FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

UNIVERSITY OF FLORDA LAW CENTER
ASSOCIATION, INC.
GAINESVILLE, FLORIDA

JUNE 30, 2016
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### BOARD OF TRUSTEES

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Trustee terms run from October in the year they were elected to October in their fifth year.
TABLE OF CONTENTS

Independent Auditors' Report ................................................................................................................................. 1-2
Management’s Discussion and Analysis .................................................................................................................. 3-5
Statement of Net Position ....................................................................................................................................... 6
Statement of Revenues, Expenses, and Changes
  in Net Position ...................................................................................................................................................... 7
Statement of Cash Flows .......................................................................................................................................... 8
Notes to Financial Statements ................................................................................................................................. 9-14

Independent Auditors’ Report on Internal Control Over
  Financial Reporting and on Compliance and Other Matters
  Based on an Audit of Financial Statements Performed in
  Accordance with Government Auditing Standards .................................................................................................. 15-16
INDEPENDENT AUDITORS' REPORT

Board of Trustees of the
University of Florida Law Center
Association, Inc.
Gainesville, Florida

We have audited the accompanying statement of net position of the University of Florida Law Center Association, Inc. (the Association) as of June 30, 2016, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

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

Auditors’ Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
INDEPENDENT AUDITORS' REPORT
(Concluded)

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2016, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information
We have previously audited the Association’s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 4, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters
Accounting principles generally accepted in the United States of America require that management’s discussion and analysis be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued a report dated January 24, 2017, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Association’s internal control over financial reporting and compliance.

January 24, 2017
Gainesville, Florida
MANAGEMENT’S DISCUSSION AND ANALYSIS

The University of Florida Law Center Association, Inc. (the Association) Management’s Discussion and Analysis is designed to assist the reader in focusing on an overview of financial activities, identify changes in the financial position, identify any material deviations from the financial plan, and identify issues and concerns. Since the Management’s Discussion and Analysis is intended to focus on the current year’s activities, resulting changes, and currently known facts, it should be read in conjunction with the financial statements attached.

Incorporated in 1962, the Association is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Association is governed by a volunteer Board of Trustees. Designated as a Direct Support Organization of the University of Florida (UF), the Association is operated according to State University System of Florida rules. It maintains a separate, not-for-profit status and is authorized to receive, hold, invest, and administer property and make expenditures benefitting the University of Florida’s Levin College of Law. The Association relies on contributions from the public and serves as fiscal agent for some of the Levin College of Law’s activities. The Association provides funding for scholarships and fellowships, student organizations, co-curricular programs and program enrichment.

Per the Association’s bylaws, the Association’s purposes and objectives shall be “(a) to promote and support legal education, the highest ideals and ethics of the profession, legal research, and the administration of justice; (b) to aid and assist the Fredric G. Levin College of Law (“College of Law”), University of Florida, in the establishment, development, and maintenance of a law center at the College of Law, the functions of which shall be to promote the foregoing purposes...”

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements:

- The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide information about the activities of the Association and present a long-term view of the Association’s financial position.

- The Statement of Cash Flows provides information regarding how cash comes into the Association and how it is used on the Association’s programs and activities.

The financial statements also include notes that further explain information in the statements with more detailed data. Since these notes are an integral part of the statements, they should be read in conjunction with the financial statements so the reader has a clear understanding of the Association’s activities and performance.

FINANCIAL ANALYSIS


The following select information was derived from the Association’s complete set of financial statements. It is presented to support management’s analysis of the financial position and the results of operations that follow this information.
## MANAGEMENT’S DISCUSSION AND ANALYSIS

*(Continued)*

### The Association’s Net Position

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>Amount of Change</th>
<th>Percentage of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Assets</strong></td>
<td>$6,405,275</td>
<td>$7,186,257</td>
<td>($780,982)</td>
<td>(10.9%)</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>$28,840</td>
<td>$18,032</td>
<td>$10,808</td>
<td>59.9%</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$1,016,451</td>
<td>$1,301,374</td>
<td>($284,923)</td>
<td>(21.9%)</td>
</tr>
<tr>
<td>Restricted Expendable</td>
<td>3,309,577</td>
<td>3,817,583</td>
<td>(508,006)</td>
<td>(13.3%)</td>
</tr>
<tr>
<td>Restricted Nonexpendable</td>
<td>2,050,407</td>
<td>2,049,268</td>
<td>1,139</td>
<td>.1%</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Position</strong></td>
<td>$6,405,275</td>
<td>$7,186,257</td>
<td>($780,982)</td>
<td>(10.9%)</td>
</tr>
</tbody>
</table>

