# GEORGIA TECH ATHLETIC ASSOCIATION

## FINANCIAL STATEMENTS

## JUNE 30, 2022

**GEORGIA TECH ATHLETIC ASSOCIATION**
**JUNE 30, 2022**
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JAMESMOORE

# INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Georgia Tech Athletic Association:

## Report on the Financial Statements

### *Opinion*

We have audited the financial statements of the Georgia Tech Athletic Association (the Association), a direct-support organization and component unit of the Georgia Institute of Technology, as of and for the year ended June 30, 2022, 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 present fairly, in all material respects, the financial position of the Association as of June 30, 2022, and the changes in its 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. 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 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*

The Association's 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.

***Auditors' 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 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, 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, 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming and opinion on the financial statements that collectively comprise Association's basic financial statements. The accompanying Supplementary Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Supplementary Schedules have not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

James Moore & Co., P.L.

Gainesville, Florida
September 15, 2022

## Introduction

The Georgia Tech Athletic Association ("The Association") is a non-profit corporation organized in 1934 to administer the intercollegiate athletic programs of the Georgia Institute of Technology ("Georgia Tech" or "the Institute").

The primary purpose of the Association is to promote the educational programs of Georgia Tech through student body participation in "healthful exercises, recreations, athletic games and contests." Although the Association is a separate legal entity from Georgia Tech, its role of providing the intercollegiate athletic programs at Georgia Tech is functionally indistinguishable from the role that athletic departments of other major U.S. universities provide for their respective universities.

The Association "develops the young people who will change the world." Its mission is to "inspire and empower student-athletes to be champions in academics, competition, and life" while emphasizing four core values - excellence, innovation, teamwork, and character.

## Overview of the Financial Statements and Financial Analysis

The administration of the Association is pleased to offer the readers of its financial statements this overview and analysis of financial performance during the fiscal year ended June 30, 2022. This overview, discussion, and analysis meets the requirements of Governmental Accounting Standards Board, Statement No. 35, Basic Financial Statements - and Management's Discussion and Analysis for Public Colleges and Universities, and has been prepared by management along with the financial statements and related footnote disclosures. The discussion and analysis focus on current activities, resulting changes, and current known facts from the financial statements included therein.

The Alexander-Tharpe Fund, Inc. (the "AT Fund") contributes funds, as available, to the Association to support student athletes. This support includes financial assistance in the form of scholarships, program support, and facilities improvements. Due to their interrelationship, the AT Fund is included in the Association's financial statements as a blended-component unit.

The Association meets the requirements to be reported as a component unit of Georgia Institute of Technology and is included in Georgia Tech's combined financial statements as a discretely presented component unit.

The statement of net position, statement of revenues, expenses, and changes in net position, and the statement of cash flows are designed to provide information that will assist in understanding the financial condition, health, and performance of the Association by presenting financial information in a form similar to that used by corporations.

The statement of net position includes all assets and liabilities. It is prepared under the accrual basis of accounting, whereby the revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The statement of revenues, expenses, and changes in net position present the revenues earned and the expenses incurred during the year. Activities are reported as either operating or non-operating. The financial reporting model classifies endowment and quasi-endowment proceeds as non-operating revenues. As a result, the financial statements may show operating losses that are then offset by non-operating revenues. 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.

The statement of cash flows presents information on the ability of the Association to meet its financial obligations in the form of cash inflows and outflows summarized by operating, capital and non-capital financing, and investing activities.

**Association Highlights**

The Association's net position is one indicator of the Association's financial health. Over time, increases or decreases in net position indicate changes in the Association's financial health when considered with non-financial factors such as overall academic and athletic success of its 17 sports programs and general condition of its assets. This is evidenced by the following:

- Fourteen of Georgia Tech's 17 sports were represented in the NCAA postseason in 2021-22.
- For the first time in school history, all eight of Georgia Tech's women's sports programs were represented in the NCAA postseason in 2021-22.
- Five Georgia Tech teams finished ranked among the top 25 nationally – No. 8 volleyball, No. 10 golf, No. 21 baseball, No. 21 men's swimming and diving and No. 23 softball.
- Georgia Tech teams compiled a 10-4 record in head-to-head regular-season competitions versus its rivals from the University of Georgia.
- Eighteen Georgia Tech student-athletes earned a total of 20 All-America honors.
- Georgia Tech student-athletes continued to excel in the classroom, highlighted by a 90% NCAA Graduation Success Rate, the highest in school history.

