



#SWAMPMOMENT

UNIVERSITY ATHLETIC ASSOCIATION, INC. FINANCIAL STATEMENTS 2018-2019



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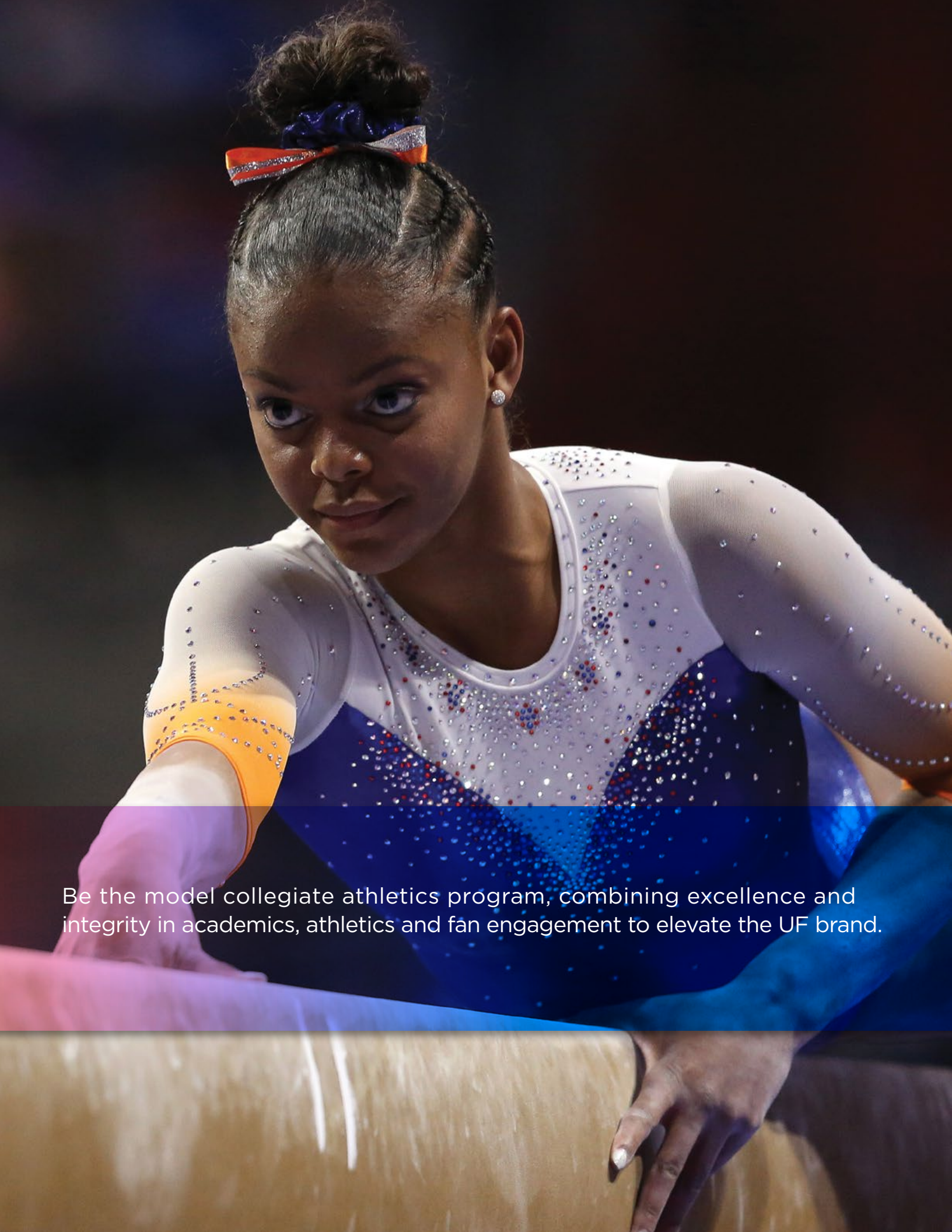
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#SWAMPmoment

VISION



Be the model collegiate athletics program, combining excellence and integrity in academics, athletics and fan engagement to elevate the UF brand.



#SWAMP **MOMENT**

VALUES



TEAMWORK

- We promote cooperation by sharing information and working to understand each other's perspective.
- We display loyalty as we work together to create a successful experience for student-athletes, employees and fans.

PASSION

- We give everything we have for the people and the place we love.
- We love what we do and why we do it.

EXCELLENCE

- We strive to perform and achieve at the highest level in all that we do.

- We continuously improve and demand a higher level of performance than what is necessary.

INNOVATION

- We find creative solutions and embrace change.

RESPECT

- We treat each other with fairness, honesty, kindness and civility.

INTEGRITY

- We act in a fair, ethical and honest manner.
- We do things the right way every day.

INDEPENDENT AUDITORS' REPORT

The Audit Committee,
The University Athletic Association, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of The University Athletic Association, Inc. (the Association), a direct support organization and component unit (for accounting purposes only) of the University of Florida, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

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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, 2019 and 2018, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

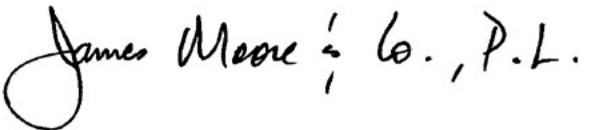
Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2019, 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 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, looped initial "J".

Gainesville, Florida
August 29, 2019



#SWAMPMoment

TEAMWORK



For 36 consecutive years Florida has top-10 finishes in national all-sports standings. Florida is the only program to be among the top 10 in each all-sports ranking since 1983-84. Sixty-five Gators collected a total of 128 All-America honors in 2018-19. Six Gators collected seven 2019 NCAA individual titles. Last season, four Gator teams won Southeastern Conference team titles. Florida's 244 Southeastern Conference team titles leads the league.



#SWAMPmoment

PASSION

MANAGEMENT'S DISCUSSION & ANALYSIS

Introduction

The University Athletic Association, Inc. (the Association), a not-for-profit corporation, is a direct support organization of the University of Florida (UF). The Association exists to advance UF's teaching, research and service missions through the intercollegiate athletics program.

The Association's strategic purpose focuses on providing a championship experience with integrity on and off the field for student-athletes and the Gator Nation. The Association's vision is to be the model collegiate athletics program, combining excellence and integrity in academics, athletics, and fan engagement to elevate the UF brand. The Association recognizes its responsibility to UF to operate the Association in an efficient manner using sound business principles within an ethical decision making process.

The tremendous success of the athletic program can be attributed to many factors: outstanding coaches and support staff, extremely talented student-athletes, a great academic institution, a strong recruiting base, university support, supportive alumni and friends, and a commitment to each sport. The commitment to success in each sport, not just those with net revenue, brands the program a national model for collegiate athletics. The Association's financial strength is also a key component in its success and is a major factor in maintaining or surpassing its current level of achievement in all the Association's endeavors.

Overview of the Financial Statements and Financial Analysis

The Association is pleased to present its financial statements for the fiscal years ended June 30, 2019 and 2018. This discussion and analysis is a narrative explanation of the Association's financial condition and operating activities for these years. The overview presented below highlights the significant financial activities that occurred during the past two years and describes changes in financial activity from the prior year. Please read this overview in conjunction with the comparative summaries of net position and revenues, expenses and changes in net position and the Association's financial statements which begin on Page 14.

Using these Financial Statements

This report consists of a series of financial statements, prepared in accordance with the Governmental Accounting

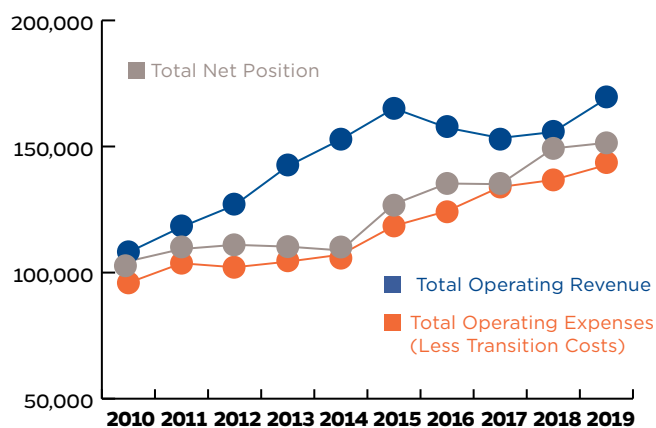
Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments* and Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Colleges and Universities*.

There are three financial statements presented: the Statements of Net Position; the Statements of Revenues, Expenses and Changes in Net Position; and the Statements of Cash Flows.

The Association continues to preserve its financial health by relying on sound fiscal stewardship, efficient operations and innovative revenue generation. Total net position is one indicator of the improvement or erosion of the Association's financial health. As displayed below, over the last 10 years, the Association has managed to steadily grow its net position by 56% from \$108 million in 2010 to \$169 million in 2019. This growth in net position is evidence of the Association's effort to maintain self-sufficiency. The Association takes seriously its commitment to contribute to the overall academic mission of the University it represents. Not only does the Association contribute back to the University every year above and beyond minor amounts received from student fees, but it also pays the full in-state and out-of-state tuition rates for all of its scholarship athletes. Details surrounding contributions to the University can be seen on Page 17 as well as in note 8 to the financial statements.

The Association has also experienced steady rates of growth in its operating revenues and expenses over the last 10 years. As shown on the following page, operating revenues have grown by 45% from \$104 million to \$152 million and operating expenses have grown by 49% from \$96 million to \$143 million. The current outpace of expenses over revenues reflects market conditions primarily for coaches salaries.

10 Year History - Net Position, Revenue and Expenses (in thousands)



RANKINGS

Gators in 2018-19 All-Sports Rankings

The Association proves, year after year, to be a national leader in total revenues generated by the athletic program. This financial success is only possible because of the overall academic and athletic success of the intercollegiate athletic program and the condition of its facilities. The success of the intercollegiate athletic program for the current year is evidenced by the information displayed on the following page.



NATIONAL - GATORS NO. 3

LEARFIELD SPORTS DIRECTORS' CUP

- A NCAA title led 11 top-10 team finishes as the University of Florida athletics program again placed third in the 2018-19 Learfield IMG College Directors' Cup. Florida's No. 3 standing is the program's 11th consecutive top-five national all-sports finish.
- Florida is the only program among top 10 in each of the last 36 national all-sports rankings.
- The Learfield IMG College Directors' Cup, presented annually by the nation's athletics directors, recognizes the schools with the best overall sports performances in an academic year. The scoring system uses scores for finishes in NCAA Division I men's and women's basketball, baseball and women's volleyball championship action. Additionally, a program can receive points in up to 15 other sports toward its final score.