### Operating Revenue

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>Amount of Change</th>
<th>Percentage of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions and Grants</td>
<td>$202,244</td>
<td>$351,703</td>
<td>($149,459)</td>
<td>(42.5%)</td>
</tr>
<tr>
<td><strong>Nonoperating Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income (Loss)</td>
<td>($156,999)</td>
<td>$214,462</td>
<td>($371,461)</td>
<td>(173.2%)</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$45,245</td>
<td>$566,165</td>
<td>($520,920)</td>
<td>(92.0%)</td>
</tr>
</tbody>
</table>

### Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>Amount of Change</th>
<th>Percentage of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scholarships and Fellowships</td>
<td>$173,850</td>
<td>$147,762</td>
<td>$26,088</td>
<td>17.7%</td>
</tr>
<tr>
<td>Contracts</td>
<td>0</td>
<td>3,476</td>
<td>(3,476)</td>
<td>(100.0%)</td>
</tr>
<tr>
<td>Student Organizations</td>
<td>53,078</td>
<td>71,505</td>
<td>(18,427)</td>
<td>(25.8%)</td>
</tr>
<tr>
<td>Co-Curricular</td>
<td>125,309</td>
<td>105,709</td>
<td>19,600</td>
<td>18.5%</td>
</tr>
<tr>
<td>Enrichment</td>
<td>404,983</td>
<td>253,097</td>
<td>151,886</td>
<td>60.0%</td>
</tr>
<tr>
<td>Alumni Affairs</td>
<td>52,694</td>
<td>23,665</td>
<td>29,029</td>
<td>122.7%</td>
</tr>
<tr>
<td>Administration</td>
<td>81,892</td>
<td>95,765</td>
<td>(13,873)</td>
<td>(14.5%)</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>$891,806</td>
<td>$700,979</td>
<td>$190,827</td>
<td>27.2%</td>
</tr>
</tbody>
</table>

### Other Financing Sources (Uses)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>Amount of Change</th>
<th>Percentage of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Financing Sources (Uses)</td>
<td>$54,771</td>
<td>$279,289</td>
<td>($224,518)</td>
<td>(80.4%)</td>
</tr>
</tbody>
</table>

### Net Change

|                          | ($791,790) | $144,475 | ($936,265)       | (648.0%)            |
Some items to note when comparing fiscal year 2015 to fiscal year 2016 are below:

- The Association’s Net Position decreased by $791,790 for primarily two reasons:

  1. Contributions to the Association have been decreasing over the years as donors are giving to the College through the University of Florida Foundation (UFF) instead of through the Association. Contributions and Grants revenue (net of Bad Debts) decreased approximately $150,000.

  2. Investment income decreased due to a decrease in the investment performance of the Association’s endowments held at UFF and invested with the University of Florida Investment Corporation (UFICO). This resulted in an investment loss as opposed to investment income, and a decrease of approximately $371,000 as compared to fiscal year 2015.

- All spendable earnings on endowments are transferred to the University prior to being expended. In prior years, transfers of spendable earnings to the University were done upon request. This year all spendable earnings on endowments were automatically transferred to UF in order to be in place to spend. The amounts of those earnings that were actually spent in fiscal year 2016 are shown as LCA expense.

- The assets described as “On Deposit with UF and UFF” represent both the spendable earnings on LCA owned endowments as well as unrestricted gifts pledged to LCA but collected by UFF on behalf of the LCA.

