 2019**

k. 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 net of accumulated depreciation 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, grantors 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.

The following table includes detail of the net position balances as of June 30, 2020 and 2019 (in thousands):

	<u>2020</u>	<u>2019</u>
Net investment in capital assets	\$ 134,318	\$ 133,518
Restricted:		
Nonexpendable		
Scholarships and fellowships	1,349	4,710
Expendable		
Scholarships and fellowships	4,111	—
Institutional support	1,945	3,250
Capital projects	1,741	—
Debt Service	9,688	14,121
Unrestricted	(26,819)	(33,596)
Total net position	<u>\$ 126,333</u>	<u>\$ 122,003</u>

l. 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 facilities 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.

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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 received and the Association provided no goods or services, include gifts and investment income.

m. 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.

n. 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.

o. Reclassifications

Certain 2019 amounts have been reclassified to conform to the 2020 presentation. The reclassifications more accurately represent revenue and expense activities in the categories presented on the statement of revenues, expense and changes in net position. These reclassifications had no effect on the change in net position.

p. Recent Accounting Pronouncements and Restatement

As of June 30, 2020, the GASB issued Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*. The statement extended the effective date of multiple pronouncements by one year. There were no new pronouncements adopted by the Association during the year ending June 30, 2020. The following statements will be implemented in future reporting periods.

GASB Statement No. 84, *Fiduciary Activities*. This pronouncement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting. The Association has not yet adopted this standard and is evaluating the impact it may have on its financial statements.

GASB Statement No. 87, *Leases*. Requires recognition of certain lease assets and liabilities for leases that were previously classified as operating, and establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use. The Association has not yet adopted this standard and is evaluating the impact it may have on its financial statements.

GASB Statement No. 90, *Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61*. This pronouncement will improve financial reporting by providing users of the financial statements with essential information related to the presentation of majority equity interests in legally separate organizations that previously was reported inconsistently. In addition, requiring reporting of information about component units if the government acquires a 100 percent equity interest provides information about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit. The Association has not yet adopted this standard and is evaluating the impact it may have on its financial statements.

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GASB Statement No. 92, *Omnibus 2020*. This pronouncement addresses activities with derivative instruments, intra-entity transfers of assets, postemployment benefit arrangements and measurement of liabilities associated with asset retirement obligations. The Association has not yet adopted this standard and is evaluating the impact it may have on its financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. As a result of global reference rate reform, the most popular interbank offered rate (IBOR), London interbank offered rate (LIBOR), is expected to cease to exist in its current form prompting governments to amend or replace financial instruments. This pronouncement addresses the accounting and financial implications that result from the replacement of an IBOR. The Association has not yet adopted this standard and is evaluating the impact it may have on its financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and availability Payment Arrangements*. The objective of the pronouncement is to improve financial reporting related to public-private and public-public partnerships and availability payment arrangements. The Association has not yet adopted this standard and is evaluating the impact it may have on its financial statements.

GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. This pronouncement defines subscription-based information technology and provides guidance on accounting for the resulting capital and intangible assets and associated cost. The Association has not yet adopted this standard and is evaluating the impact it may have on its financial statements.

q. Risks and Uncertainties

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the Pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the Association, the Pandemic may negatively impact various components of its revenue stream due to cancelled games or games played with limited or no fans resulting in reductions in ticket sales, suite agreements revenues, and contractual revenues. Additionally, the Association expects to pay incremental costs to keep its players and fans safe during the Pandemic. Management believes the Association is taking appropriate actions to mitigate the negative impact of the Pandemic. The full impact of the Pandemic is unknown and cannot be reasonably estimated as these events are still developing.

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**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 on the following page (in thousands):

	<u>2020</u>	<u>2019</u>
Deposits	\$ 22,261	\$ 33,121
Investments		
Investments held with the University of Louisville Foundation, Inc.	5,460	11,236
Annuities	954	1,155
Total	<u>\$ 28,675</u>	<u>\$ 45,512</u>

Included in the following statements of net position captions:

Cash and cash equivalents	\$ 15,089	\$ 29,797
Restricted cash and cash equivalents	7,172	3,324
Investments held with University of Louisville Foundation, Inc.	5,460	11,236
Annuities	954	1,155
	<u>\$ 28,675</u>	<u>\$ 45,512</u>

b. Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Association's deposits or collateral securities may not be returned. 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, 2020. 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, 2020 and 2019, the Association had no investments subject to interest rate risk.

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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, 2020 and 2019, the \$5.5 million and \$11.2 million, respectively, in investments held by the Foundation are considered pooled investments and not rated as to credit risk.

e. Concentration of Credit Risk

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

The asset allocation for investments held with the Foundation as of June 30, 2020 and 2019 was as follows:

	<u>2020</u>	<u>2019</u>
Investment in partnerships	48 %	55 %
Marketable alternatives	19 %	19 %
Mutual funds	16 %	11 %
Fixed income	12 %	11 %
Preferred and common stock	5 %	4 %
Total	<u>100 %</u>	<u>100 %</u>

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

f. Foreign Currency Risk

This risk relates to adverse 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, 2020 and 2019.

**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.

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The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements as of June 30, 2020 and 2019 (in thousands):

	Balance as of 6/30/2020	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Measured at NAV
<b>Investments</b>					
University of Louisville Foundation, Inc. investment fund	\$ 5,460	\$ —	\$ —	\$ —	\$ 5,460
<b>Investment derivative instruments</b>					
Interest rate swap	(85)	—	(85)	—	—
Total investments measured at fair value	<u>\$ 5,375</u>	<u>\$ —</u>	<u>\$ (85)</u>	<u>\$ —</u>	<u>\$ 5,460</u>

	Balance as of 6/30/2019	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Measured at NAV
<b>Investments</b>					
University of Louisville Foundation, Inc. investment fund	\$ 11,236	\$ —	\$ —	\$ —	\$ 11,236
<b>Investment derivative instruments</b>					
Interest rate swap	(4)	—	(4)	—	—
Total investments measured at fair value	<u>\$ 11,232</u>	<u>\$ —</u>	<u>\$ (4)</u>	<u>\$ —</u>	<u>\$ 11,236</u>

a. Investments

Derivative instruments classified in Level 2 of the fair value hierarchy are valued using standard pricing models using current forward rate assumptions and/or volatility to predict cash flows. Investments measured at net asset value (NAV) (in thousands):

	Fair value as of 6/30/2020	Redemption Frequency	Redemption Notice Period
University of Louisville Foundation, Inc. investment fund	\$ 5,460	Various from any valuation day to quarterly	Various from 5 to 90 days
	Fair value as of 6/30/2019	Redemption Frequency	Redemption Notice Period
University of Louisville Foundation, Inc. investment fund	\$ 11,236	Various from any valuation day to quarterly	Various from 5 to 90 days



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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 NAV per share (or its equivalent) of the investments.

**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, 2020 and 2019, 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. 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, 2020 and 2019, the Foundation held funds of the Association of approximately \$5.5 million and \$11.2 million, respectively, for investment purposes.

c. Debt with Related Entities

As of June 30, 2020 and 2019, the Association has noninterest bearing debt with no specific repayment terms of approximately \$9.2 million with the University. The debt relates to \$8.6 million of expenditures incurred in fiscal years 1999 and 2000 during the construction Cardinal Stadium and to \$0.6 million of expenditures incurred during fiscal years 2003 and 2004 related to the Wright Natatorium.

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, 2020 and 2019, the Association repaid \$0.6 million and \$0.9 million in each respective year. The outstanding loan balance is \$12.3 million and \$12.9 million as of June 30, 2020 and 2019, 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 \$74.0 million and \$77.8 million as of June 30, 2020 and 2019, respectively.

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In May 2018, the Association received \$7.2 million from the University, which was borrowed under a master lease agreement with a financial institution. The funds were used to finance the construction of a television broadcast and production studio. The Association entered into an agreement with the University for the Association to repay the lease based on the lease repayment schedule. This liability is stated in current liabilities and noncurrent due to University of Louisville. The outstanding loan balance is \$6.0 million and \$6.6 million as of June 30, 2020 and 2019, respectively.

In July 2001, the Association received a \$0.3 million unsecured, noninterest bearing loan with no specific repayment terms from the Foundation for the refurbishing of the Cardinal Basketball Offices. The outstanding loan balance at June 30, 2019 of \$0.3 million, was repaid in full as of June 30, 2020.

In January 1999, the Association received an \$8.5 million unsecured, noninterest bearing loan from the Foundation for the construction of Cardinal Park. The Association is obligated to repay the loan upon collection of contributions receivable. During the year ended June 30, 2020, the Association did not make a payment. The outstanding balance was approximately \$1.0 million as of June 30, 2020 and 2019.

d. Contributions 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 \$1.7 million and \$1.8 million, respectively, for the years ended June 30, 2020 and 2019 for this purpose. Additionally, the University collects certain fees from students designated for use by the Association. The University transferred \$0.9 million and \$1.0 million of student fees collected for the years ended June 30, 2020 and 2019, 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 \$3.4 million and \$4.6 million related to capital projects and debt service payments during each of the fiscal years ended June 30, 2020 and 2019, respectively.

Additionally, other transfers of support for projects or endeavors occur between the Association and the University. The Association transferred \$0.1 million and \$0.4 million to the University for the years ended June 30, 2020 and 2019, respectively.

During the fiscal years ended June 30, 2020 and 2019, the Association transferred \$0.9 million and \$0.4 million, respectively, to the Foundation to support the operations of the golf facility owned by the Foundation. This transfer is recorded in other nonoperating expenses and revenues.

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**5. Accounts and Contributions Receivable, Net**

Accounts and contributions receivable as of June 30, 2020 and 2019 are as follows (in thousands):

	<b>2020</b>		
	<b>Gross</b>	<b>Allowance</b>	<b>Net</b>
Contributions receivable	\$ 34,462	\$ (5,896)	\$ 28,566
Trade receivables	7,719	—	7,719
Total	<u>\$42,181</u>	<u>\$(5,896)</u>	<u>36,285</u>
Less discount			1,399
Current portion			<u>13,079</u>
Noncurrent portion			<u>\$ 21,807</u>
	<b>2019</b>		
	<b>Gross</b>	<b>Allowance</b>	<b>Net</b>
Contributions receivable	\$ 34,873	\$ (4,748)	30,125
Trade receivables	6,833	—	6,833
Total	<u>41,706</u>	<u>\$ (4,748)</u>	<u>36,958</u>
Less discount			1,189
Current portion			<u>14,085</u>
Noncurrent portion			<u>\$ 21,685</u>

Contributions receivable consist primarily of charitable gifts from individual and corporate donors that are associated with the construction projects of the Association. Contributions receivable with payment schedules in excess of one year are stated at their discounted present value. The discount rates ranged from 0.0% to 5.2%.