**Financial Highlights**

FY2022 resulted in an operating loss of $10,931,586; however, this was anticipated and additional available quasi-endowment funds were strategically used by the Association during the fiscal year to fund operations. As a result of utilizing these funds, the net value of invested funds decreased from $169 million to approximately $159 million.

The Association's long-term financial health depends on reasonable and appropriate growth of conference distributions, ticket sales, philanthropy, and maintaining and growing the endowment base which supports scholarships, the total person program, and facility enhancements.

**Condensed Financial Information**

The condensed statements of net position are shown below:

**Condensed Statements of Net Position**
**June 30, 2022 and 2021**

| | 2022 | 2021 |
|---|---|---|
| **ASSETS** | | |
| Current assets | $ 19,943,268 | $ 23,784,764 |
| Noncurrent assets: | | |
| Capital assets, net | 172,828,058 | 178,810,878 |
| Investments | 159,363,425 | 169,108,519 |
| Other | 10,048,701 | 13,629,922 |
| | 342,240,184 | 361,549,319 |
| **Total assets** | 362,183,452 | 385,334,083 |
| **Deferred outflows of resources** | 10,057,117 | 11,697,813 |
| Current liabilities | 32,715,492 | 48,951,501 |
| Noncurrent liabilities | 261,997,975 | 252,636,219 |
| **Total liabilities** | 294,713,467 | 301,587,720 |
| **Net position:** | | |
| Net investment in capital assets | (80,195,203) | (62,072,486) |
| Unrestricted | (8,613,990) | (19,821,556) |
| Restricted for: | | |
| Nonexpendable | 69,508,531 | 68,449,600 |
| Expendable | 96,827,764 | 108,888,618 |
| Total net position | $ 77,527,102 | $ 95,444,176 |

*Current Assets*

The primary components of current assets are cash and cash equivalents, pledges, and accounts receivable. Cash and cash equivalents consist of cash in the Association's bank accounts and the fair value of highly liquid short-term investments. Pledges receivable relate primarily to pledges received to fund scholarship endowments and expenses associated with facility projects and renovations (e.g., Russ Chandler Stadium and Edge/Rice Building). Accounts receivable include payments due in FY 2022 that were still outstanding as of June 30, 2022. Receivables increased with over $9.8 million related to the ACC Network distributions.

*Noncurrent Assets*

The primary components of noncurrent assets are capital assets, long-term investments held by the Georgia Tech Foundation ("the Foundation"), and long-term pledges and other investments.

Capital assets include buildings, building improvements, equipment, and construction in progress net of related accumulated depreciation and totaled $ 172,828,058 and $178,810,878 at June 30, 2022 and 2021, respectively. Facility improvements were made to Russ Chandler Stadium and Bobby Dodd Stadium during the fiscal year. Depreciation expenses of approximately $9 million was the main reason for the decrease in overall value of capital assets.

Investments held by the Foundation include endowments, quasi-endowments, and other investments and are recorded at fair value. The amount held by the Foundation at June 30, 2022 and 2021, totaled $159,363,425 and $169,108,159, respectively. The decrease in FY 2022 is due to quasi-endowment principal funds held by the Foundation appropriately utilized to support operations and debt service was higher than new collections and investment earnings.

The other component of noncurrent assets is pledge balances that will be received a year or more following year end, as well as other items such as charitable remainder trusts and deposits held by outside sources. These amounts were $5,784,395 and $8,167,670 for year end June 30, 2022 and 2021, respectively.

**Liabilities**

*Current Liabilities*

Current liabilities represent the portion of the Association's debt which is payable within the next fiscal year. The primary components of current liabilities are accounts payable, accrued liabilities, deposits received for football and basketball season tickets, deferred revenues, and the current portion of long-term liabilities. Current liabilities also include short-term payments due to related parties and contractual payments due to former coaches whose employment with the Association ended.

Accounts payable associated with related parties totaled $2,383,168 and $13,184,227 for June 30, 2022 and 2021. The decrease represents payment of all non-current balances owed to the Institute.

Deposits received for football and basketball tickets represent payments received for future seasons. Deposits received totaled $9,274,800 and $12,855,357 at June 30, 2022 and 2021, respectively.