CONTACTING THE ASSOCIATION’S FINANCIAL MANAGEMENT

This financial report is designed to provide the Association’s Board of Trustees, creditors and the Board of Trustees of the University of Florida with a general overview of the Association’s finances. If you have questions about this report or need additional information, contact Dennis Calfee, Treasurer, Law Center Association, at 352-273-0911.
# Statement of Net Position

**June 30, 2016,**  
**With Comparative Totals for June 30, 2015**  
**University of Florida Law Center Association, Inc.**  
**Gainesville, Florida**

## Assets

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Restricted Expendable</th>
<th>Restricted Nonexpendable</th>
<th>Totals 2016</th>
<th>Totals 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$221,651</td>
<td>$444,893</td>
<td>$</td>
<td>$666,544</td>
<td>$1,021,210</td>
</tr>
<tr>
<td>On Deposit with UF and UFF</td>
<td>93,401</td>
<td>283,050</td>
<td>0</td>
<td>376,451</td>
<td>0</td>
</tr>
<tr>
<td>Pledges Receivable, Net</td>
<td>316,054</td>
<td>87,888</td>
<td>0</td>
<td>403,942</td>
<td>654,730</td>
</tr>
<tr>
<td>Miscellaneous Receivables</td>
<td>2,684</td>
<td>0</td>
<td>0</td>
<td>2,684</td>
<td>2,684</td>
</tr>
<tr>
<td>Loan Funds</td>
<td>0</td>
<td>53,353</td>
<td>0</td>
<td>53,353</td>
<td>53,978</td>
</tr>
<tr>
<td>Loan Funds Receivables</td>
<td>961</td>
<td>1,645</td>
<td>0</td>
<td>2,606</td>
<td>1,606</td>
</tr>
<tr>
<td>Funds Held in Reserve</td>
<td>397,812</td>
<td>0</td>
<td>0</td>
<td>397,812</td>
<td>397,812</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>1,032,563</td>
<td>870,829</td>
<td>0</td>
<td>1,903,392</td>
<td>2,132,020</td>
</tr>
<tr>
<td><strong>Non Current Assets</strong></td>
<td>0</td>
<td>2,451,476</td>
<td>2,050,407</td>
<td>4,501,883</td>
<td>5,054,237</td>
</tr>
<tr>
<td>Funds Held and Invested by the UF Foundation, on Behalf of the UF Law Center Association, Inc.</td>
<td>0</td>
<td>2,451,476</td>
<td>2,050,407</td>
<td>4,501,883</td>
<td>5,054,237</td>
</tr>
<tr>
<td><strong>Total Non Current Assets</strong></td>
<td>0</td>
<td>2,451,476</td>
<td>2,050,407</td>
<td>4,501,883</td>
<td>5,054,237</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>1,032,563</td>
<td>3,322,305</td>
<td>2,050,407</td>
<td>6,405,275</td>
<td>7,186,257</td>
</tr>
</tbody>
</table>

## Liabilities and Net Position

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Restricted Expendable</th>
<th>Restricted Nonexpendable</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>16,112</td>
<td>12,728</td>
<td>0</td>
<td>28,840</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>16,112</td>
<td>12,728</td>
<td>0</td>
<td>28,840</td>
</tr>
</tbody>
</table>

## Net Position

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Restricted Expendable</th>
<th>Restricted Nonexpendable</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unrestricted</strong></td>
<td>1,016,451</td>
<td>0</td>
<td>0</td>
<td>1,016,451</td>
</tr>
<tr>
<td><strong>Restricted Expendable</strong></td>
<td>0</td>
<td>3,309,577</td>
<td>0</td>
<td>3,309,577</td>
</tr>
<tr>
<td><strong>Restricted Nonexpendable</strong></td>
<td>0</td>
<td>0</td>
<td>2,050,407</td>
<td>2,050,407</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td>1,016,451</td>
<td>3,309,577</td>
<td>2,050,407</td>
<td>6,376,435</td>
</tr>
</tbody>
</table>

| **Total Liabilities and Net Position** | 1,032,563 | 3,322,305 | 2,050,407 | 6,405,275 | 7,186,257 |

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See accompanying notes.
## Statement of Revenues, Expenses, and Changes in Net Position