Contributions receivable as of June 30, 2020 and 2019 are due to be received as follows (in thousands):

	<b>2020</b>	<b>2019</b>
Less than one year	\$ 10,731	\$ 11,059
One to three years	9,070	9,636
Greater than three years	<u>14,661</u>	<u>14,178</u>
Subtotal	34,462	34,873
Less discount	(1,399)	(1,189)
Less allowance	<u>(5,896)</u>	<u>(4,748)</u>
Net contributions receivable	<u>\$ 27,167</u>	<u>\$ 28,936</u>

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**6. Capital Assets, Net**

Capital assets as of June 30, 2020 and 2019 are shown below and on the following page (in thousands):

	<b>2020</b>				<b>Ending Balance</b>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	
<b>Cost - Nondepreciable</b>					
Land	\$ 5,151	\$ —	\$ —	\$ —	\$ 5,151
Construction in progress	—	2,153	—	(1,251)	902
Subtotal	5,151	2,153	—	(1,251)	6,053
<b>Cost - Depreciable</b>					
Buildings	275,389	539	—	1,251	277,179
Land improvements	4,797	180	—	—	4,977
Equipment	6,639	582	(81)	—	7,140
Leasehold improvements	1,299	—	—	—	1,299
Subtotal	288,124	1,301	(81)	1,251	290,595
Total capital assets-cost	293,275	3,454	(81)	—	296,648
<b>Accumulated depreciation</b>					
Buildings	65,053	7,114	—	—	72,167
Land improvements	912	157	—	—	1,069
Equipment	3,217	875	(61)	—	4,031
Leasehold improvements	959	58	—	—	1,017
Total capital assets-cost	70,141	8,204	(61)	—	78,284
Capital assets, net	\$ 223,134	\$ (4,750)	\$ (20)	\$ —	\$ 218,364

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	<b>2019</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Cost - Nondepreciable</b>					
Land	\$ 5,151	\$ —	\$ —	\$ —	\$ 5,151
Construction in progress	61,674	724	—	(62,398)	—
Subtotal	66,825	724	—	(62,398)	5,151
<b>Cost - Depreciable</b>					
Buildings	205,361	8,600	—	61,428	275,389
Land improvements	3,827	—	—	970	4,797
Equipment	3,471	3,243	(75)	—	6,639
Leasehold improvements	1,299	—	—	—	1,299
Subtotal	213,958	11,843	(75)	62,398	288,124
Total capital assets-cost	280,783	12,567	(75)	—	293,275
<b>Accumulated depreciation</b>					
Buildings	58,351	6,702	—	—	65,053
Land improvements	758	154	—	—	912
Equipment	2,349	943	(75)	—	3,217
Leasehold improvements	901	58	—	—	959
Total capital assets-cost	62,359	7,857	(75)	—	70,141
Capital assets, net	\$ 218,424	\$ 4,710	\$ —	\$ —	\$ 223,134

**7. Notes Payable**

Notes payable as of June 30, 2020 and 2019 are summarized as shown below (in thousands):

	<b>Interest Rate</b>	<b>Fiscal Year of Maturity</b>	<b>2020</b>	<b>2019</b>
Notes payable	1.3% to 3.6%	2022 to 2026	\$ 5,156	\$ 6,613

The change in notes payable is summarized as follows (in thousands):

	<b>2020</b>					
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>	<b>Current Portion</b>	<b>Noncurrent Portion</b>
Notes payable	\$ 6,613	\$ 1,750	\$ (3,207)	\$ 5,156	\$ 2,372	\$ 2,784
	<b>2019</b>					
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>	<b>Current Portion</b>	<b>Noncurrent Portion</b>
Notes payable	\$ 9,626	\$ —	\$ (3,013)	\$ 6,613	\$ 2,957	\$ 3,656

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

<u>For the year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,372	\$ 159	\$ 2,531
2022	1,784	89	1,873
2023	250	36	286
2024	250	27	277
2025	250	18	268
2026	250	9	259
Total	<u>\$ 5,156</u>	<u>\$ 338</u>	<u>\$ 5,494</u>

Association revenue is pledged for the payment of the term loan excluding approximately \$2.0 million annually, which was available for amounts owed by the Association under the Arena lease agreement. For the current year, principal and interest paid by the Association and the total pledged revenue recognized were \$3.5 million and \$101.7 million, respectively.

Term Loans

In June 2014, the Association entered into a \$15.0 million Term Loan with a national banking association. The proceeds were used to partially finance renovation of the baseball and softball stadiums and construction of a soccer stadium (the Project). The loan is secured by collateral, including funds and revenues of the Association from the Project and third-party pledges to the Association for the Project. The variable interest rate on the Term Loan is the Daily One Month LIBOR rate plus 1.14%, reset on the last day of each month. This term loan was refinanced in June 2018 and replaced with a \$9.6 million term loan with substantially the same terms. The interest rate on the new note is the daily one month LIBOR rate plus 100 basis points. The note contains a covenant that states the Association must maintain \$10 million of unrestricted cash or investments. The balance of the term loan was \$3.7 million and \$6.6 million as of June 30, 2020 and 2019, respectively.

In July 2019, the Association entered into a \$1.7 million note with a bank. The proceeds will be used to finance the renovation of the seats at the baseball and football stadiums. The loan is secured by the pledge and transfer to the bank of a security interest in the Association's deposits, monies, securities and other property now or hereafter in the possession of or on deposit with the bank. Principal will be repaid in seven annual installments of \$250 thousand commencing on June 30, 2020. The fixed interest rate on the term note is 3.6%. The balance of the term loan was \$1.5 million as of June 30, 2020.

**8. Derivative Financial Instruments**

a. Summary

At June 30, 2020, the Association has the following derivative instruments outstanding (in thousands):

<u>Type</u>	<u>Objective</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>Fair Value</u>
Pay-fixed interest rate swap	Hedge of changes in cash flows on the Term Loan	\$ 15,000	06/28/13	06/30/22	Pay 2.9%; receive LIBOR + 1.14%	<u>(85)</u>

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The fair value of the Interest Rate Swap was determined using the market's current forward rate assumptions in order to predict future cash flows on the floating side and is included in other long-term assets on the statements of net position. As the Interest Rate Swap is an effective hedging instrument, the offsetting balance is reflected as deferred outflows of resources on the Association's statements of net position. For the year ended June 30, 2020, the decrease in fair value of the Interest Rate Swap was approximately \$81 thousand. No initial cash receipt or payment was made in relation to the Interest Rate Swap. The Association receives or pays a net amount monthly and includes the monthly settlement amount in interest expense.

b. Credit Risk

The Interest Rate Swap's fair value represented the Association's credit exposure to the counterparty as of June 30, 2020. Should the counterparty to this transaction fail to perform according to the terms of the swap agreement, the Association has a maximum possible loss equivalent to the Interest Rate Swap's fair value at that date. At June 30, 2020, the counterparty to the Interest Rate Swap had a credit rating of A3 from Moody's Investors Services.

c. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the Association's financial instruments or cash flows. The fair market values of the derivative instruments are expected to fluctuate over the life of the agreement in response to changes in interest rates. The Association does not have a formally adopted policy related to interest rate risk related to derivative instruments.

d. Termination Risk

The Association or the counterparty may terminate the Interest Rate Swap if the other party fails to perform under the terms of the contract. The contract also provides for other termination events, including if the Term Loan matures, expires, is terminated or cancelled, or changes lenders. If the Interest Rate Swap terminates early and the Association is the defaulting party, the Association would be liable for the losses, if any, of the counterparty.

**9. Other Liabilities**

Other liabilities as of June 30, 2020 and 2019 are summarized as shown below (in thousands):

	<b>2020</b>					
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>	<b>Noncurrent Portion</b>
Unearned compensation and wages payable	\$ 8,170	\$ 6,978	\$ (9,900)	\$ 5,248	\$ 2,699	\$ 2,549
Advances	36,670	36,327	(41,721)	31,276	24,918	6,358
Other long-term liabilities	3,888	8,231	(2,276)	9,843	—	9,843
<b>Total</b>	<b>\$ 48,728</b>	<b>\$ 51,536</b>	<b>\$ (53,897)</b>	<b>\$ 46,367</b>	<b>\$ 27,617</b>	<b>\$ 18,750</b>

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	<b>2019</b>					
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>	<b>Noncurrent Portion</b>
Unearned compensation and wages payable	\$ 2,521	\$ 6,548	\$ (899)	\$ 8,170	\$ 2,920	\$ 5,250
Advances	37,019	401	(750)	36,670	32,499	4,171
Other long-term liabilities	4,182	—	(294)	3,888	—	3,888
<b>Total</b>	<b>\$ 43,722</b>	<b>\$ 6,949</b>	<b>\$ (1,943)</b>	<b>\$ 48,728</b>	<b>\$ 35,419</b>	<b>\$ 13,309</b>

Other long-term liabilities as of June 30, 2020 and 2019 consist of future expenses required by certain pledge agreements, the fair value of the interest rate swap and other post-employment benefits accrued liability.

**10. Natural Classification**

Operating expenses by natural classification for the years ended June 30, 2020 and 2019 were approximately (in thousands):

	<b>2020</b>	<b>2019</b>
Salaries and wages	\$ 40,004	\$ 53,130
Employee benefits	8,279	11,280
Utilities	869	721
Scholarships and fellowships	14,862	14,978
Depreciation	8,204	7,857
Supplies and other services	47,725	53,664
<b>Total</b>	<b>\$ 119,943</b>	<b>\$ 141,630</b>

**11. Retirement Plan**

Association and University personnel participate in a contributory retirement plan administered by the University. The University of Louisville 403(b) Retirement Plan (Retirement Plan) was established by the University and approved by the Board of Trustees. Permanent, full-time employees become eligible to participate in a defined contribution plan upon completion of one year's service and attainment of age 21. The Retirement Plan requires three years of continuous service for employees to vest in employer contributions.

From plan inception through April 30, 2020, eligible employees not contributing to the Retirement Plan were entitled to a 7.5% of base salary contribution on their behalf from the University and an additional match of 2.5% employee contributions. The University amended the Retirement Plan during the year and discontinued base salary and matching contributions from May 1, 2020 through July 30, 2020. Beginning August 1, 2020, base salary and matching contributions were reinstated with an amendment to the plan where eligible employees not contributing to the Retirement Plan are entitled to a 2.5% of base salary contribution and an additional match of 2.5% employee contributions.

The Association recorded expenses related to the defined contribution plan of approximately \$2.0 million and \$2.2 million for the years ended June 30, 2020 and 2019, respectively. As of June 30, 2020 and 2019, the Association had no outstanding liability related to the Retirement Plan.



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**12. Postemployment Healthcare Benefits**

a. Plan Description

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

To be eligible for the Plan, a retired employee must be the earlier of the attainment of age 60 with seven years of service in eligible faculty or staff status, or the date that the sum of the employee's age and years of regular service of not less than 80% full-time equivalent at the University equals or exceeds 75.

At July 1, 2019, the following employees were covered by the benefit terms.