Contract agreement-current portion consists of short-term contractual payments due to the former head football coach whose employment with the Association ended in December 2018. The Association made an annual payment totaling approximately $250,000 in FY 2022 and will make annual payments totaling $125,000 for the remainder of the contract term ending in FY 2023.

The total short-term portion of bond payment obligations outstanding at June 30, 2022 and 2021 totaled $1,935,000 and $1,395,000 respectively. Notes payable mainly consist of $1,000,000 in short-term payments related to the purchase of land used for the for the Georgia Tech golf team practice facility, and the ACC Network facility start-up costs, respectively. In addition, a new seven-year debt in the amount of $11,125,000 was issued during the year in order to pay off and close a fully utilized line of credit – part of debt restructuring to due to Covid-19 related operating losses. A new $12,000,000 line of credit was issued to assist the Association with any seasonal cash flow issues.

A line of credit was drawn upon in FY 2022 and the outstanding balance at June 30, 2022 and June 30, 2021 totaled $11,000,000 and $12,000,000, respectively. It is anticipated the June 30, 2022 balance will be cleared upon receipt of the accounts receivable from the Atlantic Coast Conference.

*Noncurrent Liabilities*

Long-term debt and other obligations include expenses resulting from financial transactions for which the principal is due more than one year from the statement of net position date. The primary component of long-term debt is required debt service payments associated with bonds issued by the Association. These bond issuances include the following:

*2012 A&B Bond Issuance*

This bond issuance refinanced the existing principal on the 2001 bonds and financed the termination of the existing swaption which totaled $94,285,000 and $28,010,000, respectively. This bond issuance also funded construction of the Byers Tennis Complex ($12 million). The resulting thirty-year bond issuance was structured primarily with fixed rate bonds. The portion supporting the swaption termination was funded with taxable bonds. The callable portion of the 2012A bonds were refunded as part of a 2022 bond issuance.

*2019 A&B Bond Issuance*

This bond issuance restructured existing principal on the 2011 and 2012 bonds totaling $81,155,000 and $58,550,000. The issuance also included new capital funding for the Russ Chandler Stadium Phase II renovation ($10 million) and deferred maintenance projects within Bobby Dodd Stadium ($10 million). The resulting thirty-year bond issuance was structured with taxable and tax-exempt bonds totaling $32,065,000 and $131,575,000 respectively.

*2022 Bond Issuance*

The primary purpose of this bond issuance was to refund a majority of the tax-exempt portion of the 2012 bond issuance in order to take advantage of lower interest rates. The twenty-year bond issuance was structured as taxable bonds totaling $52,230,000.

*PNC Bank Loan – Restructure Line of Credit*

This loan was issued to pay off an existing line of credit with Truist Bank. The Truist line was fully drawn as a result of financial challenges during Covid-19 restrictions. This seven-year bank note totals $11,125,000.

The resulting total long-term portion of debt obligations outstanding at June 30, 2022 and 2021, totaled $261,997,975 and $252,636,219, respectively.

*Net Position*

Net position represents the difference between the Association's assets and liabilities.

Total net position at June 30, 2022 and 2021, was $77,527,102 and $95,444,176, respectively. The decrease in net position is explained in detail on page 15, in the section headed "Net Position."

Unrestricted net position represents those balances from operational activities that have not been restricted by parties external to the Association such as donors. This includes funds that have been designated by the governing board for specific purposes as well as amounts that have been contractually committed for goods and services that have not yet been received. In addition, certain funds held by the Georgia Tech Foundation are to be classified as unrestricted based on specific donor agreements.

Restricted nonexpendable net position consists of endowment gifts with specific restrictions on spending the principal given. These assets are made up largely of endowments supporting scholarship expenses.

Restricted expendable net position primarily consists of gifts related to the quasi-endowment established by the gifts received from the Candler Estate as well as the quasi-endowments established to support capital project expenses.

