

**UCF ATHLETICS ASSOCIATION, INC.
(A COMPONENT UNIT OF THE UNIVERSITY
OF CENTRAL FLORIDA)**

FINANCIAL STATEMENTS

JUNE 30, 2025

UCF ATHLETICS ASSOCIATION, INC.
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
UCF Athletics Association, Inc.
Orlando, Florida

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of the UCF Athletics Association, Inc. (the "Association"), a direct support organization and component unit of the University of Central Florida, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Association, as of June 30, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2025 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's 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.

Crowe LLP
Crowe LLP

Oakbrook Terrace, Illinois
October 27, 2025

**UCF ATHLETICS ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Introduction

The UCF Athletics Association, Inc. (the Association), a not-for-profit corporation, is a Direct Support Organization (DSO) of the University of Central Florida (UCF).

When the Association accepted an invitation to join the Big 12 Conference it also embarked on Mission XII, a strategic plan consisting of six objectives to successfully transition UCF Athletics into the Big 12 Conference and lay out a vision for the future. The objectives of Mission XII are as follows:

To fully support our student-athletes in their NIL endeavors.

To provide championship-caliber services to our student-athletes in their career pursuits.

To position UCF Athletics to win conference and national championships.

To successfully transition UCF Athletics into the Big 12 Conference.

To increase the UCF Athletics Operating Budget to be in the top half upon entry into the Big 12, then target top third.

To maximize self-generating revenue through ticket sales/ premium seating, Charge On Fund support, corporate sponsorships, licensing and other avenues.

The Association's core values are as follows:

INTEGRITY

In support of UCF's commitment to excellence, we maintain an unwavering commitment to the highest standards of character and sportsmanship in all we do.

PARTNERSHIP

In support of UCF's role as America's Partnership University, we are committed to fostering teamwork on campus and engaging the community through collaboration and mutually beneficial relationships.

INCLUSION

In support of UCF's commitment to inclusion, we embrace diversity and champion a welcoming and supportive environment for all members of our community.

ACCOUNTABILITY

In support of UCF's commitment to excellence, we set high standards, are reliable and hold ourselves responsible for our actions and results.

The success of the athletics programs can be attributed to many factors, which include its alliance with a great academic institution, outstanding coaches, extremely talented student-athletes, a strong recruiting base, state-of-the-art facilities, affiliation with a nationally competitive conference, tremendous University and community support, and an unequivocal commitment to each sport.

Overview of the Financial Statements and Financial Analysis

The Association is pleased to present its financial statements for the fiscal year ended June 30, 2025. The management's discussion and analysis provides an overview of the financial position and operating activities for the year. The overview presented below highlights the significant financial activities that occurred during the year and should be read in conjunction with our financial statements and notes thereto.

**UCF ATHLETICS ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Using the 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: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows. The Association's net position is one indicator of the improvement or erosion of its financial health. However, one must also consider the non-financial facts such as the overall academic and athletic success as part of the evaluation. This success is evidenced by the following:

In a pivotal leadership moment, Vice President and Director of Athletics Terry Mohajir (re)introduced Scott Frost as the next head football coach at UCF.

Running back RJ Harvey delivered a standout football season, earning First Team All-Big 12 honors after leading the conference and ranking third nationally with 1,577 rushing yards. He scored 25 total touchdowns, including a program-record 22 rushing touchdowns, and established a new UCF all-time mark for career touchdowns with 48.

UCF's women's tennis team made history by capturing the school's first-ever Big 12 championship, dominating Utah 4-1. Men's tennis also surged, defeating in-state rival Florida to secure its first NCAA Sweet 16 appearance in program history. On the softball field, pitcher Isabella Vega was named First Team All-Big 12 after leading the conference with a remarkable 0.89 ERA. The team advanced to the regional finals of the NCAA Tournament, marking its fifth straight NCAA appearance, while head coach Cindy Ball-Malone celebrated her 250th victory at UCF.

Rowing achieved unprecedented success with its first Big 12 championship following a clean sweep in all races. Rower Hannah Lovejoy and head coach Mara Allen were honored as Big 12 Rower and Coach of the Year, respectively. The team capped the season with a program-best 13th-place finish at the NCAA Championships.

Academic excellence remains a point of pride, as UCF student-athletes achieved perfect multi-year Academic Progress Rate (APR) scores of 1,000 in women's volleyball, women's golf, men's golf, and women's tennis. Student-athletes set a new departmental record with a 3.47 GPA, marking 35 consecutive semesters above 3.0 and 12 straight semesters above 3.3. Nearly 79% of student-athletes maintained a GPA of 3.0 or higher, with 53 individuals earning perfect 4.0 GPAs.

Under the guidance of Terry Mohajir, UCF continues to guarantee job placement or graduate school admission for every graduating student-athlete within the first year of graduation, an exceptional commitment in collegiate athletics. Additionally, UCF announced its approach to revenue sharing, investing up to \$20.5 million annually. This includes \$3 million allocated to 74 new scholarships, with 60% supporting women's programs, ensuring a sustainable model for strengthening all athletic teams.

Statement of Net Position

The Statement of Net Position presents the assets, liabilities and net position of the Association as of the end of the fiscal year. The 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 Statement of Net Position is 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 Statement of Net Position are able to determine the assets available to continue the operations of the Association. They can determine how much the Association owes to

**UCF ATHLETICS ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

vendors and lending institutions. Finally, the Statement of Net Position provides a picture of the net position and their availability for expenditure by the Association.

Net position is divided into three major categories. The first category, invested in capital assets, net of related debt, provides the Association's equity in property, plant, and equipment. The second category is restricted net position, which consists of assets that have constraints placed upon their use either by external donors, grantors, 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. The third category is unrestricted net position, which is available to the Association for any purpose.