Inactive plan members	1,524
Active plan members	5,578
Total	<u>7,102</u>

b. Funding Policy

The 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, 2020 and 2019, the University contributed approximately \$1.9 million and \$2.8 million to the Plan, approximately 67% and 68% of total premiums, respectively. Retired Plan members under age 65 receiving benefits contributed approximately \$914 thousand and \$1.3 million, approximately 33% and 32% of total premiums for the years ended June 30, 2020 and 2019, respectively, through their required monthly contributions according to the schedules below:

	<b>2020</b>			
	<b>PPO</b>	<b>EPO</b>	<b>PCA High</b>	<b>PCA Low</b>
Employee	\$ 364	\$ 385	\$ 306	\$ 257
Employee and Spouse	\$ 874	\$ 924	\$ 734	\$ 617
	<b>2019</b>			
	<b>PPO</b>	<b>EPO</b>	<b>PCA High</b>	<b>PCA Low</b>
Employee	\$ 342	\$ 362	\$ 288	\$ 254
Employee and Spouse	\$ 830	\$ 870	\$ 710	\$ 570

Medicare-eligible retirees receive a monthly benefit of \$108 per individual covered. For the years ended June 30, 2020 and 2019, the University contributed \$2.0 million and \$1.8 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, 2019. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

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Inflation	2.25%
Salary Increases	5.00%, average
Investment rate of return	NA
Healthcare cost trend rates	6.4% for 2019, decreasing 0.10%-0.25% per year to an ultimate rate of 4.25% for 2033 and later 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 is 3.13% as of the Measurement Date, 3.87% 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):

	<b>Total OPEB Liability</b>
Balances at 6/30/2019	\$ 64,730
Changes for the year:	
Service cost	2,437
Interest	2,497
Differences between expected and actual experience	1,923
Changes of assumptions	5,488
Benefit payments	(2,836)
Net Changes	9,509
Balances at 6/30/2020	\$ 74,239

The following reflects the sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rate. The schedule below presents the University's OPEB liability, as well as what the University's OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate (in thousands):

	<b>1% Decrease (2.13)%</b>	<b>Discount Rate (3.13)%</b>	<b>1% Increase (4.13)%</b>
Net OPEB liability	\$ 83,188	\$ 74,239	\$ 66,721

The schedule below presents the University's OPEB liability, as well as what the University's OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (5.4% for 2019, decreasing 0.10%-0.25% per year to an ultimate rate of 3.25% for 2033) or 1 percentage point higher (7.4% for 2019, decreasing 0.10%-0.25% per year to an ultimate rate of 5.25% for 2033) than the current healthcare cost trend rate (in thousands):

	<b>1% Decrease (5.4)%</b>	<b>Healthcare Cost Trend Rates (6.4)%</b>	<b>1% Increase (7.4)%</b>
Net OPEB liability	\$ 71,443	\$ 74,239	\$ 77,499

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For the year ended June 30, 2020, the University recognized OPEB expense of \$1.7 million. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,665	\$ 3,029
Changes of assumptions	4,753	24,941
Contributions made in fiscal year ending 6/30/2020 after the measurement date of 6/30/2019	2,927	—
Total	\$ 9,345	\$ 27,970

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 related to OPEB will be recognized in OPEB expense as follows on the following page (in thousands):

<u>Year ended June 30:</u>	
2021	\$ (3,212)
2022	(3,212)
2023	(3,212)
2024	(3,212)
2025	(3,212)
Thereafter	(5,491)
	\$ (21,551)

d. Funded Status and Funding Progress

As of June 30, 2019, the most recent actuarial valuation date, the plan was 0% funded. The unfunded OPEB liability for benefits was \$74.2 million and \$64.7 million and there were no assets, resulting in an unfunded net OPEB liability of \$74.2 million and \$64.7 million as of June 30, 2020 and 2019, respectively. The covered payroll (annual payroll of active employees covered by the plan) was \$493.9 million and \$450.3 million, and the ratio of the unfunded net OPEB liability to the covered payroll was 15% and 14%, for the years ended June 30, 2020 and 2019, respectively.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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e. Actuarial Methods and Assumptions

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

In the June 30, 2019, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 6.4% initially, reduced by increments to an ultimate rate of 4.25% after 13 years. The increase in the benefit obligation recognized during the fiscal year ending June 30, 2020 was due to a change in the discount rate from 3.87% as of the beginning of the reporting year to 3.13% as of the measurement date, and updates to the retirement rates, participation rates and health care trend rates. The gains on the benefit obligation recognized during the fiscal year ended June 30, 2019 was due to updates made on expected future health claims and an increase in the discount rate from 2.85% as of the beginning of the reporting year to 3.58% as of the measurement date, and changes in the assumed per capita cost.

**13. Leases**

a. Central Station, LLC

The Association has entered into a lease agreement with AAF-Louisville, LLC (d/b/a Central Station, LLC), a related party, for use of the Central Station Office Building. The lease has an initial term of 21 years, ending September 30, 2026. Annual lease payments started at approximately \$47,000, and are subject to increases based on increases in the CPI. Additional space was added, for a period of 10 years, ending December 31, 2024 with annual payments starting at approximately \$80,000, subject to increase each year. Total lease expenses during the years ended June 30, 2020 and 2019 amounted to approximately \$171 thousand and \$169 thousand, respectively.

b. Louisville Arena Authority, Inc.

In July 2008, the Association entered into a lease agreement with the Arena Authority. The lease has an initial term of 36 years.

In July 2017 an amendment of the lease was signed extending the term through 2054 and amending the annual rents due to \$2.4 million along with the calculated annual net payment as described below. Annual lease payments are equal to the greater of 10% of gross ticket sales or a minimum lease amount of \$10,000 per game for men's basketball games; the greater of 5% of gross ticket sales or a minimum of \$5,000 for any other Association sponsored event; and, as payment for private suites, 12% of net private suite revenue. The lease also stipulates that Association will purchase parking spaces. Total lease expense during the years ended June 30, 2020 and 2019 amounted to approximately \$6.9 million.

**UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.**  
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Under the terms of the lease, the Association will receive payments from the Arena Authority as follows: (a) 50% of all payments received from third-party concessionaire and catering sales at all University-sponsored events or 25% of the gross proceeds of any Arena Authority owned concessions or catering sales; (b) 50% of all rental/commission payments received in connection with the gift shop and its operations, and 50% of any additional merchandise revenue received from any source other than the gift shop; (c) 50% of all revenue received from the sale of inventory of the permanent signage inside and outside the Arena structure, excluding any signage that is part of the 10% of permanent signage reserved for the Association; (d) 33.3% of all revenue from the sale of inventory on all video boards outside the Arena structure, excluding any video board inventory that is part of the Association's signage. Total lease revenue during the years ended June 30, 2020 and 2019 amounted to approximately \$1.2 million and \$1.6 million, respectively.

c. Christ Church Cathedral

In July 2017 the Association executed an Agreement with Louisville Metro Government for a ground lease of Churchill Park athletic fields for an initial term of fifty years with annual payments of \$15 thousand per year begin on July 31, 2018 for the term of the agreement. The Association also executed an agreement to acquire reversionary interest in the properties for an initial payment of \$0.3 million and payments of \$50 thousand over ten years beginning July 31, 2018. Lease expense is recognized evenly over the life of the lease at \$17 thousand annually.

d. 1904 S. Floyd Street

In September 2018 the Association executed an Agreement with University of Louisville Foundation, Inc. for a building of approximately 19,500 square feet at 1904 S. Floyd Street, with an initial term of ten years with annual payments of \$83 thousand for the first five years and \$93 thousand for the following five years. There are two five year extensions available at approximately \$102 thousand and \$112 thousand annually.

e. 1670 S. Floyd Street

In May 2019 the Association executed an Agreement with University of Louisville Real Estate Foundation, Inc. for a building of approximately 21,018 square feet at 1670 S. Floyd Street for office and warehouse use, with an initial term of five years with annual payments of \$113 thousand per year begin on June 1, 2019 for the term of the agreement. There are two five year options at approximately \$63 thousand and \$66 thousand annually.

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**June 30, 2020 and June 30, 2019**

f. Future Minimum Lease Payments

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

<u>For the year ending June 30,</u>	<u>Lease Payment Due</u>
2021	\$ 2,853
2022	2,855
2023	2,857
2024	2,868
2025	2,710
2026-2030	12,711
2031-2035	12,175
2036-2040	12,175
2041-2045	12,175
2046-2050	12,175
2051-2055	9,755
2056-2060	75
2061-2065	75
2066-2067	30
Future minimum lease payments	<u>\$ 85,489</u>

**14. Commitments**

At June 30, 2020 and 2019, the Association had approximately \$1.2 million and \$1.3 million, respectively, in encumbrances for future expenditures.

a. 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.

b. NCAA Investigation

The University received a Notice of Allegation from the NCAA on May 4, 2020 as a result of information obtained during the federal criminal charges against former Adidas representatives, and the subsequent investigation. A number of other university athletic programs with Adidas contracts similarly received a Notice of Allegation from the NCAA. The outcome of the NCAA's allegations against the University and the future impact on the financial position of the Association cannot be estimated at the time of issuance of the audited financial statements.

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

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
<b>Total OPEB liability</b>			
Service Cost	\$ 2,437	\$ 4,630	\$ 5,203
Interest	2,497	3,296	2,728
Difference between expected and actual experience	1,923	(1,718)	(2,608)
Changes of assumption	5,488	(27,504)	(5,495)
Benefit payments	(2,836)	(2,817)	(3,007)
Net change in OPEB Liability	9,509	(24,113)	(3,179)
OPEB liability - beginning of year	64,730	88,843	92,022
OPEB liability - end of year	<u>\$ 74,239</u>	<u>\$ 64,730</u>	<u>88,843</u>
 Covered employee payroll	 \$ 493,893	 \$ 450,332	 \$ 445,356
 Total OPEB liability as a percentage of covered employee payroll	 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.

RECOMMENDATION TO THE UofL ATHLETIC ASSOCIATION BOARD OF DIRECTORS  
REGARDING THE CARDINAL STADIUM GATE IMPROVEMENT PROJECT

Finance and Budget Committee – October 23, 2020  
Board of Directors – October 23, 2020

RECOMMENDATION:

The Athletic Director recommends that the Board of Directors approve a gate improvement project at Cardinal Stadium, not to exceed \$800,000.00, in response to the COVID-19 crisis and to adhere the subsequent guidelines as mandated by government authorities.

BACKGROUND:

The approval for this project is being sought after the fact due to the emergency nature of the project, which is nearing completion. Section II(c) of the ULAA Financial Transactions Policy permits post-award approval at the next regularly scheduled meeting of the ULAA Board of Directors.

In response to the COVID-19 crisis and guidelines from government authorities, a review of fan access to Cardinal Stadium was performed in June 2020. To facilitate adherence to these guidelines, an RFP was expedited to improve fan access on the east side of the stadium, to improve the flow of fans, and to increase fan safety. The RFP had several components:

1. Reconfiguration of Gates 2 and 2A, and the creation of ticket office in the north tower
2. Relocation and creation of ADA and RV parking areas in the purple lot
3. East concourse expansion between gridlines 124 and 136
4. Gate 3 (southeast) reconfiguration
5. Gate 5 (southwest) reconfiguration

After review of several proposals, the RFP committee selected Miranda Construction for the project in July. A contract was awarded to Miranda, however, due to limited funding, only the reconfiguration of Gates 2 and 2A were awarded. Anticipated completion of this project is October 23, 2020.

The total cost of this phase of the project will not exceed \$800,000. This includes approximately \$110,000 to upgrade wi-fi to allow for ticketless scanning. Funding for this project consists of the \$1 million gift from ALRO Steel, originally set-aside for the Cardinal Stadium fan zone.

