

# 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 as 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. It should be noted during FY20 the Association began to feel the impact of the economic shutdown caused by the new coronavirus pandemic. Social distancing, self-isolation and travel restrictions have led to a reduced workforce across all economic sectors. Schools have had to close down and athletic activities ceased as of March 13, 2020. The Association experienced positive revenue increases prior to March and significant savings in expenses after March due to no competition. This is unprecedented in the history of college athletics.

## OVERVIEW OF THE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

The Association is pleased to present its financial statements for the fiscal years ended June 30, 2020 and 2019. 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

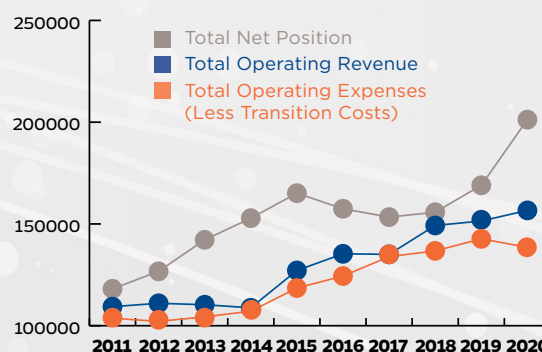
This report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments* and Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Colleges and Universities*.

There are three financial statements presented: the Statements of Net Position; the Statement 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 and on the following page, over the last 10 years, the Association has managed to steadily grow its net position by 70% from \$118 million in 2011 to \$201 million in 2020. 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 ten years. As shown below and on the following page, operating revenues have grown by 43% from \$111 million to \$157 million and operating expenses have grown by 34% from \$104 million to \$139 million.

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



**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 Gators still achieved success in the pandemic shortened 2019-20 season:

**TOTAL REVENUES RANKING**

<b>Florida Division 1</b>	<b>#1</b> OUT OF 13
<b>NCAA Division 1</b> Institutions - Nationwide	<b>TOP 10</b> OVER 300
<b>Southeastern Conference</b>	<b>TOP 5</b> OUT OF 14

 **Three SEC Team Titles**

- GYMNASTICS** (2nd consecutive)
- MEN'S SWIMMING & DIVING** (8th consecutive)
- VOLLEYBALL** (24th overall)

- Nine Gator teams did not complete (or in some cases, begin) 2020 league action.
- Florida's picked up at least one SEC team title for 42 consecutive seasons - the league's longest current streak.
- 247 SEC teams titles by Florida is the league's all-time leader.

 **SEC Athletes of the Year**

**KIERAN SMITH**  
SEC Swimmer of the Year

**TRINITY THOMAS**  
SEC Gymnast of the Year

31st consecutive season at least one Gator earned their sport's top individual award