The following summarizes the Corporation's total net position for fiscal years ended June 30:

Condensed Statement of Net Position				
For the Fiscal Years at June 30				
	2025	2024	Variance	
			Amount	Percentage
Assets				
Current assets	\$ 32,335,826	\$ 30,017,334	\$ 2,318,492	8%
Non-current assets	54,019,216	58,808,473	(4,789,257)	-8%
Total Assets	86,355,042	88,825,807	(2,470,765)	-3%
Liabilities				
Current liabilities	20,095,671	22,115,832	(2,020,161)	-9%
Non-current liabilities	35,482,916	39,250,912	(3,767,996)	-10%
Total Liabilities	55,578,587	61,366,744	(5,788,157)	-9%
Net position				
Net investment in capital assets	32,868,581	27,770,741	5,097,840	18%
Restricted	1,120,996	1,052,434	68,562	7%
Unrestricted	(3,213,122)	(1,364,112)	(1,849,010)	136%
Total Net Position	\$ 30,776,455	\$ 27,459,063	\$ 3,317,392	12%

The Condensed Statement of Net Position above reflects a \$2.5 million decrease in total assets, a \$5.8 million decrease in total liabilities, and a \$3.3 million increase in net position from the prior year. Summarized highlights of the information presented are as follows.

Total current assets primarily consist of unrestricted cash and cash equivalents totaling \$27 million and \$24.5 million as of June 30, 2025 and 2024, respectively. This increase of \$2.5 million is primarily due to an increase in cash provided by contributions. Diligent cash management over the last three fiscal years has allowed the Association to accumulate an operating cash reserve of approximately \$6.2 million. This increase in total current assets was partially offset by a \$1.2 million decrease in due from related parties due to receipts. Prepaid expenses and other current assets increased by \$1.3 million primarily due to pre-payments related to football team travel.

Non-current assets primarily consist of both capital assets totaling \$30.2 million and leased assets totaling \$23.8 million. Leased assets include a football stadium, tennis complex, as well as vehicles and equipment. Capital assets include a softball stadium, indoor and outdoor practice facilities for football, a rowing center, nutrition center, and improvements to the track/soccer facility, the baseball stadium, practice facility for the UCF golf programs, and the Roth Athletic Center (RAC). The RAC is a 37,000 square foot facility containing working spaces for football, locker room space for men's and women's soccer, and offices for several coaches and administrative staff. The \$4.8 million decrease in non-current assets is primarily due to the depreciation and amortization of these assets.

UCF ATHLETICS ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

Current liabilities primarily consist of amounts payable during the next fiscal year, including \$2.0 million of principal on various debt instruments, \$2.1 million for lease liabilities, \$3.4 million of other accounts payable and accrued expenses, and \$12.5 million of unearned football-related revenue. The decrease of \$2 million in current liabilities is primarily due to a \$1.1 million reduction resulting from scheduled payments on debt instruments and a \$1 million decrease in unearned revenue.

Non-current liabilities represent amounts payable after the following fiscal year, primarily consisting of lease liabilities totaling \$23 million and other notes payable to the University and third parties totaling \$11.6 million. The decrease of \$3.8 million in non-current liabilities is primarily due to scheduled lease and debt payments.

Restricted net position includes approximately \$0.3 million restricted for capital projects and \$0.8 million restricted for various non-capital expenditures.

Unrestricted net position is currently in a deficit. The primary reason for the deficit is due to operating loans that were needed in the early years of the Association. As our programs continue to be successful and with our growing alumni base, the deficit should ultimately be eliminated. Although revenue growth may not be as high in the short-term, the Association moved into the Big Twelve Conference on July 1, 2023, which will bring increased revenues and national exposure to the University and the Association. In addition, a growing alumni and market base should result in increased sponsorships, ticket sales, contributions, and suite/club sales from the new facilities that, in time, will put the Association in a stronger unrestricted financial position.

Summary of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues and expenses incurred during the fiscal year. Revenues and expenses are reported as operating and nonoperating. The GASB requires that state appropriations and other revenues, which are not payments for services, be classified as nonoperating revenues. Likewise, interest on related debt is classified as a non-operating expense. Because these nonoperating revenues, which include distributions from related parties, are budgeted to fund operating expenses, classifying them as nonoperating can cause the reporting of an operating loss. Therefore, the Association believes that income after distributions (included in the nonoperating revenues/expense section) provides the most appropriate measure of its financial results. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

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

In general, operating revenues are received for providing goods and services to our 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. Nonoperating revenues are revenues received for which goods or services are not provided.

**UCF ATHLETICS ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

	Condensed Statement of Revenues, Expenses, and Changes in Net Position			
	2025	2024	Variance	
			Amount	Percentage
Operating revenues:				
Student fees	\$ 23,671,937	\$ 23,585,871	\$ 86,066	0%
Conference and NCAA distributions	19,990,640	20,394,352	(403,712)	-2%
Game tickets	17,621,626	15,978,548	1,643,078	10%
Sponsorships and royalties	13,703,426	12,512,232	1,191,194	10%
Game guarantees	891,200	225,500	665,700	295%
Other operating revenues	1,904,048	2,015,197	(111,149)	-6%
Total operating revenues	77,782,877	74,711,700	3,071,177	4%
Operating expenses:				
Salaries and benefits	30,981,272	28,229,243	2,752,029	10%
Independent contractors	15,677,103	15,520,199	156,904	1%
Scholarships	12,494,856	12,135,449	359,407	3%
Travel	8,990,176	7,230,992	1,759,184	24%
Other operating expenses	26,316,005	26,186,689	129,316	0%
Total operating expenses	94,459,411	89,302,572	5,156,839	6%
Nonoperating revenues (expenses):				
Net Contributions from UCF and related entities	15,830,824	15,497,367	333,457	2%
Net Contributions from Stadium Corporation	5,267,417	4,901,596	365,821	7%
Net other nonoperating revenues (expenses)	(714,301)	(859,948)	145,647	-17%
Loss on disposal of assets	(1,207,474)	-	(1,207,474)	100%
Total nonoperating revenues (expenses)	19,176,466	19,539,015	(362,549)	-2%
Capital contributions	817,460	1,435,135	(617,675)	-43%
Gain on loan forgiveness from UCF Foundation	-	9,770,000	(9,770,000)	100%
Increase (decrease) in net position	3,317,392	16,153,278	(12,835,886)	-79%
Net position, beginning of year	27,459,063	11,305,785	16,153,278	143%
Net position, end of year	\$ 30,776,455	\$ 27,459,063	\$ 3,317,392	12%