COMMITTEE ACTION:

Passed     X    

Did Not Pass \_\_\_\_\_

Other \_\_\_\_\_

  
Signature on file \_\_\_\_\_  
Assistant Secretary

BOARD ACTION:

Passed     X    

Did Not Pass \_\_\_\_\_

Other \_\_\_\_\_

  
Signature on file \_\_\_\_\_  
Assistant Secretary



RECOMMENDATION TO THE BOARD OF DIRECTORS OF THE  
UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.  
REGARDING THE ULAA ENDOWMENT SPENDING POLICY

Finance and Budget Committee – October 23, 2020  
Board of Directors – October 23, 2020

RECOMMENDATION:

The Athletic Director recommends the Board of Directors approve the Athletics True Endowment Annual Spending Policy, as [attached](#).

BACKGROUND:

Athletics currently has approximately ten true endowments whose initial gift was to Athletics. Although these funds are held in trust at the UofL Foundation and invested on the behalf of Athletics, they do not participate in the spending policy. This policy will implement an annual spending plan for this group of endowments that will mirror that of the UofL Foundation. Funds will be spent in accordance with the purpose of each endowment and guided by this new spending policy.

COMMITTEE ACTION:

Passed   X  

Did Not Pass \_\_\_\_\_

Other \_\_\_\_\_

  
Signature on file \_\_\_\_\_  
Assistant Secretary

BOARD ACTION:

Passed   X  

Did Not Pass \_\_\_\_\_

Other \_\_\_\_\_

  
Signature on file \_\_\_\_\_  
Assistant Secretary

**University of Louisville Athletic Association**  
**Athletics True Endowment Annual Spending Policy**  
**October 23, 2020**

**I. General:** The annual spending policy that follows is meant to be an instructional guide for the prudent management of endowment earnings made available by the University of Louisville Athletic Association. The policy is viewed as a living document, which can change as needed by action of the ULAA Board of Directors. This policy applies to all Athletics true endowments and excludes Athletic quasi endowments and those endowed to the UofL Foundation on behalf of Athletics.

**II. Endowment pool:**

- a. Endowment funds are part of a unitized investment pool, housed within the University of Louisville Foundation. This pool of funds functions much like a mutual fund. The dollar amount invested is used to purchase shares in the endowment, based on the then current trading price per share. Each endowment account then participates in the pool's investment performance as a percentage of the total pool based on the number of shares owned.
- b. The principal, or corpus (book value), of an endowment fund is defined as: the original donation + subsequent donations + reinvestments – liquidations.
- c. An annual spending policy distribution, or allocation amount, is calculated individually for each endowment program.
- d. The annual payout percentage will mirror that approved annually by the University of Louisville Foundation. All newly created endowments, totaling a minimum of \$10,000, must be invested for one calendar year as of December 31st to receive spending allocations.

**III. "Underwater Endowments:"**

- a. Underwater endowments are defined as those individual endowments where the most recent December 31st market value (MV) is less than the book value.
- b. To comply with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), underwater endowments receive special spending rate calculations.
- c. In the event that an endowment's market value (MV) of the annual spending rate calculation year falls below its book value, as defined by ULAA Board of Directors resolution, and in the absence of any donor restrictions or directives to the contrary, the following spending rates shall apply:
  - i. The Underwater percentage will be determined by dividing the individual endowment program's December 31st market value (MV) by its established book value.
  - ii. No new spending shall be authorized for any endowment with an underwater percentage equal to or less than 80%.

iii. For endowments with an underwater percentage between 80% and 99%, the authorized spending amount will be pro-rated based on the following rate table:

Underwater Percentage	Pro-rated Percentage	Underwater Percentage	Pro-rated Percentage
99	95	89	45
98	90	88	40
97	85	87	35
96	80	86	30
95	75	85	25
94	70	84	20
93	65	83	15
92	60	82	10
91	55	81	5
90	50	80	0

#### IV. Procedures:

- a. Market values are calculated on December 31st for each endowment program based on the number of shares each program has in the unitized investment pool. Next, the most recent year market values are added to the spending policy calculation (SPC) spreadsheet. The oldest year is removed from the SPC spreadsheet, leaving the three (3) most recent years to calculate the three-year moving average.



University of Louisville Athletic Association, Inc  
Monthly Financial Analysis  
As of June 30, 2020





UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC  
 Revenue Summary  
 Fiscal Year 2019 -2020  
 As of June 30, 2020  
 Unaudited

	2019-20			2018-19		
	Adjusted Budget	Actual YTD	Percent of Budget Realized	Actual June 30, 2019	Actual YTD	Percent of Actual Realized
<b>Football</b>						
Ticket Sales	13,637,300	13,822,841	101%	11,277,852	11,277,852	100%
Facility Fee	420,000	420,000	100%	490,000	490,000	100%
Game Guarantees	300,000	300,000	100%	2,750,000	2,750,000	100%
ACC Media	15,741,200	15,760,338	100%	14,133,302	14,133,302	100%
Concessions	600,000	672,799	112%	659,951	659,951	100%
Parking	915,000	887,371	97%	879,856	879,856	100%
Suite Rentals	2,350,000	2,417,242	103%	1,845,682	1,845,682	100%
Neutral Site Game	600,000	513,932	86%	643,754	643,754	100%
Loge Seats	1,000,000	1,035,000	104%	1,042,500	1,042,500	100%
Locker Rental	4,000	7,896	197%	4,104	4,104	100%
ACC Football	6,858,300	7,295,000	106%	5,165,000	5,165,000	100%
<b>Total Football</b>	<b>42,425,800</b>	<b>43,132,419</b>	<b>102%</b>	<b>38,892,000</b>	<b>38,892,000</b>	<b>100%</b>
<b>Cardinal Stadium</b>						
(Non UL Football)						
Rental	214,600	413,486	193%	168,181	168,181	100%
Concert/Special Event	0	0	NA	0	0	NA
Concessions	50,000	68,741	137%	117,058	117,058	100%
Non-Football Parking	200,000	139,908	70%	347,351	347,351	100%
<b>Total Cardinal Stadium</b>	<b>464,600</b>	<b>622,135</b>	<b>134%</b>	<b>632,591</b>	<b>632,591</b>	<b>100%</b>
<b>Men's Basketball</b>						
Ticket Sales	11,565,400	11,829,440	102%	11,476,947	11,476,947	100%
Arena Facility Fee	0	0	NA	289,852	289,852	100%
Game Guarantees	250,000	250,000	100%	180,000	180,000	100%
ACC Media	3,935,300	3,960,463	101%	3,550,808	3,550,808	100%
Concessions/Advertising	1,800,000	1,789,931	99%	1,793,198	1,793,198	100%
Parking	171,000	153,880	90%	160,905	160,905	100%
Suite Rentals	4,800,000	5,390,383	112%	5,676,657	5,676,657	100%
ACC/NCAA Credits	2,035,000	1,174,959	58%	2,642,292	2,642,292	100%
<b>Total Men's Basketball</b>	<b>24,556,700</b>	<b>24,549,057</b>	<b>100%</b>	<b>25,770,659</b>	<b>25,770,659</b>	<b>100%</b>
<b>Women's Basketball</b>						
Ticket Sales	770,000	797,120	104%	736,068	736,068	100%
Concessions	60,000	91,113	152%	121,722	121,722	100%
Parking	40,000	47,040	118%	47,100	47,100	100%
Other	0	0	NA	0	0	NA
<b>Total Women's Basketball</b>	<b>870,000</b>	<b>935,273</b>	<b>108%</b>	<b>904,889</b>	<b>904,889</b>	<b>100%</b>
Other Olympic Sports	259,000	134,428	52%	344,235	344,235	100%
Annual Seat Donations	16,200,000	16,159,266	100%	15,798,788	15,798,788	100%
NCAA/ACC Distribution	1,400,000	1,820,479	130%	1,508,296	1,508,296	100%
Marketing	15,800,000	14,363,061	91%	15,554,313	15,554,313	100%
Student Fee	900,000	900,272	100%	1,010,897	1,010,897	100%
Gender Equity Commitment	940,000	975,602	104%	973,067	973,067	100%
Other	1,933,900	1,895,612	98%	1,711,019	1,711,019	100%
Post Season	1,750,000	1,847,963	106%	2,349,325	2,349,325	100%
<b>Total Operating Revenues</b>	<b>107,500,000</b>	<b>107,335,567</b>	<b>100%</b>	<b>105,450,079</b>	<b>105,450,079</b>	<b>100%</b>
Income Adjustment	0					
Restricted Revenues/Transfers		55,563,346		49,587,279	49,587,279	
<b>Grand Total Revenues</b>	<b>\$107,500,000</b>	<b>\$162,898,913</b>		<b>\$155,037,358</b>	<b>\$155,037,358</b>	



**UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC**  
**Expenditure Summary**  
**Fiscal Year 2019 -2020**  
**As of June 30, 2020**  
**Unaudited**

	2019-20			2018-19		
	Adjusted Budget	Actual YTD	Percent of Budget Realized	Actual YTD	Percent of Actual Realized	Actual June 30, 2019
Football Program	19,633,044	18,804,420	96%	29,171,987	100%	29,171,987
Cardinal Stadium	2,697,652	2,624,251	97%	1,721,498	100%	1,721,498
Men's Basketball Program	7,497,411	7,448,939	99%	7,664,908	100%	7,664,908
Women's Basketball Program	4,714,228	4,680,668	99%	4,946,760	100%	4,946,760
Other Olympic Sports	23,232,291	21,273,875	92%	21,962,241	100%	21,962,241
Administration	3,759,834	3,638,350	97%	3,485,695	100%	3,485,695
Marketing and Development	4,463,787	4,935,808	111%	2,454,459	100%	2,454,459
Support Services	12,366,298	11,613,944	94%	11,573,418	100%	11,573,418
Spirit Groups	433,683	363,730	84%	459,382	100%	459,382
Facilities/Game Management	3,795,981	3,642,378	96%	3,156,533	100%	3,156,533
Arena Related	6,377,140	6,230,473	98%	6,399,186	100%	6,399,186
Debt Service	2,577,400	2,577,090	100%	4,370,540	100%	4,370,540
Other Expenses	13,365,894	12,692,198	95%	11,721,555	100%	11,721,555
Contingency	2,979,211	6,664,580	224%	0	0%	0
<b>Total Operating Expenditures</b>	<b>107,893,854</b>	<b>107,190,705</b>	<b>99%</b>	<b>109,088,161</b>	<b>100%</b>	<b>109,088,161</b>
Income Adjustments	0					
Encumbrance Rollover	(393,854)					
Restricted Expenses/Transfers	0	51,380,141		61,035,996		61,035,996
<b>Grand Total Expenses</b>	<b>\$ 107,500,000</b>	<b>\$ 158,570,846</b>		<b>\$ 170,124,157</b>		<b>\$ 170,124,157</b>
<b>Grand Total Revenues</b>	<b>\$ 107,500,000</b>	<b>\$ 162,898,913</b>		<b>\$ 155,037,358</b>		<b>\$ 155,037,358</b>
<b>Revenues in Excess (deficit) of Expenses</b>	<b>\$ -</b>	<b>4,328,067</b>		<b>(15,086,799)</b>		<b>(15,086,799)</b>

# **SUPPLEMENTAL INFORMATION**



UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC  
 Expenditure Detail  
 Fiscal Year 2019 -2020  
 As of June 30, 2020  
 Unaudited

