

MINUTES OF THE ANNUAL MEETING OF THE BOARD OF DIRECTORS OF THE
UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.

October 28, 2022

In Open Session

Members of the Board of Directors of the University of Louisville Athletic Association, Inc. met in the Angel's Envy Bourbon Club, Cardinal Stadium, Belknap Campus, on October 28, 2022, at 10:27 a.m., with members present and absent as follows:

Present: Dr. Lori Gonzalez, Chair
Prof. Gerry Bradley
Mr. Ryan Bridgeman
Mr. Dorian Brown
Prof. Rob Detmering
Mr. Dan Durbin
Mr. Lee Gill
Mr. Steve Jones
Prof. Carolyn Klinge
Mr. Robert Kohn
Mr. Kevin Ledford

Dr. Amy Lingo
Prof. Brandon McCormack
Ms. Taylar Nolden
Mr. Sam Rechter
Ms. Shannon Rickett
Ms. Gayle Saunders
Prof. Lars Smith
Prof. Krista Wallace-Boaz
Dr. Ron Wright
Ms. Sherrill Zimmerman

Absent: Prof. Claudia Angeli
Dr. Larry Benz
Prof. Jeremy Clark
Dr. Douglas Craddock
Prof. Meg Hancock
Mr. Dennis Heishman
Prof. Sharon Moore

From the
University:

Mr. Josh Heird
Ms. Angela Curry
Ms. Amy Calabrese
Mr. Marvin Mitchell
Mr. Jeff Spoelker
Mr. Derek Cowherd
Mr. Scott Sallade
Ms. Lottie Stockwell
Mr. John Carns

Mr. Justin Ruffin
Ms. Lauren Rust
Mr. Zach Greenwell
Mr. Zach Brooks
Mr. Michael Dudas
Mr. Alan Kellogg
Mr. Jake Beamer
Mr. Jim Rogers, Board of Trustees

I. Call to Order

Chair Gonzalez read the roll. Having determined a quorum present, she called the meeting to order at 10:27 a.m.

Recognize New Members

Chair Gonzalez recognized the newest members of the board of directors:

Professor Robert Detmering
Mr. Dorian Brown
Dr. Douglas Craddock
Mr. Robert Kohn
Mr. Kevin Ledford
Professor Brandon McCormack
Professor Sharon Moore
Ms. Taylar Nolden

Each new director introduced themselves and shared with their colleagues why being a member of the governing board of the Athletic Association was important to them.

The chair thanked them for their service to the university.

Consent Agenda

Chair Gonzalez read the Consent Agenda as follows:

- **Approval of Minutes, 6-10-2022**
- **From the Finance & Budget Cmte., 10-28-2022**
 - **2021-2022 Audited Financial Statements**
 - **Turf Replacement at Cardinal Stadium**

Dr. Wright made a motion, which Mr. Brown seconded, to approve the consent agenda.

The motion passed.

II. Action Item: Election of Officers, Committee Chairs

The chair proposed the following for officers and committee chairs for 2022-2023:

Lori Gonzalez, Chair
Rob Detmering, Vice Chair
Kevin Ledford, Treasurer
Dorian Brown, Secretary
Dan Durbin, Assistant Treasurer
Jake Beamer, Assistant Secretary
Lori Gonzalez, Chair, Personnel Committee
Kevin Ledford, Chair, Finance & Budget Committee
Krista Wallace-Boaz, Chair, Committee on Academic Performance

There were no other nominations from the floor.

Mr. Gill made a motion, which Ms. Zimmerman seconded, to approve the

Chair's recommendation regarding the 2022-2023 officers of the Board of Directors and Committee Chairs.

The motion passed.

III. Action Item: Revised Alcohol & Drug Testing Policy

AD Heird briefed the board on a recommendation to revise the current Alcohol and Drug Testing Policy for student-athletes. He explained that the proposed revisions are due to relaxed cannabis laws around the country.

Mr. Jones questioned why, in the policy, the director of athletics “may also inform” the university president after a student-athletes’ fourth violation of the policy, and recommended the policy be amended to state that the president “will be informed” after the fourth violation.

Dr. Wright made a motion, which Dr. Bradley seconded, to approve the amendment to the policy.

The motion passed.

Mr. Kohn then made a motion, which Mr. Durbin seconded, to approve the

Athletic Director's recommendation that the Board of Directors approve the amended, revised Alcohol and Drug Testing Policy, in the form attached.

The motion passed.

IV. Report of the Athletic Director

Athletic Director Heird updated the board about the state of affairs in the Athletics Department, with highlights including:

- Athletics’ goal to achieve a 100% graduation rate
- Strategies to reach unprecedented levels of fan engagement and investment
- Winning National Championships
- Become the best place to work in college athletics

Mr. Heird also shared with directors concerns about the program, including the NCAA and IARP rulings and decisions, naming rights for Cardinal Stadium, increased costs for recruiting, meals, and travel, and Name, Image, Likeness challenges. The AD noted that he and his administration are working to address these concerns as they arise.

The AD then fielded questions from board members.

Chair Gonzalez thanked AD Heird for his report.

V. Report of the Chair

Chair Gonzalez began her report with several university highlights:

- The Courier Journal and the Bingham family donated extensive photo archives to the university. The archives are believed to be worth tens of millions of dollars.
- UofL researchers have discovered that e-cigarettes can cause cardiac arrhythmias. Their study is generating national media attention for the university.
- Researcher Brad Shuck and the Envirome Institute released a study showing that people's health is influenced by workplace factors. The study also has received extensive media coverage.
- The university held a news conference Sept. 9 with Congressman John Yarmuth to announce \$750,000 from the Department of Education to fund Dan Popa's robotics work.
- The inaugural President's Inclusive Excellence Forum is scheduled for Nov. 9, featuring guest speaker Freeman Hrabowski III, former president of the University of Maryland, Baltimore County.

Dr. Gonzalez concluded her report by reminding directors to complete and return their annual conflict of interest statements to the assistant secretary.

VI. Executive Session

Dr. Bradley made a motion, which Dr. Lingo seconded, to recess to executive session to discuss proposed or pending litigation and personnel matters, pursuant to KRS 61.810(1)(c) and (f).

The motion passed and the open meeting recessed at 11:12 a.m.

VII. Open Meeting Reconvenes

The open meeting reconvened at 11:33 a.m. and Chair Gonzalez reported that the board discussed proposed or pending litigation and personnel matters. The board then took the following action:

Personnel Matters

Mr. Jones made a motion, which Mr. Kohn seconded, to approve the

Athletic Director's recommendation that the Board of Directors approve of the attached personnel matters.

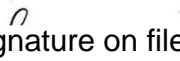
The motion passed.

VIII. Adjournment

Having no other business to come before the board, Dr. Bradley made a motion, Mr. Durbin seconded, to adjourn the meeting.

The motion passed and the meeting adjourned at 11:34 a.m.

Approved by:



Assistant Secretary

MINUTES OF THE ANNUAL MEETING OF THE BOARD OF DIRECTORS OF THE
UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.

October 28, 2022

In Executive Session

Present:	Dr. Lori Gonzalez, Chair	Dr. Amy Lingo
	Prof. Gerry Bradley	Prof. Brandon McCormack
	Mr. Ryan Bridgeman	Ms. Taylar Nolden
	Mr. Dorian Brown	Mr. Sam Rechter
	Prof. Rob Detmering	Ms. Shannon Rickett
	Mr. Dan Durbin	Ms. Gayle Saunders
	Mr. Lee Gill	Prof. Lars Smith
	Mr. Steve Jones	Prof. Krista Wallace-Boaz
	Prof. Carolyn Klinge	Dr. Ron Wright
	Mr. Robert Kohn	Ms. Sherrill Zimmerman
	Mr. Kevin Ledford	

From the		
University:	Mr. Josh Heird	
	Ms. Angela Curry	Mr. Jim Rogers, Board of
	Mr. Jake Beamer	Trustees

I. Call to Order

Chair Gonzalez called the executive session to order at 11:12 a.m.

II. Personnel Matters

Mr. Heird discussed personnel matters with the board.

III. Proposed or Pending Litigation

Ms. Curry discussed proposed or pending litigation with the board.

IV. Adjournment

Dr. McCormack made a motion, which Mr. Kohn seconded, to adjourn the executive session. The motion passed and the session adjourned at 11:30 a.m.

Approved by:

 ⁿ
Signature on file

Assistant Secretary

RECOMMENDATION TO BOARD OF DIRECTORS OF THE
UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC. CONCERNING
THE AUDITOR'S REPORT AND FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Finance and Budget Committee – October 28, 2022
Board of Directors – October 28, 2022

RECOMMENDATION:

The Chair recommends that the Board of Directors approve the Auditor's Report and Financial Statements June 30, 2022 and 2021 as presented under Governmental Accounting Standards Board (GASB) 34, as [attached](#).

COMMITTEE ACTION:

Passed X

Did Not Pass

Other

 DS
Signature on file
Assistant Secretary

BOARD ACTION:

Passed X

Did Not Pass

Other

 DS
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, 2022 and 2021**

DRAFT

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
For the Years Ended June 30, 2022 and 2021

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UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2022 and 2021

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, 2022 and 2021. Comparative information for the year ended June 30, 2020 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 2021/2022 academic year, the overall student athlete GPA for the year was a combined 3.3 with 21 of the 23 sports teams having a collective GPA above 3.0.

On the field, the women's teams finished ninth in the Capital One Cup standings paced by NCAA Final Four appearances for both women's basketball and volleyball. Overall, the department finished 34th in the final Learfield cup standings – the 12th-straight year finishing in the top 40. Women's Tack and Field brought home an NCAA national championship in Pole Vault.

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). The response to the pandemic caused significant restrictions in the delivery of sporting events, therefore affecting the operations and revenues of the Association. These restrictions have been lifted allowing operations to resume at full capacity during the 2021/2022 fiscal year.

The University has taken measures to make the campus environment safe for faculty, staff and students through the use of masks in close settings, providing on campus testing sites, and real time communications through emails and a dedicated website. The University, along with its affiliated hospital, offered COVID-19 vaccinations to the university population and the community at large.

The operations of the University and the Association have changed and evolved to meet the circumstances of our society. Further adaptive measures may be necessary 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

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

The condensed version of the Association's assets, liabilities, and net position at June 30, 2022, 2021, and 2020 (in thousands) is summarized below:

Condensed Statement of Net Position
Years ended June 30, 2022, 2021, 2020
(In Thousands)

	2022	2021 (Restated)	2020	2022-2021 Change	2021-2020 Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current assets	\$ 40,868	\$ 44,683	\$ 39,496	\$ (3,815)	\$ 5,187
Capital assets, net	206,838	211,676	218,364	(4,838)	(6,688)
Right-of-use asset, net	43,614	45,838	—	(2,224)	45,838
Other	36,959	29,349	29,933	7,610	(584)
Deferred outflows of resources	1,564	1,585	1,499	(21)	86
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	329,843	333,131	289,292	(3,288)	43,839
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Current liabilities	57,660	56,509	42,393	1,151	14,116
Noncurrent liabilities	162,712	158,105	118,739	4,607	39,366
Deferred inflows of resources	1,413	1,799	1,827	(386)	(28)
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	221,785	216,413	162,959	5,372	53,454
NET POSITION					
Net investment in capital assets	127,205	130,662	134,318	(3,457)	(3,656)
Restricted - nonexpendable	1,831	1,868	1,349	(37)	519
Restricted - expendable	7,635	18,033	17,485	(10,398)	548
Unrestricted	(28,613)	(33,845)	(26,819)	5,232	(7,026)
TOTAL NET POSITION	108,058	116,718	126,333	(8,660)	(9,615)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 329,843	\$ 333,131	\$ 289,292	\$ (3,288)	\$ 43,839

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 \$3.8 million when compared to June 30, 2021.