The Condensed Statement of Revenue, Expenses, and Changes in Net Position above reflects a \$3.3 million increase in net position from the prior year. Summarized highlights of the information presented are as follows.

Revenues:

Total operating revenues increased \$3 million. This is primarily due to a \$1.6 million increase in ticket sales and a \$1.2 million increase in sponsorships and royalties. The increase in ticket sales was primarily related to football ticket revenue. The increase in sponsorships and royalties is due to negotiated increases in the University's beverage contract as well as increases in licensing revenues.

**UCF ATHLETICS ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Expenses:

Total operating expenses increased by \$5.2 million. Salaries and benefits increased \$2.8 million due to increases needed to align with Big 12 standards, coaching and staff hires, and relocation expenses. The \$1.8 million increase in travel is also related to alignments in spending with peer institutions in the Big 12 Conference.

Nonoperating revenues (expenses):

Nonoperating revenues consist primarily of reimbursements from gift accounts held by UCF Foundation, Inc. and net transfers of excess revenues from UCF Stadium Corporation. Nonoperating expenses include a \$1.2 million loss on disposal of assets in the current fiscal year (see Note 4).

Other changes in net position:

In the prior fiscal year, other significant changes in net position included a \$9.8 million non-recurring gain resulting from loan forgiveness by UCF Foundation, Inc. This action was approved by the foundation's board of directors and the University's board of trustees in recognition of the contributions made by the athletic programs and the importance of the Association's success in a new athletic conference.

Statement of Cash Flows

The final statement presented is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the Association during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used in the operating activities of the Association. The second section reflects cash flows from noncapital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with cash used for the acquisition and construction of capital and related items. The fourth section deals with cash flows from investing activities. The fifth section reconciles the net cash used in operating activities to the operating income reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

	Condensed Statement of Cash Flows		Variance	
	2025	2024	Amount	Percentage
Cash flows from:				
Operating activities, net	\$ (1,017,554)	\$ 7,611,598	\$ (8,629,153)	-113%
Noncapital financing activities, net	3,153,544	(538,341)	3,691,885	-686%
Capital and related financing activities, net	(237,664)	(1,098,002)	860,338	-78%
Investing activities, net	295,293	265,134	30,159	11%
Net change in cash and cash equivalents	2,193,619	6,240,389	(4,046,771)	-65%
Cash and cash equivalents, beginning of year	24,826,979	18,586,590	6,240,389	34%
Cash and cash equivalents, end of year	<u>\$ 27,020,598</u>	<u>\$ 24,826,979</u>	<u>\$ 2,193,619</u>	<u>9%</u>

The Condensed Statement of Cash Flows above reflects a \$2.2 million increase in cash and cash equivalents from the prior year. Summarized highlights of the information presented are as follows.

The \$8.6 million decrease in cash flows from operating activities primarily relates to an increase of \$5 million in payments to suppliers and others and \$3 million in payments to employees.

The \$3.7 million increase in cash flows from noncapital financing activities primarily relates to an increase of \$1.3 million in contributions received from UCF Foundation, Inc. and a \$1.8 million decrease in distributions to the University.

The \$0.9 million increase in cash flows from capital and related financing activities is primarily due to an increase in contributions from UCF Stadium Corporation.

**UCF ATHLETICS ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Capital Asset and Debt Administration

The Association obtained a line of credit in the fall of 2004 with a local bank to fund certain capital projects. At the end of the year, approximately \$3.8 million was outstanding on the reducing balance revolving line of credit. Uses of the funds from the line of credit since the 2004-05 year were for the resurfacing of the women's track, a new softball stadium, a new Rowing Boat House, renovation to the soccer/track complex, adding seats to the baseball stadium, and a portion of the cost related to the construction of a golf practice facility.

In fiscal year 2019-20, the Association obtained an \$8.5 million loan to construct the Roth Athletics Center, an approximately 37,000 square foot facility that expanded the meeting space utilized by the football program, locker room facilities for men's and women's soccer, and administrative offices. The loan has a term of five years at a fixed interest rate of 2%. The loan was repaid in full during the current fiscal year.

Economic Outlook

UCF Foundation, Inc. recognized an all-time high in fundraising efforts, with \$52.8 million in cash and commitments for the fiscal year ending June 30, 2025. This record was made possible by the generosity of 13,206 donors, including 467 Shareholders Society members and 579 Varsity Knights supporters. Incredibly, this marks the fourth consecutive year UCF has surpassed \$40 million in annual fundraising commitments to the Charge On Fund.

In December 2024, UCF officially broke ground on the Roth Tower at Acrisure Bounce House, a landmark project powered by a commitment to Tourist Development Tax revenues from the Orange County Board of County Commissioners. Construction of the Roth Tower and the Hagle Football Gateway is progressing rapidly, promising to transform gameday experiences, generate year-round revenue, and drive tourism to Central Florida.