	2019-20 Original Budget	2019-20 Adjusted Budget	Actual YTD	Percent of Budget Realized	Variance of Actual To Adjusted Budget	Actual Prior YTD	Actual June 30, 2019
<b>Football:</b>							
Football Operating	17,798,421	19,180,044	18,360,409	96%	819,635	27,725,749	27,725,749
Football Strength & Conditioning	27,500	27,500	27,397	100%	103	27,453	27,453
Neutral Site Game	0	402,400	402,327	100%	73	1,390,456	1,390,456
Football Video Operations	23,100	23,100	14,287	62%	8,813	28,329	28,329
<b>Total Football</b>	<b>17,849,021</b>	<b>19,633,044</b>	<b>18,804,420</b>	<b>96%</b>	<b>828,624</b>	<b>29,171,987</b>	<b>29,171,987</b>
<b>Cardinal Stadium:</b>							
Stadium Operations-Football	1,402,179	1,928,377	1,959,187	102%	(30,810)	1,452,986	1,452,986
Stadium Operations-Non Football	257,275	257,275	256,478	100%	797	268,512	268,512
Stadium-Special Events	0	0	0	NA	0	(0)	0
Cabooses	0	20,000	6,586	33%	13,414	0	0
Stadium Expansion	492,000	492,000	402,000	82%	90,000	0	0
<b>Total Cardinal Stadium</b>	<b>2,151,454</b>	<b>2,697,652</b>	<b>2,624,251</b>	<b>97%</b>	<b>73,401</b>	<b>1,721,498</b>	<b>1,721,498</b>
<b>Total Men's Basketball Program</b>	<b>6,775,661</b>	<b>7,497,411</b>	<b>7,448,939</b>	<b>99%</b>	<b>48,472</b>	<b>7,664,908</b>	<b>7,664,908</b>
<b>Total Women's Basketball Program</b>	<b>4,640,163</b>	<b>4,714,228</b>	<b>4,680,668</b>	<b>99%</b>	<b>33,560</b>	<b>4,946,760</b>	<b>4,946,760</b>
<b>Other Olympic Sports:</b>							
Men's Baseball	3,343,904	3,468,842	3,434,692	99%	34,150	3,717,212	3,717,212
Men's Golf	672,189	737,287	719,316	98%	17,971	710,612	710,612
Men's Tennis	686,898	1,276,765	1,248,470	98%	28,295	635,427	635,427
Men's Track/CC	1,180,103	1,189,395	980,210	82%	209,185	1,079,046	1,079,046
Men's Swimming	1,084,560	1,136,327	1,101,566	97%	34,761	1,190,828	1,190,828
Men's Soccer	1,261,207	1,325,292	1,299,196	98%	26,096	1,300,224	1,300,224
Women's Volleyball	1,630,435	1,746,355	1,694,525	97%	51,831	1,635,238	1,635,238
Women's Tennis	853,452	860,562	724,388	84%	136,174	686,602	686,602
Women's Track/CC	1,480,088	1,489,904	1,150,177	77%	339,727	1,514,142	1,514,142
Women's Field Hockey	1,368,425	1,425,503	1,252,441	88%	173,062	1,245,886	1,245,886
Women's Swimming	1,319,557	1,425,259	1,409,562	99%	15,697	1,437,649	1,437,649
Women's Soccer	1,440,373	1,560,340	1,475,267	95%	85,073	1,350,958	1,350,958
Women's Golf	755,158	751,566	738,482	98%	13,084	816,602	816,602
Women's Softball	1,516,598	1,521,743	1,029,434	68%	492,309	1,544,775	1,544,775
Women's Rowing	1,928,216	1,916,788	1,714,402	89%	202,386	1,823,693	1,823,693
Women's Lacrosse	1,386,089	1,400,363	1,301,748	93%	98,615	1,273,348	1,273,348
<b>Total Other Olympic Sports</b>	<b>21,907,252</b>	<b>23,232,291</b>	<b>21,273,875</b>	<b>92%</b>	<b>1,958,416</b>	<b>21,962,241</b>	<b>21,962,241</b>
<b>Administration:</b>							
Central Administration	1,822,294	1,892,670	1,832,147	97%	60,523	1,943,646	1,943,646
Varsity Sports Administration	145,648	204,318	199,371	98%	4,947	125,073	125,073
Senior Woman Administrator	251,642	274,522	265,897	97%	8,625	247,812	247,812
Compliance	948,601	970,601	955,145	98%	15,456	842,974	842,974
Human Resources	329,159	417,723	385,790	92%	31,933	326,189	326,189
<b>Total Administration</b>	<b>3,497,344</b>	<b>3,759,834</b>	<b>3,638,350</b>	<b>97%</b>	<b>121,484</b>	<b>3,485,695</b>	<b>3,485,695</b>
<b>Marketing and Development:</b>							
Promotions and Marketing	846,332	973,555	967,739	99%	5,816	1,097,137	1,097,137
Cardinal Athletic Fund	1,487,770	1,487,506	1,448,058	97%	39,448	1,417,801	1,417,801
Learfield Sports Marketing	400,000	400,000	1,009,000	252%	(609,000)	(572,425)	(572,425)
Licensing/Merchandising	12,500	12,500	3,378	27%	9,122	18,812	18,812
Special Events	430,000	436,150	435,860	100%	290	376,272	376,272
Marketing Game Mgmt.	311,316	387,316	358,829	93%	28,487	84,646	84,646
Digital Marketing	540,500	741,760	695,253	94%	46,507	0	0
Capital Projects	25,000	25,000	17,692	71%	7,308	32,216	32,216
<b>Total Marketing and Development</b>	<b>4,053,418</b>	<b>4,463,787</b>	<b>4,935,808</b>	<b>111%</b>	<b>(472,021)</b>	<b>2,454,459</b>	<b>2,454,459</b>





UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC  
 Expenditure Detail  
 Fiscal Year 2019 -2020  
 As of June 30, 2020  
 Unaudited

	2019-20 Original Budget	2019-20 Adjusted Budget	Actual YTD	Percent of Budget Realized	Variance of Actual To Adjusted Budget	Actual Prior YTD	Actual June 30, 2019
<b>Support Services:</b>							
Ticket Office	762,336	758,336	689,958	91%	68,378	730,746	730,746
Business Office	1,061,866	1,061,866	1,018,177	96%	43,689	1,026,455	1,026,455
Sports Medicine	2,124,294	2,136,294	2,095,483	98%	40,811	2,123,180	2,123,180
Student Athlete-Medical	900,000	1,300,000	1,065,584	82%	234,416	839,368	839,368
Equipment Services	935,425	890,177	870,751	98%	19,426	952,117	952,117
Strength and Conditioning	1,024,677	1,001,677	958,652	96%	43,025	1,060,651	1,060,651
Sports Nutrition	489,488	499,488	453,343	91%	46,145	373,389	373,389
Sports Information	838,229	885,329	879,388	99%	5,941	839,842	839,842
Outbound Ticket Services	561,459	569,459	562,200	99%	7,259	476,048	476,048
Creative Services	505,942	391,158	347,044	89%	44,114	812,011	812,011
Legal Services	700,000	680,000	536,320	79%	143,680	436,813	436,813
Student Health & Welfare	206,949	232,949	228,167	98%	4,782	108,765	108,765
Academic Counseling	2,099,440	1,959,565	1,908,876	97%	50,689	1,794,034	1,794,034
<b>Total Support Services</b>	<b>12,210,105</b>	<b>12,366,298</b>	<b>11,613,944</b>	<b>94%</b>	<b>752,354</b>	<b>11,573,418</b>	<b>11,573,418</b>
<b>Spirit Groups:</b>							
Cheer & Dance	304,440	291,440	237,014	81%	54,426	306,962	306,962
Pep Band	142,243	142,243	126,717	89%	15,526	152,419	152,419
<b>Total Spirit Groups</b>	<b>446,683</b>	<b>433,683</b>	<b>363,730</b>	<b>84%</b>	<b>69,953</b>	<b>459,382</b>	<b>459,382</b>
<b>Game Management/Facilities:</b>							
Facilities	600,383	778,631	752,425	97%	26,206	580,198	580,198
Groundskeeping	754,165	650,265	648,578	100%	1,687	608,639	608,639
Technology/Infrastructure	642,590	965,267	930,430	96%	34,837	589,023	589,023
Men's Basketball Game Mgmt.	515,774	532,774	525,770	99%	7,004	573,403	573,403
Football Game Mgmt.	509,244	482,244	481,399	100%	845	459,047	459,047
Women's Basketball-Game Mgmt.	297,400	297,400	243,808	82%	53,592	259,402	259,402
Volleyball Game Mgmt.	43,800	43,800	43,640	100%	160	38,654	38,654
Other Sports Game Mgmt.	85,600	45,600	16,329	36%	29,271	48,167	48,167
<b>Total Game Management/Facilities</b>	<b>3,448,956</b>	<b>3,795,981</b>	<b>3,642,378</b>	<b>96%</b>	<b>153,603</b>	<b>3,156,533</b>	<b>3,156,533</b>
<b>Arena Related Expenses:</b>							
Rental for Men's Basketball	1,210,000	1,160,000	1,139,107	98%	20,893	1,211,947	1,211,947
Facility Fee	2,420,000	2,420,000	2,420,000	100%	0	2,420,000	2,420,000
License Fee for Suites	650,000	667,140	667,072	100%	68	680,757	680,757
License Fee for Premium Seats	1,500,000	1,480,000	1,455,850	98%	24,150	1,497,431	1,497,431
Parking for Premium Seats	700,000	650,000	548,444	84%	101,556	589,050	589,050
<b>Total Arena Related</b>	<b>6,480,000</b>	<b>6,377,140</b>	<b>6,230,473</b>	<b>98%</b>	<b>146,667</b>	<b>6,399,186</b>	<b>6,399,186</b>
<b>Debt Service:</b>	<b>2,577,400</b>	<b>2,577,400</b>	<b>2,577,090</b>	<b>100%</b>	<b>310</b>	<b>4,370,540</b>	<b>4,370,540</b>



UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC  
 Expenditure Detail  
 Fiscal Year 2019 -2020  
 As of June 30, 2020  
 Unaudited