 **SEC Coach of the Year**

**ANTHONY NESTY** - Men's Swimming  
**JENNY ROWLAND** - Gymnastics

# RANKINGS

**2019-2020** *Only Florida's five fall sports completed their seasons.*



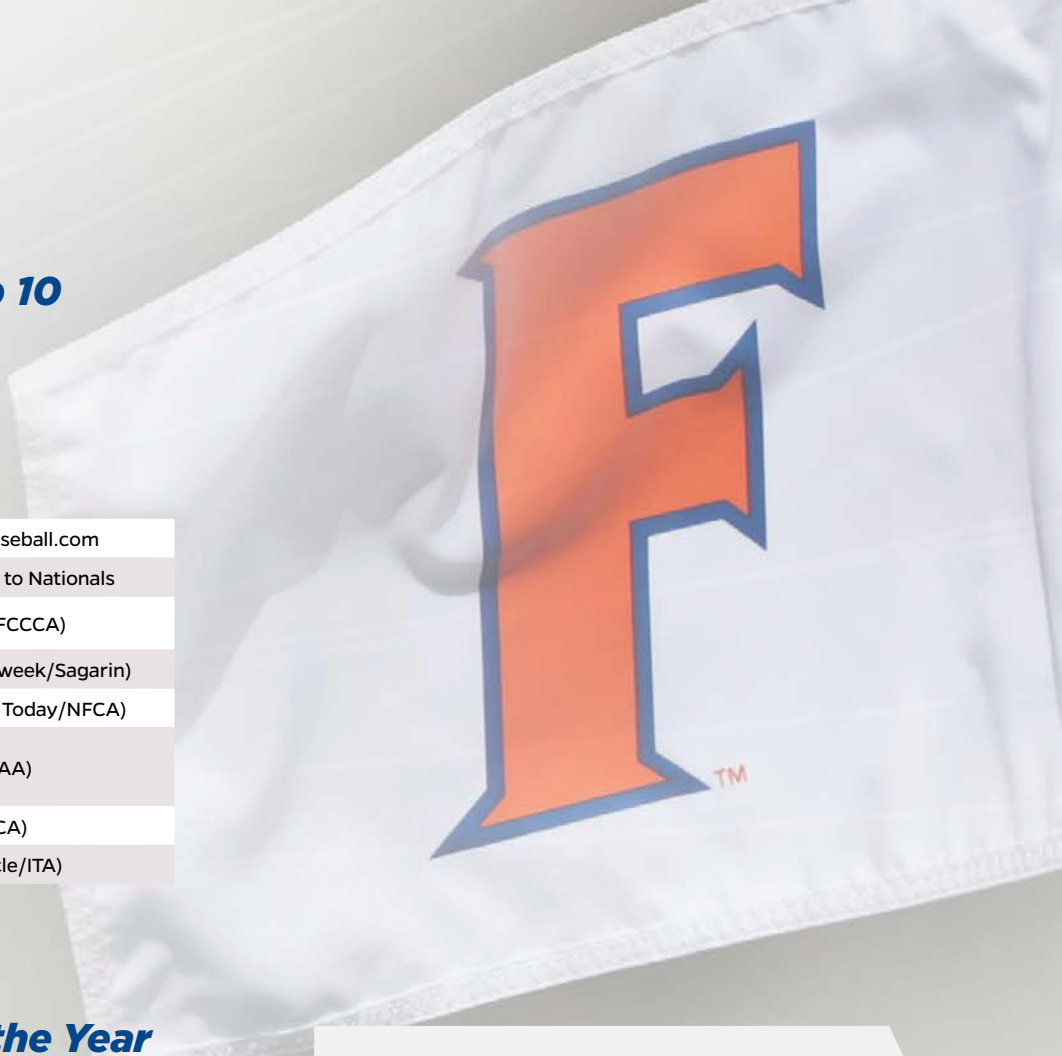
## Gator Teams in Top 10

Completed Season

<b>Football</b>	<b>No. 6</b>
<b>Volleyball</b>	<b>No. T9</b>

Suspended Season

<b>Baseball</b>	<b>No. 1</b>	D1Baseball.com
<b>Gymnastics</b>	<b>No. 2</b>	Road to Nationals
<b>Men's Indoor Track &amp; Field</b>	<b>No. 6</b>	(USTFCCCA)
<b>Women's Golf</b>	<b>No. 7</b>	(Golfweek/Sagarin)
<b>Softball</b>	<b>No. 7</b>	(USA Today/NFCA)
<b>Women's Swimming &amp; Diving</b>	<b>No. 7</b>	(CSCAA)
<b>Lacrosse</b>	<b>No. 8</b>	(IWLCA)
<b>Men's Tennis</b>	<b>No. 9</b>	(Oracle/ITA)



## National Coach of the Year

**JENNY ROWLAND** - Gymnastics

Florida's claimed **at least one national coach of the year** award each year since 2010.

## Gator All-Americans

**61 WITH 122 HONORS**



Gators teams –**men's basketball, women's golf, gymnastics, lacrosse and volleyball** – recognized in 2020 for outstanding NCAA Academic Progress Report (APR) scores. All Gators teams are in good academic standing.