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The primary components of noncurrent assets are restricted cash, capital assets, including right-of-use leased assets, and pledges and accounts receivable due in greater than a year. A net increase of \$.5 million in these assets occurred between June 30, 2022 and June 30, 2021.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net assets applicable to a future period. The balance of \$1.6 million as of June 30, 2022 consists of a loss on bond refunding of \$570 thousand and \$994 thousand of future payments to be made for other postretirement employment benefits.

Liabilities

The primary components of current liabilities are accounts payable, deferred compensation, deferred ticket revenue, and the current portion of notes payable. The current liabilities increase of \$1.2 million is accounted for from a decrease in advances and an increase in accounts payable and accrued liabilities. The Association had a balance of \$9.0 million drawn on the line of credit as of June 30, 2022.

Noncurrent liabilities net increase of \$4.6 million as of June 30, 2022, when compared to June 30, 2021, is mainly attributed to debt activities. The most significant noncurrent liabilities are interest-free and interest bearing loans from the University and the Foundation, notes and contracts payable, and leases payable over the life of lease contracts.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to future periods. The balance of \$1.4 million consists of \$0.1 million of future receipts from a food service concession arrangement and \$1.3 million related to the change in actuarial assumptions and differences between expected and actual experience in the other postemployment benefit liability.

Net Position

Net position represents the residual interest in the Association's assets after liabilities are deducted. Total net position of \$108.1 million as of June 30, 2022 is reported in the following categories: net investment in capital assets of \$127.2 million; restricted nonexpendable of \$1.8 million; restricted expendable of \$7.6 million, and a net balance in unrestricted of negative \$29 million.

Fiscal Year 2021

Total assets at June 30, 2021 were \$333.1 million, an increase of \$43.8 million from June 30, 2020. The increase is attributable to an addition of right-of-use asset, net of \$46 million.

Deferred outflows of resources were \$1.6 million as of June 30, 2021 representing a minor increase of \$86 thousand from the balance as of June 30, 2020.

Liabilities at June 30, 2021 were \$214.6 million, an increase of \$53.5 million compared to June 30, 2020. This increase is primarily due to adding lease payable of \$44 million and advances of \$5.6 million.

Deferred inflows of resources experienced a net decrease of \$28 thousand from June 30, 2020 to June 30, 2021 due to future benefits of a service concession amortization and a decrease in changes in other post employment benefits.

Net position at June 30, 2021 was restated to reflect \$116.7 million, a decrease of \$9.6 million, or 7.6%, when compared to the June 30, 2020 net position. The majority of the decrease is captured in unrestricted net position and is due to the overall loss from operations.

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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, 2022, 2021, and 2020 (in thousands) are summarized below:

	2022	2021 (Restated)	2020	2022-2021 Change	2021-2020 Change
OPERATING REVENUES					
Sports	\$ 70,290	\$ 39,716	\$ 61,528	\$ 30,574	\$ (21,812)
Other operating revenues	26,650	22,668	25,031	3,982	(2,363)
TOTAL OPERATING REVENUES	96,940	62,384	86,559	34,556	(24,175)
OPERATING EXPENSES					
Sports	74,510	50,906	64,925	23,604	(14,019)
Other operating expenses	57,140	43,432	46,814	13,708	(3,382)
Depreciation	10,576	10,362	8,204	214	2,158
TOTAL OPERATING EXPENSES	142,226	104,700	119,943	37,526	(15,243)
OPERATING LOSS	(45,286)	(42,316)	(33,384)	(2,970)	(8,932)
NONOPERATING REVENUES (EXPENSES)					
Gifts	36,668	27,124	39,240	9,544	(12,116)
Net realized and unrealized (loss)/gain on investments	(33)	1,010	(5)	(1,043)	1,015
Investment returns	27	21	56	6	(35)
Other nonoperating expenses	853	722	(789)	131	1,511
Contributions (to)/from related entities	(889)	3,824	(788)	(4,713)	4,612
TOTAL NONOPERATING REVENUES (EXPENSES)	36,626	32,701	37,714	3,925	(5,013)
INCREASE/(DECREASE) IN NET POSITION	(8,660)	(9,615)	4,330	955	(13,945)
Net position - beginning of year	116,718	126,333	122,003	(9,615)	4,330
Net position - end of year	\$ 108,058	\$ 116,718	\$ 126,333	\$ (8,660)	\$ (9,615)

Operating Revenues

Total operating revenues were \$96.9 million for the year ending June 30, 2022 an increase of \$34.6 million compared to \$62.4 million for the year ended June 30, 2021. Income from sports programs, primarily from football and basketball ticket sales, comprised \$70.3 million, or 72.5% of total operating revenues for the year compared to \$39.7 million, or 63.7% of total operating revenues for June 30, 2021. Restrictions on capacity and number of tickets sold for large athletic events enacted in response to the Pandemic were

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lifted. This directly impacted revenues from sports and related ancillary activities related to sports. Other operating revenues amounting to \$26.7 million for the year ended June 30, 2022, and include revenues from sources such as concession sales, parking and facility rentals, sponsorships, and media contracts.

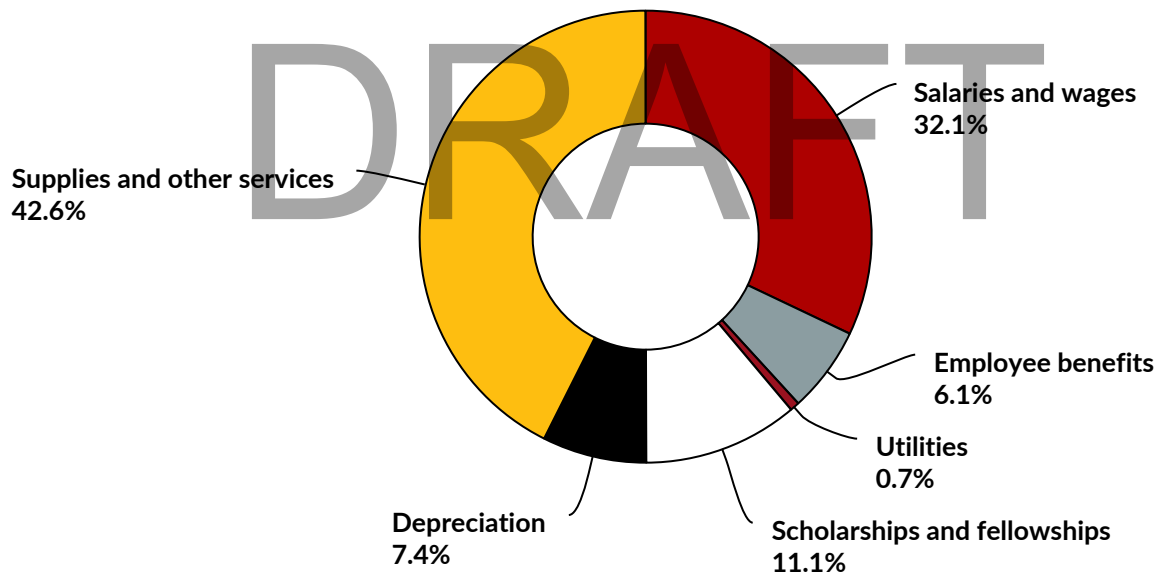
Operating Expenses

Total operating expenses were \$142.2 million and \$104.7 million for the years ended June 30, 2022 and 2021, respectively. For the year ended June 30, 2022, expenses consist mainly of \$74.5 million, or 52.4%, in direct sports-related expenses, an increase of \$23.6 million or 46.4%, compared to \$50.9 million as of June 30, 2021. The remaining \$67.7 million in operating expenses consist mainly of support and administrative services, marketing and development, and depreciation expense.

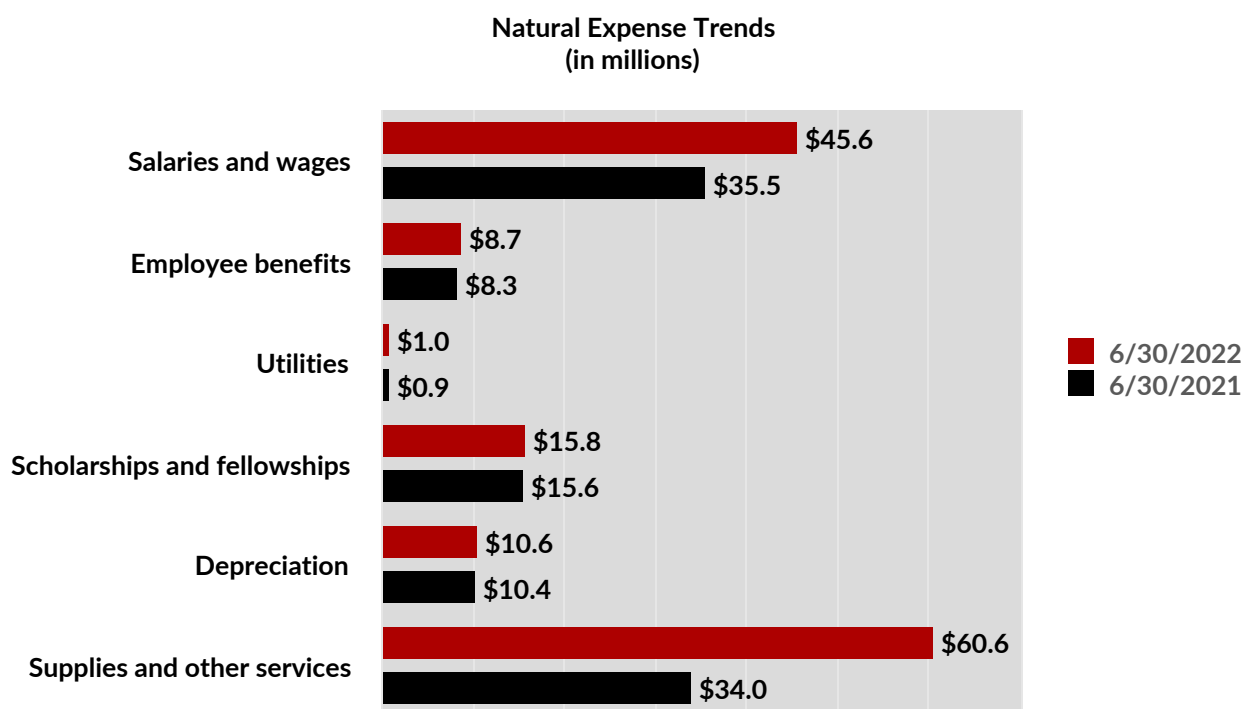
Total operating expenses increased by \$37.5 million, or 35.8%, in the current year. The increase was predominately in support services, and marketing and development.