Total Revenues Ranking

NCAA Division I
Institutions -
Nationwide

TOP 10
of 300+

Southeastern
Conference

TOP 5
of 14

Learfield Sports Directors' Cup Standings 2018-2019

Rank	School	Total
1	Stanford	1502.50
2	Michigan	1272.25
3	FLORIDA	1156.75
4	Texas	1148.25
5	Southern Cal	1075.75
6	UCLA	1056.50
7	Florida State	1046.00
8	Virginia	1037.50
9	Duke	1001.00
10	North Carolina	987.00

Gators by the Numbers



Gator team celebrated a 2019 NCAA Championship –men's indoor track & field. Florida is **one of three programs** in the nation to win at least one national title in each of the last 11 seasons. Since 2008-09, Florida has won 20 national championships.



Consecutive seasons a Gator named **national athlete of year**. 20 different Gators in 10 sports honored in that span.



Consecutive top-five finishes in Learfield Sports Directors' Cup standings. Only Florida and Stanford appear among the top five of each of the last 11 national all-sports rankings.



Consecutive seasons with Florida teams posting **10 or more top-10 national finishes**. In 2018-19, 11 UF teams among the final top 10.

CAPITAL ONE CUP

MEN - NO. 9 | WOMEN - NO. 30

- The University of Florida was ninth in the 2018-19 Capital One Cup men's final standings and the Gator women tied for 30th overall.
- In the nine-year history of the Capital One Cup, Florida is the only men's program to finish each season in the top 12 and UF's women have been among the top 12 in the first eight final standings. The men's program won the 2010-11 and 2011-12 Capital One Cups and Florida took the 2013-14 women's Cup. UF and Stanford are the only schools to win both in the award's history.
- In Yahoo Sports' ranking of the top college sports programs, Florida is No. 2.

Florida's All-Sports Finishes Since 1983-84

Rank	Years
2 nd	2013-14, 2012-13, 2011-12, 2009-10, 1997-98
3 rd	2018-19 , 2017-18, 2016-17, 2008-09, 2001-02, 1995-96
4 th	2014-15, 2010-11, 1998-99, 1993-94, 1992-93, 1986-87, 1984-85
5 th	2015-16, 2005-06, 1996-97, 1994-95, 1991-92, 1990-91, 1989-90, 1987-88, 1983-84
6 th	2007-08, 2006-07, 2004-05, 2003-04
7 th	2002-03, 2000-01, 1999-00
8 th	1985-86
9 th	1988-89



Consecutive years of Florida **top-10 finishes in national all-sports standings**. Florida is the only program among the top 10 in each all-sports ranking since 1983-84.



Gators collected **128 All-America honors** in 2018-19. Six Gators collected **seven 2019 NCAA individual titles**



Gators have collected **149 Academic All-America honors** since 1965. One Gator earned Academic All-America honors in 2019.



Southeastern Conference team titles claimed by Florida leads the league. **Four Gator teams won SEC titles** in 2018-19 & also won AAC lacrosse.

SOUTHEASTERN CONFERENCE

GATORS - NO. 2

Five Conference Titles Claimed by Florida in 2018-19

- Florida claimed a league-high four Southeastern Conference team titles in 2018-19 – gymnastics, men's swimming & diving, men's tennis and men's indoor track & field. That total rose to five as the Gators took the American Athletic Conference lacrosse title in their first season in the league.
- In the tightest race of the last seven seasons, Texas A&M edged Florida for the 2018-19 overall GateHouse Media Southeastern Conference All-Sports trophy. The Aggies' win broke Florida's 12-year string of SEC All-Sports Trophies. Florida also was second in the final men's and women's SEC All-Sport trophy standings.
- The Roy Kramer SEC Male Athlete of the Year was junior track & field standout, Grant Holloway. All-time, eleven Gators won 14 SEC Athlete of the Year awards.

2018-19 SEC All-Sports Overall Standings

Place	School	Total # of Part. teams	Points	Quotient
1	Texas A&M	204	135	0.66176
2	FLORIDA	208	136	0.65385
3	Tennessee	200	130	0.65000
4	Georgia	212	127	0.59906
5	Kentucky	208	124	0.59615
6	LSU	208	116.5	0.56010
7	Arkansas	198	106.5	0.53788
8	South Carolina	204	107.5	0.52696
9	Mississippi	178	85.5	0.48034
10	Alabama	208	98.5	0.47356
11	Vanderbilt	151	71.5	0.47351
12	Auburn	212	98	0.46226
13	Mississippi State	178	81	0.45506
14	Missouri	195	83	0.42564



Summary of Net Position

The Statements of Net Position present the assets, liabilities and net position of the Association as of the end of the last two fiscal years. A Statement of Net Position is a point-in-time financial statement. Its purpose is to present to the readers of the financial statements a fiscal snapshot of the Association. The Statements of Net Position present end-of-the-year data concerning assets (what the Association owns and how much is owed to the Association by others), liabilities (what the Association owes to others and has collected from others before the service has been provided), and net position (assets minus liabilities). The statements are prepared using the economic resources measurement focus and the accrual basis of accounting, where revenues are recorded when they

are earned and expenses are recognized when they are incurred.

From the data presented, readers of the Statements of Net Position are able to determine the assets available to continue the operations of the Association. They are able to determine how much the Association owes to vendors and lending institutions. Finally, the Statements of Net Position provide a picture of the net position and their availability for expenditure by the Association.

Net Position is divided into three major categories. Net investment in capital assets presents the Association's equity in property, plant and equipment. Restricted net position has constraints placed upon its use by independent donors. Unrestricted net position is available to the Association for any legal use.

Condensed Summary of Net Position (thousands of dollars)

	2019	2018	2019-2018		2017	2018-2017	
			Increase (decrease)	Percent change		Increase (decrease)	Percent change
Assets							
Current assets	\$ 123,150	\$ 80,890	\$ 42,260	52.24%	\$ 75,522	\$ 5,368	7.11%
Capital assets, net of depreciation	204,574	182,642	21,932	12.01%	188,270	(5,628)	-2.99%
Other assets	51,302	52,965	(1,663)	-3.14%	54,572	(1,607)	-2.94%
Total assets	<u>379,026</u>	<u>316,497</u>	<u>62,529</u>	<u>19.76%</u>	<u>318,364</u>	<u>(1,867)</u>	<u>-0.59%</u>
Liabilities							
Long-term debt outstanding	126,025	81,275	44,750	55.06%	86,415	(5,140)	-5.95%
Other liabilities	84,005	79,471	4,534	5.71%	78,577	894	1.14%
Total liabilities	<u>210,030</u>	<u>160,746</u>	<u>49,284</u>	<u>30.66%</u>	<u>164,992</u>	<u>(4,246)</u>	<u>-2.57%</u>
Net Position							
Net investment in capital assets	106,261	101,367	4,894	4.83%	101,855	(488)	-0.48%
Restricted	8,272	5,831	2,441	41.86%	916	4,915	536.57%
Unrestricted	54,463	48,553	5,910	12.17%	50,601	(2,048)	-4.05%
Total net position	<u>\$ 168,996</u>	<u>\$ 155,751</u>	<u>\$ 13,245</u>	<u>8.50%</u>	<u>\$ 153,372</u>	<u>\$ 2,379</u>	<u>1.55%</u>

Highlights

■ The Association experienced a significant increase in total assets of \$63 million in 2019. This increase is primarily due to the fact that the Association issued a \$50 million tax-exempt bond for the construction of the Florida Ball Park and the expansion and renovation of the Katie Seashole Softball Stadium. As well, the Association managed to pay down long-term debt by \$5.1 million and experience an increase in net position in the current year of \$13.4 million.

Summary of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net Position present the revenues and expenses incurred during each year. Revenues and expenses are reported as operating and nonoperating. In general, operating revenues are received for providing goods and services to the Association's various customers and constituencies. Operating expenses are those expenses paid to acquire or produce goods and services provided in return for the operating revenues, and to carry out the mission of the Association. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes

and reduces operating income, by the cost of an asset over its expected useful life.

Nonoperating revenues are revenues received for which goods or services are not provided, such as investment income.

Nonoperating expenses include interest on capital asset related debt and contributions to UF and the University of Florida Foundation (UFF). Contributions to UF include unrestricted gifts for the academic mission of the University, contributions for designated purposes and costs contributed by the Association for UF capital projects. Contributions to the UFF are transfers by the Association to the athletic scholarship endowment.

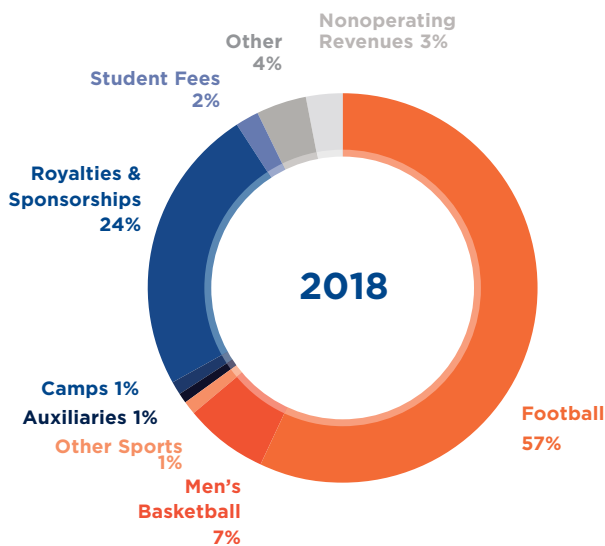
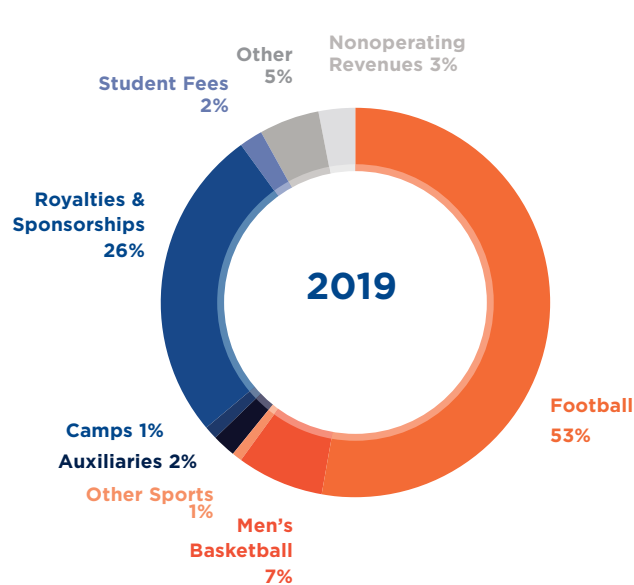
Capital contributions are considered neither operating nor nonoperating and are reported after "Income before contributions."