The condensed statements of revenues, expenses, and changes in net position are shown below:

## Condensed Statements of Revenues, Expenses, and Changes in Net Position
## Years Ended June 30, 2022 and 2021

| | 2022 | 2021 |
|---|---|---|
| **Operating revenues** | | |
| Ticket sales | $ 12,343,768 | $ 3,535,567 |
| Atlantic Coast Conference revenue distributions | 37,535,646 | 35,014,091 |
| Contributions | 6,934,000 | 9,466,363 |
| Event related | 14,812,660 | 8,552,386 |
| Other | 13,514,834 | 12,264,625 |
| Total operating revenues | 85,140,908 | 68,833,032 |
| **Operating expenses** | | |
| Salaries and benefits | 34,548,323 | 29,560,111 |
| Program and facilities | 40,713,047 | 29,011,643 |
| General and administrative | 11,801,927 | 8,521,996 |
| Depreciation | 9,009,197 | 8,393,590 |
| Total operating expenses | 96,072,494 | 75,487,340 |
| **Operating profit (loss)** | (10,931,586) | (6,654,308) |
| **Nonoperating revenues (expenses)** | | |
| Investment income | 757,834 | 628,015 |
| Increase in fair value investments | (3,252,826) | 43,284,135 |
| Interest on long-term debt | (12,779,223) | (13,082,737) |
| Total nonoperating revenues (expenses) | (15,274,215) | 30,829,413 |
| Capital contributions | 3,208,944 | 4,807,996 |
| Permanent endowment contributions | 5,079,783 | 5,223,214 |
| Increase (decrease) in net position | (17,917,074) | 34,206,315 |
| Net position, beginning of year | 95,444,176 | 61,237,861 |
| Net position, end of year | $ 77,527,102 | $ 95,444,176 |

## Operating Revenues

*Ticket Sales*

Ticket sales are generated from support of the Association's various sports through paid admissions primarily to home events. Ticket sales net of sales taxes, for FY2022 increased substantially from the previous year, and some over pre-pandemic amounts due to attendance restrictions being lifted and an increased interest in GTAA sports programs.

| | 2022 | 2021 |
|---|---|---|
| Football | $ 10,188,425 | $ 3,344,245 |
| Men's basketball | 1,340,970 | 65,864 |
| Women's basketball | 69,915 | 17,318 |
| Baseball | 353,661 | 108,140 |
| Volleyball | 59,779 | - |
| Outside Events | 331,018 | - |
| Total | $ 12,343,768 | $ 3,535,567 |

*ACC Revenue*

The Atlantic Coast Conference ("the ACC") distributions include all revenues collected on behalf of the membership. This includes television rights fees, bowl game distributions, tournament and championship profits, and net NCAA distributions. The revenues are reduced by the conference's operating expenses then distributed among its 15 members. The ACC distributions totaled $37,535,646 in FY2022 and $35,014,091 in FY2021. The Association received approximately $9 million from revenues generated by the ACC Network.

*Contributions*

Contributions include unrestricted and restricted donations. Contribution revenue totaled $6,934,000, in FY2022 and $9,466,363 in FY2021. Contributions returned to pre-pandemic levels as significant gifts were received from generous donors in FY2021 to subsidize COVID losses.

Included in contribution revenue is sport specific donations used to supplement annual operating costs for each program. These funds are used to supplement extraordinary and unbudgeted operational expenses during the year. These contributions totaled $2,899,450 in FY2022 and $2,640,697 in FY2021 and are presented as fundraising revenues.

*Event Related*

In addition to ticket sales, other revenues are generated during hosted Athletic Association events.

The components of event related revenues for the years ended June 30, 2022 and 2021, respectively, are as follows:

| | 2022 | 2021 |
|---|---|---|
| Premium lease fees | $ 9,636,135 | $ 2,270,318 |
| Radio rights fees | 2,500,000 | 5,226,852 |
| Sponsorships | 772,028 | 330,915 |
| Concessions | 1,549,197 | 508,732 |
| Licensing fees | 140,870 | 181,833 |
| Guarantees – football | - | - |
| Guarantees - other | 114,000 | 25,000 |
| Stinger seatbacks | 89,490 | - |
| Auxiliary Sales | 10,940 | - |
| Total event related | $ 14,812,660 | $ 8,543,650 |

Premium lease fees are contributions tied to seat location in areas with upgraded benefits in Bobby Dodd Stadium and McCamish Pavilion. The significant increases in FY2022 from the previous year was due to Covid-19 attendance restrictions, that were in place during FY2021, being lifted.

Radio rights fees and sponsorships include revenues generated by the Association's advertising efforts in all forms to include facility signage, print, radio and apparel-related licensing. FY2022 was the first year of a ten-year agreement with Legends, Inc. to serve as GTAA's third-party multi-media rights partner which will generate corporate partnerships, sponsorships and will work with GTAA on generating higher revenues from ticket sales and ticket-based contributions. While revenue is lower than the previous year, longer term projections will exceed revenue generated in previous years.