The illustrations below show total expenses by natural classification for the years ended June 30, 2022 and 2021:

Operating Expenses by Natural Classification
Year ended June 30, 2022



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Operating Loss, Nonoperating Revenues, and Net Position

The Association's loss from operations amounted to \$45.3 million and \$42.3 million for the years ended June 30, 2022 and 2021, respectively. During the fiscal year ended June 30, 2022 the operating loss was offset by the \$36.6 million in nonoperating revenues and gifts, leaving a decrease in net position of \$8.7 million, compared to the \$9.6 million decrease in net position realized during the fiscal year ended June 30, 2021.

Overall, nonoperating revenues increased \$3.9 million, or 12%. The most significant change being a increase of gifts of \$9.5 million offset by a reduction in contributions from related entities of \$4.7 million. The reduction in contributions from related entities is attributed to support received during the year ending June 30, 2021 for Pandemic related expenses.

Fiscal Year 2021

The Association's loss from operations amounted to \$42.3 million and \$33.4 million for the years ended June 30, 2021 and 2020, respectively. During the fiscal year ended June 30, 2021, the operating loss was offset by the \$32.7 million in nonoperating revenues and capital gifts, leaving a decrease in net position of \$9.6 million compared to an increase of \$4.3 million recognized during fiscal year ended June 30, 2020.

Total operating revenues were \$62.4 million for the year ending June 30, 2021 and flat compared to \$86.6 million for the year ended June 30, 2020.

Total operating expenses decreased by \$15.2 million, or 12.7%, for the year ended June 30, 2021 as compared to the year ended June 30, 2020. The decrease is the result of substantial cuts in salaries and operational cost to mitigate the impact of revenue losses and additional expenditures needed to combat the Pandemic.

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Overall, nonoperating revenues decreased \$5.0 million, or 13.3% primarily from a reduction in gifts.

The Association received \$5.2 million in Covid-19 relief funds from the University to supplement some of the revenues lost from concession sales and event parking, as well as expenses for quarantine, social distancing and expanded cleaning of facilities. These funds are reflected in contributions from related entities.

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.

The statements of cash flows provide additional information about the Association's financial results by reporting the major sources and uses of cash. The condensed statements of cash flows for the years ended June 30, 2022, 2021, and 2020 (in thousands) are summarized below:

	2022	2021 (Restated)	2020	2022-2021 Change	2021-2020 Change
CASH (USED)/PROVIDED BY:					
Operating activities	\$ (47,058)	\$ (33,803)	\$ (47,230)	\$ (13,255)	\$ 13,427
Noncapital financing activities	24,403	21,968	29,642	2,435	(7,674)
Capital financing activities	20,951	12,517	899	8,434	11,618
Investing activities	3	3,081	5,829	(3,078)	(2,748)
NET (DECREASE)/INCREASE IN CASH EQUIVALENTS	(1,701)	3,763	(10,860)	(5,464)	14,623
Cash and cash equivalents, beginning of year	26,024	22,261	33,121	3,763	(10,860)
Cash and cash equivalents, end of year	\$ 24,323	\$ 26,024	\$ 22,261	\$ (1,701)	\$ 3,763

Operating Activities

The Association's cash and cash equivalents decreased by \$1.7 million during the year. The Association experienced a net outflow of \$47.1 million, an increase of \$13.3 million for expanded operations, achieving operational levels comparable to pre-pandemic levels.

Other Activities

Cash provided by noncapital and related financing activities of \$24.4 million offset the cash used by operating activities. These cash flows consist primarily of \$27.2 million in gifts received to support the sports programs, noncapital financing activities of \$2.8 million, and offset by \$5.5 million of payments to affiliated entities. Cash provided by capital financing activities of \$21.0 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 2021

The Association's cash and cash equivalents increased by \$3.8 million during the year, mostly due to the reduction in operations and a line of credit obtained to support operational activities. The Association experienced a net outflow of \$33.8 million in cash paid for operations. Noncapital financing activities provided \$22.0 million of revenues from gifts and investing activities provided \$3.1 million in revenues.

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Economic Factors that May Affect Future Periods

The COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses and communities. Specific to the Association, COVID-19 may impact various parts of its 2022-2023 operations and financial results, including, but not limited to, loss of revenues due to declines in ticket sales, mandatory restrictions on capacity at sporting events, loss of marketing revenue, cost for increased use of technology, or potential shortages of personnel. Planning for these contingencies and developing mitigating strategies are considered within budgeting and operational activities.

The Association's Board of Directors approved a balanced operating budget for the 2022 fiscal year of \$107.7 million. This represents an increase of \$12.6 million or 13.2% from the 2021 fiscal year budget. Despite the increase, projected revenues were conservatively forecasted due to uncertainty surrounding attendance and economic factors. 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. The Association is also establishing programs and protocols to help its student athletes successfully navigate name, image, likeness (NIL) to comply with NCAA, staff, and Federal Laws. Despite recent financial setbacks due to the Pandemic, the Association continues to make progress in these areas.

The success of the athletics programs managed by the Association is also linked to the success of the University. The university is in the final phases of completing its 2023-2025 strategic plan, addressing how the university ensures student success, creating and supporting a thriving workforce and how the university connects with the community. The university designs its planning and budgeting to support the strategic plan but retains flexibility to meet possible future plan changes. From increasing available student aid to providing an array of compensation improvements to faculty and staff, and investing millions of dollars to improve the university's physical and operational infrastructure.

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

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Statements of Net Position
As of June 30, 2022 and 2021
(in thousands)

	2022	2021 (Restated)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 10,322	\$ 19,500
Accounts and contributions receivable, net	20,987	14,997
Inventories	4,838	5,418
Investments held with University of Louisville Foundation, Inc.	3,400	3,410
Other assets	1,321	1,358
Total current assets	40,868	44,683
Noncurrent Assets		
Restricted cash and cash equivalents	14,001	6,524
Accounts and contributions receivable, net	22,397	22,070
Other long-term investments	561	755
Right-of-use asset, net	43,614	45,838
Capital assets, net	206,838	211,676
Total noncurrent assets	287,411	286,863
Total assets	328,279	331,546
DEFERRED OUTFLOWS OF RESOURCES	1,564	1,585
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	329,843	333,131

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UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Statements of Net Position
As of June 30, 2022 and 2021
(in thousands)

	2022	2021 (Restated)
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	13,742	9,209
Line of credit	9,000	9,000
Unearned compensation and wages payable	1,120	1,537
Advances	25,607	30,536
Due to the University of Louisville	4,661	4,658
Leases payable	1,621	1,569
Notes and contracts payable	1,909	—
Total current liabilities	57,660	56,509
Noncurrent liabilities		
Due to University of Louisville	80,952	85,613
Note payable to University of Louisville Foundation, Inc.	1,000	1,000
Unearned compensation and wages payable	2,144	949
Advances	5,504	6,019
Other post-retirement benefits	5,156	4,814
Other long-term liabilities	2,045	5,045
Leases payable	42,043	43,665
Notes and contracts payable	23,868	11,000
Total noncurrent liabilities	162,712	158,105
Total liabilities	220,372	214,614
DEFERRED INFLOWS OF RESOURCES	1,413	1,799
NET POSITION		
Net investment in capital assets	127,205	130,662
Restricted - nonexpendable	1,831	1,868
Restricted - expendable	7,635	18,033
Unrestricted	(28,613)	(33,845)
Total net position	108,058	116,718
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 329,843	\$ 333,131

See notes to financial statements

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Statements of Revenues, Expenses, and Changes in Net Position
For Years Ended June 30, 2022 and 2021
(in thousands)

	2022	2021 (Restated)
OPERATING REVENUES		
Sports:		
Basketball	\$ 19,376	\$ 8,986
Football	48,350	29,995
Other sports	2,564	735
Total sports	70,290	39,716
Cardinal Stadium	766	182
Marketing and development	13,011	7,445
Administration	2,737	736
Support services	2,127	1,604
Other operating revenues	8,009	12,701
Total operating revenue	96,940	62,384
OPERATING EXPENSES		
Sports:		
Basketball	14,346	8,739
Football	29,541	19,396
Other sports	30,623	22,771
Total sports	74,510	50,906
Cardinal Stadium	2,986	1,895
Marketing and development	8,272	6,873
Administration	3,968	3,644
Support services	21,290	12,284
Game management and facilities operations	3,244	2,981
Depreciation	10,576	10,362
Other operating expense	17,380	15,755
Total operating expense	142,226	104,700
Operating loss	(45,286)	(42,316)
NONOPERATING REVENUES (EXPENSES)		
Gifts	27,039	18,342
Investment returns	27	21
Net realized and unrealized gain on investments	(33)	1,010
Interest expense	(1,905)	(1,636)
Other nonoperating revenue (expense)	2,758	2,358
Net nonoperating revenue	27,886	20,095
Capital gifts	9,629	8,782
Contributions (to)/from related entities	(889)	3,824
Total other revenue	8,740	12,606
Increase (decrease) in net position	(8,660)	(9,615)
NET POSITION		
Net position - beginning of year	116,718	126,333
Net position - end of year	\$ 108,058	\$ 116,718

See notes to financial statements

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Statements of Cash Flows
For Years Ended June 30, 2022 and 2021
(in thousands)

	2022	2021 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Ticket sales	\$ 21,045	\$ 7,909
NCAA/Conference distributions	40,869	34,928
Marketing and development	13,525	7,445
Payments to suppliers, vendors and contractors	(61,839)	(34,959)
Payments for utilities	(958)	(895)
Payments to employees	(44,807)	(37,916)
Payments for benefits	(8,689)	(7,942)
Payments for scholarships and fellowships	(15,780)	(15,647)
Other athletic program receipts	9,576	13,274
Net cash used by operating activities	(47,058)	(33,803)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Gifts	27,192	20,790
Contributions to/from related entities	(5,547)	(7,323)
Draw on line of credit	—	9,000
Other noncapital financing activity	2,758	(499)
Net cash provided by noncapital financing activities	24,403	21,968
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital gifts received	9,629	8,782
Proceeds from notes payable	15,873	11,000
Purchases of capital assets	(1,705)	(1,512)
Principal paid on notes payable and contracts	(1,096)	(5,156)
Interest paid on notes payable and contracts	(1,764)	(14)
Other capital financing activities	14	(583)
Net cash provided by capital and related financing activities	20,951	12,517
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	10	2,124
Purchase of investments	—	(74)
Interest on investments	(7)	1,031
Net cash provided by investing activities	3	3,081
Net increase/(decrease) in cash and cash equivalents	(1,701)	3,763
Cash and cash equivalents - beginning of year	26,024	22,261
Cash and cash equivalents - end of year	\$ 24,323	\$ 26,024

See notes to financial statements

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Statements of Cash Flows
For Years Ended June 30, 2022 and 2021
(in thousands)

	2022	2021 (Restated)
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY		
Operating loss	\$ (45,286)	\$ (42,316)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	10,576	10,362
Loss on disposal of equipment	2	—
Change in assets and liabilities:		
Accounts and contributions receivable, net	(6,959)	(1,677)
Inventories	580	(984)
Other assets	36	76
Other long term assets	193	199
Accounts payable and accrued liabilities	2,759	773
Advances	(4,968)	2,822
Unearned compensation and wages payable	778	(2,762)
Other long-term liabilities	(4,227)	101
Deferred outflows	(157)	(369)
Deferred inflows	(385)	(28)
Net cash used by operating activities	\$ (47,058)	\$ (33,803)

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UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to Financial Statements
For the Years Ended June 30, 2022 and June 30, 2021

1. Basis of Presentation and Summary of Significant Accounting Policies

The University of Louisville Athletic Association, Inc. (Association) (a Kentucky nonprofit corporation) is affiliated with the University of Louisville (University) and is included within the University's financial statements. The Association is a separate corporation organized for the purpose of promoting the intercollegiate athletic activities of the University. The Association has authorized the University to receive, hold and disburse funds on behalf of the Association.

a. Basis of Presentation

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

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

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

b. Cash and Cash Equivalents

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

c. Accounts and Contributions Receivable

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

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

d. Inventories

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

e. Investments

Investments are stated at current fair value. Investments held with the University of Louisville Foundation, Inc. (Foundation) are invested under the policies and objectives established for the Foundation's general endowment pool. In an effort to mitigate market risk, the Foundation has adopted a policy of maintaining a diverse investment pool through the use of target asset allocation guidelines.