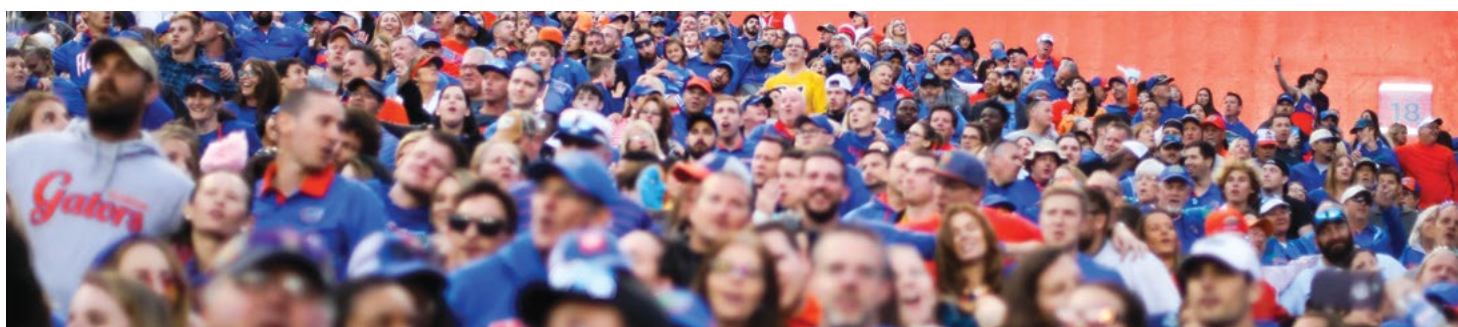
Changes in total net position as presented on the Statements of Net Position are based on the activity presented in the Statements of Revenues, Expenses and Changes in Net Position. The purpose of the Statements of Revenues, Expenses and Changes in Net Position is to present the operating and nonoperating revenues received by the Association and the operating and nonoperating expenses paid by the Association, and any other revenues, expenses, gains and losses received or spent by the Association.

Condensed Summary of Revenues, Expenses and Changes in Net Position (thousands of dollars)

			2019 - 2018		2018 - 2017			
	2019	2018	Increase (decrease)	Percent change	2017	Increase (decrease)		Percent change
Operating revenues								
Sales of goods and services	\$ 35,470	\$ 40,348	\$ (4,878)	-12.09%	\$ 28,372	\$ 11,976	42.21%	
SEC and NCAA distributions	47,670	45,420	2,250	4.95%	44,250	1,170	2.64%	
Contributions	38,635	36,976	1,659	4.49%	36,624	352	0.96%	
Royalties and sponsorships	21,363	19,414	1,949	10.04%	19,713	(299)	-1.52%	
Other	8,311	7,091	1,220	17.20%	6,102	989	16.21%	
Total operating revenues	151,449	149,249	2,200	1.47%	135,061	14,188	10.50%	
Nonoperating revenues								
	5,154	4,734	420	8.87%	7,486	(2,752)	-36.76%	
Total revenues	156,603	153,983	2,620	1.70%	142,547	11,436	8.02%	
Operating expenses								
Salaries, wages and benefits	59,862	70,585	(10,723)	-15.19%	54,743	15,842	28.94%	
Direct team expenses	32,239	29,667	2,572	8.67%	28,234	1,433	5.08%	
Scholarships and athlete support services	22,227	22,203	24	0.11%	21,357	846	3.96%	
Administrative services and facilities	17,653	17,834	(181)	-1.01%	18,748	(914)	-4.88%	
Camps and depreciation	10,695	10,925	(230)	-2.11%	10,866	59	0.54%	
Total operating expenses	142,676	151,214	(8,538)	-5.65%	133,948	17,266	12.89%	
Nonoperating expenses								
Interest on capital related debt	3,696	2,003	1,693	84.52%	1,938	65	3.35%	
Contributions to University of Florida and UF Foundation	3,352	7,426	(4,074)	-54.86%	19,250	(11,824)	-61.42%	
Total nonoperating expenses	7,048	9,429	(2,381)	-25.25%	21,188	(11,759)	-55.50%	
Total expenses	149,724	160,643	(10,919)	-6.80%	155,136	5,507	3.55%	
Capital contributions from Gator Boosters, Inc. and others								
	6,366	9,039	(2,673)	-29.57%	8,510	529	6.22%	
Increase (decrease) in net position	13,245	2,379	10,866	456.75%	(4,079)	6,458	-158.32%	
Net position, beginning of year	155,751	153,372	2,379	1.55%	157,451	(4,079)	-2.59%	
Net position, end of year	\$ 168,996	\$ 155,751	\$ 13,245	8.50%	\$ 153,372	\$ 2,379	1.55%	

REVENUES





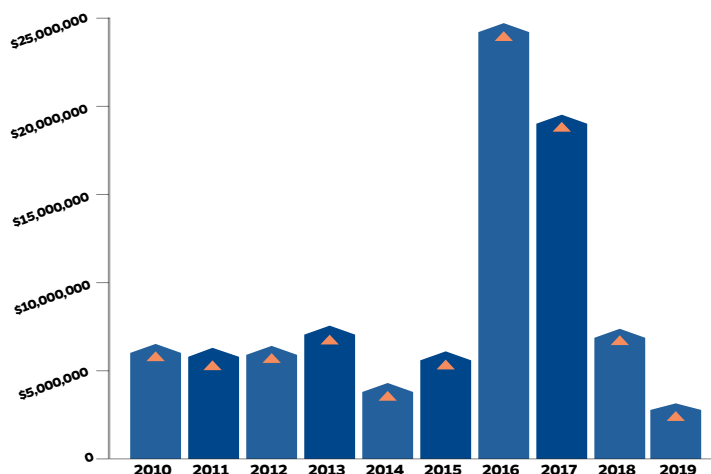
Highlights

Overall operating revenue increased by over \$2 million. Sales of goods and services was down \$5 million based on the \$6 million guarantee received for the football team’s participation in a neutral site game vs. Michigan in 2018. In 2019, SEC Network revenue, booster contributions and royalties were up a combined \$6 million and the Association hosted a Garth Brooks concert which increased other revenue by \$1.2 million.

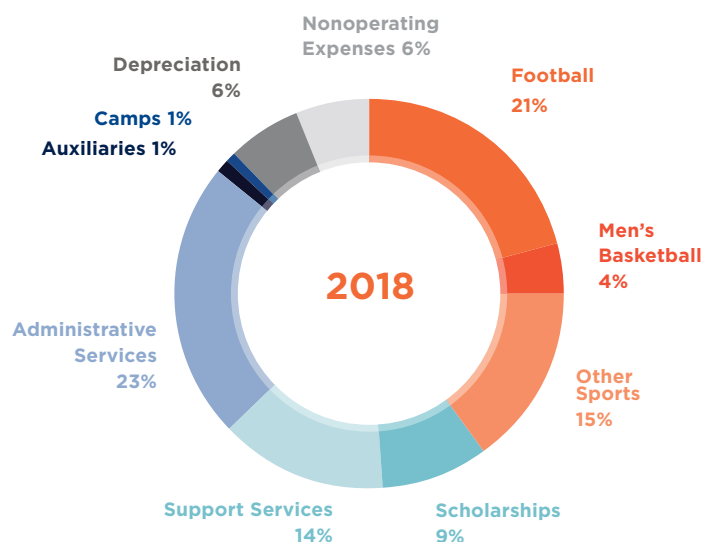
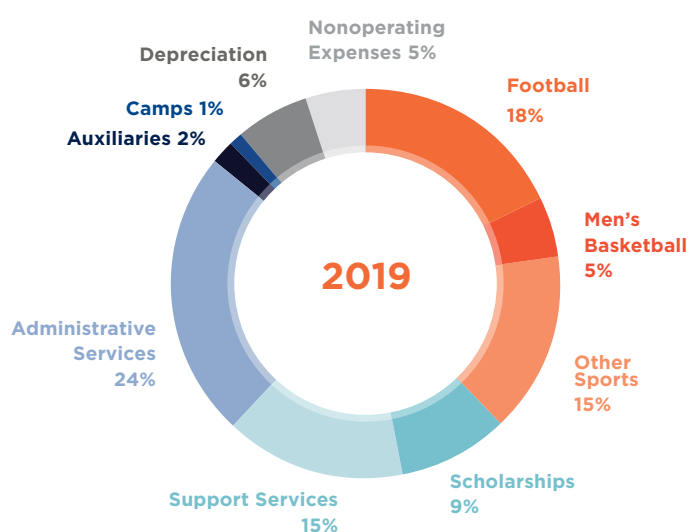
The Association experienced modest increases and decreases in all other expense categories. Most notably, direct team expenses increased by \$2.6 million due to the costs associated with an increase in football game guarantees paid and team travel costs for all sports. An overall decrease in expenses of \$8.5 million is related to the football transition expenses that only occurred in 2018.

Contributions to UF are detailed in note 8 to the financial statements. The decrease in the current year is related to the completion of the renovation of the Stephen C. O’Connell Center in 2017.

Annual Contributions to the University of Florida



EXPENSES





MD&A

Summary of Cash Flows

The primary purpose of the Statements of Cash Flows is to provide relevant information about the Association's cash receipts and cash payments during the years shown. The statements classify cash receipts and cash payments as they result from operating, noncapital financing, capital and related financing, or investing activities. The first section, cash flows from operating activities, presents the cash effects of transactions and other events that enter into the determination of the Association's operating income. The second section, cash flows from noncapital financing activities, shows the cash received and spent

for nonoperating, noninvesting, and noncapital financing purposes and includes contributions to and from the University of Florida, the University of Florida Foundation and the State of Florida. The next section, cash flows from capital and related financing activities, provides information about cash used for the acquisition and construction of capital and related items and cash received from contributions specifically designated for capital purposes. The fourth section, cash flows from investing activities, details the purchases, proceeds and income received from investing activities. The final section reconciles the net cash provided by operating activities to the operating income reflected on the Statements of Revenues, Expenses, and Changes in Net Position.