Concessions include revenue managed by a third-party contractor that operates all concessions at Association venues. In FY2020, the third-party contractual relationship transitioned from a commission-based arrangement to a management fee partnership in which the Association now retains all concessions revenues and expenses.

Guarantees typically include a contracted fee or portion of revenues collected at away games in which Georgia Tech participates and are intended to offset the costs associated with traveling to the away game site. The increase in FY 2022 is directly related to FY2022 scheduling of out of conference guarantee games primarily for men's basketball.

*Other Revenue*

Other revenues totaled $13,514,834 and $12,264,625 for the years ended June 30, 2022 and 2021, respectively, and was comprised of the following:

| | 2022 | 2021 |
|---|---|---|
| Student athletic fees | $ 6,024,950 | $ 5,368,400 |
| Institutional support | 5,840,726 | 6,156,056 |
| Miscellaneous | 1,649,158 | 740,169 |
| Total other revenue | $ 13,514,834 | $ 12,264,625 |

In FY22, student athletic fees returned to pre-pandemic levels as campus restrictions were in place, which caused a decrease in the amount of fees paid by students during FY21.

Institutional support revenues represent the amount of out-of-state tuition that Georgia Tech does not charge the Association in an effort to assist the operations ("tuition waivers") as well as provide administrative salary and other support.

Miscellaneous revenue includes facility rental fees, football and men's basketball parking revenue, handling fees as well as other miscellaneous revenues. The increase in FY2022 was directly related to eliminating attendance restrictions that were in place during FY2021 and hosting external events.

**Operating Expenses**

*Salaries and Benefits*

Salaries and benefits represent salary expenses and the associated costs of benefits. For FY2021, furloughs and a hiring freeze were implemented to assist in offsetting shortfalls in revenue impacted by Covid-19 restrictions. FY2022 salaries were back to normal levels and Institute full-time employees received cost of living increases.

| | 2022 | 2021 |
|---|---|---|
| Salaries | $ 28,667,324 | $ 23,839,120 |
| Benefits & Fringes | 5,880,999 | 5,720,991 |
| Total salaries and benefits | $ 34,548,323 | $ 29,560,111 |

*Programs and facilities*

Programs and facilities expenses include sport programs, direct support of those programs by other departments, and the maintenance of the facilities in which these programs perform.

| | 2022 | 2021 |
|---|---|---|
| Scholarships | $ 13,505,927 | $ 11,621,928 |
| Guarantees | 3,050,064 | 384,000 |
| Travel | 5,661,350 | 4,232,911 |
| Events and other services | 6,486,509 | 4,400,516 |
| Recruiting | 1,940,120 | 412,749 |
| Utilities | 2,111,097 | 1,572,777 |
| Operation, maintenance, and plant | 4,243,520 | 4,208,305 |
| Fund-Raising Expenses | 2,586,106 | 1,439,971 |
| Uniforms and equipment | 1,128,354 | 929,630 |
| Total program and facilities | $ 40,713,047 | $ 29,202,787 |

Scholarship expenses include charges associated with the cost of attendance at Georgia Tech for student athletes receiving financial aid from the Association.

Guarantee expenses include the costs associated with providing contractually established fees or percentage of revenues collected at a home event to the opponent to offset the opponent's travel costs. Athletic contest scheduling and a contractual guarantee with Mercedes Benz for yearly football games obligations created an increase in guarantees for FY2022.

Travel expenses include the costs of staff and student athletes traveling to competition events. Travel costs fluctuate annually depending on the location of road opponents and post season events. In FY2022, expenses increased over $1 million from the prior year largely due to full scheduling in all athletic competitions.

Events and other services expenses include costs associated with managing home events as well as expenses for premium seating areas and sponsorships. These expenses increased full scheduling of home competitions as well as the hosting of the ACC and NCAA swim championships for FY2022.

Recruiting expenses include the costs of staff traveling for recruiting purposes and hosting recruits for official visits to Georgia Tech's campus. Costs include all reasonable modes of transportation, meals, and accommodations. These costs are driven by the number of scholarships available in each respective sport. The expenses for FY2022 had a significant increase due to the lifting of NCAA recruiting restrictions enforced throughout most of the FY2021 recruiting periods.

Operations, maintenance and plant expenses include costs associated with the repair and upkeep of the Association's $172 million in net capital assets. Maintenance and repairs on the Association's facilities will continue to be a growing expense in the future.