On September 10, 2021, the Association entered a new, exciting era when UCF was invited to join the Big Conference. In June of 2022, the Association negotiated an exit from the American Athletic Conference effective as of June 30, 2023. With the projected increase in revenue streams from this membership (television, sponsorships, ticket sales, etc.), a growing alumni base most of whom live in the Central Florida region, increased revenue from fundraising and corporate partnerships, and the national exposure the University will continue to receive, the deficit balance in unrestricted net position should continue to decline over time.

Requests For Information

This financial report is designed to provide a general overview of the Association's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Executive Associate Athletics Director/CFO, at 4465 Knights Victory Way, Orlando, FL 32816.

**UCF ATHLETICS ASSOCIATION, INC.
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**

Assets

Current assets

Cash and cash equivalents	\$ 27,020,598
Accounts receivable, net	3,625,514
Due from related parties	269,287
Prepaid expenses and other current assets	1,420,426
Total current assets	<u>32,335,826</u>

Non-current assets

Restricted cash and cash equivalents	-
Depreciable capital assets, net	29,522,067
Nondepreciable capital assets	700,272
Lease assets, net	23,796,878
Total noncurrent assets	<u>54,019,216</u>
Total assets	<u>86,355,042</u>

Liabilities

Current liabilities

Current portion of loans and notes payable - related party	1,002,263
Current portion of loans and notes payable	360,000
Current portion of athletic conference exit fee payable	666,667
Current portion of lease liability - related party	1,746,342
Current portion of lease liability	387,009
Current portion of compensated absences	145,857
Accounts payable and accrued expenses	2,521,576
Due to related parties	782,389
Unearned revenue	12,483,567
Total current liabilities	<u>20,095,671</u>

Non-current liabilities

Loans and notes payable, less current portion - related party	1,541,174
Loans and notes payable, less current portion	3,420,000
Athletic conference exit fee payable	6,666,666
Lease liability, less current portion - related party	19,140,364
Lease liability, less current portion	3,812,142
Compensated absences, less current portion	902,570
Total noncurrent liabilities	<u>35,482,916</u>
Total liabilities	<u>55,578,587</u>

Net position

Net investment in capital assets	32,868,581
Restricted for:	
Capital projects	276,922
Specific sports' activities	844,074
Unrestricted	(3,213,122)
Total net position	<u>\$ 30,776,455</u>

The accompanying notes to the financial statement are an integral part of the statement.

UCF ATHLETICS ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

Operating revenues	
Student athletic fees	\$ 23,671,937
Conference and NCAA distributions	19,990,640
Game tickets	17,621,626
Sponsorships and royalties	13,703,426
Game guarantees	891,200
Other	1,904,048
Total operating revenues	<u>77,782,877</u>
Operating expenses	
Salaries and benefits	30,981,272
Independent contractors	15,677,103
Athletic supplies and subsistence	6,955,653
Game guarantees	1,929,400
Travel	8,990,176
Other general and administrative	11,176,914
Utilities	1,741,499
Scholarships	12,494,856
Depreciation and amortization	4,512,538
Total operating expenses	<u>94,459,411</u>
Operating income (loss)	<u>(16,676,534)</u>
Nonoperating revenues (expenses)	
Contributions from the University of Central Florida - Scholarship Support (non-cash)	11,563,773
Contributions from the University of Central Florida - Gender Equity Allocation (non-cash)	938,539
Transfers to the University of Central Florida	(1,174,822)
Contributions from the UCF Foundation	3,850,434
Contributions from the UCF Foundation - Gift Scholarship Support (non-cash)	652,900
Contributions from UCF Stadium Corporation	10,864,792
Distributions to UCF Stadium Corporation	(5,597,374)
Other nonoperating expense	(146,163)
Interest income	295,293
Interest expense	(863,431)
Loss on disposal of assets	(1,207,474)
Total nonoperating revenues (expenses)	<u>19,176,466</u>
Loss before capital contributions and special item	<u>2,499,932</u>
Capital contributions	817,460
Increase in net position	<u>3,317,392</u>
Net position, beginning of year	27,459,063
Net position, end of year	<u>\$ 30,776,455</u>

The accompanying notes to the financial statement are an integral part of the statement.

**UCF ATHLETICS ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

Cash flows from operating activities	
Receipts from student athletic fees	\$ 23,734,008
Receipts from conference and NCAA distributions	19,990,640
Receipts from ticket sales	16,628,281
Receipts from sponsorships	13,782,343
Other receipts	3,017,860
Payments to employees	(29,921,728)
Payments to suppliers and others	(47,970,776)
Payments for scholarships	(278,182)
Net cash provided by (used in) operating activities	<u>(1,017,554)</u>
Cash flows from noncapital financing activities	
Exit fee payments to athletic conference	(666,667)
Contributions from UCF Foundation	5,141,197
Distributions to University of Central Florida	(1,174,822)
Other nonoperating receipts	(146,163)
Net cash provided by (used in) noncapital financing activities	<u>3,153,544</u>
Cash flows from capital and related financing activities	
Contributions from UCF Stadium Corporation	10,864,792
Distributions to UCF Stadium Corporation	(5,561,300)
Capital donations	817,460
Purchases of capital assets	(647,229)
Principal and interest payments on debt obligations	(2,806,839)
Payments for leased assets - related party	(2,255,871)
Payments for leased assets	(648,677)
Net cash provided by (used in) capital and related financing activities	<u>(237,664)</u>
Cash flows from investing activities	
Interest income received	295,293
Net cash provided by (used in) investing activities	<u>295,293</u>
Net increase (decrease) in cash and cash equivalents	<u>2,193,619</u>
Cash and cash equivalents, beginning of year	24,826,979
Cash and cash equivalents, end of year	<u>\$ 27,020,598</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ (16,676,534)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	4,512,538
Contributions from the University of Central Florida - Scholarship Support (non-cash)	11,563,773
Contributions from the University of Central Florida - Gender Equity Allocation (non-cash)	938,539
Contributions from UCF Foundation - Gift Funded Scholarship Support (non-cash)	652,900
Changes in assets and liabilities:	
Accounts receivable, net	363,600
Prepaid expenses and other current assets	(1,339,818)
Accounts payable and accrued expenses	(2,101)
Unearned revenue	(993,345)
Compensated absences	121,005
Due from/ to Universtiy of Central Florida	(119,100)
Due from/ to UCF Convocation Corporation	(39,011)
Net cash provided by (used in) operating activities	<u>\$ (1,017,554)</u>
Supplemental disclosure of noncash investing and capital financing activities:	
Loss on disposal of assets	\$ (1,207,474)