For the year ended June 30, 2016,
With comparative totals for June 30, 2015

University of Florida Law Center Association, Inc.
Gainesville, Florida

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Restricted Expendable</th>
<th>Restricted Nonexpendable</th>
<th>Totals 2016</th>
<th>Totals 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions and Grants (Net of Bad Debts $41,865 and $25,646)</td>
<td>$ 8,606</td>
<td>$ 193,638</td>
<td>$ 0</td>
<td>$ 202,244</td>
<td>$ 351,703</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>$ 8,606</td>
<td>$ 193,638</td>
<td>$ 0</td>
<td>$ 202,244</td>
<td>$ 351,703</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Services: Scholarships and Fellowships</td>
<td>2,605</td>
<td>171,245</td>
<td>0</td>
<td>173,850</td>
<td>147,762</td>
</tr>
<tr>
<td>Contracts</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3,476</td>
</tr>
<tr>
<td>Student Organizations</td>
<td>9,188</td>
<td>43,890</td>
<td>0</td>
<td>53,078</td>
<td>71,505</td>
</tr>
<tr>
<td>Co-Curricular</td>
<td>27,660</td>
<td>97,649</td>
<td>0</td>
<td>125,309</td>
<td>105,709</td>
</tr>
<tr>
<td>Enrichment</td>
<td>220,262</td>
<td>184,721</td>
<td>0</td>
<td>404,983</td>
<td>253,097</td>
</tr>
<tr>
<td>Supporting Services: Alumni Affairs</td>
<td>30,614</td>
<td>22,080</td>
<td>0</td>
<td>52,694</td>
<td>23,665</td>
</tr>
<tr>
<td>Administration</td>
<td>22,953</td>
<td>58,939</td>
<td>0</td>
<td>81,892</td>
<td>95,765</td>
</tr>
<tr>
<td><strong>(Total Operating Expenses)</strong></td>
<td>(313,282)</td>
<td>(578,524)</td>
<td>0</td>
<td>(891,806)</td>
<td>(700,979)</td>
</tr>
<tr>
<td><strong>Operating (Loss) Income</strong></td>
<td>(304,676)</td>
<td>(384,886)</td>
<td>0</td>
<td>(689,562)</td>
<td>(349,276)</td>
</tr>
<tr>
<td><strong>Nonoperating Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>0</td>
<td>(156,999)</td>
<td>0</td>
<td>(156,999)</td>
<td>214,462</td>
</tr>
<tr>
<td><strong>Total Nonoperating Revenues</strong></td>
<td>0</td>
<td>(156,999)</td>
<td>0</td>
<td>(156,999)</td>
<td>214,462</td>
</tr>
<tr>
<td><strong>Other Financing Sources (Uses)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanent Contributions</td>
<td>0</td>
<td>2,621</td>
<td>1,139</td>
<td>3,760</td>
<td>1,383</td>
</tr>
<tr>
<td>Interfund Transfers</td>
<td>19,833</td>
<td>(19,833)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Transfers in from UF and UF Foundation</td>
<td>10,306</td>
<td>51,091</td>
<td>0</td>
<td>61,397</td>
<td>558,399</td>
</tr>
<tr>
<td>Transfers (out) to UF and UF Foundation</td>
<td>(10,386)</td>
<td>0</td>
<td>0</td>
<td>(10,386)</td>
<td>(280,493)</td>
</tr>
<tr>
<td><strong>Total Other Financing Sources (Uses)</strong></td>
<td>19,753</td>
<td>33,879</td>
<td>1,139</td>
<td>54,771</td>
<td>279,289</td>
</tr>
<tr>
<td><strong>Net Change in Net Position</strong></td>
<td>(284,923)</td>
<td>(508,006)</td>
<td>1,139</td>
<td>(791,790)</td>
<td>144,475</td>
</tr>
<tr>
<td><strong>Net Position, Beginning of Year</strong></td>
<td>$ 1,301,374</td>
<td>$ 3,817,583</td>
<td>2,049,268</td>
<td>$ 7,168,225</td>
<td>$ 7,023,750</td>
</tr>
<tr>
<td><strong>Net Position, End of Year</strong></td>
<td>$ 1,016,451</td>
<td>$ 3,309,577</td>
<td>$ 2,050,407</td>
<td>$ 6,376,435</td>
<td>$ 7,168,225</td>
</tr>
</tbody>
</table>

See accompanying notes.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2015
UNIVERSITY OF FLORIDA LAW CENTER ASSOCIATION, INC.
GAINESVILLE, FLORIDA

