

USF MANAGEMENT CORPORATION

FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

USF MANAGEMENT CORPORATION
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JUNE 30, 2025 AND 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
USF Management Corporation:

Report on the Audits of the Financial Statements

Opinions

We have audited the financial statements of the business type activities and the aggregate remaining fund information of USF Management Corporation (the "Organization"), a direct-support organization and component unit of the University of South Florida, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business type activities and the aggregate remaining fund information of the Organization as of June 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Organization'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.

Auditors' Responsibilities for the Audits 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 auditors' 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 GAS 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 GAS, 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 Organization'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 Organization'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

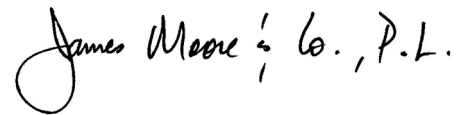
Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the 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.

Emphasis of Matter – Risks and Uncertainties

As discussed in Note 11 to the financial statements, the entity has a deficit in net position as a lingering result of the negative impacts from the COVID-19 pandemic. Management’s evaluation of the events and conditions and management’s plans to mitigate these matters are also described in Note 11. Our opinion is not modified with respect to these matters.

Other Reporting Required by GAS

In accordance with GAS, we have also issued our report dated October 21, 2025, on our consideration of the Organization’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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GAS in considering USF Management Corporation’s internal control over financial reporting and compliance.

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

Gainesville, Florida
October 21, 2025

USF MANAGEMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025 AND 2024

Introduction

USF Management Corporation (the Organization) Management's Discussion and Analysis (MD&A) provides a financial performance review that is designed to focus on the financial activities, resulting changes, and currently known facts for the fiscal years ended on June 30, 2025, 2024, and 2023. The MD&A should be read in conjunction with the accompanying presented financial statements.

Overview of the Financial Statements and Financial Analysis

The financial section of this report consists of three parts: MD&A (this section), the financial statements and notes to the financial statements.

The Organization's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as applied to an enterprise fund and custodial fund using an accrual basis of accounting. Under this basis, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred.

Included in the financial statements are the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, the Statements of Cash Flows, Statements of Fiduciary Net Position, Statements of Changes in Fiduciary Net Position, and the related notes.

The financial statements of the Organization offer short and long-term financial information about its activities. The Statements of Net Position include all of the Organization's assets and liabilities from business-type activities and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities. The Statements of Net Position also provides the basis for computing rate of return, evaluating the capital structure of the Organization and assessing its liquidity and financial flexibility of the Organization's enterprise fund.

The current year's revenues and expenses from business-type activities are accounted for in the Statements of Revenues, Expenses, and Changes in Net Position. These statements measure the performance of the Organization's enterprise fund operations over the past year and can be used to determine whether the Organization has successfully recovered all its costs through its activities, as well as its profitability and credit worthiness.

The final required financial statements are the Statements of Cash Flows. The primary purpose of these statements is to provide information about the Organization's enterprise fund cash receipts and cash disbursements from business-type activities during the fiscal year. The statements report cash receipts, cash disbursements and net changes in cash resulting from operating, investing, non-capital financing activities, and capital and related financial activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Beginning in fiscal year 2025, the Organization presents Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position. These statements report resources held in a fiduciary capacity for the University of South Florida (the "University") and therefore are not available to support the Organization's programs or operations. Fiduciary activities are reported using the accrual basis of accounting, similar to the proprietary statements, but the resulting net position is excluded from the Organization's own assets and liabilities in the basic financial statements.

USF MANAGEMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025 AND 2024
(Continued)