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

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

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to Financial Statements
For the Years Ended June 30, 2022 and June 30, 2021

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 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.

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

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 \$1.6 million for the years ended June 30, 2022 and 2021. Balances as of June 30, 2022 consist of loss on bond refinancing of \$0.6 million and future payments of other post-employment benefits of \$1.0 million. Balances as of June 30, 2021 consist of loss on bond refinancing of \$0.7 million and other post-employment benefits of \$0.8 million. Deferred outflows of resources related to the loss on bond refinancing will be amortized as a component of interest expense using the effective interest method over the remaining life of the refinanced debt. Deferred outflows of resources related to other post-employment benefits consist of payments to be made in future periods.

Deferred inflows of resources of \$1.4 million as of June 30, 2022 consist of service concession arrangements of \$0.1 million, and changes in actuarial assumptions and differences between expected and actual experience in the other post-employment benefits liability of \$1.3 million. Deferred inflows of resources of \$1.8 million as of June 30, 2021 consist of service concession arrangements of \$0.3 million and changes in actuarial assumptions and differences between expected and active experience in the other post-employment benefits liability of \$1.5 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.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to Financial Statements
For the Years Ended June 30, 2022 and June 30, 2021

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 \$31.1 million and \$36.6 million at June 30, 2022 and 2021. Such advances are recognized over the term of the related athletic activities.

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, granters or donors external to the Association. The Association's most significant components in this category are amounts restricted for capital projects, debt service and quasi-endowment gifts with donor stipulations.
- d. Unrestricted net position represents those balances from operational activities that have not been restricted by parties external to the Association, such as donors. Although unrestricted net position is not subject to externally imposed stipulations, substantially all of the Association's unrestricted net position has been designated for various sport, academic programs, or capital projects.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to Financial Statements
For the Years Ended June 30, 2022 and June 30, 2021

The following table includes detail of the net position balances as of June 30, 2022 and 2021 (in thousands):

	2022	2021 (Restated)
Net investment in capital assets	\$ 127,205	\$ 130,662
Restricted - Nonexpendable		
Scholarships and fellowships	1,831	1,868
Restricted - Expendable		
Scholarships and fellowships	1,568	1,542
Institutional support	3,838	2,812
Capital projects	155	1,698
Debt Service	2,074	11,981
Unrestricted	(28,613)	(33,845)
Total net position	\$ 108,058	\$ 116,718

I. Revenue and Expense Classifications

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

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

Certain significant revenues relied on for fundamental operational support of the Association are mandated by GASB requirements to be recorded as nonoperating revenues. Nonoperating revenues, meaning revenues 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 2021 amounts have been reclassified to conform to the 2022 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.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to Financial Statements
For the Years Ended June 30, 2022 and June 30, 2021

p. Recent Accounting Pronouncements and Restatement

Correction of an error

During the preparation of the 2022 financial statements, the Association identified errors in the due to affiliate balance for amounts due to the University related to repayments of debt. The due to affiliate balance was understated and the transfers to University for debt service was understated by \$5.3 million, resulting in a reduction of loss reported in the 2021 financial statements. The Association's financial statements as of and for the year ending June 30, 2021 are being restated to reflect the correct value of due to affiliates, resulting in an increase in liabilities and reduction of unrestricted net position of \$5.3 million, and a reduction of contributions from related entities of \$5.3 million. The correction results in an additional decrease in net position for the year of \$5.3 million.

Adoption of new accounting standards

As of June 30, 2022 the following GASB Statements were implemented which had a financial or disclosure impact on the financial statements.

GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-of-use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-of-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Association adopted the requirements of the guidance effective July 1, 2021 and has applied the provisions of this standard to the beginning of the earliest comparative period presented.

The statement of net position as of June 30, 2021 was restated to reflect the asset, liability, and unrestricted net position balances as stated with the effect of the adoption. Right-of-use assets representing the Association's future usage of leased assets of \$45.8 million, net of depreciation, current liabilities of \$2.8 million, noncurrent liabilities of \$43.7 million, and a reduction of net invested in capital assets in net position of \$0.6 million were established to illustrate the effect of recording leases where the Association is the tenant.

The following statements will be implemented in future reporting periods:

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.

GASB Statement No. 101, *Compensated Absences*. The statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The Association has not yet adopted the standard and is evaluating the impact it may have on its financial statements.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to Financial Statements
For the Years Ended June 30, 2022 and June 30, 2021

2. Cash, Cash Equivalents, and Investments

a. Summary of Carrying Values

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

	2022	2021
Deposits	\$ 24,324	\$ 26,024
Investments	3,961	4,165
Total	\$ 28,285	\$ 30,189
Included in the following statements of net position captions:		
Cash and cash equivalents	10,322	19,500
Restricted cash and cash equivalents	14,001	6,524
Investments held with University of Louisville Foundation, Inc.	3,400	3,410
Annuities	561	755
Total	\$ 28,285	\$ 30,189

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, 2022. 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, 2022 and 2021, the Association had no investments subject to interest rate risk.

d. Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. As of June 30, 2022 and 2021, the \$3.4 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.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to Financial Statements
For the Years Ended June 30, 2022 and June 30, 2021

The asset allocation for investments held with the Foundation as of June 30, 2022 and 2021 is illustrated below:

	2022	2021
Investment in partnerships	54 %	50 %
Marketable alternatives	10 %	15 %
Mutual funds	21 %	19 %
Fixed income	11 %	10 %
Preferred and common stock	4 %	6 %
Total	100 %	100 %

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

f. Foreign Currency Risk

This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The Association had no investments denominated in foreign currency at June 30, 2022 and 2021.

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.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements as of June 30, 2022 and 2021 (in thousands):

		2022			
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Measured at NAV
Investments					
University of Louisville Foundation, Inc. investment fund	\$ 3,400	\$ —	\$ —	\$ —	\$ 3,400
Total investments measured at fair value	\$ 3,400	\$ —	\$ —	\$ —	\$ 3,400

		2021			
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Measured at NAV
Investments					
University of Louisville Foundation, Inc. investment fund	\$ 3,410	\$ —	\$ —	\$ —	\$ 3,410
Total investments measured at fair value	\$ 3,410	\$ —	\$ —	\$ —	\$ 3,410

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to Financial Statements
For the Years Ended June 30, 2022 and June 30, 2021

a. Investments

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.

Investments measured at net asset value (NAV) (in thousands):

		2022		
		Fair Value	Redemption Frequency	Redemption Notice Period
University of Louisville Foundation, Inc. investment fund	\$	3,400	Various from any valuation day to quarterly	Various from 5 to 90 days

		2021		
		Fair Value	Redemption Frequency	Redemption Notice Period
University of Louisville Foundation, Inc. investment fund	\$	3,410	Various from any valuation day to quarterly	Various from 5 to 90 days

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UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Notes to Financial Statements
For the Years Ended June 30, 2022 and June 30, 2021

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, 2022 and 2021, the Association made no reimbursement per agreement with the University.

b. University of Louisville Foundation, Inc.

The Foundation is a separate corporation organized as a supporting organization of the University for the purpose of promoting the University's educational, scientific, literary and cultural interests through investment management. The Foundation serves in a fiduciary capacity and invests funds on behalf of the Association based on a formal trust agreement. As of June 30, 2022 and 2021, the Foundation held funds of the Association of approximately \$3.4 million, respectively, for investment purposes.

c. Debt with Related Entities

In April 2016, the Association received a \$15.0 million unsecured loan bearing interest at 2.5% from the University. The Association is obligated to repay the loan in equal semi-annual payments over 20 years. During the years ended June 30, 2022 and 2021, the Association repaid \$0.7 million in each respective year. The outstanding loan balance is \$10.9 million and \$11.6 million as of June 30, 2022 and 2021, 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 \$66.1 million and \$70.1 million as of June 30, 2022 and 2021, respectively.

Change in interest bearing debt from related entities as of June 30, 2022 and 2021 are summarized as shown below (in thousands):

	2022					
	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion	Noncurrent Portion
Interest bearing debt due to University	\$ 81,707	\$ —	\$ (4,657)	\$ 77,050	\$ 4,661	\$ 72,389

	2021 (Restated)					
	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion	Noncurrent Portion
Interest bearing debt due to University	\$ 86,272	\$ —	\$ (4,565)	\$ 81,707	\$ 4,658	\$ 77,049

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Principal maturities and interest on interest bearing debt from related entities for the fiscal years ending June 30 are as follows (in thousands):

	Principal	Interest	Total
2023	4,761	3,181	7,942
2024	4,637	3,010	7,647
2025	4,767	2,834	7,601
2026	4,923	2,640	7,563
2027	5,035	2,436	7,471
2028-2032	27,504	9,111	36,615
2033-2037	25,423	2,757	28,179
Total	77,050	25,969	103,018

As of June 30, 2022 and 2021, the Association has noninterest bearing debt with no specific repayment terms of approximately \$8.6 million with the University. The debt relates to \$8.6 million of expenditures incurred in fiscal years 1999 and 2000 during the construction Cardinal Stadium.

In January 1999, the Association received an \$8.5 million unsecured, noninterest bearing loan from the Foundation for the construction of Cardinal Park. The Association is obligated to repay the loan upon redemption of a life insurance policy pledged by a donor. The outstanding balance was approximately \$1.0 million as of June 30, 2022 and 2021.

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 \$0.9 million and \$1.8 million, respectively, for the years ended June 30, 2022 and 2021 for this purpose. Additionally, the University collects certain fees from students designated for use by the Association. The University transferred \$0.9 million of student fees collected for the years ended June 30, 2022 and 2021.

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 \$3.9 million and \$4.3 million restated related to capital projects and debt service payments during each of the fiscal years ended June 30, 2022 and 2021, respectively.

Additionally, other transfers of support for projects or endeavors occur between the Association and the University. The University transferred \$1.1 million to the Association for the year ended June 30, 2022 and the Association transferred \$11.0 million to the University for the year ended June 30, 2021.