Cash Flows from Operating Activities

<table>
<thead>
<tr>
<th>Unrestricted</th>
<th>Restricted Expendable</th>
<th>Restricted Nonexpendable</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Received from Contracts and Contributions</td>
<td>$191,473</td>
<td>$261,184</td>
<td>$0</td>
</tr>
<tr>
<td>Cash Paid to Suppliers</td>
<td>$(314,098)</td>
<td>$(566,900)</td>
<td>$0</td>
</tr>
</tbody>
</table>

Net Cash Provided by (Used in) Operating Activities
(122,625) | (305,716) | 0 | (428,341) | (296,132) |

Cash Flows from Investing Activities

| Proceeds on Sale of Investments | 0 | 399,115 | 0 | 399,115 | 168,591 |
| Transfers from the University of Florida | 10,306 | 51,091 | 0 | 61,397 | 558,399 |
| Transfers to the University of Florida | (10,386) | 0 | 0 | (10,386) | (280,493) |
| Interfund Transfers | 19,833 | (19,833) | 0 | 0 | 0 |

Net Cash Provided by (Used in) Investing Activities
19,753 | 430,373 | 0 | 450,126 | 446,497 |

Net Change in Cash
(102,872) | 124,657 | 0 | 21,785 | 150,365 |

Cash and Cash Equivalents, Beginning of Year
417,924 | 603,286 | 0 | 1,021,210 | 870,845 |

Cash and Cash Equivalents, End of Year
$315,052 | $727,943 | $0 | $1,042,995 | $1,021,210 |

Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities

| Operating Income (Loss) | $304,676 | $(384,886) | $0 | $(689,562) | $(349,276) |
| Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities: |
| Change in Assets and Liabilities: |
| (Increase) Decrease - Pledges Receivable | 182,867 | 67,921 | 0 | 250,788 | 54,697 |
| (Increase) Decrease - Miscellaneous Loans Receivables | 0 | (375) | 0 | (375) | 0 |
| Increase (Decrease) - Accounts Payable | (816) | 11,624 | 0 | 10,808 | (1,553) |

Net Change from Operating Activities
(122,625) | (305,716) | 0 | (428,341) | (296,132) |

Noncash Investing Activities

| Permanent Contributions | $0 | $0 | $0 | 1,139 | $1,139 | 883 |
| Increase (Decrease) in the Fair Value of Investments | 0 | (156,999) | 0 | (156,999) | 214,462 |

Net Noncash Investing Activities
$0 | (156,999) | 1,139 | (155,860) | 215,345 |

See accompanying notes.
Note 1 - Summary of Significant Accounting Policies

Reporting Entity
The University of Florida Law Center Association, Inc. (the Association) is a direct support organization as provided for in Section 1004.28, Florida Statutes, and is considered a component unit of the University of Florida (the University). The Association was formed as a not-for-profit organization in the State of Florida to assist the University of Florida Law School, its faculty, staff, and students.

Basis of Accounting
The Association's financial statements are prepared on the accrual basis of accounting in which transactions are recognized when they occur, regardless of related cash flows. These financial statements are entirely those of the Association alone and, accordingly, are not intended to present the financial position or the results of operations of the University. The Association was determined to be "governmental" under guidance provided by the Governmental Accounting Standards Board (GASB) Statement No. 29, The Use of Not-for-Profit Accounting and Financial Reporting Principles by Governmental Entities.

Under GASB Statement No. 35, Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities – an Amendment of GASB Statement No. 34, for financial reporting purposes, the Association is considered a special purpose government engaged only in business-type activities.

Fund Accounting
The accounts of the Association are maintained in accordance with the principles of fund accounting. Resources are classified for accounting and reporting purposes into funds established for various purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group, i.e., unrestricted funds and restricted funds.

Funds restricted by outside sources are so indicated and are distinguished from unrestricted funds. Externally restricted funds may only be utilized in accordance with the purposes established by the sources of such funds. In contrast, the Governing Board retains full control to use unrestricted funds (including those designated for specific purposes by that Governing Board) to achieve the purposes of the Association.

All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the fund which owned such assets. Ordinary income derived from investments, receivables, and the like in the unrestricted and the restricted expendable accounts is accounted for in the fund owning such assets. Ordinary income derived from investments, receivables, and the like in the restricted nonexpendable accounts is accounted for in either the unrestricted or the restricted expendable accounts.