Financial Highlights

- Net Position of the Organization increased by \$310,274, or 59% in fiscal year 2025, of which \$137,756 represented an increase in the amount invested in capital assets and \$172,518 represented an increase in unrestricted net position. In fiscal year 2024, there was an increase of \$27,275, or 5%, of which \$64,466 represented a decrease in the amount invested in capital assets and \$91,741 represented an increase in unrestricted net position.
- For the year ended June 30, 2025, cash increased \$686,253, or 29%. For the year ended June 30, 2024, cash decreased \$1,554,941, or 40%. The cash increase is primarily due to multiple high quality concert ticket sales being collected at the end of fiscal year 2025 and remitted to the Organization prior to year-end. The decrease for the year ended June 30, 2024 was primarily attributable due to multiple high quality concert ticket sales being collected at the end of fiscal year 2023, while the settlements were remitted to promoters in early fiscal year 2024.
- For the year ended June 30, 2025, total current liabilities increased by \$2,558,661, or 114%, primarily due to the recognition of payables due to the Arena Manager as current in conjunction with the payment of all long-term invoices. In 2024, total current liabilities decreased by \$1,402,930, or 38%, primarily due to settling events and remitting to promoters during the year.
- For the year ended June 30, 2025, total noncurrent liabilities decreased by \$1,709,024, or 100%, primarily due to the long-term Arena Manager reimbursement balance being paid down in its entirety and the recognition of payables to the Arena Manager incurred during 2025 as current. In 2024, total noncurrent liabilities decreased by \$546,184, or 24%, primarily due to the Arena Manager reimbursement balance being continuously paid down on a quarterly basis.
- For the year ended June 30, 2025, costs of events increased by \$105,397, or 3%. This increase is primarily attributed to continuously hosting higher quality concerts and events at the Yuengling Center with exceptional promoters. In 2024, costs of events increased by \$633,537, or 19%. This increase is also attributed to hosting higher quality concerts and events at the Yuengling Center.
- The Organization's operating margin for the year ended June 30, 2025, increased \$278,751 primarily due to higher quality shows coming to the Yuengling Center, combined with the Organization capitalizing newly acquired assets in fiscal year 2025. In 2024, the Organization's operating margin decreased \$79,526 primarily due to high quality shows coming to the Yuengling Center requiring larger productions, combined with an increase in the Arena Manager incentive fee due to the new agreement terms beginning fiscal year 2024.
- Non-operating expenses for the year ended June 30, 2025, decreased \$4,248 compared to the increase of \$1,996 for the year ended 2024.

USF MANAGEMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025 AND 2024
(Continued)

Financial Analysis of the Organization

Statements of Net Position

Net Position serves as a measurement of the Organization's financial position over a period of time. The Organization's liabilities exceeded assets by \$215,425 as of June 30, 2025, whereas liabilities exceeded assets by \$525,699 as of June 30, 2024.

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Assets			
Current assets	\$ 3,965,786	\$ 2,943,631	\$ 4,801,004
Capital assets	622,994	485,238	549,704
Total assets	<u>\$ 4,588,780</u>	<u>\$ 3,428,869</u>	<u>\$ 5,350,708</u>
Liabilities			
Current liabilities	\$ 4,804,205	\$ 2,245,544	\$ 3,648,474
Noncurrent liabilities	-	1,709,024	2,255,208
Total liabilities	<u>\$ 4,804,205</u>	<u>\$ 3,954,568</u>	<u>\$ 5,903,682</u>
Net Position			
Net investment in capital assets	\$ 622,994	\$ 485,238	\$ 549,704
Unrestricted	(838,419)	(1,010,937)	(1,102,678)
Total net position	<u>\$ (215,425)</u>	<u>\$ (525,699)</u>	<u>\$ (552,974)</u>

Capital Assets

There was \$232,697 in additions to capital assets for the fiscal year ended June 30, 2025. There were no additions to capital assets for the fiscal year ended June 30, 2024. There were no capital assets disposed for the years ended June 30, 2025 and 2024. Depreciation expense in the current year totaled \$94,941. Depreciation expense in the prior year totaled \$64,466.

Please refer to the notes to the financial statements for additional explanation.

Statements of Revenues, Expenses, and Changes in Net Position

The Organization provides management services and event hosting for the University and external customers utilizing the University's Arena. Revenues from event hosting and operations account for 93% and 95% of operating revenues in fiscal years 2025 and 2024, respectively. The cost of providing the remainder of the services was supported by management fees of \$558,818 and \$384,049 from the University and the University Foundation in fiscal years 2025 and 2024, respectively.

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating revenues	\$ 7,688,950	\$ 7,457,099	\$ 6,472,953
Operating expenses	6,967,476	7,014,376	5,950,704
Operating income (loss)	721,474	442,723	522,249
Non-operating revenues (expenses)	(411,200)	(415,448)	(413,452)
Change in net position	<u>\$ 310,274</u>	<u>\$ 27,275</u>	<u>\$ 108,797</u>

USF MANAGEMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025 AND 2024
(Continued)

As noted above, fiscal year 2025 operating income increased \$284,793 compared to 2024.