Condensed Summary of Cash Flows (thousands of dollars)

			2019 - 2018		2018 - 2017		
	2019	2018	Increase (decrease)	Percent change	2017	Increase (decrease)	Percent change
Cash flows from:							
Operating activities	\$ 21,968	\$ 12,439	\$ 9,529	76.61%	\$ 8,429	\$ 4,010	47.57%
Noncapital financing activities	(3,350)	(7,375)	4,025	-54.58%	(19,534)	12,159	-62.25%
Capital & related financing activities	16,353	(2,545)	18,898	-742.55%	(3,797)	1,252	-32.97%
Investing activities	(4,218)	(7)	(4,211)	60157.14%	19,194	(19,201)	-100.04%
Net change in cash and cash equivalents	30,752	2,512	28,241	1124.24%	4,292	(1,780)	-41.47%
Cash and cash equivalents, beginning of year	8,134	5,622	2,512	44.68%	1,330	4,292	322.71%
Cash and cash equivalents, end of year	\$ 38,886	\$ 8,134	\$ 30,753	378.08%	\$ 5,622	\$ 2,512	44.68%

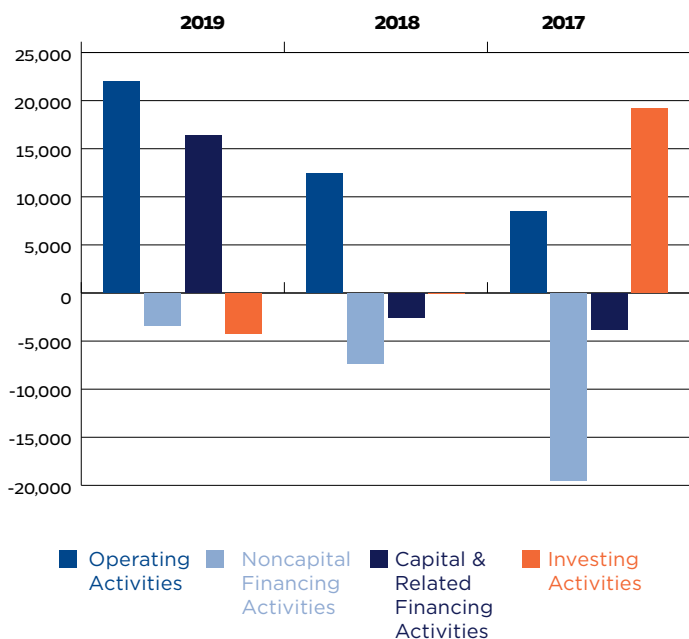
Highlights

■ Due to a decrease in overall operating revenues, the Association experienced a decrease of \$3.0 million in cash receipts from operating activities. Conversely, due to the amounts paid for staff transition costs in 2018 combined with a decrease in amounts paid to suppliers, the Association experienced a \$29.0 million decrease in cash disbursements for operating activities, leaving a net \$3.0 million increase in cash provided by operating activities.

■ The fluctuation in cash used in noncapital financing activities is attributed to payments to the University of Florida. Cash flows from investing activities will vary based on market conditions and the purchases or sales of securities. Cash flows from capital and related financing activities fluctuate based on capital projects and debt amortization schedules. In July 2018, the Association issued a \$50 million tax-exempt bond which impacted cash flow from capital related and financing activities.

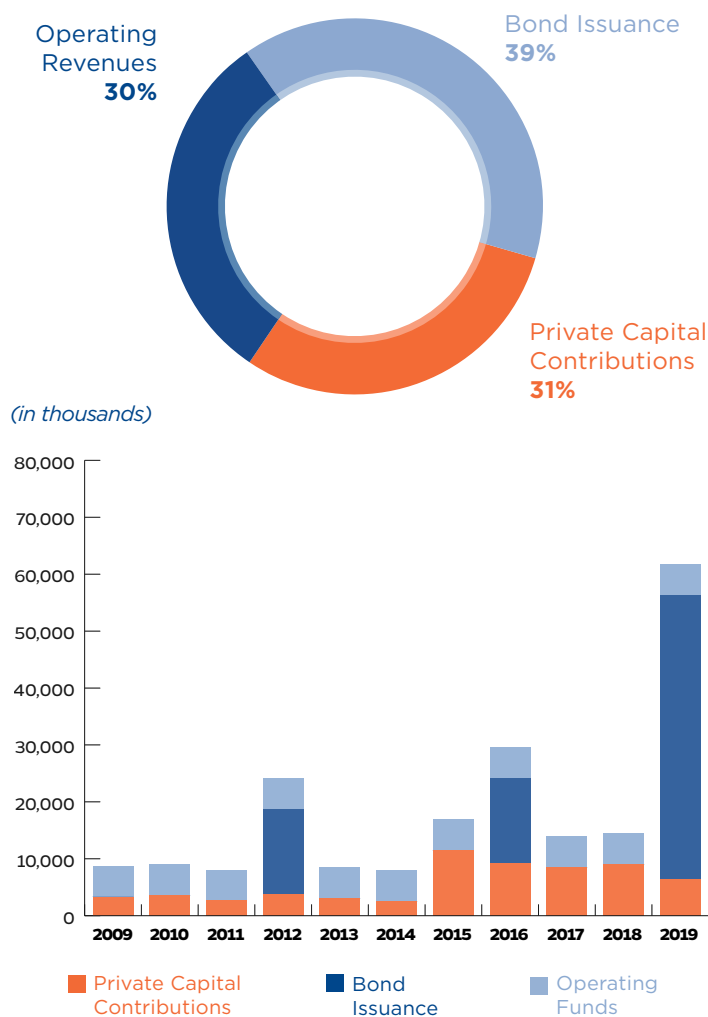
Net Cash Flow Activities

(in thousands)



The Association has a rich history of financing these projects through a combination of major capital gifts, Association operating funds, and tax-exempt debt. See exhibits below:

Annual Capital Projects - 2009 through 2019 - Total of \$203.3M



As of June 30, 2019, the Association has a total of \$126 million in outstanding debt. This debt was used to finance a number of different athletic facilities, including a 1990 expansion of the north end zone of Ben Hill Griffin Stadium, a 2001 expansion of the Ben Hill Griffin Stadium Skybox and press box complex, a 2005 expansion and renovation of the baseball stadium and locker room, a 2007 expansion and renovation of the football offices and student-athlete strength and conditioning center, a 2011 expansion of the west concourse of Ben Hill Griffin Stadium, an expansion and renovation of the gymnastics practice facility, an expansion and renovation of the men's and women's indoor tennis facility, the 2016 construction of a football indoor practice facility and renovation and expansion of the Hawkins Center for Academic and

Capital Asset and Debt Administration

The Association is financially responsible for all major capital projects and improvements. The Association coordinates all capital projects under University construction guidelines and with University personnel, but has full financial responsibility of the cost of the projects.



“

We want to invest wisely in our infrastructure to enhance our student-athlete and fan experiences, and we want to make sure that we are making the best long-term decisions to create championship experiences with integrity for all of those that touch our programs. Our athletic department is consistently among the top five in the nation, and it is our intent that all three of these facilities mirror that.”

—Scott Stricklin, Athletic Director



Personal Excellence. In July 2018, the Association issued \$50 million of tax-exempt bonds as a private placement with a financial institution to fund the construction of the new Florida Ballpark and renovate and expand Katie Seashole Softball stadium. The construction for the softball stadium was completed in February 2019.

Economic Outlook

As evidenced in this MD&A, the Association is in excellent financial health. It is becoming clear though that the landscape of college sports is changing and, therefore, we must strive to be innovative in our revenue generation techniques as well as adapt to ensure the best fan experience possible. We acknowledge that our fans are the life blood of our organization and we must do what we can to guarantee they receive the full value of their financial commitment to the Gators.

The Association has committed to an aggressive facility master plan. The most immediate phases of that plan include completion of program-changing upgrades to its current softball stadium, the new Florida Ballpark on the southwest part of campus, and a new stand-alone football training center in the location of the current baseball stadium. These projects combined are estimated to cost \$165 million. The Association has made significant progress to date and already identified funding for \$103 million of the \$165 million needed for the three projects (including \$50 million in bonds, \$33 million in philanthropic support and \$20 million in Association investment earnings/operating funds).

The remaining funds needed will be dependent upon the generosity of the Gator Nation as Scott Stricklin and the Gator Boosters staff continue to involve key constituents to support these important initiatives.

We are fortunate enough to boast some of the brightest and most talented student-athletes in the nation. The Association is dedicated to providing them with the financial tools they need to be successful on and off the field. Legislation around the benefits we are allowed to provide our athletes seems to be consistently changing and we will ensure that we are financially able to provide them with the maximum amount of support allowed.

It's an exciting time to be a Florida Gator. With a new era in football underway and the continued success of our other sports, we will undoubtedly leverage our financial success to accomplish our vision of being the model collegiate athletics program.

Contacting Management

This financial narrative is designed to provide the reader with a general overview of the University Athletic Association, Inc.'s finances and to show the Association's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Association's Business Office at Ben Hill Griffin Stadium, Gainesville, Fla: The University Athletic Association, Inc. Attn: Associate Athletics Director – CFO, PO Box 14485, Gainesville, FL 32604-2485; (352) 375-4683.



#SWAMPMoment

EXCELLENCE



Student-athletes are committed not only to excellence on the field but also in the classroom. The Association is privileged to offer its student-athletes a preeminent education by investing in people and programs to help UF help the world. The true might of The Gator Nation is in our ability to come together around a challenge. UF Preeminence began in 2013 with UF's designation by the Florida Legislature as the state's preeminent institution. This grew into an opportunity to achieve national and international recognition for our work in serving students and the world. We're taking what we are good at and making it great. We're taking what we're great at and making it world-class. We're extending the reach of our efforts, so we can help even more people in even more places. And by transforming the state's flagship university into a truly global university, we're showing the world that the Gator Good is the greater good.