	2019-20 Original Budget	2019-20 Adjusted Budget	Actual YTD	Percent of Budget Realized	Variance of Actual To Adjusted Budget	Actual Prior YTD	Actual June 30, 2019
<b>Other Expenses:</b>							
Athletic Insurance	848,000	1,008,000	961,580	95%	46,420	794,096	794,096
Radio-TV Productions	3,753,317	3,753,517	3,753,422	100%	95	4,085,378	4,085,378
Awards and Championships	40,000	40,000	27,745	69%	12,255	30,352	30,352
Transportation	303,838	216,838	216,501	100%	337	292,584	292,584
Summer/5th Year Aid	1,100,000	1,154,059	956,750	83%	197,309	991,067	991,067
Jim Patterson Stadium	447,300	447,300	412,538	92%	34,762	462,797	462,797
Ralph Wright Natatorium	414,364	399,364	365,106	91%	34,258	409,392	409,392
Kueber Center	189,160	189,160	186,704	99%	2,456	177,041	177,041
Cardinal Park	245,100	245,100	271,007	111%	(25,907)	234,362	234,362
Lynn Soccer Stadium	210,200	210,200	112,742	54%	97,458	164,917	164,917
Garvin Brown Rowing Center	50,000	50,000	38,270	77%	11,730	44,090	44,090
Life Skills	101,996	34,000	31,886	94%	2,114	93,201	93,201
Varsity Sports Rental	260,420	260,420	260,423	100%	(3)	83,839	83,839
Television Production	644,574	729,574	667,090	91%	62,484	686,189	686,189
PCI University Credit Card Fee	50,000	835,000	542,525	65%	292,475	30,295	30,295
University of Louisville Golf Course	670,000	895,000	771,018	86%	123,982	435,648	435,648
Thornton's Academic Center	56,550	56,550	54,192	96%	2,358	61,015	61,015
Central Receiving Operating	0	55,000	30,320	55%	24,680	0	0
ACC Network Building Operating	0	55,000	9,577	17%	45,423	0	0
Post Season Championships	0	2,398,200	2,683,868	112%	(285,668)	2,332,050	2,332,050
Year End Adjustments	0	0	(77,163)	NA	77,163	7,814	7,814
CLC	0	0	109,934	NA	(109,934)	0	0
Student Tickets	0	15,000	0	0%	15,000	0	0
Bass Rudd Tennis Center	323,612	318,612	306,163	96%	12,449	305,429	305,429
<b>Total Other Expenses</b>	<b>9,708,431</b>	<b>13,365,894</b>	<b>12,692,198</b>	<b>95%</b>	<b>673,696</b>	<b>11,721,555</b>	<b>11,721,555</b>
Contingency	8,604,112	2,979,211 <sup>(1)</sup>	6,664,580	224%	(3,685,369)	0	0
<b>Total Operating Expenditures</b>	<b>104,350,000</b>	<b>107,893,854</b>	<b>107,190,705</b>	<b>99%</b>	<b>703,149</b>	<b>109,088,161</b>	<b>109,088,161</b>
Income Adjustments		0					
Encumbrance Rollover		(393,854)					
Restricted Expenses/Transfers			51,380,141			61,035,996	61,035,996
<b>Grand Total</b>	<b>\$ 104,350,000</b>	<b>\$ 107,500,000</b>	<b>\$ 158,570,846</b>		<b>\$ 703,149</b>	<b>\$ 170,124,157</b>	<b>\$ 170,124,157</b>

**(1) Contingency analysis:**

MBB Guarantee Correction	125,000
Charter Airfare	251,600
Contractual obligations	1,598,272
New Positions	287,246
Bonus Insurance	160,000
APR Bonuses	152,250
Post Season budgets/WKU	909,058
New Video Server/Cameras	46,335
Petrino buyout/excise tax	2,577,580
Ecarma settlement	563,000
Schnatter Settlement	100,000
Teamworks/Warehouse/Sidearm	153,200
Vehicle Repairs	22,000
Tennis Center updates/resurface	35,000
Aramark Incidental Meals	35,100
Fringe benefit shortfall/Vacation pay	101,700
Football Operating	550,000
MBB Operating	320,000
ULGC	225,000
Computer Replacement	30,000
Jimmy V Tickets	74,000
Other	49,140
Transfer operating surplus	3,800,000
Lee & Arthur St. Operating	124,000
	<u>12,289,481</u>

**UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC**  
**Sources and Uses OPERATING FUNDS**  
**Fiscal Year 2019 -2020**  
**As of June 30, 2020**  
**Unaudited**

	<b>2019-20 Original Budget</b>	<b>2019-20 Adjusted Budget</b>	<b>Actual YTD</b>	<b>Actual Prior YTD</b>
<b>Source of Funds</b>				
Sports	67,111,500	69,861,500	70,599,140	68,261,109
Cardinal Stadium	464,600	464,600	622,135	632,591
Marketing & Development	32,000,000	32,000,000	30,522,327	31,353,101
Administration	3,240,000	3,240,000	3,696,353	3,492,260
Other	1,533,900	1,933,900	1,895,612	1,711,019
<b>Total Source of Funds</b>	<b>104,350,000</b>	<b>107,500,000</b>	<b>107,335,567</b>	<b>105,450,079</b>
<b>Use of Funds</b>				
Sports	51,618,780	55,510,657	52,571,633	64,205,277
Cardinal Stadium	2,151,454	2,697,652	2,624,251	1,721,498
Marketing & Development	4,053,418	4,463,787	4,935,808	2,454,459
Administration	3,497,344	3,759,834	3,638,350	3,485,695
Support Services	12,210,105	12,366,298	11,613,944	11,573,418
Game Management/Facilities	3,448,956	3,795,981	3,642,378	3,156,533
Arena	6,480,000	6,377,140	6,230,473	6,399,186
Debt Service	2,577,400	2,577,400	2,577,090	4,370,540
Contingency	8,604,112	2,979,211	6,664,580	0
Other	9,708,431	13,365,894	12,692,198	11,721,555
<b>Total Use of Funds</b>	<b>104,350,000</b>	<b>107,893,854</b>	<b>107,190,705</b>	<b>109,088,161</b>
Encumbrance Rollover		(393,854)		
<b>Operating Funds Net</b>	<b>\$0</b>	<b>\$0</b>	<b>\$144,861</b>	<b>(\$3,638,082)</b>



University of Louisville Athletic Association, Inc  
Monthly Financial Analysis  
As of September 30, 2020





UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC

Revenue Summary  
Fiscal Year 2020 -2021  
September 30,2020

	2020-21			2019-20		
	Adjusted Budget	Actual YTD	Percent of Budget Realized	Actual June 30, 2020	Actual YTD	Percent of Actual Realized
<b>Football</b>						
Ticket Sales	12,759,800	3,133,433	25%	13,822,841	13,027,394	94%
Facility Fee	0	0	NA	420,000	420,000	100%
Game Guarantees	0	0	NA	300,000	300,000	100%
ACC Media	15,078,800	0	0%	15,760,338	0	0%
Concessions	565,300	0	0%	672,799	0	0%
Parking	921,000	377,661	41%	887,371	886,197	100%
Suite Rentals	1,997,500	1,045,405	52%	2,417,242	2,264,162	94%
Neutral Site Game	0	(4,030)	NA	513,932	339,561	66%
Loge Seats	0	0	NA	1,035,000	1,035,000	100%
Locker Rental	3,400	0	0%	7,896	4,151	53%
Donations	0	789,207	NA	0	0	NA
ACC Football	5,880,700	0	0%	7,295,000	0	0%
<b>Total Football</b>	<b>37,206,500</b>	<b>5,341,675</b>	<b>14%</b>	<b>43,132,419</b>	<b>18,276,464</b>	<b>42%</b>
<b>Cardinal Stadium</b>						
(Non UL Football)						
Rental	344,100	13,469	4%	413,486	23,461	6%
Concert/Special Event	0	460,632	NA	0	0	NA
Concessions	55,000	0	0%	68,741	7,776	11%
Non-Football Parking	182,000	0	0%	139,908	28,300	20%
<b>Total Cardinal Stadium</b>	<b>581,100</b>	<b>474,100</b>	<b>82%</b>	<b>622,135</b>	<b>59,537</b>	<b>10%</b>
<b>Men's Basketball</b>						
Ticket Sales	9,991,100	1,997,273	20%	11,829,440	5,674,810	48%
Game Guarantees	100,000	0	0%	250,000	250,000	100%
ACC Media	3,769,700	0	0%	3,960,463	0	0%
Concessions/Advertising	1,300,500	0	0%	1,789,931	0	0%
Parking	137,700	38,578	28%	153,880	74,051	48%
Suite Rentals	4,080,000	2,186,833	54%	5,390,383	3,700,184	69%
ACC/NCAA Credits	2,230,300	0	0%	1,174,959	0	0%
Other	0	0	NA	0	0	NA
<b>Total Men's Basketball</b>	<b>21,609,300</b>	<b>4,222,684</b>	<b>20%</b>	<b>24,549,057</b>	<b>9,699,046</b>	<b>40%</b>
<b>Women's Basketball</b>						
Ticket Sales	658,100	165,873	25%	797,120	486,211	61%
Guarantees	20,000	0	0%	0	0	NA
Concessions	61,600	0	0%	91,113	0	0%
Parking	38,300	20,294	53%	47,040	36,972	79%
Other	0	0	NA	0	(426)	NA
<b>Total Women's Basketball</b>	<b>778,000</b>	<b>186,167</b>	<b>24%</b>	<b>935,273</b>	<b>522,757</b>	<b>56%</b>
Other Olympic Sports	262,700	16,263	6%	134,428	93,149	69%
Annual Seat Donations	14,158,000	10,533,386	74%	16,159,266	15,367,119	95%
NCAA/ACC Distribution	755,600	326,299	43%	1,820,479	1,051,954	58%
Marketing	15,729,900	7,481,914	48%	14,363,061	6,548,408	46%
Student Fee	900,000	900,000	100%	900,272	900,000	100%
Gender Equity Commitment	940,000	940,000	100%	975,602	975,602	100%
Other	2,168,900	1,277,656	59%	1,895,612	1,268,649	67%
Total Season	10,000	0	0%	1,847,963	(386)	0%
<b>Total Operating Revenues</b>	<b>95,100,000</b>	<b>31,700,145</b>	<b>33%</b>	<b>107,335,567</b>	<b>54,762,300</b>	<b>51%</b>
Income Adjustment	0					
Restricted Revenues/Transfers		6,017,648		55,563,346	11,099,618	
<b>Grand Total Revenues</b>	<b>\$95,100,000</b>	<b>\$37,717,793</b>		<b>\$162,898,913</b>	<b>\$65,861,918</b>	



**UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC**  
**Expenditure Summary**  
**Fiscal Year 2020 -2021**  
**September 30,2020**

	2020-21			2019-20		
	Adjusted Budget	Actual YTD	Percent of Budget Realized	Actual YTD	Percent of Actual Realized	Actual June 30, 2020
Football Program	19,476,139	6,420,421	33%	6,446,214	34%	18,804,420
Cardinal Stadium	2,129,728	333,730	16%	660,174	25%	2,624,251
Men's Basketball Program	6,445,477	1,217,667	19%	2,239,041	30%	7,448,939
Women's Basketball Program	4,159,606	907,651	22%	1,071,224	23%	4,680,668
Other Olympic Sports	19,233,661	5,394,260	28%	6,273,005	29%	21,273,875
Administration	3,180,183	792,513	25%	1,062,773	29%	3,638,350
Marketing and Development	3,744,220	625,338	17%	1,487,559	30%	4,935,808
Support Services	10,741,830	2,653,862	25%	3,038,091	26%	11,613,944
Spirit Groups	336,749	32,603	10%	85,831	24%	363,730
Facilities/Game Management	2,887,223	709,020	25%	900,059	25%	3,642,378
Arena Related	6,235,000	0	0%	0	0%	6,230,473
Debt Service	2,356,800	0	0%	(6,682)	0%	2,577,090
Other Expenses	8,487,923	3,114,574	37%	3,567,106	28%	12,692,198
Contingency	5,736,497	200,000	3%	0	0%	6,664,580
<b>Total Operating Expenditures</b>	<b>95,151,036</b>	<b>22,401,639</b>	<b>24%</b>	<b>26,824,395</b>	<b>25%</b>	<b>107,190,705</b>
Income Adjustments	0					
Encumbrance Rollover	(51,035)					
Restricted Expenses/Transfers	0	5,159,637		5,346,256		51,380,141
<b>Grand Total Expenses</b>	<b>\$ 95,100,000</b>	<b>\$ 27,561,276</b>		<b>\$ 32,170,650</b>		<b>\$ 158,570,846</b>
<b>Grand Total Revenues</b>	<b>\$ 95,100,000</b>	<b>\$ 37,717,793</b>		<b>\$ 65,861,918</b>		<b>\$ 162,898,913</b>
<b>Revenues in Excess (deficit) of Expenses</b>	<b>\$ -</b>	<b>10,156,517</b>		<b>33,691,268</b>		<b>4,328,067</b>