Fixed Assets
All fixed assets are owned by the University of Florida and recorded by the University of Florida Plant Fund. The Association does not include fixed assets on its statement of net position and the cost of additions incurred by the Association are expensed as incurred.

Classification of Revenues
The Association classifies its revenues as operating or nonoperating according to the following criteria:
Note 1 - Summary of Significant Accounting Policies (Continued)

Classification of Revenues (Concluded)

- Operating revenues include contributions and contracts or grants and activities that have characteristics of exchange transactions.

- Nonoperating revenues include activities that have characteristics of nonexchange transactions, such as investment income and miscellaneous income.

Net Position

The Association's net position is classified as follows:

- Unrestricted Component of Net Position
  Unrestricted component of net position represents resources derived from unrestricted contributions. These resources are used for transactions relating to the general operation of the Association, and may be used at the discretion of the Governing Board to meet current expenses for any purpose.

- Restricted Expendable Component of Net Position
  Restricted expendable component of net position includes resources in which the Association is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

- Restricted Nonexpendable Component of Net Position
  Restricted nonexpendable component of net position consists of endowments in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash and interest-bearing deposits.

The carrying amount of the Association's deposits was $1,042,995 for the year ended June 30, 2016. The bank balance was $1,047,888 for June 30, 2016. Deposits are placed in banks that qualify as public depositories pursuant to the provisions of Chapter 280, Florida Statutes. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida’s multiple financial institution collateral pool required by Chapter 280, Florida Statutes.

Investments

The Association establishes the fair value of its investments in funds that do not have a readily determinable fair value by using net asset value (NAV) per share, or its equivalent, as provided by the external fund managers.

Pledges Receivables

In accordance with GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions, all unconditional pledges that are verifiable, probable, and measurable are recorded at their estimated realizable value on a discounted basis. Pledges receivable are discounted using a rate of 1.8% to 6.0% through the expected term of the pledge receivable. The Association has established an allowance account to absorb the uncollectible portion of the pledges, based on past collection percentages.
Notes to Financial Statements
University of Florida Law Center Association, Inc.
Gainesville, Florida
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Donated Services
The Association occupies office space at the University of Florida Law School and is assisted by employees of the University. Since there is no clearly measurable basis to value these contributed services, the value of such services is not recorded in the accompanying financial statements.

Income Taxes
The Association is exempt from tax under Section 501(c)(3) of the Internal Revenue Code of 1986 and, therefore, has made no provision for income taxes.

It is the policy of management to evaluate its tax position on an ongoing basis to disclose any such positions it believes would have a material impact on the financial statements and related notes. Management also believes that no such required disclosures currently exist.

The Association is subject to U.S. federal or state income tax examinations for the previous three years. If applicable, the Association would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expense.

Accounting Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Year Comparative Totals
The financial statements include certain prior year summarized comparative information in total but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association’s financial statements and notes for the year ended June 30, 2015, from which the summarized information was derived.

Note 2 - Deposits and Investments

Investments
The Association is required to disclose GASB Statement No. 40, Deposit and Investment Risk Disclosures. This requires additional disclosure concerning certain investment and deposit risk attributes for custodial credit risk, concentration of credit risk, credit risk, foreign currency risk, and interest rate risk, if these factors are present.

Investments with University of Florida Foundation
The amount of investments included in the accompanying financial statements of the Association as “Funds Held and Invested by the University of Florida Foundation, Inc. (the Foundation) on behalf of the University of Florida Law Center Association, Inc.” is $4,899,695, of which $4,462,675 is part of the endowment pool. The composition of these funds at June 30, 2016, was as follows:
Note 2 - **Deposits and Investments (Concluded)**

**Investments with University of Florida Foundation (Concluded)**

<table>
<thead>
<tr>
<th></th>
<th>Endowment Pools</th>
<th>Non-Endowed Pools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Equity</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Hedged Strategies</td>
<td>32%</td>
<td>0%</td>
</tr>
<tr>
<td>Private Equity Investments</td>
<td>7%</td>
<td>0%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>34%</td>
<td>0%</td>
</tr>
<tr>
<td>Cash</td>
<td>26%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

All of the pooled investments held with the Foundation are invested in uninsured and unregistered investments, which are held in the name of the Foundation. All amounts held by the Foundation are classified as Private Equity funds and do not have a readily determinable fair value. The investments are presented in the accompanying financial statements at their net asset value (NAV) per share, or its equivalent, as reported by the Foundation. These investments held with the Foundation may be subject to certain investment risks such as credit risk and interest rate risk; however, that information is currently unavailable.