BASIC FINANCIAL STATEMENTS

Statements of Net Position

(as of June 30, 2019 and 2018)

	2019	2018
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 11,173,745	\$ 8,133,600
Restricted cash and cash equivalents	27,712,278	-
Short-term investments	70,683,585	59,890,322
Accounts and other receivables, net	7,914,443	6,407,943
Due from Gator Boosters, Inc., current	4,564,076	2,965,413
Inventories	43,935	50,644
Prepaid expenses and other current assets	1,057,545	3,441,922
Total current assets	<u>123,149,607</u>	<u>80,889,844</u>
Noncurrent Assets		
Investments	51,203,365	52,664,229
Due from Gator Boosters, Inc., less current portion	98,175	301,188
Capital assets not being depreciated	18,148,726	3,890,653
Capital assets being depreciated, net of accumulated depreciation	<u>186,425,306</u>	<u>178,751,427</u>
Total noncurrent assets	<u>255,875,572</u>	<u>235,607,497</u>
TOTAL ASSETS	<u>\$ 379,025,179</u>	<u>\$ 316,497,341</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	\$ 13,508,529	\$ 5,127,920
Accrued compensated absences, current	285,000	303,000
Contracts payable, current	1,997,026	4,303,073
Long-term debt, current	6,650,000	5,250,000
Deferred revenues, current	<u>60,608,980</u>	<u>58,938,807</u>
Total current liabilities	<u>83,049,535</u>	<u>73,922,800</u>
Noncurrent Liabilities		
Accrued compensated absences, less current portion	1,484,672	1,374,343
Contracts payable, less current portion	1,443,432	3,259,399
Deferred revenues, less current portion	4,676,729	6,165,142
Long-term debt, less current portion	<u>119,375,000</u>	<u>76,025,000</u>
Total noncurrent liabilities	<u>126,979,833</u>	<u>86,823,884</u>
TOTAL LIABILITIES	<u>\$ 210,029,368</u>	<u>\$ 160,746,684</u>
NET POSITION		
Net investment in capital assets	\$ 106,261,310	\$ 101,367,080
Restricted for capital projects	8,271,521	5,830,511
Unrestricted	<u>54,462,980</u>	<u>48,553,066</u>
TOTAL NET POSITION	<u>\$ 168,995,811</u>	<u>\$ 155,750,657</u>

The accompanying notes are an integral part of these financial statements.

Statements of Revenues, Expenses and Changes In Net Position

(for the years ended June 30, 2019 and 2018)

	2019	2018
Operating Revenues		
Ticket sales	\$ 32,432,340	\$ 32,234,135
SEC and NCAA distributions	47,669,824	45,420,076
Contributions	38,635,095	36,975,975
Royalties and sponsorships	21,362,635	19,414,042
Student fees	2,618,076	2,708,530
Direct state support	2,261,773	2,331,865
Camps	1,695,002	1,485,607
Other sports revenue	1,342,976	6,628,188
Other revenue	3,431,638	2,050,730
Total operating revenues	<u>151,449,359</u>	<u>149,249,148</u>
Operating Expenses		
Salaries, wages and benefits	59,862,204	56,127,339
Football transition expenses	-	14,458,350
Direct sports team expenses	32,239,385	29,666,514
Scholarships	14,663,676	14,508,308
Student-athlete support services	7,562,914	7,694,752
Administrative services	10,251,622	10,287,786
Facility maintenance and overhead	7,401,517	7,545,773
Camps	1,134,425	842,688
Depreciation	9,560,592	10,082,721
Total operating expenses	<u>142,676,335</u>	<u>151,214,231</u>
Operating income (loss)	<u>8,773,024</u>	<u>(1,965,083)</u>
Nonoperating revenues (expenses)		
Investment income, net	5,154,114	4,733,824
Interest on capital asset related debt	(3,696,483)	(2,002,861)
Contributions to the University of Florida	(3,326,667)	(7,402,859)
Contributions to the University of Florida Foundation, Inc.	(24,997)	(23,388)
Net nonoperating revenues (expenses)	<u>(1,894,033)</u>	<u>(4,695,284)</u>
Income (loss) before capital contributions	<u>6,878,991</u>	<u>(6,660,367)</u>
Capital contributions from Gator Boosters, Inc.	<u>6,366,163</u>	<u>9,039,324</u>
Increase in net position	<u>13,245,154</u>	<u>2,378,957</u>
Net position, beginning of year	<u>155,750,657</u>	<u>153,371,700</u>
Net position, end of year	<u>\$ 168,995,811</u>	<u>\$ 155,750,657</u>

The accompanying notes are an integral part of these financial statements.

BASIC FINANCIAL STATEMENTS

Statements of Cash Flows

(for the years ended June 30, 2019 and 2018)

	2019	2018
Cash flows from operating activities		
Contributions from Gator Boosters, Inc.	\$ 30,812,830	\$ 39,827,169
Receipts from ticket holders and others	41,053,404	38,798,574
Receipts from the SEC and NCAA	47,770,749	45,306,838
Receipts from rights, royalties, and sponsors	20,404,312	18,867,256
Receipts from the University of Florida and the State of Florida	4,879,849	5,040,395
Other receipts	601,914	745,204
Payments to suppliers and others	(50,449,938)	(50,877,863)
Payments to employees	(58,448,037)	(70,948,088)
Payments for scholarships	(14,657,246)	(14,320,316)
Net cash provided by operating activities	<u>21,967,837</u>	<u>12,439,169</u>
Cash flows from noncapital financing activities		
Contributions to the University of Florida	(3,326,667)	(7,353,733)
Contributions to the University of Florida Foundation, Inc.	(23,388)	(21,609)
Net cash used in noncapital financing activities	<u>(3,350,055)</u>	<u>(7,375,342)</u>
Cash flows from capital and related financing activities		
Purchase of capital assets	(31,492,544)	(4,429,882)
Proceeds from bonds	50,000,000	-
Capital contributions from Gator Boosters, Inc.	6,366,163	9,039,324
Principal paid on bonds	(5,250,000)	(5,140,000)
Interest paid on bonds	(3,270,895)	(2,015,065)
Net cash used in capital and asset related financing activities	<u>16,352,724</u>	<u>(2,545,623)</u>
Cash flows from investing activities		
Purchases of investment securities	(67,870,488)	(75,045,859)
Proceeds from sale and maturities of investment securities	58,538,089	73,632,659
Interest and dividends received	5,114,316	1,405,918
Net cash used in investing activities	<u>(4,218,083)</u>	<u>(7,282)</u>
Net increase in cash and cash equivalents	30,752,423	2,510,922
Cash and cash equivalents, beginning of year	8,133,600	5,622,678
Cash and cash equivalents, end of year	<u>\$ 38,886,023</u>	<u>\$ 8,133,600</u>
Presented on the statement of net position as:		
Cash and cash equivalents	\$ 11,173,745	\$ 8,133,600
Restricted cash and cash equivalents	27,712,278	-
Total cash and cash equivalents	<u>\$ 38,886,023</u>	<u>\$ 8,133,600</u>

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

(for the years ended June 30, 2019 and 2018)


	2019	2018
Reconciliation of operating income to net cash provided by operating activities		
Operating (loss) income	\$ 8,773,024	\$ (1,965,083)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	9,560,592	10,082,721
Loss on disposal of capital assets	-	167,770
Changes in assets and liabilities:		
Accounts and other receivables	(1,465,729)	2,046,197
Due from Gator Boosters, Inc.	(1,395,650)	2,218,129
Inventories	6,709	18,019
Prepaid expenses and other current assets	2,384,377	(1,037,590)
Accounts payable and accrued expenses	7,952,439	(639,276)
Accrued compensated absences	92,329	(3,872)
Longevity incentive payable	-	(250,000)
Contracts payable	(4,122,014)	4,015,196
Deferred revenues	181,760	(2,213,042)
Net cash provided by operating activities	21,967,837	12,439,169

The accompanying notes are an integral part of these financial statements.



#SWAMPmoment

INNOVATION



Leading a Brighter Tomorrow: The Gator Good isn't about any one university taking on a single cause. It's about bringing in the brightest minds to solve our toughest challenges, together. The problems facing our planet are bigger than any one person. One organization. One university. But together, we're solving them — because positive change goes further when we work as a team. The Association is committed to playing its part to contribute back to the University in its mission to move the whole world forward.



#SWAMPMoment

RESPECT

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies of The University Athletic Association, Inc. (the Association), which affect significant elements of the accompanying basic financial statements.

(a) **Reporting entity**—The Association is a not-for-profit entity organized in 1929 for the purpose of conducting various intercollegiate athletic programs for and on behalf of the University of Florida. The Association operates for the service and convenience of the University of Florida and is a direct support organization and component unit (for accounting purposes only) of the University of Florida.

(b) **Measurement focus, basis of accounting, and financial statement presentation**—The financial statements of the Association have been prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

The Association distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses for the Association are those that result from the operation of the University of Florida's intercollegiate athletic programs. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. In accordance with GASB standards, capital contributions from Gator Boosters, Inc. and contributions to the University of Florida and University of Florida Foundation, Inc. are not considered operating revenues or expenses. Capital contributions from others are reported after nonoperating revenues and contributions to others are reported as nonoperating expenses in the accompanying statements of revenues, expenses, and changes in net position.

(c) **Cash and cash equivalents**—Cash and cash equivalents include cash in banks and money market

funds available for immediate use. A bond was issued in July 2018 for \$50,000,000 with funds restricted to use for the baseball and softball stadium projects. At June 30, 2019 the remaining cash available is \$27,712,278.

(d) **Accounts receivable**—Accounts receivable are stated at the amount management expects to collect from balances at year-end. Based on management's assessment of the credit history with organizations and individuals having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. The Association has no policy requiring collateral or other security to support its accounts receivable.

(e) **Inventories**—Inventories consist of items held for sale at the golf course pro shop and snack bar. Inventory items at the golf course pro shop are recorded at the lower of cost or market using the average cost method. All other inventory items are recorded at the lower of cost or market, as determined by using the first-in, first-out (FIFO) method.

(f) **Fair value measurement**—The Association 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.

(g) **Capital assets**—Capital assets purchased with an original cost of \$5,000 or more are recorded at cost and depreciated utilizing the straight-line method over the estimated useful lives of assets (generally 5 years for furniture, fixtures and equipment and 10 to 15 years for capital improvements, except for improvements to buildings which range from 20 to 30 years). Costs to maintain or repair these assets are expensed as incurred.

(h) **Accrued compensated absences**—Eligible employees are entitled to annual vacation and sick leave with pay. The Association accrues accumulated unpaid annual vacation leave and associated employee-related costs, these amounts are included in the accompanying statements of net position. Vacation pay is expensed when earned by the employee up to the maximum payout. Sick leave payments are expensed when used as sick leave is not eligible for payout.



(i) **Deferred revenues**—Current deferred revenues consist of advance sales of tickets for sport seasons in the next fiscal year, ticket related football and men’s basketball contributions, and miscellaneous other unearned fees received. The deferred items are recognized as revenue when the related games are played and when the service is performed or event occurs for which miscellaneous fees were received.