# **SUPPLEMENTAL INFORMATION**



UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC  
 Expenditure Detail  
 Fiscal Year 2020 -2021  
 September 30,2020

	2020-21 Original Budget	2020-21 Adjusted Budget	Actual YTD	Percent of Budget Realized	Variance of Actual To Adjusted Budget	Actual Prior YTD	Actual June 30, 2020
<b>Football:</b>							
Football Operating	20,224,794	19,476,139	6,420,421	33%	13,055,718	6,430,831	18,360,409
Football Strength & Conditioning	0	0	0	NA	0	3,897	27,397
Neutral Site Game	0	0	0	NA	0	0	402,327
Football Video Operations	0	0	0	NA	0	11,486	14,287
<b>Total Football</b>	<b>20,224,794</b>	<b>19,476,139</b>	<b>6,420,421</b>	<b>33%</b>	<b>13,055,718</b>	<b>6,446,214</b>	<b>18,804,420</b>
<b>Cardinal Stadium:</b>							
Stadium Operations-Football	2,267,413	2,023,228	320,226	16%	1,703,002	556,270	1,959,187
Stadium Operations-Non Football	86,500	86,500	13,104	15%	73,396	103,905	256,478
Cabooses	0	20,000	400	2%	19,600	0	6,586
Stadium Expansion	0	0	0	NA	0	0	402,000
<b>Total Cardinal Stadium</b>	<b>2,353,913</b>	<b>2,129,728</b>	<b>333,730</b>	<b>16%</b>	<b>1,795,998</b>	<b>660,174</b>	<b>2,624,251</b>
<b>Total Men's Basketball Program</b>	<b>6,556,652</b>	<b>6,445,477</b>	<b>1,217,667</b>	<b>19%</b>	<b>5,227,810</b>	<b>2,239,041</b>	<b>7,448,939</b>
<b>Total Women's Basketball Program</b>	<b>4,205,381</b>	<b>4,159,606</b>	<b>907,651</b>	<b>22%</b>	<b>3,251,955</b>	<b>1,071,224</b>	<b>4,680,668</b>
<b>Other Olympic Sports:</b>							
Men's Baseball	3,168,828	3,152,466	747,873	24%	2,404,592	781,410	3,434,692
Men's Golf	545,475	533,827	181,463	34%	352,364	211,300	719,316
Men's Tennis	602,160	561,340	143,369	26%	417,971	172,725	1,248,470
Men's Track/CC	1,059,539	1,047,973	327,687	31%	720,286	364,632	980,210
Men's Swimming	1,042,728	963,273	249,284	26%	713,989	324,396	1,101,566
Men's Soccer	1,161,297	1,105,304	302,739	27%	802,565	405,445	1,299,196
Women's Volleyball	1,505,315	1,434,983	387,407	27%	1,047,576	623,891	1,694,525
Women's Tennis	817,514	781,869	236,855	30%	545,014	221,693	724,388
Women's Track/CC	1,363,888	1,346,539	450,690	33%	895,849	440,871	1,150,177
Women's Field Hockey	1,245,192	1,148,483	342,650	30%	805,833	373,864	1,252,441
Women's Swimming	1,262,372	1,184,387	347,558	29%	836,829	394,541	1,409,562
Women's Soccer	1,325,571	1,247,571	394,959	32%	852,612	523,468	1,475,267
Women's Golf	626,610	610,230	188,376	31%	421,854	230,389	738,482
Women's Softball	1,377,221	1,357,671	358,008	26%	999,663	375,889	1,029,434
Women's Rowing	1,695,872	1,614,622	407,315	25%	1,207,307	464,625	1,714,402
Women's Lacrosse	1,192,123	1,143,123	328,028	29%	815,095	363,864	1,301,748
<b>Total Other Olympic Sports</b>	<b>19,991,705</b>	<b>19,233,661</b>	<b>5,394,260</b>	<b>28%</b>	<b>13,839,401</b>	<b>6,273,005</b>	<b>21,273,875</b>
<b>Administration:</b>							
Central Administration	1,390,232	1,367,732	391,920	29%	975,812	659,490	1,832,147
Varsity Sports Administration	219,764	219,764	51,801	24%	167,963	40,362	199,371
Senior Woman Administrator	248,836	247,186	43,518	18%	203,668	68,233	265,897
Compliance	921,965	915,965	209,624	23%	706,341	219,564	955,145
Human Resources	430,036	429,536	95,650	22%	333,886	75,123	385,790
<b>Total Administration</b>	<b>3,210,833</b>	<b>3,180,183</b>	<b>792,513</b>	<b>25%</b>	<b>2,387,670</b>	<b>1,062,773</b>	<b>3,638,350</b>
<b>Marketing and Development:</b>							
Promotions and Marketing	684,472	659,272	142,011	22%	517,261	343,434	967,739
Cardinal Athletic Fund	1,230,696	1,223,696	269,999	22%	953,697	382,975	1,448,058
Learfield Sports Marketing	800,000	800,000	305	0%	799,695	401,132	1,009,000
Licensing/Merchandising	0	0	0	NA	0	1,008	3,378
Special Events	141,200	32,200	0	0%	32,200	94,246	435,860
Marketing Game Mgmt.	359,694	354,694	82,483	23%	272,211	100,655	358,829
Digital Marketing	674,358	674,358	130,541	19%	543,817	161,975	695,253
CAF-Capital Projects	0	0	0	NA	0	2,133	17,692
<b>Total Marketing and Development</b>	<b>3,890,420</b>	<b>3,744,220</b>	<b>625,338</b>	<b>17%</b>	<b>3,118,882</b>	<b>1,487,559</b>	<b>4,935,808</b>





UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC  
 Expenditure Detail  
 Fiscal Year 2020 -2021  
 September 30,2020

	2020-21 Original Budget	2020-21 Adjusted Budget	Actual YTD	Percent of Budget Realized	Variance of Actual To Adjusted Budget	Actual Prior YTD	Actual June 30, 2020
<b>Support Services:</b>							
Ticket Office	608,865	608,865	157,516	26%	451,349	213,178	689,958
Business Office	871,770	871,770	188,850	22%	682,920	263,433	1,018,177
Sports Medicine	1,967,499	1,952,499	482,965	25%	1,469,534	519,681	2,095,483
Student Athlete-Medical	875,000	875,000	132,311	15%	742,689	226,759	1,065,584
Equipment Services	850,944	850,944	217,897	26%	633,047	323,078	870,751
Strength and Conditioning	1,029,007	1,029,007	296,884	29%	732,123	306,957	958,652
Sports Nutrition	467,150	467,150	133,181	29%	333,969	132,598	453,343
Sports Information	689,165	686,845	187,958	27%	498,887	226,402	879,388
Outbound Ticket Services	367,041	367,041	93,372	25%	273,669	132,791	562,200
Creative Services	273,027	286,655	85,329	30%	201,326	97,261	347,044
Legal Services	700,000	695,200	133,855	19%	561,345	30,573	536,320
Student Health & Welfare	210,059	210,059	50,277	24%	159,782	65,133	228,167
Academic Counseling	1,840,795	1,840,795	493,469	27%	1,347,326	500,244	1,908,876
<b>Total Support Services</b>	<b>10,750,322</b>	<b>10,741,830</b>	<b>2,653,862</b>	<b>25%</b>	<b>8,087,968</b>	<b>3,038,091</b>	<b>11,613,944</b>
<b>Spirit Groups:</b>							
Cheer & Dance	219,293	209,043	26,014	12%	183,029	59,098	237,014
Pep Band	127,706	127,706	6,589	5%	121,117	26,732	126,717
<b>Total Spirit Groups</b>	<b>346,999</b>	<b>336,749</b>	<b>32,603</b>	<b>10%</b>	<b>304,147</b>	<b>85,831</b>	<b>363,730</b>
<b>Game Management/Facilities:</b>							
Facilities	615,055	569,555	101,869	18%	467,686	222,661	752,425
Groundskeeping	644,967	644,967	104,274	16%	540,693	206,182	648,578
Technology/Infrastructure	786,387	786,387	483,418	61%	302,969	402,652	930,430
Men's Basketball Game Mgmt.	533,512	533,512	70	0%	533,442	6,815	525,770
Football Game Mgmt.	0	0	0	NA	0	46,179	481,399
Women's Basketball-Game Mgmt.	261,225	261,225	0	0%	261,225	0	243,808
Volleyball Game Mgmt.	32,694	20,582	498	2%	20,084	12,193	43,640
Other Sports Game Mgmt.	95,995	70,995	18,891	27%	52,104	3,376	16,329
<b>Total Game Management/Facilities</b>	<b>2,969,835</b>	<b>2,887,223</b>	<b>709,020</b>	<b>25%</b>	<b>2,178,203</b>	<b>900,059</b>	<b>3,642,378</b>
<b>Arena Related Expenses:</b>							
Rental for Men's Basketball	1,150,000	1,150,000	0	0%	1,150,000	0	1,139,107
Facility Fee	2,420,000	2,420,000	0	0%	2,420,000	0	2,420,000
License Fee for Suites	600,000	600,000	0	0%	600,000	0	667,072
License Fee for Premium Seats	1,465,000	1,465,000	0	0%	1,465,000	0	1,455,850
Parking for Premium Seats	600,000	600,000	0	0%	600,000	0	548,444
<b>Total Arena Related</b>	<b>6,235,000</b>	<b>6,235,000</b>	<b>0</b>	<b>0%</b>	<b>6,235,000</b>	<b>0</b>	<b>6,230,473</b>
<b>Debt Service:</b>	<b>2,356,800</b>	<b>2,356,800</b>	<b>0</b>	<b>0%</b>	<b>2,356,800</b>	<b>(6,682)</b>	<b>2,577,090</b>



UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC  
 Expenditure Detail  
 Fiscal Year 2020 -2021  
 September 30,2020