The Federal Government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020 the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 on December 27, 2020 and the American Rescue Plan Act of 2021 on March 11, 2021 all of which included funding for the Higher Education Emergency Relief Fund (HEERF). The University transferred \$0.1 million in CARES and HEERF funding to the Association during the year ended June 30, 2022. These funds were used to reimburse additional expenses the Association incurred related to the COVID-19 pandemic.

During the fiscal years ended June 30, 2022 and 2021, the Association transferred \$7 thousand and \$0.2 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, 2022 and 2021 are as follows (in thousands):

	2022		
	Gross	Allowance	Net
Contributions receivable	\$ 34,055	\$ (5,109)	\$ 28,946
Trade receivables	15,354	—	15,354
Total	\$ 49,409	\$ (5,109)	\$ 44,300
Less discount			916
Total accounts and contributions receivable			\$ 43,384
Current portion			\$ 20,987
Noncurrent portion			\$ 22,397

	2021		
	Gross	Allowance	Net
Contributions receivable	\$ 34,982	\$ (6,408)	28,574
Trade receivables	9,396	—	9,396
Total	\$ 44,378	\$ (6,408)	\$ 37,970
Less discount			903
Total accounts and contributions receivable			\$ 37,067
Current portion			\$ 14,997
Noncurrent portion			\$ 22,070

Contributions receivable consists primarily of charitable gifts from individual and corporate donors who are connected with the construction projects of the Association. Contributions receivable with payment schedules in excess of one year are stated at their discounted present value. The discount rates ranged from 0.0% to 2.25%.

Contributions receivable as of June 30, 2022 and 2021 are due to be received as follows (in thousands):

	2022	2021
Less than one year	\$ 10,195	\$ 10,893
One to three years	8,923	10,009
Greater than three years	13,937	14,080
Subtotal	33,055	34,982
Less discount	(916)	(903)
Less allowance	(5,109)	(6,408)
Net contributions receivable	\$ 27,030	\$ 27,671

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6. Capital and Intangible Assets, Net

Capital assets and intangible assets as of June 30, 2022 and 2021 are shown below and on the following page (in thousands):

	2022				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Cost - Nondepreciable					
Land	\$ 5,151	\$ —	\$ —	\$ —	\$ 5,151
Construction in progress	1,303	1,395	—	(1,133)	1,565
Subtotal	6,454	1,395	—	(1,133)	6,716
Cost - Depreciable					
Buildings	278,087	30	—	1,133	279,250
Land improvements	4,977	—	(163)	—	4,814
Equipment	7,313	2,253	(5)	—	9,561
Leasehold improvements	1,299	—	—	—	1,299
Right-of-use asset	47,999	—	—	—	47,999
Subtotal	339,675	2,283	(168)	1,133	342,923
Total capital and intangible assets, cost	346,129	3,678	(168)	—	349,639
Accumulated depreciation					
Buildings	79,314	7,210	—	—	86,524
Land improvements	1,224	157	—	—	1,381
Equipment	4,843	927	(3)	—	5,767
Leasehold improvements	1,073	57	—	—	1,130
Right-of-use asset	2,161	2,224	—	—	4,385
Total accumulated depreciation	88,615	10,575	(3)	—	99,187
Capital and intangible assets, net	\$ 257,514	\$ (6,897)	\$ (165)	\$ —	\$ 250,452

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	2021 (Restated)				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Cost - Nondepreciable					
Land	\$ 5,151	\$ —	\$ —	\$ —	\$ 5,151
Construction in progress	902	401	—	—	1,303
Subtotal	6,053	401	—	—	6,454
Cost - Depreciable					
Buildings	277,179	152	—	756	278,087
Land improvements	4,977	—	—	—	4,977
Equipment	7,140	203	(30)	—	7,313
Leasehold improvements	1,299	—	—	—	1,299
Right-of-use asset	—	47,999	—	—	47,999
Subtotal	290,595	48,354	(30)	756	339,675
Total capital and intangible assets, cost	296,648	48,755	(30)	756	346,129
Accumulated depreciation					
Buildings	72,167	7,147	—	—	79,314
Land improvements	1,069	155	—	—	1,224
Equipment	4,031	842	(30)	—	4,843
Leasehold improvements	1,017	56	—	—	1,073
Right-of-use asset	—	2,161	—	—	2,161
Total accumulated depreciation	78,284	10,361	(30)	—	88,615
Capital and intangible assets, net	\$ 218,364	\$ 38,394	\$ —	\$ —	\$ 257,514

7. Line of Credit

In April 2021, the Association entered into a \$20.0 million line of credit with a financial institution to fund the Association's working capital expenses. The line of credit is secured by collateral, including funding and revenues of the Association and third-party pledges to the Association. The line of credit converts to a 20-year note May 31, 2023 with principal and interest payments through April 30, 2043. The interest rate on the new loan is fixed at 2.93%. The balance of the line of credit is \$9.0 million as of June 30, 2022.

8. Debt

Debt payable as of June 30, 2022 and 2021 are summarized as shown below (in thousands):

	Interest Rate	Fiscal Year of Maturity	2022	2021
Notes from direct placement	2.9%	2043	\$ 14,529	\$ 11,000
Contracts payable	2.39%-3.69%	2027-2029	\$ 11,248	\$ —
Total long term debt			\$ 25,777	\$ 11,000

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

2022							
	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion	Noncurrent Portion	
Notes from direct placement	\$ 11,000	\$ 4,625	\$ (1,096)	\$ 14,529	\$ 425	\$ 14,104	
Contracts Payable	\$ —	\$ 11,248	\$ —	\$ 11,248	\$ 1,485	\$ 9,763	
Total long-term debt	\$ 11,000	\$ 15,873	\$ (1,096)	\$ 25,777	\$ 1,910	\$ 23,867	

2021							
	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion	Noncurrent Portion	
Notes from direct placement	5,156	\$ 11,000	\$ (5,156)	\$ 11,000	\$ —	\$ 11,000	

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

For the year ended June 30,	Notes from direct placement		Contracts		Total
	Principal	Interest	Principal	Interest	
2023	\$ 425	\$ 262	\$ 1,503	\$ 300	\$ 2,490
2024	1,340	432	1,544	258	3,574
2025	988	391	1,587	216	3,182
2026	744	362	1,630	172	2,908
2027	737	336	1,675	127	2,875
2028-2032	10,295	1,042	3,309	119	14,765
Total	\$ 14,529	\$ 2,825	\$ 11,248	\$ 1,192	\$ 29,794

Association revenue is pledged for the payment of the term loan. For the current year, principal and interest paid by the Association and the total pledged revenue recognized were \$3.0 million and \$120.7 million, respectively.

Term Loan

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 balance of the term loan was \$11.0 million as of June 30, 2021.

In July 2019, the Association entered into a \$1.75 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 paid in full as of June 30, 2021.

In April 2021, the Association refinanced the aforementioned term loans and the intercompany lease payable (see footnote 4 for additional discussion) for an \$11.0 million Term Loan with a financial institution. The loan is secured

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by collateral, including funds and revenues of the Association and third-party pledges to the Association. Principal repayments will begin May 31, 2023 as the note carries an interest only period ending on April 30, 2023. The interest rate on the new loan is fixed at 2.93%. The balance of the Term Loan is \$14.5 million as of June 30, 2022.

9. Leases

The Association leases land, operating and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2067 and provide for renewal options ranging from one year to fifty years. The Association records right-of-use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, or are otherwise discounted using the Association's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. Those variable payments are recognized as outflows of resources in the periods in which the obligation for those payments is incurred. During the years ended June 30, 2022 and June 30, 2021, respectively, the Association made variable payments as required by lease agreements totaling \$1.6 million and \$475 thousand. Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. The Association does not have any leases subject to a residual value guarantee.

a. Right-Of-Use Assets

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

	Net asset balance as of June 30, 2022	
Building	\$	42,982
Land		632
Total	\$	43,614

b. Future Minimum Lease Payments

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

For the year ending June 30,	Principal	Interest
2023	\$ 1,621	\$ 1,263
2024	1,699	1,216
2025	1,651	1,162
2026	1,657	1,113
2027	1,642	1,063
2028-2032	8,613	4,560
2033-2037	9,397	3,198
2038-2042	10,284	1,701
2043-2047	6,882	248
2048-2052	43	31
2053-2057	50	24
2058-2062	58	16
2063-2067	67	6
Future minimum lease payments	\$ 43,664	\$ 15,601

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See Note 6, Capital Assets, for balances of right-of-use assets and associated accumulated depreciation. See Note 10, Other Liabilities, for balances of lease liabilities. Certain of the Association's leases for operating and office facilities are with an affiliated party. The leases provide for minimum annual lease payments totaling \$0.4 million expiring at various times through 2038, plus variable payments based on usage.

10. Other Liabilities

Other liabilities as of June 30, 2022 and 2021 are summarized as shown below (in thousands):

	2022					
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Unearned compensation and wages payable	\$ 2,486	\$ 5,387	\$ (4,609)	\$ 3,264	\$ 1,120	\$ 2,144
Advances	36,555	27,959	(33,403)	31,111	25,607	5,504
Leases payable	45,234	—	(1,570)	43,664	1,621	42,043
Other long-term liabilities	5,045	—	(3,000)	2,045	—	2,045
Total	\$ 89,320	\$ 33,346	\$ (42,582)	\$ 80,084	\$ 28,348	\$ 51,736

	2021 (Restated)					
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Unearned compensation and wages payable	\$ 5,248	\$ 2,203	\$ (4,965)	\$ 2,486	\$ 1,537	\$ 949
Advances	31,276	60,292	(55,013)	36,555	30,536	6,019
Leases payable	—	47,999	(2,765)	45,234	1,569	43,665
Other long-term liabilities	6,131	—	(1,086)	5,045	—	5,045
Total	\$ 42,655	\$ 110,494	\$ (63,829)	\$ 89,320	\$ 33,642	\$ 55,678

Other long-term liabilities as of June 30, 2022 and 2021 consist of future expenses required by certain pledge agreements.

11. Natural Classification

Operating expenses by natural classification for the years ended June 30, 2022 and 2021 were approximately (in thousands):

	2022	2021 (Restated)
Salaries and wages	\$ 45,604	\$ 35,527
Employee benefits	8,737	8,306
Utilities	958	895
Scholarships and fellowships	15,782	15,647
Depreciation	10,576	10,362
Supplies and other services	60,569	33,963
Total	\$ 142,226	\$ 104,700

12. 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

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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% match of base salary and an additional contribution of 2.5%. Beginning February 1, 2021, the additional contribution was increased to 6.0%.

The Association recorded expenses related to the defined contribution plan of approximately \$2.2 million and \$1.3 million for the years ended June 30, 2022 and 2021, respectively. As of June 30, 2022 and 2021, the Association had no outstanding liability related to the Retirement Plan.

13. Post Employment Healthcare Benefits

a. Plan Description

University and Association personnel are eligible for post employment 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, 2021, the following employees were covered by the benefit terms.

Inactive plan members	1,586
Active plan members	4,701
Total	6,287

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, 2022 and 2021, the University contributed approximately \$2.2 million and \$2.1 million to the Plan, approximately 60% and 60% of total premiums, respectively. Retired Plan members under age 65 receiving benefits contributed approximately \$924 thousand and \$959 thousand, approximately 25% and 27% of total premiums for the years ended June 30, 2022 and 2021, respectively. Health plan rates remained unchanged for the year ended June 30, 2022. Retired Plan members made monthly contributions according to the rate schedule below.