Additionally, deferred revenues included in other liabilities consist of booster contribution prepayments and advance sponsorship and royalty payments. The sponsorship and royalty amounts are recognized over the life of the agreements, while the booster contribution prepayments will be recognized in the applicable sports season.

(j) **Longevity incentive payable**—The Association accrues longevity incentives due to various employees as specified in their employment contracts. The Association accrues for these amounts ratably over the contract period. No payments will be made to the employee until they have reached the stay period specified in their contract.

(k) **Net position**—Net position is classified and displayed in three components:

- Net investment in capital assets - consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt that is attributable to those assets.
- Restricted - consists of assets that have constraints placed upon their use either by external donors or creditors or through laws, regulations or constraints imposed by law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets. Restricted net position consists of capital contributions received for specific future capital projects.

- Unrestricted - consists of assets that are available to the Association for any legal use.

When both restricted and unrestricted net position is available for use, it is the Association’s policy to use restricted resources first, then unrestricted resources as they are needed.

(l) **Sales taxes retained**—In accordance with Chapter 1006, Section 71 of the Florida Statutes, the Association retains an amount equal to sales taxes collected from ticket sales to athletic events for use in the support of women’s athletic programs. Sales taxes retained totaled \$1,877,311 and \$1,947,403 for the years ended June 30, 2019 and 2018, respectively, and are included in other operating revenues in the statement of revenues, expenses, and changes in net position.

(m) **Income taxes**—The Association is exempt from Federal income taxes under the provisions of Section 501(c) (3) of the Internal Revenue Code. However, the Association is subject to income tax on unrelated business income. The Association’s primary source of unrelated business income is from certain investments in a limited liability company. Income taxes incurred during the year, if any, are estimated to be immaterial to the financial statements.

The Association files tax returns in the U.S. federal jurisdiction and in the state of Florida. Management of the Association considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur upon examination by tax authorities, including changes to the Association’s status as a not-for-profit entity. Management believes the Association met the requirements to maintain its tax-exempt status and has not identified any

uncertain tax positions subject to the unrelated business income tax that require recognition or disclosure in the accompanying financial statements. The Association's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

(n) **In-kind contributions**—Donations of materials and services are recorded at their fair market value at the date of donation.

(o) **Future accounting pronouncements**—GASB issued Statement No. 84, Fiduciary Activities, in June 2017. GASB 84 seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The provisions in GASB 84 are effective for fiscal years beginning after December 15, 2018. The Association is currently evaluating the impact this statement will have on its financial statements.

GASB issued Statement No. 87, Leases, in June 2017. GASB 87 aims to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The provisions in GASB 87 are effective for periods beginning after December 15, 2019. The Association is currently evaluating the impact this statement will have on its financial statements.

(2) Cash and Cash Equivalents:

The amounts reported as cash and cash equivalents include cash on hand, cash in bank demand accounts, cash held at the University of Florida and money market funds. Cash and cash equivalents at June 30, 2019 and 2018 were as follows:

Table 1. Cash and Cash Equivalents (Note 2)

	2019	2018
Money market funds	\$ 998,227	\$ 1,525,777
Cash in bank demand accounts	9,327,634	6,322,125
Cash held at the University of Florida	694,484	183,298
Cash on hand	153,400	102,400
Restricted Cash	27,712,278	-
Total cash and cash equivalents	\$ 38,886,023	\$ 8,133,600

Cash in bank demand accounts are held in regional banks. Bank account balances for these bank demand accounts were \$41,648,576 and \$7,870,734, as of June 30, 2019 and 2018, respectively. Deposits are uncollateralized and are insured up to \$250,000 per institution by the Federal Deposit Insurance Corporation (FDIC). Uninsured bank balances totaled \$41,310,945 and \$7,431,886 as of June 30, 2019 and 2018,

respectively. Money market funds are uninsured and collateralized by securities held by the institution, not in the Association's name. For deposits, custodial credit risk is the risk that in the event of a bank failure, the Association's deposits may not be returned to it. The Association does not have a policy for custodial credit risk.

(3) Investments:

The Association reports investments at fair value, except those money market investments that have a remaining maturity at the time of purchase of one year or less, are reported at amortized cost provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are defined as short term, highly liquid debt instruments including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations.

Short-term investments are comprised of investments in external investment pools with the State of Florida Division of Treasury and the State Board of Administration, and a separately managed investment account managed by Buckhead Capital Management, and are reported at fair value. Short-term investments typically are funds accumulated from Southeastern Conference (SEC) distributions, advance ticket sales and booster contributions and will be used to fund operations in the upcoming fiscal year. Other investments include mutual funds, commingled funds, multi-strategy hedge funds and separately managed investment accounts with Garcia Hamilton & Associates that are reported at fair value as determined by their net asset values at year-end. The classification of investments between short term and long term is based on management's anticipated cash flow needs. However, the needs of the Association may require the sale or retention of investment balances that differ from the classifications reflected in the accompanying statements of net position.

The Association's corporate investment policy divides the Association's assets into two portfolios, the long-term portfolio and the short-term portfolio. The policy states that the short-term portfolio invests in cash and cash equivalents and the long-term portfolio invests in a diversified portfolio of commingled and/or mutual funds in the following classes: domestic large cap equity, domestic small cap equity, international equity, hedged strategies and fixed income. The hedged strategies investment represents the Association's interest in the Florida Hedged Strategies Fund, LLC, a limited liability company that is managed by the University of Florida Investment Corporation.



All of the Association's recurring fair value measurements as of June 30, 2019 and 2018 are valued using quoted market prices (Level 1 inputs), with the exception of bonds and notes which are valued using a matrix pricing model (Level 2 inputs), investments with the State Treasury which are valued based on the

Association's share of the pool (Level 3 inputs) and hedge funds which are valued using net asset valuations.

The Association's investments at June 30, 2019, are reported as follows:

Table 2. Investments - June 30, 2019 (Note 3)

Investments by fair value level	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External Investment Pool:				
State Treasury Special Purpose Investment Account	\$ 22,467,666	\$ -	\$ -	\$ 22,467,666
Cash Equivalents Classified as Short Term Investments:				
Commercial Paper	10,575,550	10,575,550	-	-
Non-Proprietary Cash Sweep	18,887,527	18,887,527	-	-
Bonds and Notes:				
Corporate Backed Obligations	10,453,940	-	10,453,940	-
Corporate Bonds	10,535,049	-	10,535,049	-
Government Bonds	2,169,286	-	2,169,286	-
Mortgage Backed Securities	924,882	-	924,882	-
Private Placement	1,428,262	-	1,428,262	-
Mutual Funds:				
Corporate Bonds	3,497,374	3,497,374	-	-
Equity	35,275,834	35,275,834	-	-
Total investments by fair value level	\$ 116,215,370	\$ 68,236,285	\$ 25,511,419	\$ 22,467,666
Investments measured at the net asset value (NAV)				
Multi-Strategy Hedge Funds	\$ 5,660,728			
Total investments measured at fair value	\$ 121,876,098			
Investments measured at amortized cost				
SBA Florida PRIME	\$ 10,852			
Total investments	\$ 121,886,950			

The Association's investments at June 30, 2018, are reported as follows:

Investments by fair value level	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External Investment Pool:				
State Treasury Special Purpose Investment Account	\$ 15,827,332	\$ -	\$ -	\$ 15,827,332
Cash Equivalents Classified as Short Term Investments:				
Certificates of Deposit	500,090	500,090	-	-
Commercial Paper	10,250,128	10,250,128	-	-
Non-Proprietary Cash Sweep	1,721,571	1,721,571	-	-
Bonds and Notes:				
Corporate Backed Obligations	9,208,869	-	9,208,869	-
Corporate Bonds	17,886,051	-	17,886,051	-
Government Bonds	3,487,331	-	3,487,331	-
Mortgage Backed Securities	1,122,066	-	1,122,066	-
Private Placement	6,577,179	-	6,577,179	-
Common Stocks	1,089,737	1,089,737	-	-
Mutual Funds:				
Corporate Bonds	3,294,518	3,294,518	-	-
Equity	35,718,997	35,718,997	-	-
Total investments by fair value level	\$ 106,683,869	\$ 52,575,041	\$ 38,281,496	\$ 15,827,332
Investments measured at the net asset value (NAV)				
Multi-Strategy Hedge Funds	\$ 5,860,102			
Total investments measured at fair value	\$ 112,543,971			
Investments measured at amortized cost				
SBA Florida PRIME	\$ 10,580			
Total investments	\$ 112,554,551			

Multi-Strategy Hedge Funds—The Association's investment in multi-strategy hedge funds of \$5,660,728 and \$5,860,102 at June 30, 2019 and 2018, respectively, represent an interest in the Florida Hedged Strategies Fund, LLC (the Fund), a limited liability company that is managed by the University of Florida Investment Corporation. The underlying investments in the Fund are valued, as a practical expedient, utilizing the net asset valuations provided by the underlying investee funds without adjustment, when the net asset valuations of the investments are calculated (or adjusted by the Fund if necessary) in a manner consistent with accounting principles generally accepted in the United States of America ("GAAP") for investment companies. The Fund applies the practical expedient to its investments in investee funds on an investment-by-investment basis, and consistently with the Fund's entire position in a particular investment, unless it is probable that the Fund will sell a portion of an investment at an amount different from the net asset valuation. If it is probable that the Fund will sell an investment at an amount different from the net asset valuation or in other situations where practical expedient is not available, the Fund considers other factors in addition to the net asset valuation, such

as features of the investment, including subscription and redemption rights, expected discounted cash flows, transactions in secondary market, bids received from potential buyers, and overall market conditions in its determination of fair value.

The underlying investee funds value securities and other financial instruments on a mark-to-market or other estimated fair value basis. The estimated fair values of substantially all of the investments of the underlying investee funds, which may include securities for which prices are not readily available, are determined by the general partner or management of the respective underlying investee funds and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

External Investment Pools—The Association reported investments at fair value totaling \$22,467,666 and \$15,827,332 at June 30, 2019 and 2018, respectively, in the State Treasury Special Purpose Investment Account



(SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The SPIA carried a credit rating of AA-f and A+f by Standard & Poor's, had an effective duration of 2.71 years and 3.00 years and fair value factor of 1.0103 and 0.9872 at June 30, 2019 and 2018, respectively. Participants contribute to the Treasury Pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The Association relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

The Association reported investments totaling \$10,852 and \$10,580 at June 30, 2019 and 2018, respectively, in

the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The Association's investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAm by Standard & Poor's and had a weighted-average days to maturity (WAM) of 29 days and 30 days as of June 30, 2019 and 2018, respectively. A portfolio's WAM reflects the average maturity in days, based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the Florida PRIME investment pool to interest rate changes. The investments in the Florida PRIME investment pool are reported at amortized cost. Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local

Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.” As of June 30, 2019, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value.