	2020-21 Original Budget	2020-21 Adjusted Budget	Actual YTD	Percent of Budget Realized	Variance of Actual To Adjusted Budget	Actual Prior YTD	Actual June 30, 2020
<b>Other Expenses:</b>							
Athletic Insurance	850,000	850,000	750,930	88%	99,070	822,043	961,580
Radio-TV Productions	3,356,586	3,356,586	833,804	25%	2,522,782	929,574	3,753,422
Awards and Championships	30,000	38,062	8,062	21%	30,000	6,909	27,745
Transportation	36,908	36,908	8,560	23%	28,348	55,180	216,501
Summer/5th Year Aid	900,000	900,000	583,469	65%	316,531	535,551	956,750
Jim Patterson Stadium	479,172	479,172	105,031	22%	374,141	65,870	412,538
Ralph Wright Natatorium	282,114	246,114	37,874	15%	208,240	103,474	365,106
Kueber Center	218,500	218,500	49,044	22%	169,456	19,193	186,704
Cardinal Park	232,434	224,934	40,326	18%	184,608	44,937	271,007
Lynn Soccer Stadium	205,912	205,912	52,979	26%	152,934	29,821	112,742
Garvin Brown Rowing Center	59,200	55,900	2,196	4%	53,704	9,379	38,270
Life Skills	21,600	18,900	380	2%	18,520	11,383	31,886
Leases	260,420	260,420	112,741	43%	147,679	98,856	260,423
Television Production	550,709	540,709	67,571	12%	473,138	163,130	667,090
PCI University Credit Card Fee	500,000	500,000	408,898	82%	91,102	181,787	542,525
University of Louisville Golf Course	400,000	400,000	2,681	1%	397,319	526,983	771,018
Thornton's Academic Center	34,200	34,200	4,488	13%	29,712	8,355	54,192
Central Receiving Operating	29,750	29,750	4,326	15%	25,424	0	30,320
ACC Network Building Operating	17,604	17,604	3,120	18%	14,484	0	9,577
Post Season Championships	0	0	0	NA	0	(44,943)	2,683,868
Year End Adjustments	0	0	0	NA	0	(77,163)	(77,163)
Licensing-CLC/IMG	0	0	0	NA	0	0	109,934
Bass Rudd Tennis Center	97,252	74,252	38,094	51%	36,158	76,787	306,163
<b>Total Other Expenses</b>	<b>8,562,361</b>	<b>8,487,923</b>	<b>3,114,574</b>	<b>37%</b>	<b>5,373,349</b>	<b>3,567,106</b>	<b>12,692,198</b>
Contingency	3,444,985	5,736,497 <sup>(1)</sup>	200,000	3%	5,536,497	0	6,664,580
<b>Total Operating Expenditures</b>	<b>95,100,000</b>	<b>95,151,036</b>	<b>22,401,639</b>	<b>24%</b>	<b>72,749,397</b>	<b>26,824,395</b>	<b>107,190,705</b>
Income Adjustments		0					
Encumbrance Rollover		(51,035)					
Restricted Expenses/Transfers			5,159,637			5,346,256	51,380,141
<b>Grand Total</b>	<b>\$ 95,100,000</b>	<b>\$ 95,100,000</b>	<b>\$ 27,561,276</b>		<b>\$ 72,749,397</b>	<b>\$ 32,170,650</b>	<b>\$ 158,570,846</b>

(1) Contingency analysis:

COVID-19 Funding	200,000
Phase I Reductions	(2,291,512)

**UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC**  
**Sources and Uses OPERATING FUNDS**  
**Fiscal Year 2020 -2021**  
**September 30,2020**

	<b>2020-21 Original Budget</b>	<b>2020-21 Adjusted Budget</b>	<b>Actual YTD</b>	<b>Actual Prior YTD</b>
<b>Source of Funds</b>				
Sports	59,866,500	59,866,500	9,766,790	28,591,030
Cardinal Stadium	581,100	581,100	474,100	59,537
Marketing & Development	29,887,900	29,887,900	18,015,301	21,915,527
Administration	2,595,600	2,595,600	2,166,299	2,927,556
Other	2,168,900	2,168,900	1,277,656	1,268,649
<b>Total Source of Funds</b>	<b>95,100,000</b>	<b>95,100,000</b>	<b>31,700,145</b>	<b>54,762,300</b>
<b>Use of Funds</b>				
Sports	51,325,531	49,651,631	13,972,601	16,115,314
Cardinal Stadium	2,353,913	2,129,728	333,730	660,174
Marketing & Development	3,890,420	3,744,220	625,338	1,487,559
Administration	3,210,833	3,180,183	792,513	1,062,773
Support Services	10,750,322	10,741,830	2,653,862	3,038,091
Game Management/Facilities	2,969,835	2,887,223	709,020	900,059
Arena	6,235,000	6,235,000	0	0
Debt Service	2,356,800	2,356,800	0	(6,682)
Contingency	3,444,985	5,736,497	200,000	0
Other	8,562,361	8,487,923	3,114,574	3,567,106
<b>Total Use of Funds</b>	<b>95,100,000</b>	<b>95,151,035</b>	<b>22,401,639</b>	<b>26,824,395</b>
Encumbrance Rollover		(51,035)		
<b>Operating Funds Net</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9,298,506</b>	<b>\$27,937,905</b>



**UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**As of September, 2020**  
**UNAUDITED**

	September 2020	September 2019	\$ Change	% Change
<b>OPERATING REVENUES</b>				
Sports:				
Basketball	2,288,692	6,438,788	(4,150,096)	-64%
Football	3,668,939	15,252,235	(11,583,296)	-76%
Other sports	224,440	687,404	(462,963)	-67%
Total sports	6,182,071	22,378,427	(16,196,356)	-72%
Cardinal Stadium	474,100	63,688	410,412	644%
Marketing & development	354,559	1,111,804	(757,245)	-68%
Administration	326,299	2,201,954	(1,875,655)	-85%
Support services	463,729	527,352	(63,623)	-12%
Game management/facilities operations	0	1,150	(1,150)	-100%
Other operating revenues	10,001,851	9,962,687	39,164	0%
Total operating revenues	17,802,609	36,247,062	(18,444,453)	-51%
<b>OPERATING EXPENSES</b>				
Sports:				
Basketball	1,254,343	2,259,076	(1,004,733)	-44%
Football	6,200,147	6,510,552	(310,406)	-5%
Other sports	6,445,345	7,469,781	(1,024,436)	-14%
Total sports	13,899,835	16,239,410	(2,339,575)	-14%
Cardinal Stadium	358,579	660,174	(301,595)	-46%
Marketing & development	1,629,478	2,643,244	(1,013,766)	-38%
Administration	1,233,301	1,749,862	(516,560)	-30%
Support services	2,643,390	3,107,924	(464,534)	-15%
Game management/facilities operations	764,198	861,846	(97,648)	-11%
Depreciation	2,054,584	2,068,591	(14,007)	-1%
Other operating expenses	3,226,481	3,514,771	(288,290)	-8%
Total operating expenses	25,809,846	30,845,823	(5,035,976)	-16%
Operating loss	(8,007,238)	5,401,239	(13,408,477)	-248%
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Gifts	15,011,158	21,970,997	(6,959,839)	-32%
Investment income (net of investment expense)	0	0	0	
Net realized and unrealized gain/(loss) on investments	(2,653)	0	(2,653)	
Interest on capital related debt	(35,788)	(74,646)	38,858	-52%
Other nonoperating (expenses)/revenues	(4,350)	(15,658)	11,308	-72%
Net nonoperating revenues	14,968,367	21,880,694	(6,912,326)	-32%
Capital gifts	(149,023)	3,849,399	(3,998,422)	-104%
Contributions from University	0	0	0	
Transfers (to)/from related entities	3,344,410	2,559,935	784,474	31%
Total other revenues	18,163,754	28,290,028	(10,126,274)	-36%
Increase in net position	10,156,517	33,691,267	(23,534,751)	-70%
<b>NET POSITION</b>				
Net position-beginning of the year	126,332,991	122,002,924		
Adjustment to prior year	0	0		
Net position-beginning of the year restated	126,332,991	122,002,924		
Net position-end of year	136,489,508	155,694,191		



**UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC**  
**Statement of Net Position**  
**As of September 30, 2020 and 2019**  
**UNAUDITED**

	September 2020	September 2019	\$ Change	% Change
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 11,236,137	\$ 23,951,276	(12,715,139)	-53%
Investments held with University of Louisville Found., Inc.	\$ 5,343,813	\$ 11,041,603	(5,697,791)	-52%
Accounts and contributions receivable, net	13,272,986	\$ 14,497,425	(1,224,439)	-8%
Inventory	\$ 4,434,077	\$ 3,212,259	1,221,818	38%
Other assets	\$ 1,261,179	\$ 686,086	575,093	84%
Total current assets	35,548,191	53,388,649	(17,840,458)	-33%
Noncurrent Assets:				
Restricted Cash	\$ 8,674,314	\$ 8,477,158	197,156	2%
Accounts and contributions receivable, net	21,793,981	\$ 24,345,768	(2,551,787)	-10%
Other long-term investments	\$ 953,673	\$ 1,154,690	(201,017)	-17%
Other long-term assets	\$ -	\$ -	0	
Capital assets, net	216,079,973	\$ 220,378,077	(4,298,104)	-2%
Total noncurrent assets	247,501,941	254,355,693	(6,853,752)	-3%
Total assets	283,050,132	307,744,342	(24,694,210)	-8%
<b>DEFERRED OUTFLOWS</b>	\$ 1,499,319	\$ 1,340,403	158,916	12%
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 8,553,141	\$ 18,504,308	(9,951,167)	-54%
Unearned compensation and wages payable	\$ 2,698,570	\$ 2,920,406	(221,836)	-8%
Advances	\$ 9,309,885	\$ 511,157	8,798,728	1721%
Due to University of Louisville	\$ 5,213,265	\$ 5,078,149	135,115	3%
Bonds and notes payable	\$ 2,372,000	\$ 2,957,000	(585,000)	-20%
Total current liabilities	28,146,860	29,971,020	(1,824,160)	-6%
Noncurrent Liabilities:				
Due to University of Louisville	96,205,212	\$ 101,418,478	(5,213,266)	-5%
Due to University of Louisville Foundation, Inc.	0	\$ 315,539	(315,539)	-100%
Unearned compensation and wages payable	1,897,341	\$ 4,625,160	(2,727,819)	-59%
Note payable to University of Louisville	1,001,238	\$ 1,000,657	581	0%
Advances	6,356,393	\$ 4,169,186	2,187,207	52%
Other long term liabilities	9,841,821	\$ 3,887,754	5,954,067	153%
Bonds and note payable	2,784,000	\$ 5,356,000	(2,572,000)	-48%
Total noncurrent liabilities	118,086,005	120,772,773	(2,686,768)	-2%
Total liabilities	146,232,865	150,743,793	(4,510,928)	-3%
<b>DEFERRED INFLOWS</b>	1,827,077	2,644,758	(817,681)	-31%
<b>NET POSITION</b>				
Net investment in capital assets	131,855,952	130,681,009	1,174,943	1%
Restricted:				
Nonexpendable:				
Scholarships and fellowships	1,348,565	4,710,121	(3,361,556)	-71%
Expendable:				
Scholarships and fellowships	3,995,135	296	3,994,839	1349608%
Institutional support	1,737,804	2,895,026	(1,157,222)	-40%
Capital Projects	3,009,565	(2,752,245)	5,761,810	-209%
Debt service	12,506,819	18,463,990	(5,957,171)	-32%
Unrestricted	(17,964,331)	1,697,994	(19,662,325)	-1158%
Total net position	136,489,508	155,694,191	(19,206,682)	-12%