- Operating revenues increased to \$7,688,950 or by 3% for fiscal year 2025 compared to \$7,457,099 for fiscal year 2024.
- The largest operating expense category was cost of events, which increased \$105,397 or 3% from the prior year. Cost of events for fiscal year 2025 was 58% of total operating expenses.
- Operating and Administrative expenses increased \$159,859 or 34% from the prior year. The fiscal year 2025 total for operating and administrative expenses were \$635,884 or 9% of total operating expenses. In fiscal year 2024, total Operating and Administrative expenses were \$476,025 or 7% of total operating expenses.
- In the fiscal year ended 2025, the Organization transferred \$411,200 to the University in support of repayment for the debt on the Arena compared to \$415,448 for fiscal year 2024.

Economic Outlook

The Organization is organized to operate and administer for and on behalf of the University certain facilities and property owned, operated, or under the control of the University, and other assets, events, and services to students as designated by the University. The Organization will continue to assist the University in carrying out its educational mission and as such, promote, stimulate, develop and advance the business prosperity and economic welfare and diversity of the State of Florida and its residents.

During the year ended June 30, 2021, the Organization suffered a significant reduction in revenue, a net loss, and a deficit net position from the impact of the majority of events being canceled due to the COVID-19 pandemic. During the year ended June 30, 2022, event restrictions were lifted, and the Organization resumed full operations, including a full event schedule. The Organization has reported an operating income and experienced significant year over year growth in revenues in each of the fiscal years subsequent to the Arena's return to full operations. Despite this growth, the Organization still maintains a deficit net position as of June 30, 2025. Management has a positive financial outlook as excess cash balances have allowed the Organization to continue paying down the past due balances due to the Arena Manager and a full event schedule has been booked for the fiscal year 2026. Management is confident in the Manager's ability to position the Arena for future financial success. With frequent monitoring of financial performance, Management believes it will continue to have sufficient funds to cover its obligations.

USF MANAGEMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025 AND 2024
(Continued)

Fiduciary (Custodial) Activity

During fiscal year 2025, the Organization established a custodial fund to administer resources on behalf of the University. For the year ended June 30, 2025, additions included \$48,000,000 in signing bonuses related to a University partnership agreement and \$738,068 in interest earned on these funds; deductions reflected \$2,700,000 in disbursements made at the University's direction. At year-end, assets held for the University were \$46,038,068. Because these resources are held for the University and are not available to support the Organization's operations, they are reported in the fiduciary fund financial statements and excluded from the Organization's proprietary (business type) operating results. Future activity will depend on the University's spending directives and may result in additional deductions.

Change of Name

During fiscal year 2025, the Organization changed its name from Sun Dome Inc. to USF Management Corporation. The scope of the Organization has expanded to include the management and oversight of additional facilities, events, and services that support the mission of the University and warranted a name that more accurately reflects the organization's mission and alignment with the University.

Requests for Information

These financial statements are designed to provide detailed information on the Organization's operations to the Organization's Board, management, investors, creditors, and all others with an interest in the Organization's financial affairs and to demonstrate the Organization's accountability for the assets it controls and funds it receives and expends. Questions concerning any of the information provided in this report or any requests for additional financial information should be directed to Dawn Rodriguez, Executive Director, 4202 E. Fowler Avenue, CGS 301, Tampa FL 33620.

USF MANAGEMENT CORPORATION
STATEMENTS OF NET POSITION
JUNE 30, 2025 AND 2024

	2025	2024
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 3,031,672	\$ 2,345,419
Due from the University of South Florida	250,305	30,837
Accounts receivable	619,761	518,732
Prepaid expenses	64,048	48,643
Total current assets	3,965,786	2,943,631
Capital assets, net		
	622,994	485,238
Total assets	\$ 4,588,780	\$ 3,428,869
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	\$ 448,180	\$ 786,726
Due to the University of South Florida	405,552	285,645
Due to USF Foundation	74,162	66,678
Accrued expenses and other liabilities	2,538,315	336,225
Unearned revenue	1,337,996	770,270
Total current liabilities	4,804,205	2,245,544
Noncurrent liabilities		
Other long-term liability	-	1,709,024
Total noncurrent liabilities	-	1,709,024
Total liabilities	\$ 4,804,205	\$ 3,954,568
<u>NET POSITION</u>		
Net position		
Net investment in capital assets	\$ 622,994	\$ 485,238
Unrestricted	(838,419)	(1,010,937)
Total net position	\$ (215,425)	\$ (525,699)