Bonds and Notes—The Association reported investments totaling \$25,511,419 and \$38,281,496 as of June 30, 2019 and 2018, respectively, in bonds and notes held in separately managed investment accounts. The investment managers of these accounts use an investment philosophy that is based on a multi-faceted, total return methodology which focuses on the four key components of fixed income portfolio construction: duration management, yield curve positioning, sector rotation, and security selection. The managers seeks to add value and control risk in each component of the portfolio construction process to deliver superior risk-adjusted returns through all phases of the economic and interest rate cycles. The bonds and notes are priced on a frequent basis using valuation methodologies and techniques available through independent third parties. The Association’s bonds and notes are subject to credit and interest rate risk as outlined in the sections below.

Custodial Credit Risk—For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Association will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk if the securities are uninsured, not registered in the Association’s name, and are held by the party that either sells to or buys for the Association. The Association does not have a policy regarding custodial credit risk. Custodial credit risk for the Association’s bonds, notes and bond mutual funds as of June 30, 2019 and 2018 is categorized in the following schedule using Standard and Poor’s (S&P) nationally recognized statistical ratings quality organizations:

Table 4. Investments - Custodial Credit Risk (Note 3)

	Quality Rating	2019 Fair Value	2018 Fair Value
Corporate Backed Obligation	S&P AAA	\$ 8,326,873	\$ 7,928,952
Corporate Backed Obligation	Unrated	2,127,067	909,710
Corporate Backed Obligation	S&P A+	-	370,207
Corporate Bonds	S&P A	1,786,241	2,927,755
Corporate Bonds	S&P A-	3,040,020	5,166,664
Corporate Bonds	S&P A+	1,166,550	1,384,206
Corporate Bonds	S&P AA	936,389	135,713
Corporate Bonds	S&P AA-	1,589,402	3,813,759
Corporate Bonds	S&P AA+	90,836	984,588
Corporate Bonds	S&P BBB	786,908	854,710
Corporate Bonds	S&P BBB+	1,138,704	2,618,656
Government Bonds	S&P AA+	2,169,286	3,487,331
Mortgage Backed Securities	Unrated	728,254	1,122,066
Mortgage Backed Securities	AA+	8,688	-
Mortgage Backed Securities	AAA	187,940	-
Private Placement	S&P A	-	180,029
Private Placement	S&P A+	289,539	1,148,925
Private Placement	S&P AA+	249,545	1,097,500
Private Placement	S&P BBB	-	299,127
Private Placement	S&P BBB+	299,874	139,238
Private Placement	S&P A-	589,304	1,118,152
Private Placement	S&P AA-	-	2,594,208
Bond Mutual Funds	Unrated	3,497,374	3,294,518
Total		\$ 29,008,794	\$ 41,576,014

Interest Rate Risk—For an investment, interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Association does not have a policy for interest rate risk associated with its investments. Interest rate risk for the Association’s bonds, notes and bond mutual funds as of June 30, 2019 and 2018 is as follows:

Table 5. Investments - Interest Rate Risk (Note 3)

	Average Duration	2019 Fair Value	2018 Fair Value
Corporate Backed Obligation	Less than one year	\$ 10,453,941	\$ 9,208,869
Corporate Bonds	Greater than five years	376,687	-
Corporate Bonds	Less than one year	10,158,362	17,886,051
Government Bonds	Greater than five years	1,390,254	1,794,164
Government Bonds	Less than one year	779,033	969,935
Government Bonds	One to five years	-	723,232
Mortgage Backed Securities	Less than one year	625,727	645,367
Mortgage Backed Securities	One to five years	299,154	476,699
Private Placement	Less than one year	1,428,262	6,577,179
Bond Mutual Funds	Greater than five years	3,497,374	3,294,518
Total		\$ 29,008,794	\$ 41,576,014

Concentration of credit risk—Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. At June 30, 2019 and 2018, more than five percent of the Association's investments were held in the Florida Hedged Strategies Fund, LLC. Such concentrations are permitted by the Association's investment policy.

(4) Capital Assets:

Capital asset activity for the year ended June 30, 2019 was as follows:

Table 6. Capital Assets - June 30, 2019

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and land improvements	\$ 2,430,236	\$ -	\$ -	\$ 2,430,236
Construction in progress	1,460,417	30,873,774	(16,615,701)	15,718,490
Total capital assets not being depreciated	<u>3,890,653</u>	<u>30,873,774</u>	<u>(16,615,701)</u>	<u>18,148,726</u>
Capital assets being depreciated:				
Buildings and improvements	6,641,755	-	-	6,641,755
Furniture and equipment	27,089,545	814,872	-	27,904,417
Leasehold improvements	259,045,621	16,419,599	(760,953)	274,704,267
Total capital assets being depreciated	<u>292,776,921</u>	<u>17,234,471</u>	<u>(760,953)</u>	<u>309,250,439</u>
Less accumulated depreciation for:				
Buildings and improvements	4,470,575	141,695	-	4,612,270
Furniture and equipment	13,466,378	2,014,301	-	15,480,679
Leasehold improvements	96,088,541	7,404,596	(760,953)	102,732,184
Total accumulated depreciation	<u>114,025,494</u>	<u>9,560,592</u>	<u>(760,953)</u>	<u>122,825,133</u>
Total capital assets being depreciated, net	<u>178,751,427</u>	<u>7,673,879</u>	<u>-</u>	<u>186,425,306</u>
Capital assets, net	\$ 182,642,080	\$ 38,547,653	\$ (16,615,701)	\$ 204,574,032

Capital asset activity for the year ended June 30, 2018 was as follows:

Table 7. Capital Assets - June 30, 2018

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and land improvements	\$ 2,430,236	\$ -	\$ -	\$ 2,430,236
Construction in progress	209,897	1,418,290	(167,770)	1,460,417
Total capital assets not being depreciated	<u>2,640,133</u>	<u>1,418,290</u>	<u>(167,770)</u>	<u>3,890,653</u>
Capital assets being depreciated:				
Buildings and improvements	6,641,755	-	-	6,641,755
Furniture and equipment	24,161,726	3,204,133	(276,314)	27,089,545
Leasehold improvements	259,045,621	-	-	259,045,621
Total capital assets being depreciated	<u>289,849,102</u>	<u>3,204,133</u>	<u>(276,314)</u>	<u>292,776,921</u>
Less accumulated depreciation for:				
Buildings and improvements	4,327,583	142,992	-	4,470,575
Furniture and equipment	11,498,471	2,244,221	(276,314)	13,466,378
Leasehold improvements	88,393,033	7,695,508	-	96,088,541
Total accumulated depreciation	<u>104,219,087</u>	<u>10,082,721</u>	<u>(276,314)</u>	<u>114,025,494</u>
Total capital assets being depreciated, net	<u>185,630,015</u>	<u>(6,878,588)</u>	<u>-</u>	<u>178,751,427</u>
Capital assets, net	\$ 188,270,148	\$ (5,460,298)	\$ (167,770)	\$ 182,642,080



(5) Long term Obligations:

The change in long-term obligations for the year ended June 30, 2019 was as follows:

Table 8. Long-term Obligations - June 30, 2019 (Note 5)

Types of Investments	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Contracts payable	\$ 7,562,472	\$ 370,799	\$ (4,492,813)	\$ 3,440,458	\$ 1,997,026
Accrued compensated absences	1,677,343	1,047,018	(954,689)	1,769,672	285,000
Deferred revenues	65,103,949	59,890,566	(59,708,807)	65,285,708	60,608,980
Long-term debt	81,275,000	50,000,000	(5,250,000)	126,025,000	6,650,000
Total long-term liabilities	\$ 155,618,764	\$ 111,308,383	\$ (70,406,309)	\$ 196,520,838	\$ 69,541,006

The change in long-term obligations for the year ended June 30, 2018 was as follows:

Table 9. Long-term Obligations - June 30, 2018 (Note 5)

Types of Investments	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Longevity incentive payable	\$ 250,000	\$ -	\$ (250,000)	\$ -	\$ -
Contracts payable	3,552,022	12,862,810	(8,852,360)	7,562,472	4,303,073
Accrued compensated absences	1,681,215	917,978	(921,850)	1,677,343	303,000
Deferred revenues	67,316,991	65,995,085	(68,208,127)	65,103,949	58,938,807
Long-term debt	86,415,000	-	(5,140,000)	81,275,000	5,250,000
Total long-term liabilities	\$ 159,215,228	\$ 79,775,873	\$ (83,372,337)	\$ 155,618,764	\$ 68,794,880

A. Long-term Debt:

At June 30, 2019 and 2018, the Association's Bonds outstanding bear interest based upon the following schedule:

Table 10. Long-term Debt (Note 5A)

Series	June 30, 2019			June 30, 2018		
	Outstanding Amount	Term	Interest Rate	Outstanding Amount	Term	Interest Rate
1990	\$ 2,000,000	10/1/17 - 10/1/23	1.91%	\$ 3,900,000	10/1/17 - 10/1/23	1.91%
2001	14,235,000	Daily Rate	Variable	14,235,000	Daily Rate	Variable
2001	15,950,000	10/1/17 - 10/1/23	1.91%	15,950,000	10/1/17 - 10/1/23	1.91%
2001	15,240,000	11/27/13 - 10/01/24	3.83%	15,990,000	11/27/13 - 10/01/24	3.83%
2005	1,600,000	11/27/13 - 10/01/20	3.83%	2,200,000	11/27/13 - 10/01/20	3.83%
2007	4,500,000	10/01/16 - 10/01/26	2.08%	5,000,000	10/01/16 - 10/01/26	2.08%
2011	9,750,000	10/01/16 - 10/01/26	2.08%	10,500,000	10/01/16 - 10/01/26	2.08%
2015	12,750,000	07/01/15 - 10/01/20	2.39%	13,500,000	07/01/15 - 10/01/20	2.39%
2018	50,000,000	7/24/18 - 10/01/38	3.43%	-		
	\$ 126,025,000			\$ 81,275,000		

The Weekly Rate at June 30, 2019 and 2018 was 1.55% and 1.12%, respectively.