Combined grade-point average for all Gators student-athletes for 2019-20 academic year. 3.40 **(all-time record!)** for spring 2020; 3.12 for fall 2019.

Graduates combined for fall 2019, spring 2020 and summer 2020 semesters. **Master's degrees** earned by 18 and 28 graduated **with honors.**

255 Gators earned spots on the SEC Academic Honor Rolls and 84 on the SEC First-Year Honor Roll. Florida is the **only program to place 100 or more** student-athletes on the Academic Honor Roll each of the last 23 years.



## 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)

	2020	2019	2020-2019		2018	2019-2018		
			Increase (decrease)	Percent change		Increase (decrease)	Percent change	
<b>Assets</b>								
Current assets	\$ 91,921	\$ 123,150	\$ (31,229)	-25.36%	\$ 80,890	\$ 42,260	52.24%	
Capital assets, net of depreciation	245,409	204,574	40,835	19.96%	182,642	21,932	12.01%	
Other assets	49,305	51,302	(1,997)	-3.89%	52,965	(1,663)	-3.14%	
Total assets	386,635	379,026	7,609	2.01%	316,497	62,529	19.76%	
<b>Liabilities</b>								
Long-term debt outstanding	119,375	126,025	(6,650)	-5.28%	81,275	44,750	55.06%	
Other liabilities	66,003	84,005	(18,002)	-21.43%	79,471	4,534	5.71%	
Total liabilities	185,378	210,030	(24,652)	-11.74%	160,746	49,284	30.66%	
<b>Net Position</b>								
Net investment in capital assets	126,034	106,261	19,773	18.61%	101,367	4,894	4.83%	
Restricted	15,044	8,272	6,772	81.87%	5,831	2,441	41.86%	
Unrestricted	60,179	54,463	5,716	10.50%	48,553	5,910	12.17%	
Total net position	<b>\$ 201,257</b>	<b>\$ 168,996</b>	<b>\$ 32,261</b>	<b>19.09%</b>	<b>\$ 155,751</b>	<b>\$ 13,245</b>	<b>8.50%</b>	

**HIGHLIGHTS**

The Association experienced a net increase in total assets of \$7.6 million in 2020. This included a decrease of \$31.2 million in current assets due to the timing of ticket-related contributions for the 2020 football season, which have not been recognized as revenue by Gator Boosters due to the uncertainty around COVID-19. In prior years this revenue was treated as an unearned liability vs. due from Gator Boosters. With construction of the Florida Ball Park near completion the Association saw an increase of \$40.8 million in capital assets. As well, the Association managed to pay down long-term debt by \$6.7 million and experienced an increase in net position in the current year of \$32.3 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.