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

USF MANAGEMENT CORPORATION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Operating revenues		
Event revenues	\$ 6,501,007	\$ 6,363,768
Management fees	558,818	384,049
Sponsorships and commissions	169,248	124,937
Parking revenues	459,877	584,345
Total operating revenues	7,688,950	7,457,099
Operating expenses		
Salaries and wages	843,593	882,869
Payroll taxes and benefits	214,799	208,849
Costs of events	4,069,042	3,963,645
Repairs, maintenance and utilities	308,303	598,802
Operating and administrative expense	635,884	476,025
Contracted services	800,914	819,720
Depreciation	94,941	64,466
Total operating expenses	6,967,476	7,014,376
Operating income	721,474	442,723
Nonoperating revenues (expenses)		
Transfers to the University of South Florida	(411,200)	(415,448)
Net nonoperating revenues (expenses)	(411,200)	(415,448)
Change in net position	310,274	27,275
Net position, beginning of year	(525,699)	(552,974)
Net position, end of year	\$ (215,425)	\$ (525,699)

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

USF MANAGEMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Cash flows from operating activities		
Cash received from customers	\$ 7,936,179	\$ 5,899,494
Cash paid to Arena manager for personnel services	(1,058,392)	(1,091,718)
Cash paid to vendors for goods and services	(5,547,637)	(5,947,269)
Net cash provided by (used in) operating activities	1,330,150	(1,139,493)
Cash flows from capital and related financing activities		
Purchases of capital assets	(232,697)	-
Net transfers to USF for debt service on Arena	(411,200)	(415,448)
Net cash used in capital and related financing activities	(643,897)	(415,448)
Net increase (decrease) in cash and cash equivalents	686,253	(1,554,941)
Cash and cash equivalents, beginning of year	2,345,419	3,900,360
Cash and cash equivalents, end of year	\$ 3,031,672	\$ 2,345,419
Reconciliation of operating income to net cash provided by (used in) operating activities		
Operating income	\$ 721,474	\$ 442,723
Adjustments to reconcile operating income to net cash provided by (used by) operating activities:		
Depreciation	94,941	64,466
Changes in assets and liabilities:		
Accounts receivable	(101,029)	110,356
Due from USF	(219,468)	184,674
Prepaid expenses	(15,405)	7,402
Accounts payable	(338,546)	752,516
Due to USF	119,907	180,616
Due to USF Foundation	7,484	12,954
Accrued expenses and other liabilities	493,066	(1,042,565)
Unearned revenue	567,726	(1,852,635)
Net cash provided by (used in) operating activities	\$ 1,330,150	\$ (1,139,493)

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

**USF MANAGEMENT CORPORATION
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2025 AND 2024**

	Custodial Funds	
	2025	2024
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 46,038,068	\$ -
Total assets	\$ 46,038,068	\$ -
<u>NET POSITION</u>		
Net position		
Restricted for the University	\$ 46,038,068	\$ -
Total net position	\$ 46,038,068	\$ -

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

USF MANAGEMENT CORPORATION
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	Custodial Funds	
	2025	2024
Additions		
Deposits from the University	\$ 48,000,000	\$ -
Investment earnings	738,068	-
Total additions	48,738,068	-
Deductions		
Spending distribution	(2,700,000)	-
Total deductions	(2,700,000)	-
Net change in fiduciary net position	46,038,068	-
Net position, beginning of year	-	-
Net position, end of year	\$ 46,038,068	\$ -

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

USF MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

(1) **Summary of Significant Accounting Policies:**

USF Management Corporation (the “Organization”), formerly known as USF Sun Dome, Inc., operates a multi-purpose facility known as the Yuengling Center Arena (“Arena”) on behalf of the University of South Florida (“University” or “USF”) to provide the students, faculty, and staff of the University, as well as the general public, an array of cultural, athletic, entertainment, and other educational events and activities.

The Organization also provides ownership and operational support for a Cessna I SP Aircraft (“Aircraft”). The Aircraft is exclusively used to conduct official University business pursuant to USF System Policy 0-021.