The accompanying notes to the financial statement are an integral part of the statement.

**UCF ATHLETICS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

(1) Summary of Significant Accounting Policies:

The following is a summary of the significant accounting policies and practices of the UCF Athletics Association, Inc. (the Association), which affect significant elements of the accompanying financial statements:

(a) **Reporting entity**—The Association is a not-for-profit entity incorporated on July 1, 2003. The Association was created by the University of Central Florida (the University) as a direct support organization whose purpose is to operate and promote intercollegiate athletic programs to benefit the University and surrounding communities. As a direct support organization and component unit of the University, the Association operates for the service and convenience of the University. The Corporation is presented as a discrete component unit on the University's financial statements.

(b) **Financial statement presentation**—The Association's financial statements are presented in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*, as amended, which requires the Association to present:

- ◆ Management's Discussion and Analysis
- ◆ Basic Financial Statements:
 - Statement of Net Position
 - Statement of Revenues, Expenses and Changes in Net Position
 - Statement of Cash Flows
 - Notes to Financial Statements

(c) **Measurement focus and basis of accounting**—Basis of accounting refers to when revenues, expenses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources, are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The Association's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The Association follows GASB standards of accounting and financial reporting.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the Association's policy to first apply the restricted resources to such programs, followed by the use of the unrestricted resources.

The statement of revenues, expenses and changes in net position is presented in a format to distinguish operating revenues and expenses from non-operating activities. The Association's principal operating activities directly relate to the operation of the University's intercollegiate athletic programs as well as the administration, operation and maintenance of capital assets, and depreciation of capital assets. Nonoperating revenues include contributions from the University and other direct support organizations, and distributions to the University and other direct support organizations of the University.

The statement of cash flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*.

UCF ATHLETICS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

(d) **Cash and cash equivalents**—Cash and cash equivalents consist of cash on hand and cash in demand accounts, pooled cash held with the University, and money market funds available for immediate use. Cash and cash equivalents that are externally restricted to make debt service payments, or to purchase or construct capital or other restricted assets, are classified as restricted.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the Association will not be able to recover deposits. The Association does not have a deposit policy for custodial credit risk, although all demand deposits with banks are federally insured up to FDIC limits. As of June 30, 2025, no part of the Association's bank balance or pooled cash held with the University was exposed to custodial credit risk as uninsured and uncollateralized.

(e) **Accounts receivable**—Accounts receivable are stated at the amount management expects to collect from balances at year-end. Allowances for doubtful accounts are reported based on management's best estimate as of the fiscal year end considering the type, age, collection history, and other factors considered appropriate. Accounts receivable are reported net of an allowance of \$481. The Association has no policy requiring collateral or other security to support its accounts receivable.

(f) **Capital assets**—Association capital assets consist of land, construction in progress, buildings, furniture and equipment, leasehold improvements, lease assets, computer software, and other capital assets. These assets are capitalized and recorded at cost at the date of acquisition. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The Association has a capitalization threshold of \$5,000 and a useful life of more than one year. New buildings and building improvements have a \$100,000 capitalization threshold. Leased assets have a capitalization threshold of \$5,000 for equipment and \$100,000 for space based on the initial calculated net present value. Depreciation is computed on the straight-line basis over their estimated useful lives, which range from 3 to 39 years.

(g) **Leases**—The Association determines if an arrangement is a lease at inception. Lessee arrangements are included in lease assets and liabilities in the Statement of Net Position. Lease assets represent the Association's control of the right to use an underlying asset for the lease term, as specified in the contract. In exchange or exchange-like transactions, lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized systematically and rationally over the shorter of the lease term or the useful life of the underlying asset. Lease liabilities represent the Association's obligation to make lease payments from the lease arrangement. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less applicable lease incentives. Interest expense is recognized over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Association will exercise that option.

The Association has established a materiality threshold of \$5,000 for equipment and \$100,000 for space based on the initial calculated net present value. Leases with a lease term of 12 months or less, or under the materiality threshold, are not included as lease liabilities or right-to-use leased assets on the Statement of Net Position. Instead, the Association recognizes these lease payments as outflows of resources.

(h) **Income taxes**—The Association is generally exempt from Federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

The Association files tax returns in the U.S. federal jurisdiction. The Association's tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

**UCF ATHLETICS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

The Association has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Association.

(i) **Athletic fees**—The University charges an athletic fee to students each semester based on credit hours enrolled. Athletic fees for semesters which cross fiscal years are recognized during the year in which the semester is predominantly conducted. Athletic fees entitle students to attend all sporting events free of charge. The Association records athletic fees as operating revenues. Approximately 24% of total operating and non-operating revenue, net of distributions to UCF Stadium Corporation were derived from athletic fees during the year ended June 30, 2025.