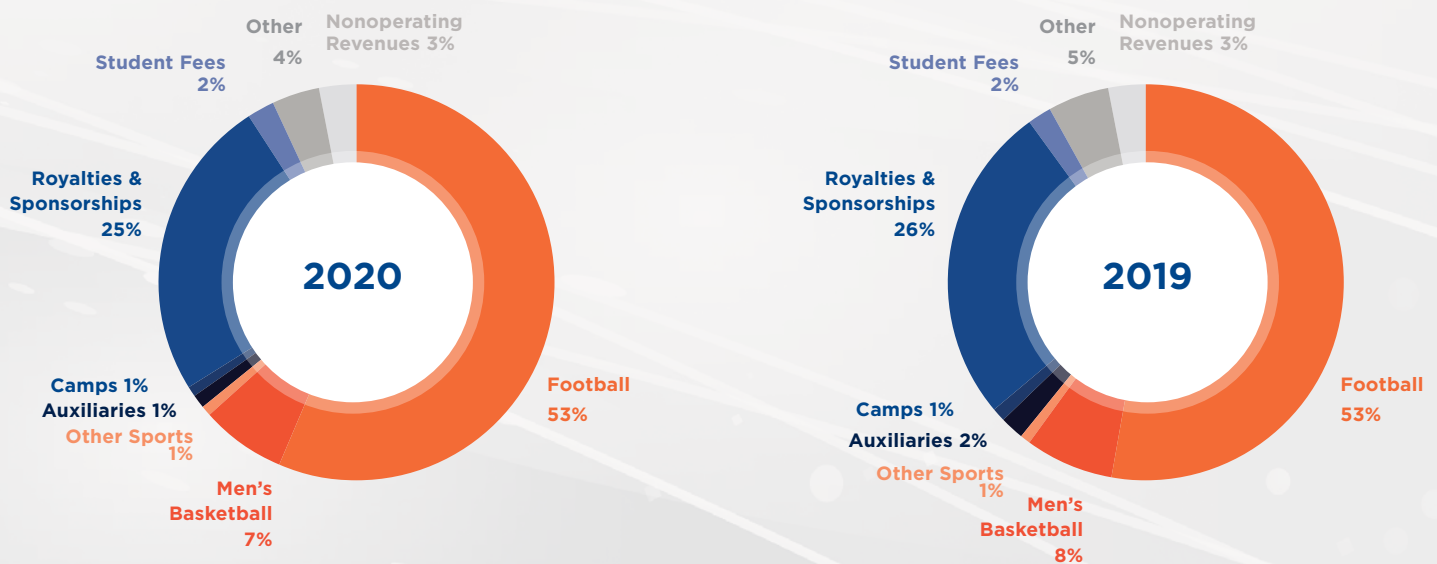
Capital contributions are considered neither operating nor nonoperating and are reported after "Income before contributions."

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)

	2020-2019				2019-2018		
	2020	2019	Increase (decrease)	Percent change	2018	Increase (decrease)	Percent change
<b>Operating revenues</b>							
Sales of goods and services	\$ 41,138	\$ 35,470	\$ 5,668	15.98%	\$ 40,348	\$ (4,878)	-12.09%
SEC and NCAA distributions	46,591	47,670	(1,079)	-2.26%	45,420	2,250	4.95%
Contributions	37,890	38,635	(745)	-1.93%	36,976	1,659	4.49%
Royalties and sponsorships	24,203	21,363	2,840	13.29%	19,414	1,949	10.04%
Other	6,835	8,311	(1,476)	-17.76%	7,091	1,220	17.20%
Total operating revenues	156,657	151,449	5,208	3.44%	149,249	2,200	1.47%
<b>Nonoperating revenues</b>							
	4,648	5,154	(506)	-9.82%	4,734	420	8.87%
Total revenues	161,305	156,603	4,702	3.00%	153,983	2,620	1.70%
<b>Operating expenses</b>							
Salaries, wages and benefits	63,008	59,862	3,146	5.26%	70,585	(10,723)	-15.19%
Direct team expenses	26,178	32,239	(6,061)	-18.80%	29,667	2,572	8.67%
Scholarships and athlete support services	20,402	22,227	(1,825)	-8.21%	22,203	24	0.11%
Administrative services and facilities	18,479	17,653	826	4.68%	17,834	(181)	-1.01%
Camps and depreciation	10,446	10,695	(249)	-2.33%	10,925	(230)	-2.11%
Total operating expenses	138,513	142,676	(4,163)	-2.92%	151,214	(8,538)	-5.65%
<b>Nonoperating expenses</b>							
Interest on capital related debt	3,401	3,696	(295)	-7.98%	2,003	1,693	84.52%
Contributions to University of Florida and UF Foundation	1,741	3,352	(1,611)	-48.06%	7,426	(4,074)	-54.86%
Total nonoperating expenses	5,142	7,048	(1,906)	-27.04%	9,429	(2,381)	-25.25%
Total expenses	143,655	149,724	(6,069)	-4.05%	160,643	(10,919)	-6.80%
<b>Capital contributions from Gator Boosters, Inc. and others</b>							
	14,611	6,366	8,245	129.52%	9,039	(2,673)	-29.57%
<b>Increase in net position</b>	32,261	13,245	19,016	143.57%	2,379	10,866	456.75%
<b>Net position, beginning of year</b>	168,996	155,751	13,245	8.50%	153,372	2,379	1.55%
<b>Net position, end of year</b>	<b>\$ 201,257</b>	<b>\$ 168,996</b>	<b>\$ 32,261</b>	<b>19.09%</b>	<b>\$ 155,751</b>	<b>\$ 13,245</b>	<b>8.50%</b>