The Organization also administers certain assets on behalf of the University as designated by the University. These arrangements meet the definition of fiduciary activities under Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* (GASB 84), and are therefore reported in separate Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position. The fiduciary assets and related net position are not available to support the Organization’s programs or operations and are excluded from the accompanying statements of net position and changes in net position.

The Organization is a discretely presented component unit of the University of South Florida and is to be included in the University’s Annual Comprehensive Financial Report (ACFR).

(a) **Basis of presentation**—The Organization is a not-for-profit organization reported as a special-purpose entity engaged in business type and custodial activities. The Organization operates an enterprise fund which contains multiple reporting divisions or departments that account for sources of revenue and cost of services. These departments consist of the corporate administration, Arena events, and aircraft operations. The Organization also operates a custodial fund to administer resources on behalf of the University. In accordance with the provisions of GASB 84, the assets and net position for custodial funds are presented on the statements of fiduciary net position and additions and deductions on the statements of changes in fiduciary net position.

(b) **Basis of accounting**—Basis of accounting refers to when revenues, expenses, and related 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 Organization’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 resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The Organization follows standards promulgated by GASB for accounting and financial reporting.

USF MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

(1) **Summary of Significant Accounting Policies:** (Continued)

The statements of net position are presented in a classified format to distinguish between current and noncurrent assets and liabilities. The statements of revenues, expenses, and changes in net position are presented in a format which distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Organization's ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The statements of cash flows are presented using the direct method in compliance with GASB standards of accounting and financial reporting.

(c) **Cash and cash equivalents**—The Organization considers all short-term, highly liquid investments that are readily convertible to known amounts of cash with an original maturity of three months or less at the date of acquisition to be cash equivalents.

(d) **Capital assets**—Capital assets are stated at cost. Costs of \$5,000 or more are capitalized and expenditures for repairs and maintenance are expensed in the period incurred. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The useful life of these assets ranges from 5 to 19 years. When items of equipment and other property are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Capital assets donated are reported at fair value at the time of the donation.

(e) **Accrued expenses and other noncurrent liabilities**—The Organization classifies accrued and other liabilities as current or noncurrent liabilities based on the expected settlement period. These liabilities mainly represent amounts due to the Arena Manager (see Note 6), customer deposits, and liabilities associated with events that have occurred in the current fiscal year that have not been settled. Any personnel are employees of the Arena Manager and no compensated absences or pension liability exists on the Organization's books.

(f) **Unearned revenue**—The Organization classifies unearned revenue as current liabilities. Unearned revenue represents cash collected for events that will occur in the following fiscal year, including amounts held on behalf of event promoters to events that will be disbursed to the promoters upon event settlement.

(g) **Income taxes**—The Organization is a not-for-profit corporation established under the laws of the State of Florida and is exempt from income taxes under provisions of the Internal Revenue Code Section 501(c)(3) and similar state laws and is not considered a private foundation. However, the Organization is liable for federal income taxes on any income unrelated to its tax-exempt purpose. The Organization has taxable unrelated business income from the sale of advertising and certain Arena event revenue. In the past, the Organization has experienced net operating losses from its non-exempt activities. The Organization has elected to carry forward its net operating losses from its non-exempt activities from prior periods, and therefore, does not have an income tax liability for the years ending June 30, 2025 and 2024.

USF MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

(1) **Summary of Significant Accounting Policies:** (Continued)

The Organization's tax returns for the past three years are subject to examination by tax authorities and may change upon examination. The Organization 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 Organization.

(h) **Accounting estimates**—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

(i) **Allowance for doubtful accounts for accounts receivable**—The allowance for doubtful accounts is based on the Organization's assessment of the collectability of customer accounts receivable. As of June 30, 2025 and 2024, management has determined that no valuation allowance is necessary.

(j) **Revenue recognition**—The Organization recognizes revenue in the period in which revenue is earned.

- *Event fees*—Revenues which arise from rental of the Arena are recognized upon occurrence of the event.
- *Management fees*—Revenues from USF to manage and operate the Arena are generally recognized in the period received or contractually obligated. Revenues from the USF Foundation to oversee the financial operations of the Aircraft are recognized as the related expenses are incurred.
- *Sponsorship and commissions*—Revenue generated from food service and merchandise commissions are recognized upon settlement of events.
- *Ticket sales*—Revenues generated from promoter sponsored events are recognized upon event settlement and are reflected net of amounts remitted to promoters (see Note 10).
- *Parking revenues*—Revenue generated from parking admission sales to the Arena are recognized upon occurrence of the event.