Student athletic fees	\$ 23,671,937
Total operating revenues	77,782,877
Contributions from the University of Central Florida - Scholarship Support	11,563,773
Contributions from the University of Central Florida - Gender Equity Allocation	938,539
Contributions from UCF Foundation	3,850,434
Contributions from UCF Foundation - Gift Funded Scholarship Support	652,900
Contributions from UCF Stadium Corporation	10,864,792
Distributions to UCF Stadium Corporation	<u>(5,597,374)</u>
	<u>\$ 100,055,941</u>
	<u>24%</u>

(j) **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.

(k) **Unearned revenue**—Unearned revenue consists of advanced sales of athletic event tickets including seat premiums. Revenue is recognized in the period the athletic event occurs.

(l) **Compensated absences**—State employees that work for the Association earn the right to be compensated during absences for annual leave (vacation) and sick leave pursuant to Section 6C-5.920 Florida Administrative Code and pursuant to bargaining agreements between the Board of Regents and the United Faculty of Florida. Employees hired after July 1, 2003, are employees of the Association and earn the right to be compensated during absences for annual leave (coaches and staff with similar duties as coaches are excluded) and sick leave pursuant to the Association’s policies and procedures. Leave earned is accrued to the credit of the employee and records are kept on each employee’s unpaid (unused) leave balance. The Association has recorded an accrual for the liability for the employee’s right to receive compensation for future absences.

(m) **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, grantors, 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.

**UCF ATHLETICS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

- Unrestricted – consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

Net investment in capital assets	\$ 32,868,581
Restricted	1,120,996
Unrestricted	<u>(3,213,122)</u>
Total net position	<u>\$ 30,776,455</u>

(n) **Use of estimates**—The preparation of financial statements in conformity with accounting assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Change in Accounting Principle:

The Association implemented GASB Statement No. 101, Compensated Absences, which updates the recognition and measurement guidance for compensated absences and requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. Implementation of GASB 101 in the current year resulted in an increase to the overall liability for compensated absences of \$121,005.

(3) Accounts Receivable:

Accounts receivable represent amounts for student athletic fees, sponsorship revenues from third parties, and various other billable amounts. As of June 30, 2025, the Association reported the following amounts as accounts receivable:

Student athletic fees	\$ 1,549,322
Sponsorships	1,814,833
Other	261,840
Allowance for doubtful accounts	<u>(481)</u>
Total accounts receivable, net	<u>\$ 3,625,514</u>

Bad debt expense for the year ended June 30, 2025 was \$208,121.

**UCF ATHLETICS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

(4) Capital Assets:

Capital assets activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Disposals	Reclass	Ending Balance
Capital assets not being depreciated:					
Land	\$ 700,272	\$ -	\$ -	\$ -	\$ 700,272
Construction in progress	-	-	-	-	-
Total nondepreciable capital assets	<u>700,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>700,272</u>
Capital assets being depreciated:					
Furniture and equipment	6,374,991	647,229	-	137,040	7,159,260
Facilities improvements	35,153,072	-	(1,719,069)	(4,934,842)	28,499,162
Leasehold improvements	9,458,735	-	(1,015,930)	4,797,802	13,240,607
Total depreciable capital assets	<u>50,986,799</u>	<u>647,229</u>	<u>(2,734,999)</u>	<u>-</u>	<u>48,899,029</u>
Accumulated depreciation					
Furniture and equipment	(5,017,474)	(428,395)	-	(111,962)	(5,557,831)
Facilities improvements	(10,973,800)	(999,831)	977,430	2,161,454	(8,834,748)
Leasehold improvements	(2,994,351)	(490,636)	550,095	(2,049,491)	(4,984,383)
Total accumulated depreciation	<u>(18,985,625)</u>	<u>(1,918,862)</u>	<u>1,527,525</u>	<u>-</u>	<u>(19,376,962)</u>
Total depreciable capital assets, net	<u>32,001,174</u>	<u>(1,271,633)</u>	<u>(1,207,474)</u>	<u>-</u>	<u>29,522,067</u>
Capital assets, net	<u>\$ 32,701,446</u>	<u>\$ (1,271,633)</u>	<u>\$ (1,207,474)</u>	<u>\$ -</u>	<u>\$ 30,222,339</u>

**UCF ATHLETICS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

(5) Long-Term Liabilities:

Long-term liabilities activity for the year ended June 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes payable (direct borrowings):					
Notes payable to the University	\$ 3,552,537	\$ -	\$ (1,009,100)	\$ 2,543,437	\$ 1,002,263
Line of credit – promissory note	4,125,000	-	(345,000)	3,780,000	360,000
Construction note	1,155,000	-	(1,155,000)	-	-
Total notes payable (direct borrowings)	<u>8,832,537</u>	<u>-</u>	<u>(2,509,100)</u>	<u>6,323,437</u>	<u>1,362,263</u>
Athletic conference exit fee payable	8,000,000	-	(666,667)	7,333,333	666,667
Compensated absences	927,422	161,168	(40,163)	1,048,427	145,857
Totals	<u>\$ 17,759,959</u>	<u>\$ 161,168</u>	<u>\$ (3,215,930)</u>	<u>\$ 14,705,197</u>	<u>\$ 2,174,787</u>

The Association currently has a note payable to the University. Interest on the note payable accrues at a floating rate per annum equal to the SPIA rate of return as of the prior fiscal year, which was 2.9% for the year ended June 30, 2025. The loan had a maturity date in 2025 but was restructured during fiscal 2021 and now matures in 2027. The restructuring allowed for the deferral of the fiscal years 2021 and 2022 payments in the amount of \$1 million each year. Interest continued to accrue during the deferral period and was added to the outstanding principal balance. In the event of default, after 30 days the entire principal sum and accrued interest becomes due at the option of the University and the interest rate shall increase to the highest rate allowable under Florida law. The note is not subject to any acceleration clauses. At June 30, 2025, the outstanding amount was \$2,543,437.