## REVENUES





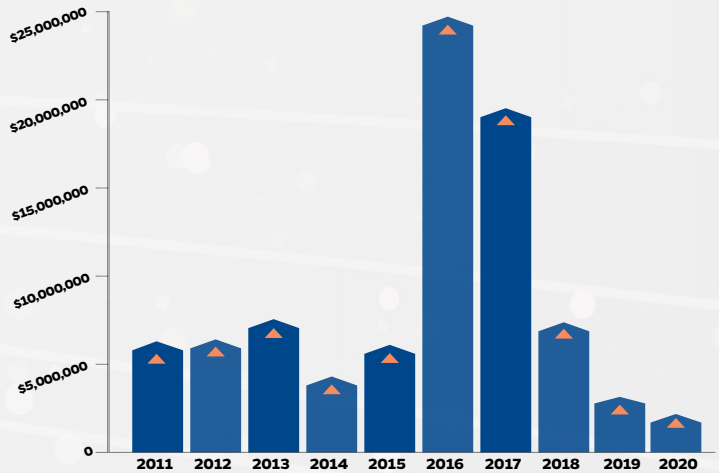
## HIGHLIGHTS

Overall operating revenue increased by over \$5.2 million. Sales of goods and services was up \$5 million based on the \$4.2 million guarantee received for the football team’s participation in a neutral site game vs. Miami in 2019. In 2020 SEC Men’s Basketball revenue, booster contributions and other were down a combined \$3.3 million due to the cancellation of the 2019-2020 NCAA Men’s Basketball Tournament and the Association hosted a Garth Brooks concert in April 2019. Royalties and sponsorship were up \$2.8 million which reflects a signing bonus for the extension of the multimedia rights contract, but a net of sponsorship losses due to the new coronavirus.

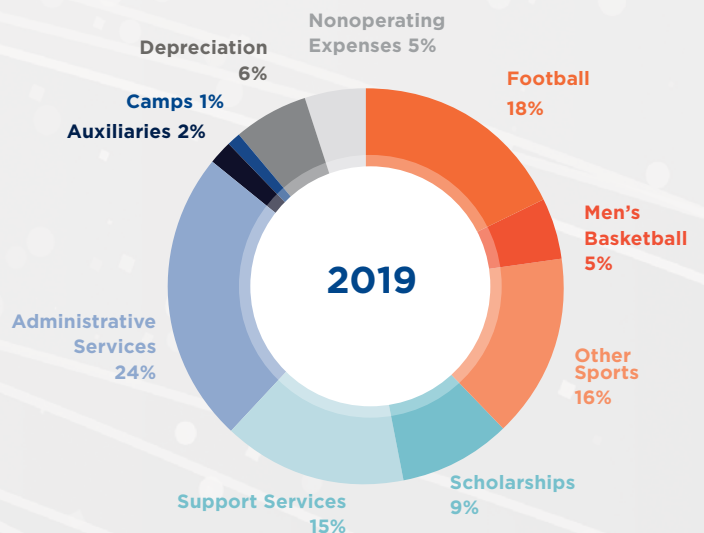
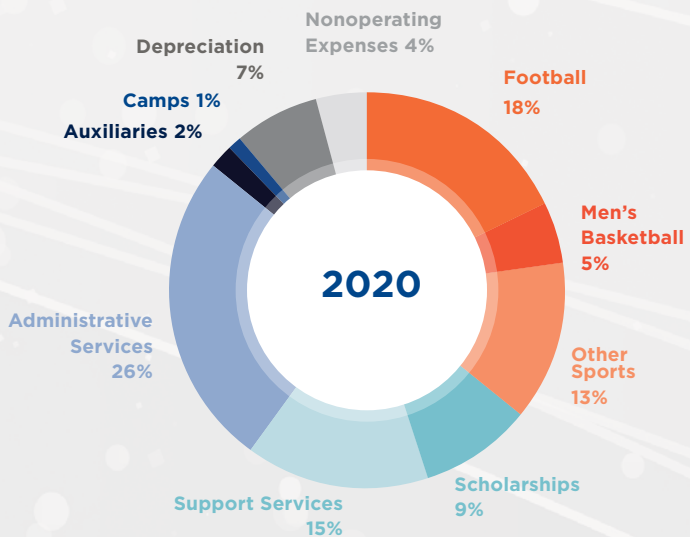
The Association experienced significant decreases in direct team support and student-athlete support categories due to the cancellation of events, recruiting and team travel due to the pandemic starting March 2020. Most notably, direct team expenses decreased by \$6 million due to the cancellations. The Association anticipates the return of these expenses to normalized levels once teams begin to compete again.