(k) **Non-operating revenues (expenses)**—The Organization classifies revenues and expenses which are directly related to events, operation of the Arena, or management of the Aircraft as operating. All other revenues and expenses are classified as non-operating.

USF MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

(1) **Summary of Significant Accounting Policies:** (Continued)

(l) **Net position**—Net position is classified as follows:

- *Net investment in capital assets*—This represents the total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included in this component of net position.
- *Restricted net position*—This represents the Organization’s resources that have constraints placed upon their use either by external donors or creditors or through laws, regulations or constraints imposed by law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets. There is no restricted net position at June 30, 2025 and 2024.
- *Fiduciary net position*—This represents resources held by the Organization in a custodial capacity for the benefit of the University. These assets are not available to support the Organization’s own programs and are reported in the fiduciary fund financial statements. At June 30, 2025, fiduciary net position consists of resources held for the benefit of the University and is presented as restricted for the University in the Statements of Fiduciary Net Position.
- *Unrestricted net position*—This represents Organization resources which do not meet the definition of “restricted” or “net investment in capital assets.”

In general, restricted funds are used first when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available.

(2) **Cash and Cash Equivalents:**

At June 30 the Organization’s business-type fund had the following cash and cash equivalents:

	2025	2024
Cash on hand	\$ 9,407	\$ 9,407
Deposits with commercial banks – unrestricted	3,022,265	2,336,012
Total cash and cash equivalents	\$ 3,031,672	\$ 2,345,419

At June 30 the Organization’s custodial-type fund had the following cash and cash equivalents:

	2025	2024
Money market mutual fund – held on behalf of the University	\$ 46,038,068	\$ -
Total cash and cash equivalents	\$ 46,038,068	\$ -

USF MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

(2) **Cash and Cash Equivalents:** (Continued)

As of June 30, 2025 and 2024, aggregate business-type fund bank balances were \$3,169,478 and \$2,537,345, respectively. Deposits are maintained with state-qualified public depositories. The entire balance was insured by federal depository insurance or by collateral held by the Organization's custodial bank, which is pledged to a state trust fund that provides security in accordance with the Florida Security for Deposits Act, Chapter 280, for amounts held in excess of Federal Deposit Insurance Corporation limits. As of June 30, 2025, aggregate custodial-type fund money market mutual fund balances were \$46,038,068. This investment is an SEC-registered money market mutual fund that invests in U.S. Treasury obligations and related repurchase agreements. At June 30, 2025, the fund was rated AAAm by S&P and Aaa-mf by Moody's. The fund operates in a manner consistent with SEC Rule 2a-7 and is measured at fair value based on the fund's published price (Level 1 in the fair value hierarchy). As of June 30, 2024, there were no custodial-type fund money market mutual fund balances.

(3) **Capital Assets:**

Capital assets consist of the following at June 30, 2025:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Building improvements	\$ 15,826	\$ 104,792	\$ -	\$ 120,618
Furniture and equipment	1,976,594	127,905	-	2,104,499
Aircraft	1,180,000	-	-	1,180,000
	<u>3,172,420</u>	<u>232,697</u>	<u>-</u>	<u>3,405,117</u>
Less: Accumulated depreciation	2,687,182	94,941	-	2,782,123
Total capital assets, net	<u>\$ 485,238</u>	<u>\$ 137,756</u>	<u>\$ -</u>	<u>\$ 622,994</u>

Capital assets consist of the following at June 30, 2024:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Building improvements	\$ 15,826	\$ -	\$ -	\$ 15,826
Furniture and equipment	1,976,594	-	-	1,976,594
Aircraft	1,180,000	-	-	1,180,000
	<u>3,172,420</u>	<u>-</u>	<u>-</u>	<u>3,172,420</u>
Less: Accumulated depreciation	2,622,716	64,466	-	2,687,182
Total capital assets, net	<u>\$ 549,704</u>	<u>\$ (64,466)</u>	<u>\$ -</u>	<u>\$ 485,238</u>

Depreciation expense for the years ended June 30, 2025 and 2024 was \$94,941 and \$64,466, respectively.