	PPO		EPO		PCA High		PCA Low	
Employee	\$	364	\$	385	\$	306	\$	257
Employee and Spouse	\$	874	\$	924	\$	734	\$	617

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Medicare-eligible retirees receive a monthly benefit of \$108 per individual covered. For the years ended June 30, 2022 and 2021, the University contributed \$2.2 million and \$1.9 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, 2021. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.25%
Salary Increases	5.00%, average
Investment rate of return	NA
Healthcare cost trend rates	6.4% for 2021, decreasing 0.10%-0.25% per year to an ultimate rate of 4.15% for 2034 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 1.92% as of the Measurement Date, 2.45% 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):

	Total OPEB Liability
Balances at 6/30/2021	\$ 80,238
Changes for the year:	
Service cost	2,795
Interest	1,956
Differences between expected and actual experience	(458)
Changes of assumptions	4,967
Benefit payments	(3,558)
Net Changes	5,702
Balances at 6/30/2022	\$ 85,940

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):

	1% Decrease (0.92)%	Discount Rate (1.92)%	1% Increase (2.92)%
Net OPEB liability	\$ 96,719	\$ 85,940	\$ 76,935

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 2021, decreasing 0.10%-0.25% per year to an ultimate rate of 3.25% for 2033) or 1 percentage point higher (7.4% for 2021, 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):

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	1% Decrease (5.4)%	Healthcare Cost Trend Rates (6.4)%	1% Increase (7.4)%
Net OPEB liability	\$ 82,316	\$ 85,940	\$ 90,197

For the year ended June 30, 2022, the University recognized OPEB expense of \$2.7 million. At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,151	\$ 3,651
Changes of assumptions	11,732	17,525
Contributions made in fiscal year ending 6/30/2022 after the measurement date of 6/30/2021	3,684	—
Total	\$ 16,567	\$ 21,176

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 (in thousands):

Year ended June 30:	
2023	\$ (2,032)
2024	(2,032)
2025	(2,032)
2026	(1,615)
2027	(1,515)
Thereafter	933
Total	\$ (8,293)

d. Funded Status and Funding Progress

As of June 30, 2021, the most recent actuarial valuation date, the plan was 0% funded. The unfunded OPEB liability for benefits was \$85.9 million and \$80.2 million and there were no assets, resulting in an unfunded net OPEB liability of \$85.9 million and \$80.2 million as of June 30, 2022 and 2021, respectively. The covered payroll (annual payroll of active employees covered by the plan) was \$434.9 million and \$490.2 million, and the ratio of the unfunded net OPEB liability to the covered payroll was 20% and 16%, for the years ended June 30, 2022 and 2021, 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 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, 2021, 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 1.92% 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 2.45% as of the beginning of the reporting year to 1.92% 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, 2021 was due to updates made on expected future health claims and an increase in the discount rate from 2.45% as of the beginning of the reporting year to 1.92% as of the measurement date, and changes in the assumed per capita cost.

14. Commitments

At June 30, 2022 and 2021, the Association had approximately \$6.7 million and \$0.2 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)

	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Total OPEB liability					
Service Cost	\$ 2,795	\$ 2,538	\$ 2,437	\$ 4,630	\$ 5,203
Interest	1,956	2,318	2,497	3,296	2,728
Difference between expected and actual experience	(458)	(1,687)	1,923	(1,718)	(2,608)
Changes of assumption	4,967	5,757	5,488	(27,504)	(5,495)
Benefit payments	(3,558)	(2,927)	(2,836)	(2,817)	(3,007)
Net change in OPEB Liability	\$ 5,702	\$ 5,999	\$ 9,509	\$ (24,113)	\$ (3,179)
OPEB liability - beginning of year	80,238	74,239	64,730	88,843	92,022
OPEB liability - end of year	\$ 85,940	\$ 80,238	\$ 74,239	\$ 64,730	\$ 88,843
Covered employee payroll	\$ 434,864	\$ 490,221	\$ 493,893	\$ 450,332	\$ 445,356
Total OPEB liability as a percentage of covered employee payroll	19.76 %	16.37 %	15.03 %	14.37 %	19.95 %

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

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

DRAFT

RECOMMENDATION TO THE UofL ATHLETIC ASSOCIATION BOARD OF DIRECTORS
REGARDING THE TURF REPLACEMENT AT CARDINAL STADIUM

Finance and Budget Committee – October 28, 2022
Board of Directors – October 28, 2022

RECOMMENDATION:

The Athletic Director recommends that the Board of Directors authorize the replacement of the playing surface at Cardinal Stadium at a cost not to exceed \$1,000,000.00

BACKGROUND:

Athletics is seeking approval to replace the turf playing surface at Cardinal Stadium. The existing turf was installed in 2013 and has exceeded its life expectancy. The new turf, which will be installed by FieldTurf under an existing state contract, will have a 10-year warranty. Work will begin in July 2023 and be completed by Sept 2, 2023.

The scope of work will include replacing 104,474 square feet of turf, upgrading electrical service to the field, and installing a monitoring system to track turf depletion and weathering. The cost of the project will not exceed \$1 million and is included in the state capital budget.

This capital expense will be in fiscal year 2023-24 and will be included in the ULAA FY24 budget. It is anticipated that a minimum of 75% of the cost of the project to be funded from proceeds of a major concert being held at Cardinal Stadium in July. The remaining balance will be funded from the 2023-24 operating budget.

Pursuant to the ULAA Financial Transactions Policy, the Board of Trustees must approve any athletic capital project that exceeds \$500,000.

COMMITTEE ACTION:

Passed X

Did Not Pass

Other

 Na
Signature on file

Assistant Secretary

ULAA BOARD ACTION:

Passed X

Did Not Pass

Other

 Na
Signature on file

Assistant Secretary

BOT Board Action:

Passed X

Did Not Pass

Other

 Na
Signature on file

Assistant Secretary

RECOMMENDATION TO THE BOARD OF DIRECTORS OF THE
UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
REGARDING THE ELECTION OF OFFICERS AND
APPOINTMENT OF COMMITTEE CHAIRS FOR 2022-2023

Board of Directors – October 28, 2022

RECOMMENDATION:

The following proposed slate is recommended for election as officers of the Board of Directors of the University of Louisville Athletic Association, Inc. for 2022-2023.

Lori Gonzalez	Chair
Rob Detmering	Vice Chair
Kevin Ledford	Treasurer
Dorian Brown	Secretary
Dan Durbin	Assistant Treasurer
Jake Beamer	Assistant Secretary

The following proposed chairs of committees of the Board of Directors of the University of Louisville Athletic Association, Inc. for 2022-2023:

Lori Gonzalez	Personnel Committee
Kevin Ledford	Finance & Budget Committee
Krista Wallace-Boaz	Committee on Academic Performance

BACKGROUND:

Per Section 3.3 of the board's bylaws, the Finance and Budget Committee is chaired by the Treasurer of the corporation.

Per Section 3.5 of the board's bylaws, the Committee on Academic Performance is chaired by the FAR.

Board Action:

Passed: X

Did not pass:

Other:

 n
Signature on file
 /
Assistant Secretary

RECOMMENDATION TO THE BOARD OF DIRECTORS OF THE
UofL ATHLETIC ASSOCIATION BOARD OF DIRECTORS
CONCERNING THE ALCOHOL AND DRUG TESTING POLICY

October 28, 2022

RECOMMENDATION:

The Athletic Director recommends the Board of Directors of the University of Louisville Athletic Association, Inc. approve the revised Alcohol and Drug Testing Policy, in the form [attached](#).

BACKGROUND:

To assure compliance with NCAA requirements, to protect student-athletes from the risk of alcohol/drug abuse, ULAA establishes an alcohol/drug education, testing, and rehabilitation program with the following objectives:

- a. Provide a comprehensive drug abuse prevention and education program that will educate student-athletes about the effects of illicit alcohol and drug use on physical, psychological, and social aspects of life.
- b. Require drug screening of all student-athletes in accordance with the NCAA Constitution and Bylaws to detect usage of banned drugs.
- c. Provide screening, assessment and counseling on alcohol and drug use/abuse, when necessary.
- d. Protect the student-athlete's privacy by restricting disclosure of information to those who need to know.

BOARD ACTION

Passed: X

Did not pass:

Other:

 ⁿSignature on file
Assistant Secretary



University of Louisville Athletic Association

Drug Education & Testing Policy

2022-2023

Drug Testing by the Athletic Department

The University of Louisville Athletic Association, Inc.(ULAA) recognizes that alcohol/drug abuse is a problem in contemporary society. Alcohol/Drug abuse by student-athletes jeopardizes performance, is contrary to NCAA regulations and the athletic and academic expectations of the University of Louisville. Alcohol/Drugs do affect performance, compromise the integrity of athletic competition, both individual and team ability, and training and motivation. The use of alcohol/drugs poses the risk of injury or possible death to student-athletes and long-term harm to their teammates and competitors. Drug use by the student-athlete damages the University and all student-athletes in the eyes of the public and can eliminate both the athlete and a team from NCAA post-season competition.

To assure compliance with NCAA requirements, to protect student-athletes from the risk of alcohol/drug abuse, ULAA establishes an alcohol/drug education, testing, and rehabilitation program with the following objectives:

- a. Provide a comprehensive drug abuse prevention and education program that will educate student-athletes about the effects of illicit alcohol and drug use on physical, psychological, and social aspects of life.
- b. Require drug screening of all student-athletes in accordance with the NCAA Constitution and Bylaws to detect usage of banned drugs.
- c. Provide screening, assessment and counseling on alcohol and drug use/abuse, when necessary.
- d. Protect the student-athlete's privacy by restricting disclosure of information to those who need to know.

I. PARTICIPATION:

Participation in the ULAA Drug Education Policy (Drug Education Policy) is mandatory for all student-athletes who participate in any phase of the intercollegiate athletic program. Any student-athlete who fails to participate in the Drug Education Policy and to abide by the terms and provisions thereof shall be ineligible for participation in any intercollegiate athletic program at the University of Louisville.

A "student-athlete" is a student whose enrollment was solicited by a member of the athletics staff or other representative of athletics interest with a view toward the student's ultimate participation in the intercollegiate athletics program. Any other student becomes a student athlete only when the student reports for an intercollegiate squad that is under the jurisdiction of the athletics department, as specified in NCAA Constitution. A student is not deemed a student-athlete solely on the basis of prior high school athletics participation.

Each student-athlete at the University of Louisville shall be asked to agree to abide by the terms and provisions of the Drug Education Policy, to consent to all testing provided by the policy and to agree to the release of any and all information pertaining to such test results as hereinafter set forth. Any student-athlete who does not agree to abide by the terms and provisions of the Drug Education Policy and/or fails to the release of information generated thereby, as hereinafter provided, shall be ineligible to participate in any phase of any intercollegiate athletic program at the University of Louisville.