Contributions to UF are detailed in note 8 to the financial statements.

## Annual Contributions to the University of Florida



## EXPENSES





## 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)

			2020-2019		2019-2018		
	2020	2019	Increase (decrease)	Percent change	2018	Increase (decrease)	Percent change
<b>Cash flows from:</b>							
Operating activities	\$ 8,895	\$ 21,968	\$ (13,073)	-59.51%	\$ 12,439	\$ 9,529	76.61%
Noncapital financing activities	(141)	(3,350)	3,209	-95.79%	(7,375)	4,025	-54.58%
Capital & related financing activities	(45,832)	16,353	(62,185)	-380.27%	(2,545)	18,898	-742.55%
Investing activities	8,771	(4,218)	12,989	-307.94%	(7)	(4,211)	60157.14%
Net change in cash and cash equivalents	(28,307)	30,753	(59,060)	-192.05%	2,512	28,241	1124.24%
<b>Cash and cash equivalents, beginning of year</b>	38,887	8,134	30,753	378.08%	5,622	2,512	44.68%
<b>Cash and cash equivalents, end of year</b>	<b>\$ 10,580</b>	<b>\$ 38,887</b>	<b>\$ (28,307)</b>	<b>-72.79%</b>	<b>\$ 8,134</b>	<b>\$ 30,753</b>	<b>378.08%</b>

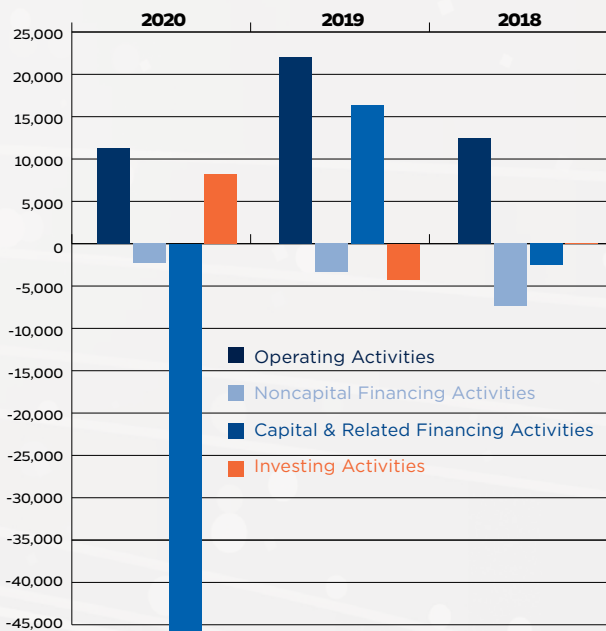


**HIGHLIGHTS**

Cash and cash equivalents were down a net \$28M. This is a result of the decrease in restricted cash due to the use of bond proceeds for capital projects. Cash utilized for construction expense was up 72%. 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.