USF MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

(4) **Concentrations of Credit Risk:**

(a) **Collateral on receivables**—The Organization has no policy requiring collateral or other security to support receivables.

(b) **Custodial credit risk**—Custodial credit risk represents the potential loss of the Organization’s deposits in the event of a bank failure. The State of Florida Statutes requires deposits by governmental units in a financial institution to be collateralized. The State of Florida maintains control over the collateral requirements and authorizes certain financial institutions to act as depositories for governmental units. The Organization maintains all accounts in financial institutions approved by the State of Florida.

(5) **Pledged Revenues:**

In June 2011, the USF Board of Trustees approved for the University to conduct a major renovation (“Project”) of the Arena including modifications to the existing Arena to improve overall functionality and extend the useful life of the Arena for an additional 30-year period. The Organization temporarily ceased Arena operations during the renovation through the Project’s completion date in May 2012. The total cost of the Project and associated soft costs was approximately \$35.6 million which was funded internally by the University from existing cash resources. The University intends for future period net income from Arena operations to assist in the repayment of Project funding.

Effective September 1, 2013, the Organization entered into an Operating and Reporting Agreement with the University, the USF Financing Corporation (“Financing Corporation”) and Truist Bank (“Lender”) to refinance a portion of debt used for certain renovations and improvements to the Arena. As defined by the terms in the Operating and Reporting Agreement, the Organization has pledged a percentage of its Gross Operating Revenues from Arena operations to contribute towards the repayment of the \$20,000,000 debt refinancing until the debt has been repaid.

During the years ended June 30, 2025 and 2024, the Organization transferred \$411,200 and \$415,448, respectively, to the University in support of repayment for the debt on the Arena.

(6) **Management Agreement:**

On July 1, 2017, the Organization entered into a management agreement with an Arena Manager (“Manager”) for the Manager to act as the sole and exclusive manager and operator of the Yuengling Center. In return for the Manager’s services, the Organization pays the Manager a fixed monthly management fee, in addition to certain other quantitative and qualitative incentive-based management and administration fees. For the years ended June 30, 2025 and 2024, the Organization incurred total management and administration fees related to the management agreement of \$649,335 and \$688,116, respectively, which is included in Contracted Services in the Statements of Revenues, Expenses, and Changes in Net Position. At June 30, 2025 and 2024, the Organization owed the Manager \$2,502,603 and \$1,709,024, respectively, for management fees, personnel provided for Arena events and other event expenses.

USF MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

(7) Related Party Transactions:

The Organization is related to the University through partial common management. The Organization derives a significant portion of its revenue under a management agreement with the University to manage and operate the Arena. Under this management agreement, the Organization is authorized to hold and conduct events at times other than when the University requires the use of the facilities. The Organization retains all net revenues arising from these events.

In addition, the Organization provides management services for the operation and maintenance of the Aircraft. The Aircraft's exclusive use is to conduct official University business pursuant to USF System Policy 0-021 (see Note 9).

Due to the Organization's relationship to the University, the majority of events throughout the year related to intercollegiate athletics and student body activities, and therefore, produced a significant number of related party transactions for Arena operations. The vast majority of intercollegiate athletics events were from men's basketball, women's basketball and volleyball home games, while student body activities primarily comprised of University commencement ceremonies and various University departmental initiatives. During fiscal years ending June 30, 2025 and 2024, revenues from these events were \$457,807 and \$633,259, respectively.

During fiscal year 2025, the Organization transferred \$2,535,553 to the University and received \$2,124,353 from the University for operating expenses. During fiscal year 2024, the Organization transferred \$3,076,158 to the University and received \$2,660,710 from the University for operating expenses.

During fiscal year 2025, the Organization received \$48,000,000 from the University to hold in a custodial fund and to disburse on the University's behalf at the University's discretion. The funds are to be held in interest bearing accounts until disbursed. During fiscal year 2025, the Organization disbursed \$2,700,000 on the University's behalf and earned \$738,068 in interest, which was made immediately available to the University for disbursement. This arrangement meets the definition of a fiduciary activity under GASB 84 and is reported as a custodial fund in the accompanying Statements of Fiduciary Net Position and Changes in Fiduciary Net Position.