II. EDUCATION AND PREVENTION PROGRAM:

The University of Louisville Athletic Association, Inc. in accordance with NCAA guidelines, shall provide the following:

- a. Mandatory education for first year enrollees at the University, of illicit drug and alcohol awareness training for all student-athletes. This education shall include sessions on alcohol/alcoholism, drug abuse and dependency, the unique problems of drug and alcohol abuse by student-athletes, and the legal aspects of drug and alcohol use, including definition of NCAA and University policies.
- b. All educational sessions and preventative programs shall utilize expert resources from the University and the community, as approved by the Director of Athletics (or designee).

III. INFORMATION:

A copy of the Drug Education Policy will be made available to each student-athlete online at GoCards.com.

A copy of the drug testing program will be given to each student-athlete at the team certification meeting. They will be asked to sign a form acknowledging receipt and understanding of the program and providing voluntary consent to participate in the program.

Before consuming any nutritional/dietary supplement product, review the product with your Sports Health and Performance Staff. Nutritional/ dietary supplements are not well regulated and may cause a positive drug test result. Any product containing a nutritional/dietary supplement ingredient is taken at your own risk.

IV. DRUGS OF CONSIDERATION:

Any prohibited drug/substance found in the NCAA Banned Drug List is a violation of the NCAA Medical Exceptions policy as amended from time-to-time (the "Banned Drugs"), regardless of whether such Banned Drugs are prescribed or non-prescribed, legal or illegal, and any other controlled dangerous substance, may be tested for under the Drug Education Policy and/or by the NCAA. Included among those substances to be tested for under the Drug Education Policy, without limitation, are amphetamines, cocaine, tetrahydrocannabinol (THC or marijuana) and anabolic steroids. In addition, each student-athlete may be subject to testing for the presence of any other drug prohibited by the NCAA or for the presence of any other controlled dangerous substance. Testing for the presence of Banned Drugs/Substances by the NCAA shall be in addition to, and not in place of, any testing done by the University of Louisville under the Drug Education Policy.

V. DRUG SCREENING:

After receiving a copy of the University of Louisville Athletic Association, Inc. policy and before engaging in competition, all student-athletes must sign a statement of understanding and consent. If the student-athlete is under 18 years of age, the student-athlete's parents or legal guardian must also sign the statement. Following the execution of the Consent Agreement, each student-athlete thereafter will be subject to unannounced, random testing for the presence of Banned Drugs/Substances. The Senior Director of Sports Medicine and the Drug Testing Coordinator will specify the determination of the frequency of testing. Failure to participate in the drug/alcohol education programs (including drug/alcohol screening and any recommended follow-up) may result in loss of the privilege of participation by the student-athlete in any intercollegiate athletic program sponsored by the University of Louisville Athletic Association, Inc.

VI. METHODOLOGY:

- a. Selection: The Drug Testing Coordinator shall develop and maintain selection procedure for administering frequent and unannounced drug screening test to student-athletes. The Senior Director of Sports Medicine and the Drug Testing Coordinator shall have authority to select specific student-athletes to be tested, including any involved in injury or accident situations or other behaviors reasonably giving rise to concern regarding alcohol/drug abuse. Student-athletes may be tested on one or more occasions at any time while enrolled in the University on athletic scholarship or participating in intercollegiate athletics. The process for selection and testing for alcohol/drug abuse shall ensure the confidentiality of testing, and results shall be released only to the Senior Director of Sports Medicine and/or the Drug Testing Coordinator except as provided in this policy. Only the Senior Director of Sports Medicine and/or the Drug Testing Coordinator shall know the confidential number assigned to a specific student-athlete. There is a need-to-know basis for the consulting treatment professional(s) to be informed of alcohol/drug test results. Consent of the student-athlete or parents/guardians in the case of a student athlete under the age of 18, needs to be executed prior to this information being released.
- b. Procedure for Notification: Student-athletes selected for alcohol/drug-testing will be notified in writing or verbally by their sport athletic trainer for collection of the specimen.
- c. Collection Procedure: At the collection site, the contracted testing agency representative shall conduct the collection of urine samples for purposes of testing. To ensure the chaperone has an unobstructed view of the passing of the sample, the student-athlete may be asked to be clothing free from mid-torso to mid-thigh. A

member of the contracted testing agency shall observe voiding of urine. Each student-athlete will be given a chain of custody form that contains an assigned confidential number and two specimen bottle seals, a collection cup, two specimen containers, plus a collection card with a corresponding confidential number. Urine samples of at least 60 ml, in the presence of a chaperone of the same gender or gender of choice. Once a sample is obtained, the contracted testing agency representative will pour half of the specimen into one specimen bottle and the remainder into the second. The specimen bottles will then be sealed with the specimen bottle seals, which contain the date and the student-athlete's initials, by the contracted testing agency representative in the presence of the student-athlete. The two specimen bottles and the chain of custody form will be placed in a pouch that will also be sealed in the presence of the student-athlete. If a specimen is incomplete or inadequate, the student-athlete must remain in the collection area under the observation of the contracted testing agency representative and/or athletic trainer until the sample is collected. During the waiting period the collection cup must be covered and controlled by the student-athlete. All specimens collected will be kept in a secure area under the exclusive control of the contracted testing agency and/or athletic training staff prior to transportation to an appropriate testing lab. All laboratory testing shall be conducted under the auspices of an independent laboratory designated by the University of Louisville Athletic Association, Inc. If a sample following testing, tests positive as to the presence of Banned Drugs, then a second test will be conducted to confirm the initial positive result using the Mass/Spec Gas chromatography system. In addition to the foregoing, testing for anabolic steroids will be done using appropriate methods. Additional tests may be conducted to determine the presence or absence of any other Banned Drug/Substances as may be determined by the University of Louisville. The laboratory shall notify only the Senior Director of Sports Medicine and the Drug Testing Coordinator of test results.

VII. RESPONSES TO TESTING:

(As hereinafter used, a student-athlete who has tested "positive" shall be deemed to mean a student-athlete whose urine specimen has been confirmed as containing the presence of one or more Banned Drugs/Substances.) The Drug Testing Coordinator will notify the sport athletic trainer and sport administrator of a positive test. The sport athletic trainer will then notify the student-athlete and the team coach of a positive result. The Drug Testing Coordinator will confer with the Senior Director of Sports Medicine on all positive tests. The Drug Testing Coordinator will then make a referral to the Director of Mental Health & Performance or designated staff for further screening or assessment to recommend a course of preventative education or treatment by a Kentucky Certified Alcohol Drug Counselor (CADC) or an alcohol and drug abuse treatment center licensed in the State of Kentucky for counseling. The Drug Testing Coordinator and the Senior Director of Sports Medicine will receive the professional's recommendation(s) and decide on an appropriate plan of action.

Depending on the recommendation(s) of the Director of Mental Health & Performance, Senior Director of Sports Medicine, Drug Testing Coordinator, the head coach, and/or the Director of Athletics (or designee) may suspend the student-athlete from participation for a period of time necessary to prevent possible harm to the student-athlete or team and to rehabilitate the student-athlete. During their eligibility at the University of Louisville, each time a student-athlete tests positive, such test shall be deemed a violation of the Drug Education Policy with sanctions as follows:

First Violation:

1. The Senior Director of Sports Medicine, The Drug Testing Coordinator, the student-athlete, the Director of Athletics (or designee), and student-athlete's head coach will be informed of the positive test results.
2. The student-athlete will be required to participate in counseling sessions with professional counselors as determined by the University of Louisville.
3. The student-athlete will be required to undergo frequent, unannounced urinalysis.
4. In extraordinary circumstances, as determined by the Director of Athletics, a first violation may result in one or more of the following additional sanctions: Suspension: temporary, indefinite, or permanent suspension of the student-athlete from participation in practice and/or competition and/or other activities as a member of the athletic program. If the involved student-athlete is being suspended from competition, this information will be

communicated by the Drug Testing Coordinator to the Senior Associate Athletics Director for Compliance to record and document this action for certification of eligibility purposes.

5. The student-athlete's athletically related financial aid (if any) may be recommended for reduction, cancellation and/or non-renewal in the absence of mitigating circumstances.

Second and Third Violations:

1. The Senior Director of Sports Medicine, Drug Testing Coordinator, the student-athlete, the student-athlete's head coach, and the Director of Athletics (or designee) will be informed of the positive test results.
2. The Director of Athletics may also inform the University President and/or designee.
3. The Director of Mental Health & Performance shall review the entire case and referral of the student-athlete for comprehensive treatment/rehabilitation may be made.
4. The student-athlete will be required to undergo frequent, unannounced urinalysis.
5. A second and/or third violation will result in one or more of the following additional sanctions, to-wit: Suspension: temporary, indefinite, or permanent suspension of the student-athlete from participation in practice and/or competition and/or other activities as a member of the athletic program. If the involved student-athlete is being suspended from competition, this information will be communicated by the Drug Testing Coordinator to the Senior Associate Athletics Director for Compliance (SAADC) to record and document for certification of eligibility purposes.
6. The student-athlete's athletically related financial aid (if any) may be recommended for cancellation and/or non-renewal in the absence of mitigating circumstances.

Fourth Violation:

1. The Senior Director of Sports Medicine, Drug Testing Coordinator, the student-athlete, the student-athlete's head coach, and the Director of Athletics (or designee) will be informed of the positive test results.
2. The Director of Athletics may also inform the University President and/or designee.
3. The student-athlete who tests positive a fourth time shall be indefinitely suspended from participation and referred to professional counseling.
4. The student-athlete's athletically related financial aid (if any) may be recommended for reduction, cancellation and/or non-renewal in the absence of mitigating circumstances.

Notwithstanding any other provision of this policy, the head coach, Senior Director of Sports Medicine, the Drug Testing Coordinator and/or the Director of Athletics (or designee) shall have the authority to suspend any student-athlete at any time from participation in intercollegiate athletics if, in the opinion of the Senior Director of Sports Medicine or Drug Testing Coordinator, such participation would be dangerous or not in the best interest of the athlete or athletic department.

VIII. ATHLETIC COACHES AND STAFF RESPONSIBILITY:

- a. Athletic coaches and staff shall not knowingly encourage the use of illicit drugs, specifically those whose intended use is to enhance performance.
- b. Athletic coaches and staff obtaining knowledge of persons attempting to induce or encourage drug use or alcohol abuse, including underage consumption of alcohol, shall report complaints to the Director of Athletics. NCAA rules require that any coach or staff member who has knowledge of a student-athlete's use at any time of a substance within the NCAA banned drug classes, shall report this information so that institutional procedures dealing with drug abuse can be followed. Failure to report this information could subject the coach or staff member to disciplinary or corrective action as a violation under the NCAA Unethical Conduct bylaw.
- c. Athletic coaches and staff must be aware of the student environment where peer group pressures encourage alcohol or drug abuse including underage consumption of alcohol. Because the health and safety of the student-athlete is of paramount concern, coaches and staff must be alert to alcohol or drug abuse symptoms characterized by physical or behavioral changes.

IX. STUDENT-ATHLETE RESPONSIBILITIES:

Each student-athlete is obligated to advise the Athletic Trainer prior to providing any urine sample of all medications, whether prescriptive or non-prescriptive, which the student-athlete is presently taking or has taken in the preceding thirty-days (30), along with the medical reason. In addition, the student-athlete may be required to further document, to the satisfaction of the Senior Director of Sports Medicine and/or the Drug Testing Coordinator, the medical necessity for the medication being taken or previously taken by the student-athlete. Failure of the student-athlete to attend any required counseling session, whose absence is not excused by the Athletic Trainer, shall be treated as a separate violation of the Drug Education Policy. As a result of his/her failure to attend any required counseling sessions, any of the aforementioned sanctions may be imposed on the student-athlete. Failure to attend required sessions shall also be deemed a separate violation of the Drug Education Policy.