The Foundation distributes an earnings allocation on all endowment funds to the Association annually into the unrestricted endowment fund investments. Losses on investments totaled $156,999 for the year ended June 30, 2016. The Association must use the cash payout for the purposes designated by the donor. Any investment income and realized or unrealized gains in excess of earnings allocation is retained by the Foundation and reinvested in the Foundation endowment pool.

Note 3 - **Pledges Receivable**

The Association has received various unconditional promises to give. At June 30, 2016, all pledges receivables have been discounted to their present value and are due as follows:

<table>
<thead>
<tr>
<th></th>
<th>Restricted Un expendable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less Than One Year</td>
<td>$ 95,794</td>
</tr>
<tr>
<td>One to Five Years</td>
<td>55,812</td>
</tr>
<tr>
<td>More Than Five Years</td>
<td>600</td>
</tr>
<tr>
<td>(Less Discount to Present Value)</td>
<td>(4,615)</td>
</tr>
<tr>
<td>(Less Allowance for Uncollectible)</td>
<td>(59,703)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 87,888</strong></td>
</tr>
</tbody>
</table>
Note 4 - Contingencies

The Association is named beneficiary of life insurance policies with face values of $225,000.

Note 5 - Allowance for Doubtful Accounts

Loans included in the Association's loan funds are unsecured. Certain loan funds are presented net of an allowance for doubtful accounts. The allowance for doubtful accounts for the loan funds are as follows:

<table>
<thead>
<tr>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Emergency Loan Fund</td>
</tr>
</tbody>
</table>

Note 6 - Related Party Transactions

During the year ended June 30, 2016, the Association received $61,397 from the Foundation and $376,451 is on deposit with the University and the Foundation. In addition, the Association transferred an additional $10,386 to the University.
### Restricted Expendable and Restricted Unexpendable Net Position

The accounts comprising restricted expendable and unexpendable net position is as follows:

<table>
<thead>
<tr>
<th>June 30, 2016</th>
<th>Restricted Expendable Net Position</th>
<th>Total Restricted Expendable and Nonexpendable Net Position</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal</td>
<td>Income</td>
</tr>
<tr>
<td><strong>Restricted Expendable Net Position</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cypen Freshman Scholarship</td>
<td>13,120</td>
<td>13,267</td>
</tr>
<tr>
<td>Jacob Scholarship</td>
<td>10,337</td>
<td>7,873</td>
</tr>
<tr>
<td>Martin Luther King, Jr. Scholarship</td>
<td>48,495</td>
<td>26,763</td>
</tr>
<tr>
<td>Spoto Scholarship</td>
<td>14,165</td>
<td>19,629</td>
</tr>
<tr>
<td>Other Restricted Cash and Receivables</td>
<td>858,110</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Restricted Expendable Net Position</strong></td>
<td>944,227</td>
<td>67,532</td>
</tr>
<tr>
<td><strong>Restricted Nonexpendable Net Position</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bailey Scholarship</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Crandall Scholarship</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cone Wagner Nugent Professorship</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Dunwoody Scholarship</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Ferguson Scholarship</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Macdonald Scholarship</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Maloney Scholarship</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Moot Court Fund</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Proctor Scholarship</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Robison Scholarship</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Smith Professorship</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Stephens Scholarship</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TeSelle Professorship</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Restricted Nonexpendable Net Position</strong></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Restricted Expendable and Nonexpendable Net Position</strong></td>
<td>$944,227</td>
<td>$67,532</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees of the
University of Florida Law Center
Association, Inc.
Gainesville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the University of Florida Law Center Association, Inc. (the Association), as of and for the year ended June 30, 2016, and have issued our report thereon dated January 24, 2017.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Association’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Association’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that may be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (Concluded)

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

January 24, 2017
Gainesville, Florida