The Association previously had a line of credit with a local bank to fund certain capital projects. During 2015, the line of credit was modified to disallow additional borrowings and repay the outstanding balance as a line of credit promissory note by June 2033 under a specified repayment schedule. The repayment schedule below assumes the agreement is renewed annually. If the agreement is not renewed annually, however, the entire balance will be due in full at that time. At June 30, 2025, the amount outstanding on the note was \$3,780,000. In July 2023, the Association renewed the agreement until July 2033, which carries interest at 79% of the Term SOFR Rate plus 1.34% (4.86% at June 30, 2025) and is secured by all student athletic fee revenue. In the event of default, the Lender may declare the loan and all obligations to be fully due and payable in their aggregate amount, together with accrued interest and all prepayment premiums, fees, and charges. The note is subject to acceleration if the lender reasonably deems itself insecure for any reason.

On October 2, 2019, the Association entered into a direct borrowing loan from a financial institution in the amount of \$8,550,000 to complete the buildout of phase two of the Roth Athletics Center located on the UCF campus. The loan matured on September 1, 2024, and there is no outstanding balance on this borrowing as of June 30, 2025.

On September 10, 2021, the UCF Board of Trustees voted to accept an invitation to join the Big 12 Conference and withdraw from the American Athletic Conference by July 1, 2024. On June 9, 2023, the Association and American Athletic Conference executed a separation agreement allowing for UCF's exit effective June 30, 2023. In accordance with the separation agreement, the Association agreed to pay an exit fee of \$18,000,000. The amount outstanding at the end of the year was \$7,333,333 with installments of \$666,667 due in fiscal year ending June 30, 2026 and annually thereafter through fiscal year ending June 30, 2036.

Interest expense for the year ended June 30, 2025 related to these borrowings was \$297,739.

**UCF ATHLETICS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Future principal and interest payments for the loans outstanding as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 2,028,930	\$ 281,275	\$ 2,310,205
2027	2,577,841	225,281	2,803,122
2028	1,051,667	148,093	1,199,760
2029	1,066,667	129,399	1,196,066
2030	1,086,667	109,977	1,196,644
2031-2035	5,178,332	228,451	5,406,783
2036	666,666	-	666,666
Total	\$ 13,656,770	\$ 1,122,476	\$ 14,779,246

(6) Leases:

The Association follows GASB Statements No. 87, *Leases* and No. 96, *Subscription-Based Information Technology Arrangements*. This statement requires the Association to recognize certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the contract's payment provisions. Under this statement, a lessee is required to recognize a lease liability and intangible right to use the leased asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about the Association's leasing activities.

Space, equipment and software are leased from external parties and UCF Stadium Corporation for various terms under long-term, non-cancellable agreements. The leases expire on various dates and provide renewal options ranging from 3 to 60 years. The expected payments are discounted using the interest rate charged on the lease, if available, or are otherwise discounted using the Association's incremental borrowing rate. The Association does not have any leases subject to a residual value guarantee.

**UCF ATHLETICS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Leased asset activity for the year ended June 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Leased assets being amortized:				
Furniture and equipment	\$ 1,348,543	\$ 72,628	\$ -	\$ 1,421,170
Facilities	31,044,486	-	-	31,044,486
Software	-	560,197	-	560,197
Total leased assets	<u>32,393,029</u>	<u>632,825</u>	<u>-</u>	<u>33,025,853</u>
Accumulated amortization:				
Furniture and equipment	(830,669)	(282,445)	-	(1,113,114)
Facilities	(5,804,630)	(1,937,767)	-	(7,742,397)
Software	-	(373,465)	-	(373,465)
Total accumulated amortization	<u>(6,635,299)</u>	<u>(2,593,676)</u>	<u>-</u>	<u>(9,228,975)</u>
Leased assets, net	<u>\$ 25,757,730</u>	<u>\$ (1,960,852)</u>	<u>\$ -</u>	<u>\$ 23,796,878</u>

Lease liabilities activity for the year ended June 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Lease liabilities	<u>\$ 26,791,888</u>	\$ 645,415	<u>\$ (2,351,446)</u>	<u>\$ 25,085,858</u>	<u>\$ 2,133,351</u>
Totals	<u>\$ 26,791,888</u>	\$ 645,415	<u>\$ (2,351,446)</u>	<u>\$ 25,085,858</u>	<u>\$ 2,133,351</u>

Interest expense for the year ended June 30, 2025 related to these leases was \$565,692.

**UCF ATHLETICS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Future commitments for remaining leases payable as of June 30, 2025 are as follows:

<u>Year Ending June 30,</u>	<u>Total</u>	<u>External Parties</u>		<u>Related Parties</u>	
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 2,654,357	\$ 387,009	\$ 105,183	\$ 1,746,342	\$ 415,822
2027	2,325,279	65,145	97,146	1,782,077	380,911
2028	2,316,135	60,143	95,798	1,814,912	345,281
2029	2,223,129	7,115	95,013	1,811,531	309,469
2030	2,210,633	(5,415)	95,048	1,847,599	273,401
2031 - 2035	11,080,782	(669)	476,452	9,804,649	800,351
2036 - 2040	2,646,301	51,331	473,970	2,079,595	41,405
2041 - 2045	579,975	115,826	464,149	-	-
2046 - 2050	640,338	195,077	445,261	-	-
2051 - 2055	706,985	291,716	415,269	-	-
2056 - 2060	780,568	408,794	371,774	-	-
2061 - 2065	861,810	549,850	311,959	-	-
2066 - 2070	951,507	718,985	232,522	-	-
2071 - 2075	1,050,540	920,942	129,598	-	-
2076 - 2080	450,219	433,303	16,917	-	-
Total	<u>\$ 31,478,557</u>	<u>\$ 4,199,151</u>	<u>\$ 3,826,060</u>	<u>\$ 20,886,706</u>	<u>\$ 2,566,639</u>