X. STUDENT-ATHLETE INITIATED REVIEWS:

A student-athlete may ask for a review of any sanction as the result of a positive drug test result. A student-athlete desiring to appeal must file a written notice of review with the Drug Testing Coordinator within two days of notification of a positive result. The student-athlete may be assisted by a person of his/her selection in obtaining a review. A student-athlete may have an informal hearing before the Head Coach and the Director of Athletics (or designee) after notice of an action to be taken pursuant to a positive test. The student-athlete may have a hearing before the University Financial Aid Committee in the event that notification of cancellation or non-renewal of financial aid is given in connection with any positive drug test result.

XI. MEDICAL EXCEPTIONS:

The NCAA and University of Louisville Athletics both recognize that some banned substances are used for legitimate medical purposes. In order for a student-athlete to be granted a medical exception to continue use of a banned substance, it is necessary for the student-athlete to work with their sport athletic trainer to disclose all medications they are taking and submit the appropriate documentation through their athletic trainer to request a medical exception.

XII. TRANSITION:

The Drug Education Policy replaces and supersedes all prior existing drug policies of ULAA, except that each previous positive test of a student-athlete for the presence of any Banned Drug/Substance under any prior drug policy, then in effect by the University of Louisville, shall be treated as a violation of the Drug Education Policy for purposes of determining whether subsequent violations of the Drug Education Policy constitute the student-athletes second or third violation. In addition, any test conducted by the NCAA for the presence of a Banned Drug/Substance, which is positive likewise shall be deemed a separate violation of the Drug Education Policy.

XIII. NCAA TESTING:

The provisions of the Drug Education Policy are in addition to and not in place of any testing conducted by or sanctions imposed by the NCAA. The NCAA Board of Governors shall authorize methods for drug testing any student-athlete who has disclosed in the student-athlete statement that they have a positive drug test administered by a non-NCAA athletics organization.

XIV. AMENDMENTS:

In order to ensure full reliability and accuracy of drug assays, the accurate reporting of test results, the integrity and efficacy of the Drug Education Program, and compliance with NCAA legislation, the Director of Athletics (or designee) may make changes to the procedures contained within the appendices to this policy to reflect improvement in available science and technology as recommended by the Senior Director of Sports Medicine and/or changes in applicable NCAA legislation or procedures. Any changes shall be adopted by the ULAA Board of

Directors at the next scheduled Board Meeting or by the ULAA Executive Committee in the interim between regular meetings of the Board of Directors. An attempt will be made to notify each student-athlete of any changes or amendment to the Drug Education Policy.

RECOMMENDATION TO THE EXECUTIVE COMMITTEE OF THE
UofL ATHLETIC ASSOCIATION, INC., BOARD OF DIRECTORS
REGARDING PERSONNEL MATTERS

Board of Directors - October 28, 2022

RECOMMENDATION:

The Athletic Director recommends the Executive Committee of the ULAA Board of Directors approve the following personnel matters:

Justin Ruffin; appointment as Associate Athletic Director for Academic Services, effective August 29, 2022. This position within the Athletic Senior Leadership Team will lead, develop, manage our nationally recognized intercollegiate student-athlete support program. This role will create and implement academic strategic plans and procedures for programs designed to cultivate an environment that supports elite performance and a first-class student-athlete experience. This position will supervise full-time academic staff members, learning specialists, graduate assistants, and interns. This position is responsible for oversight of the daily and weekly academic reports to coaches, sport administrators, faculty athletic representative, and compliance department. This position will serve as the Atlantic Coast Conference representative during academic director's meetings. This position will regularly research new and innovative ways to enhance and contribute to the development of academic skills, transferrable life skills, and holistic growth of the individual. It is critical that this position understands and adheres to the compliance rules of the NCAA, ACC, and the University of Louisville. This role will need to communicate effectively on a daily basis with students, colleagues, and internal and external constituents using effective listening skill. Lastly, this position will assist with other duties as assigned.

Education:

Diversity in the Workplace Certificate	(2021) University of South Florida
Master of Science: Kinesiology	(2004) James Madison University
Bachelor of Science: Integrated Science and Technology	(2009) James Madison University

Other Relevant Experience:

Dec 2020 - Present: Men's and Women's Tennis Sport Administrator University of Louisville
Dec 2009 - Present: Assistant Athletic Director for Academic Services University of Louisville
Jan 2006 – Dec 2009: Assistant Director for Student Athlete Services James Madison University

Notable Accomplishments:

A veteran administrator, Justin Ruffin enters his 18th year working in intercollegiate athletics and serves as the sport administrator for the men's and women's tennis program. Ruffin is on the senior staff leadership team, participant and a member of several campus wide committees and organizations including the university's Strategically Organizing Against Racism (S.O.A.R.) Committee, Bias Response Team, Name Image and Likeness Board, and Committee on Academic Performance (CAP).

At the conference level, Ruffin serves on the ACC C.O.R.E. (Champions of Racial Equity) committee by representing the University of Louisville and collaborating with other ACC administrators to drive unity and inclusion across the institutions. He is also the Chair of the ACC Women's Tennis Committee where he addresses committee issues during the senior woman administrator meetings and assists the Conference liaison with various logistical, operational, and administrative issues that may arise during the Women's ACC Tennis Tournament.

Ruffin is also responsible for managing and reviewing initial and continuing eligibility, along with weekly academic progress and support for the football, men's soccer, and women's volleyball teams. Additionally, he monitors community and career services for those sports, while also supervising the learning specialists and coordinating professional development opportunities for the graduate assistants.

Prior to the University of Louisville, Ruffin served five years at James Madison University. At JMU, Ruffin was responsible for the academic development, management, and coordination of football, men's and women's golf, men's and women's swimming, wrestling, and men's and women's tennis programs. He assisted with developing and implementing academic strategic plans and procedures for programs designed to cultivate both an environment that supports elite performance and a first-class student-athlete experience that prepared them for life after sport.

Ruffin is a former student-athlete at James Madison University, earning All-Conference recognition as a defensive back for the football team and lettering three years on the baseball team. He graduated with a Bachelor of Science in Integrated Science and Technology and later earned his Master of Science in Athletic Administration from JMU.

Salary data:

Current salary: \$110,705

Proposed salary: \$125,000

FY23 Budget impact: \$10,722 (plus benefits)

Lauren Rust; appointment as Associate Athletic Director for Compliance and Sport Administration. This position is responsible for the day-to-day monitoring and administration of select functional compliance areas with primary emphasis on initial, transfer, and continuing academic and amateurism eligibility certification and financial aid; supervision of two Directors of Compliance; Primary eligibility/financial aid liaison with Football; coordinate APR and GSR tracking; serve as Athletics Department lead with multiple departments on campus; serves on a number of departmental and campus committees; all responsibilities focused on ensuring university-wide compliance with NCAA, ACC, and University of Louisville bylaws by providing oversight and implementation of policies and procedures in these key areas.

In addition to her extensive athletic compliance responsibilities, Rust also serves as the sport administrator for Men's & Women's Swimming and Diving, providing administrative oversight and direction to head coaches to ensure teams are meeting athletic department standards of operation. Provides support to student-athletes to ensure a positive student-athlete experience; promote a culture of compliance within sport programs by ensuring NCAA, conference, and University policies and procedures are followed. Serves as game administrator for home contests; manage team budgets of assigned sport programs; communicates sport performance and program management issues to Athletic Director as needed; directly supervises head coaches on a daily basis.

Education:

Doctor of Philosophy-Higher Education Concentration	University of Tennessee, Knoxville
Master of Arts in Sport Administration (2001)	Morehead State University
Bachelor of Arts in Exercise Science (1999)	Morehead State University

Other Relevant Experience:

December 2020-Present	Assistant Athletic Director for Compliance/Sport Administrator University of Louisville
June 2015–December 2020	Assistant Athletic Director for Compliance University of Louisville
August 2011–June 2015	Director of Athletic Compliance University of Louisville
August 2009-August 2011:	Associate Director-College of Arts and Sciences Advising and Student Services Center University of Louisville
May 2008-August 2009	Senior Academic Counselor, College of Arts and Sciences Advising and Student Services Center University of Louisville
May 2008-December 2008	Contractor, NCAA Indianapolis, IN
February 2006- May 2008	Assistant Director-Thornton Athletics Student Life Center University of Tennessee, Knoxville

Salary data:

Current salary: \$104,520
Proposed salary: \$116,500
FY23 Budget impact: \$8,985 (plus benefits)

Scott Sallade; appointment as Associate Athletic Director for Student Services, September 1, 2022. This position within the Athletic Senior Leadership Team will lead development and execution of academic and student services initiatives for the well-being of our student-athletes. This role is heavily involved in the NCAA academic certification process of our student-athletes and the coordination of campus resources necessary to complete this task each semester.

This position has oversight of the department's academic services staff, as well as sport supervision of Spirit Squads responsibilities in the areas of budgeting, staffing and program implementation.

Education:

Master of Education: Sport Administration (1994) University of Louisville
Bachelor's Degree in Physical Education (1992) University of Louisville

Other Relevant Experience:

Jan 2011 - Present:	Assistant Athletic Director, Student Services University of Louisville
Jan 2010 - Dec 2010:	Executive Director, Student Services - Athletics University of Louisville
Jul 2006 - Dec 2009:	Director of Student Services - Athletics University of Louisville
Jul 2003 - Jun 2006:	Associate Director – Academic Services for Athletics University of Louisville
Aug 1999 - Jun 2003	Senior Academic Counselor – Academic Services for Athletics University of Louisville
Aug 1992 - May 2020:	Instructor – Health and Sports Studies University of Louisville

Notable Accomplishments:

Scott Sallade has been involved in the academic successes of the University of Louisville's student-athletes for over thirty years...from his role as a tutor through his service as Assistant AD.

Working in conjunction with Athletic Compliance and the Registrar's Office, Sallade coordinates the NCAA academic certification process. He supervises members of the Thorntons Academic Center for Excellence staff, as well as serving as the Sport Administrator for our Cheer and Dance programs. Additionally, he has maintained an advising/counseling role for a number of our sports teams during his tenure.

He is active in many on-campus roles serving on numerous committees including the Committee on Academic Performance (CAP) and the Academic Center's Directors Council (ACDC).

He enrolled at the University of Louisville in the fall of 1987 and has remained a part of this university for thirty-five years. He graduated in 1992 with a Bachelor's Degree in Physical Education, concentrating in Sport Administration. He received a Master's Degree in Education, concentrating in Sport Administration in 1994. Additional work experiences at the University of

Louisville include the areas of Intramural and Recreational Sports, Admissions and Orientation and Housing and Residence Life.

Salary data:

Current salary: \$111,985

Proposed salary: \$125,000

FY23 Budget impact: \$9,762 (plus benefits)

BOARD ACTION:

Passed X

Did Not Pass

Other

 ds
Signature on file
 ds
Assistant Secretary