**Net Cash Flow Activities**

(in thousands)



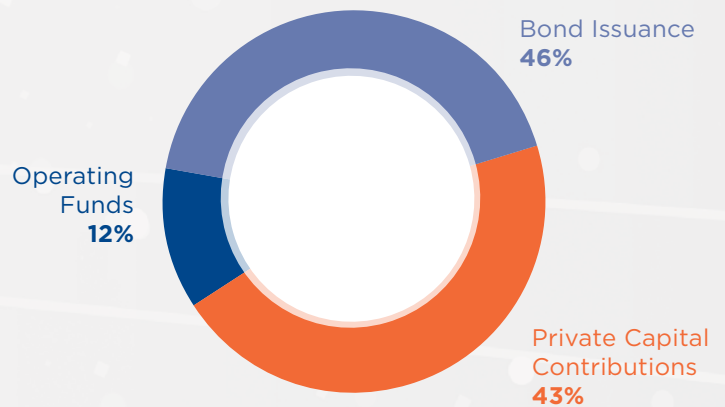
**CAPITAL ASSET AND DEBT ADMINISTRATION**

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.

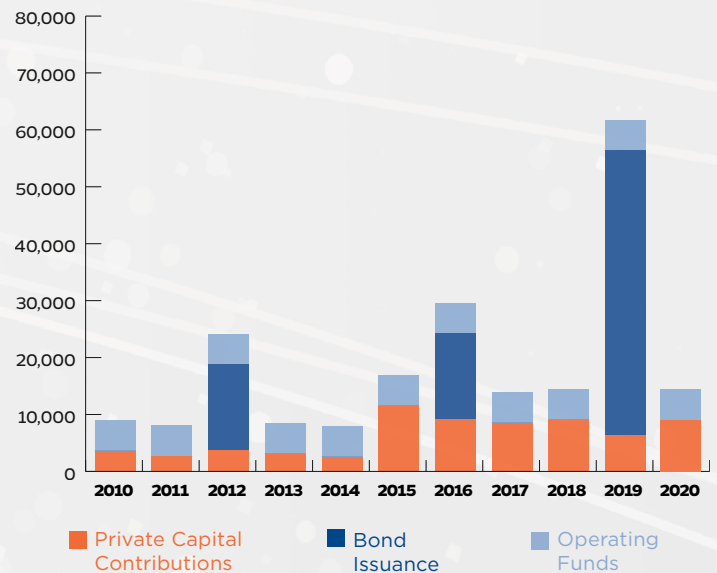
The Association has a rich history of financing these projects through a combination of major capital gifts, Association operating funds, and tax-exempt debt. See exhibits below:

**Annual Capitalized Projects - 2010 through 2020**

**Total of \$174.2M**



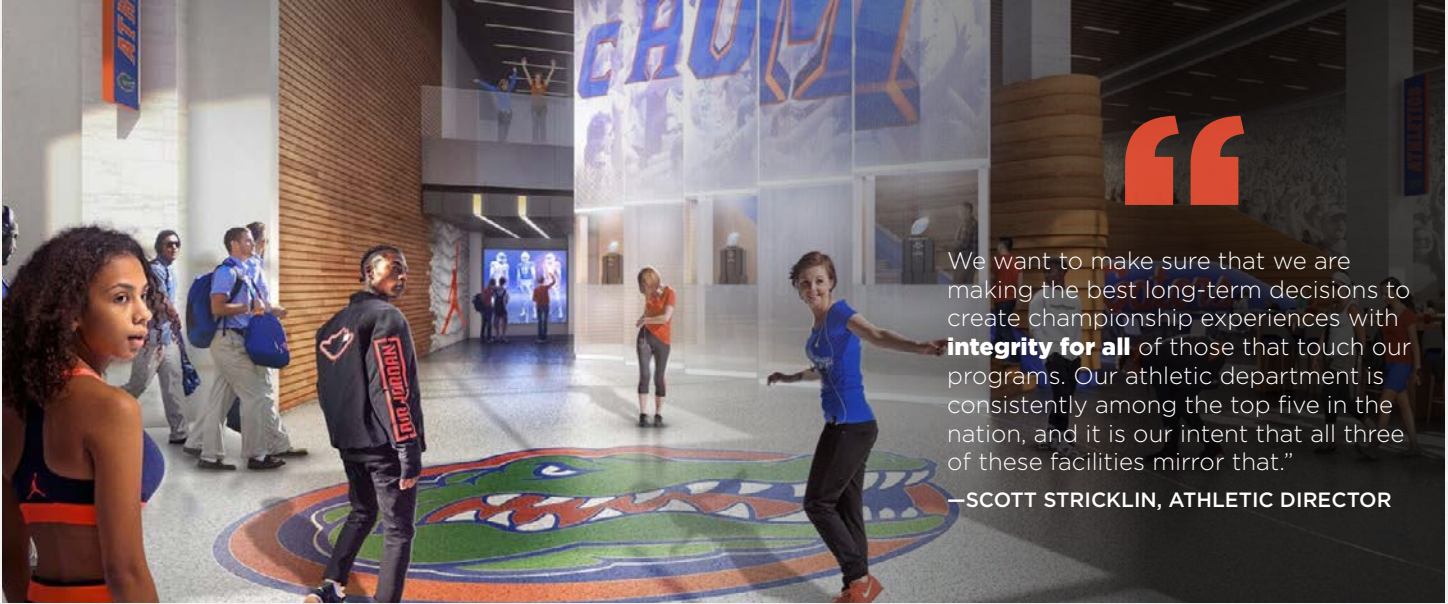
(in thousands)



As of June 30, 2020, the Association has a total of \$119 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 2007 expansion and



**LISTENING.** We strive to listen to uncomfortable truths with humility, setting aside the natural inclination of defensiveness and ego. **UNDERSTANDING.** We seek underlying root causes – history, policy, attitudes – as we desire to learn about why things are the way they are. **WORKING.** In the process of educating ourselves and having open discussions with coworkers, we want to work on bettering ourselves and growing our understanding of the experiences of others, and ultimately putting our learning to action.



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

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 and an expansion and renovation of the Charles R. and Nancy V. Perry Indoor Tennis Facility and the 2016 construction of Gary Condon Family football indoor practice facility and renovation and expansion of the Hawkins Center for Academic and 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 of the softball stadium was completed in February 2019, and the Florida Ball Park is expected to be complete in September 2020.

## ECONOMIC OUTLOOK

Over the past 10 years, the world of college athletics as a whole has recognized remarkable growth along with a number of changes in revenue streams and expense demands. The UAA has realized an increase in revenue of over 40% during this time frame. Recently, however, ticket sales across the country have lagged, but the UAA has been able to stabilize its existing sales across all sports. The UAA has also shifted a larger portion of yearly revenue to more guaranteed and less variable revenue streams.

Although expenses have grown significantly over the past decade, they have grown proportionately across the board. The largest spending changes involve directing more funds towards the support of our student-athletes via direct team support and staff recruitment and retention. The UAA has been able to further its mission of providing a championship experience by way of building new state-of-the-art facilities, enhancing the student-athlete experience,

improving the fan experience, and competing at an elite level in all sports.

The UAA maintains a strong financial position among its peers. Within the SEC, the UAA ranks among the top five schools in total revenue, and also carries debt well below the average for SEC schools. This strong financial position helps to make the UAA uniquely prepared for the uncertainty that lies ahead, and provides the opportunity to continue to grow and move forward as an organization.

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 student-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.

The Association anticipates continued uncertainty in the short term due to the pandemic, but good stewardship over time of the Association’s resources puts our enterprise in the position to weather these challenges and be ready to compete when it is safer to return to sports.

## 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.



GATOR **STRONG**

# **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.