Debt service requirements at June 30, 2019 were as follows:

Table 11. Debt Service Requirements (Note 5A)

Year Ended June 30,	Principal	Interest	Total Principal and Interest
2020	\$ 6,650,000	\$ 3,597,430	\$ 10,247,430
2021	5,115,000	3,485,473	8,600,473
2022	6,585,000	3,299,090	9,884,090
2023	6,775,000	3,075,198	9,850,198
2024	6,965,000	2,974,620	9,939,620
2025 - 2029	37,485,000	11,742,343	49,227,343
2030 - 2034	29,735,000	6,197,230	35,932,230
2035 - 2039	13,030,000	3,253,518	16,283,518
2040 - 2044	13,685,000	952,238	14,637,238
	\$ 126,025,000	\$ 38,577,140	\$ 164,602,140

The Association is subject to certain general and financial covenants related to the Bond agreements (the Agreements). The first financial covenant requires the Association to maintain a Net Revenues to Principal and Interest Requirements due on the bonds, as defined in the Agreements, of greater than 1.1:1, tested annually at the end of each fiscal year. The Association's ratio of net revenues to required principal and interest was 2.19 and 1.11 in 2019 and 2018, respectively. The second financial covenant requires the Association to maintain unrestricted cash, marketable securities and investments in an amount greater than twenty-five percent (25%) of its total indebtedness measured at the end of the fiscal year. At June 30, 2019, the required amount of liquidity was \$31,506,250 and the actual amount was approximately \$133,000,000. At June 30, 2019, the

required amount of liquidity was \$20,318,750 and the actual amount was approximately \$121,000,000.

GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, in June 2018. GASB 89 enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and also simplifies accounting for interest cost incurred before the end of a construction period. The provisions in GASB 89 are effective for periods beginning after December 15, 2019. The Association has early implemented GASB 89.

B. Deferred Revenues:

Changes in current deferred revenues for June 30, 2019 and 2018 are as follows:

Table 12. Changes in Current Deferred Revenues (Note 5B)

	2019	2018
Balance, beginning of year	\$ 58,938,807	\$ 61,069,923
Additions:		
Advance ticket sales and related handling	27,400,590	23,829,576
Unearned booster contributions	29,456,817	31,109,485
Unearned amenities	1,342,567	1,248,931
Unearned camp fees	1,498,779	1,344,009
Unearned other income	910,227	1,406,806
Total additions	<u>60,608,980</u>	<u>58,938,807</u>
Deductions:		
Earned ticket sales and related handling	(23,829,576)	(28,520,575)
Earned booster contributions	(31,109,485)	(28,749,980)
Earned amenities	(1,248,931)	(1,371,584)
Earned camp fees	(1,344,009)	(1,157,784)
Earned other income	(1,406,806)	(1,270,000)
Total deductions	<u>(58,938,807)</u>	<u>(61,069,923)</u>
Balance, end of year	\$ 60,608,980	\$ 58,938,807



Changes in long term deferred revenues for June 30, 2019 and 2018 are as follows:

Table 13. Changes in Long-term Deferred Revenues (Note 5B)

	2019	2018
Balance, beginning of year	\$ 6,165,142	\$ 6,247,068
Additions:		
Unearned booster contributions	103,191	1,330,635
Total additions	<u>103,191</u>	<u>1,330,635</u>
Deductions:		
Booster contributions reclassified to current	(821,604)	(142,561)
Royalties reclassified to current	<u>(770,000)</u>	<u>(1,270,000)</u>
Total deductions	<u>(1,591,604)</u>	<u>(1,412,561)</u>
Balance, end of year	<u>\$ 4,676,729</u>	<u>\$ 6,165,142</u>

(6) Pension Plan:

In 1979, the Association established The University Athletic Association, Inc. Employees' Money Purchase Pension Plan and Trust, a defined contribution pension plan covering substantially all full-time employees. Total pension expense for the plan was

\$2,775,582 and \$3,154,574 (net of forfeitures of \$894,167 and \$397,933, respectively) for the years ended June 30, 2019 and 2018, respectively. Contributions are made by the Association to the pension plan based on 12% of an eligible employee's earnings. During the years ended June 30, 2019 and 2018, total pension applicable payroll for employees covered under the plan was \$30,740,534 and \$29,604,226, which represented approximately 57% and 50% of total payroll for the years ended June 30, 2019 and 2018, respectively.

(7) Related-Party Transactions:

Gator Boosters, Inc. receives contributions from the public and remits the majority of these funds (less their operating expenses) to the Association. Contributions of \$40,398,231 and \$41,784,892 were recognized from Gator Boosters, Inc., for the years ended June 30, 2019 and 2018, respectively, and have been included in the accompanying statements of revenues, expenses, and changes in net position. Additionally, the Association provides accounting and other support services to Gator Boosters. The Association recognized contract revenue in the

amount of \$190,000 for the years ended June 30, 2019 and 2018.

Gator Boosters, Inc. recognizes contribution expense for amounts remitted to the Association in the year in which such amounts are remitted. The Association, however, does not recognize these amounts as revenue until the year in which the related athletic event is held. A reconciliation of contribution revenues from Gator Boosters, Inc. as recognized in the accompanying statements of revenues, expenses, and changes in net position to contribution expense as reflected in the financial statements of Gator Boosters, Inc. for the years ended June 30, 2019 and 2018 is as follows:

Table 14. Related Party Transactions - Booster Transfers
(Note 7)

	2019	2018
Contributions to the Association, as reported in the financial statements of Gator Boosters, Inc.	\$ 38,027,149	\$ 45,332,570
Recognition of prior year amounts received from Gator Boosters, Inc. that were previously deferred	32,654,627	29,106,949
Deferral of amounts received from Gator Boosters, Inc. in the current year	(30,283,545)	(32,654,627)
Contributions from Gator Boosters, Inc., as recognized in the accompanying statements of revenues, expenses, and changes in net position	<u>\$ 40,398,231</u>	<u>\$ 41,784,892</u>

(8) Contributions to the University of Florida:

Contributions to the University of Florida for the years ended June 30, 2019 and 2018 consisted of gifts for the following purposes:

Table 15. Contributions to UF (Note 8)

	2019	2018
Unrestricted gift	\$ -	\$ 5,183,333
Broward Teaching Center (strategic plan support)	200,000	200,000
Transition and control of property for New Baseball Stadium Complex	600,000	600,000
General scholarships	81,300	91,700
Council for Economic Outreach	41,667	41,667
Various UF speakers and projects	3,700	3,700
SEC Academic network	-	75,000
Stephen C. O'Connell Center renovation renovation	2,400,000	1,207,459
Total contributions to University of the Florida	<u>\$ 3,326,667</u>	<u>\$ 7,402,859</u>

(9) Contributions to the University of Florida Foundation, Inc.:

The Association actively sells personalized Gator Walk bricks as a fundraising initiative. For the fiscal years ended June 30, 2019 and 2018, profits from the sale of these bricks totaling \$24,997 and \$23,388, respectively, were contributed to the University of Florida Foundation, Inc. and included in the athletic scholarship endowment.

(10) Operating Leases:

The Association leases various equipment and facilities under operating leases. Total lease expense for the years ended June 30, 2019 and 2018, was \$1,735,009 and \$1,504,832, respectively. Included in lease expense for the years ended June 30, 2019 and 2018, were payments in the amount of \$1,267,821 and \$1,106,509, respectively, to the University of Florida for the rental of the O'Connell Center and recreational sports fields. In addition, the Association has a long-term lease between the Association and the University of Florida Board of Trustees for the lease of various other athletic facilities on the University campus. There are no rental payments due under the lease.

Future minimum lease payments under noncancelable operating lease agreements for the next five years are as follows:

Table 16. Operating Leases (Note 10)

Year Ending June 30,	Amount
2020	\$ 1,215,846
2021	1,225,290
2022	144,002
2023	104,427
2024	24,852
	<u>\$ 2,714,417</u>

(11) Commitments:

The Association has entered into employment contracts with certain employees expiring in years through 2029 that provide for a minimum annual salary. At June 30, 2019, the total commitment for all contracts for each of the next five years and in the aggregate is as follows:

**Table 17. Commitments** (Note 11)

Year Ending June 30,	Amount
2020	\$ 27,807,418
2021	22,045,743
2022	17,930,624
2023	13,943,246
2024	10,490,580
Thereafter	11,860,284
	\$ 104,077,895

At June 30, 2019, the Association has commitments to provide funding for additional capital improvement projects of approximately \$54,500,000.

(12) Income Taxes:

The Association did not incur any income tax expense for the years ended June 30, 2019 and 2018.

(13) Risk Management:

The Association purchased conventional commercial insurance coverage for potential exposures in the

areas of property, workers' compensation, automobile liability and physical damage, and other general liability exposures. This insurance was purchased from various independent carriers and is designed to insure against such risks and minimize the Association's financial exposure. The Association also participates with the employees in the purchase of group health, dental and life insurance for its employees and their families.

The Association has also purchased commercial excess insurance to cover injuries to student-athletes sustained during practice or play. This policy requires a \$10,000 deductible per athlete per incident. Any amounts paid by the athletes' private insurance carriers can be applied to the Association's deductible.

Total athlete medical expenses were \$1,258,324 and \$1,168,955 for the years ended June 30, 2019 and 2018, respectively. Estimated liabilities relating to unpaid and incurred but not reported claims were considered immaterial, and therefore have not been reported in the accompanying financial statements.

The Association is not involved in any risk pools with other governmental entities.



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The mission of the University Athletic Association's **Goodwill Gators Community Outreach Program** is to foster citizenship between staff, coaches, student-athletes and the greater Gainesville community. Through volunteerism, Goodwill Gators will:

- **enhance** the personal development of student-athletes.
- **strengthen** our commitment to the greater Gainesville and surrounding communities.
- **encourage** citizenship, civic virtues and how one should behave as part of a community.

**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**

The Audit Committee,
The University Athletic Association, Inc.:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The University Athletic Association, Inc. (the Association), which comprise the statement of net position as of June 30, 2019, 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 and have issued our report thereon dated August 29, 2019.

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 opinion 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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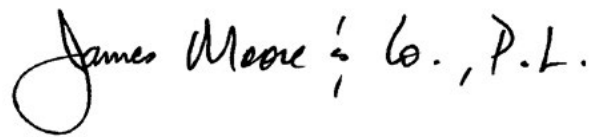
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, looped initial "J".

Gainesville, Florida
August 29, 2019



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