(8) Risk Management:

The Organization is exposed to various risk of loss related to tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Organization has transferred risk of loss to outside parties. The Organization purchases comprehensive insurance that includes coverage for general liability, property, tenant liability, worker's compensation, crime, and automobile.

USF MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

(9) **Aircraft:**

The Organization has title to an aircraft acquired from the University of South Florida Foundation (“USF Foundation”). The Organization, through delegation from the University, provides ownership and operational support of the Aircraft for the University’s exclusive use to conduct official University business pursuant to USF System Policy 0-021. The USF Foundation, as determined by the University, has committed to the Organization full funding support for the operation and maintenance of the Aircraft, net of user fees collected by the Organization. Effective April 2010, the Organization entered into a management agreement with an aircraft management company, which provides services in connection with the managing, operating, chartering, and maintaining of the Aircraft.

The Organization includes the aircraft operating activity in the Operating Revenues and Expenses sections on the Statements of Revenues, Expenses, and Changes in Net Position. The Organization records the funds received from the USF Foundation as revenue. The table below summarizes the aircraft operating activity for fiscal years 2025 and 2024:

	2025	2024
Operating revenues		
Management fee – cash received from USF Foundation	\$ 361,678	\$ 327,869
User fees collected	101,303	29,502
Other aircraft revenues – accrued	-	5,855
Advanced payments – due to USF Foundation	(74,162)	(66,678)
Total aircraft revenue	\$ 388,819	\$ 296,548
	2025	2024
Operating expenses		
Expenses	\$ 388,819	\$ 296,548
Aircraft depreciation	64,006	64,007
Total operating expenses	\$ 452,825	\$ 360,555

(10) **Promoter Sponsored Events:**

The majority of concerts and shows at the Arena are sponsored and contracted with independent promoters. Ticket sales for these events are remitted directly to the promoters and the Organization receives payment for rental of the facility, use of its staff and a commission on tickets sold. Therefore, the Organization recognizes these operational payments as revenues, rather than gross ticket sales from each event.

The table below summarizes gross ticket sales and expenses for fiscal years 2025 and 2024:

	2025	2024
Gross ticket sales	\$ 8,323,288	\$ 7,846,347
Amounts remitted to promoters	(8,323,288)	(7,846,347)
Net ticket revenue	\$ -	\$ -

USF MANAGEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

(11) **Risks and Uncertainties:**

During the year ended June 30, 2021, the Organization suffered a significant reduction in revenue, a net loss, and a deficit net position from the impact of the majority of events being canceled due to the COVID-19 pandemic. During the year ended June 30, 2022, event restrictions were lifted, and the Organization resumed full operations, including a full event schedule. The Organization has reported an operating income and experienced significant year over year growth in revenues in each of the fiscal years subsequent to the Arena's return to full operations. Despite this growth, the Organization still maintains a deficit net position as of June 30, 2025. Management has evaluated the Organization's ability to continue as a going concern and has implemented a plan of action to mitigate the relevant conditions that raise substantial doubt about the Organization's ability to continue as a going concern. Management has a positive financial outlook as excess cash balances have allowed the Organization to continue paying down the past due balances due to the Arena Manager and a full event schedule has been booked for the fiscal year 2026. The Organization began paying down outstanding payables to the Arena Manager during the year ended June 30, 2022 and has stayed current with new invoices due to the Arena Manager during the years ended June 30, 2024 and 2025. No invoices included in the Statement of Net Position are more than one year old. Management plans to continue to pay off Arena Manager payables as cash balances exceed a specific threshold. Management is confident in the Manager's abilities to bring the facility back to an operational status that will position the Arena for future financial success.

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

To the Board of Directors,
USF Management Corporation:

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 (GAS) issued by the Comptroller General of the United States, the financial statements of the business type activities and remaining aggregate fund information of USF Management Corporation as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise USF Management Corporation's basic financial statements, and have issued our report thereon dated October 21, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered USF Management Corporation'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of USF Management Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of USF Management Corporation'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 USF Management Corporation'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.

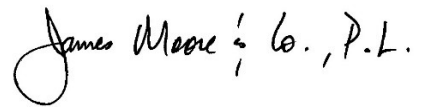
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether USF Management Corporation'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 GAS.

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 USF Management Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with GAS in considering USF Management Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Gainesville, Florida
October 21, 2025