(7) Related Party Transactions:

Amounts due from and to related parties as of June 30, 2025 were as follows:

	Due from related parties	Due to related parties
Due from the University of Central Florida	\$ 135,753	\$ 18,579
Due from the UCF Foundation, Inc.	110,517	628,249
Due from the UCF Stadium Corporation	-	108,112
Due from the UCF Convocation Corporation	23,017	27,449
Total	<u>\$ 269,287</u>	<u>\$ 782,389</u>

Nonoperating revenue includes amounts expended directly by the University to support gender equity in athletics (\$938,539) and athletic scholarships/books (\$12,216,673). These contributions totaling \$13,155,212 represent non-cash contributions received on the accompanying financial statements. Additionally, capital assets and donations received for capital projects totaling \$1,174,822 were transferred to the University.

The Association is assessed an annual overhead charge by the University of \$100,000 for utilization of facilities and equipment. The fair market value of renting the facilities and equipment is not subject to objective measurement or valuation and are not included in these financial statements.

The Association entered into an agreement with the University of Central Florida Campus Life for maintenance of the turf grass fields used by Campus Life. Under the terms of the agreement, the Association was compensated \$129,887 during the year ended June 30, 2025. These fees are to specifically cover expenses incurred in maintaining the turf.

**UCF ATHLETICS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Sponsorship revenue includes \$1,144,336 allocated from the University’s exclusive beverage provider contract and \$1,619,854 of licensing commissions for the sale of licensed athletic apparel and other merchandise allocated from the University’s contract with a third party.

The Association received contributions from UCF Foundation, Inc. representing donations used to fund operations (\$3,850,434).

The Association transferred funds to the UCF Stadium Corporation (the Corporation) for liabilities incurred related to the construction of the football stadium and for repayment of trust indentures as described in Note (9). In accordance with the trust indentures agreements, the Corporation transferred funds back to the Association, for any unrestricted funds after the annual debt service payments have been made for the year. Distributions to and from the Association and the Corporation for the year ended June 30, 2025, are as follows:

Distributions to UCF Stadium Corporation	\$ (5,597,374)
Distributions from UCF Stadium Corporation	10,864,792
Stadium rent payments to UCF Stadium Corporation	<u>(2,121,000)</u>
Net distributions	<u>\$ 3,146,417</u>

(8) Retirement:

The Association sponsors the UCF Athletics Association, Inc. Employees’ 403(b) plan, a defined contribution plan covering substantially all full-time employees. Contributions are made by the Association to the plan based on eligible employees’ earnings. The Association contributes 5% of eligible employee earnings to the plan. Participants are vested immediately in their contributions plus actual earnings thereon. A participant is fully vested after two years of credited service. Participants become immediately 100% vested in the Association’s contribution portion of their accounts upon death, disability, or the attainment of normal retirement age, as defined in the Plan. Forfeited non-vested accounts with balances totaling \$59,172 were used to reduce employer contributions during the year ended June 30, 2025. Total contributions to the retirement plan for the year ended June 30, 2025, were \$1,011,233.

(9) Commitments:

As part of the repayment of the trust indenture for the on-campus football stadium, the Association has pledged the following revenues to the UCF Stadium Corporation (the Corporation that is obligated under the trust indentures) until the debt has been fully paid: football ticket sales, sponsorships, football away game guarantees and the distributions from the Big 12 and NCAA for conference generated revenue. The amount of this pledge is approximately \$37.1 million at June 30, 2025, which is equal to the remaining principal and interest payments on these trust indentures. This pledge is in effect until the trust indentures are paid off, which is expected to be March 1, 2036 (the maturity date of the trust indentures). During the year ended June 30, 2025, the Association distributed \$5,597,374 and recorded lease payments of \$2,121,000 to UCF Stadium Corporation from these sources. Distributions to the UCF Stadium Corporation occur on a monthly basis. Once annual debt service obligations are met, the UCF Stadium Corporation may distribute, subject to approval by UCF’s Board of Trustees, any surplus funds to the Association. For the year ended June 30, 2025, the UCF Stadium Corporation distributed \$10,864,792 to the Association.

**UCF ATHLETICS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

The Association has entered into employment contracts with various coaches and administrators. The agreements call for a minimum amount due for salaries and other benefits with clauses for bonuses and incentives as defined by the contracts. Contracts expire from 2026 to 2030. At June 30, 2025, the total minimum commitment for all contracts for each of the next five years and in the aggregate is as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2026	\$ 16,263,992
2027	13,401,963
2028	6,580,513
2029	6,074,179
2030	<u>3,644,295</u>
Total	<u>\$ 45,964,940</u>

The Association is subject to claims and lawsuits which arise primarily in the ordinary course of business. It is the opinion of management that the ultimate resolution of such claims and lawsuits will not have a materially adverse effect on the Association's financial position.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
UCF Athletics Association, Inc.
Orlando, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the UCF Athletics Association, Inc. (the "Association"), a direct support organization and component unit of the University of Central Florida, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements, and have issued our report thereon dated October 27, 2025.

Report on 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) as a basis for designing 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 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 or significant deficiencies may exist that have not been identified.

(Continued)

Report on 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 financial statements. 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.


Crowe LLP

Oakbrook Terrace, Illinois
October 27, 2025