Fundraising expenses represent extraordinary and unbudgeted operating expenses funded by sport-specific contributions. Examples included facility enhancements, equipment, foreign tours, and other extraordinary operating expenses.

Uniforms and equipment expenses include the costs associated with supplying the teams with clothing and protective gear used on the field of play. These costs may rise and fall due to rotation of replacement uniforms, roster sizes, and changes to apparel providers.

*General and Administrative*

General and administrative expenses include costs incurred to manage and administer all 17 sports programs and development costs to raise funds. General and administrative expenses totaled $11,801,927 in FY 2022 and $8,521,996 in FY 2021.

*Depreciation*

Depreciation expense includes the depreciation of the Association's capital assets, including building improvements, furniture and fixtures, scoreboards and vehicles, and the amortization of certain bond-related items.

*Nonoperating Revenues (Expenses)*

Nonoperating revenues (expenses) include income earned on investments, permanent endowment and restricted contributions, interest expense, changes in the net present value of charitable remainder trusts, changes in the fair market value of the Association's investment portfolio and additional nonoperating expenses. With significant decreases in investment earnings from the previous year, non-operating expenses, net, were $15,274,215.

*Capital Contributions*

Capital Contributions consist of contributions restricted by donors for construction of new facilities or improvements to existing facilities. GTAA recorded capital contributions of $3,208,944 in FY 2022.

*Net Position*

In FY2022, the year-end net position is $77,527,102 a $17.9 million decrease from the prior year. As the expenses needed to maintain athletic competitiveness continue to rise, so too has the need to grow revenues. The Association continues to emphasize securing funds to enhance facilities, support scholarships, and grow unrestricted operational revenues, but with investment uncertainty this continues to be an area of concern.

The condensed statements of cash flows are shown below:

**Condensed Statements of Cash Flows**
**Years Ended June 30, 2022 and 2021**

| | 2022 | 2021 |
|---|---|---|
| Cash flows from operating activities | $ (18,212,325) | $ 5,826,923 |
| Cash flows from noncapital financing activity | 5,079,783 | 5,223,214 |
| Cash flows from capital and related financing activities | 317,611 | (9,499,295) |
| Cash flows from investing activities | 7,300,089 | (15,035,284) |
| Net change in cash and cash equivalents | (5,514,842) | (13,484,442) |
| Cash and cash equivalents, beginning of year | 11,119,633 | 24,604,075 |
| Cash and cash equivalents, end of year | $ 5,604,791 | $ 11,119,633 |

Cash flows from operations include receipts from customers, student fees, advertisers, donors, and conference distributions. The major uses of funds were payments to Georgia Tech for scholarship-related costs, as well as utilities and facility maintenance, employee payroll, operations, and other suppliers of operating needs.

Cash flows from noncapital financing represent cash received for permanent endowment purposes.

Cash flows from capital and related financing activities are comprised of proceeds from debt issuance, construction costs of facilities improvements, and principal and interest payments on debt.

Cash flows from investing activities are comprised primarily of proceeds from sales and maturities of investments, purchases of investments, and income earned on investments.

During the fiscal year ended June 30, 2022, these activities created a decrease of $5,514,842 in cash and cash equivalents.

**Outlook for the Future**

The Association is continuing to recover from the financial challenges endured during the COVID-19 pandemic. As part of its Strategic Plan, the Association has implemented a 10-year financial plan to restore the department's fund balance to a positive position. For year 1 of the plan (FY2022), GTAA showed more improvement to the fund balance than was anticipated. The Association continues to be committed to maintaining the health, safety, and wellbeing of its student-athletes, protecting the employment of its coaches and staff, investing in revenue generating opportunities, and positioning itself to capitalize on its prior momentum and thrive following the pandemic. It is also committed to working in partnership with the Institute to develop solutions to maintain the short and long-term financial health of the Association.

The Association envisions a bright financial future following the impact of the pandemic. It anticipates television and media revenue growth due to continued increases in distributions from the ACC Network, increased ticket sales and other generated revenues resulting from a long-term football partnership with Mercedes-Benz Stadium. The Association continues to book opportunities for external events and will host an international soccer match in September 2022. Finally, the Association is optimistic about revenue growth in corporate sponsorships, and premium ticket sales as a new partnership with Legends began in July 2021.

**Contacting Management**

This financial narrative is designed to provide the reader with a general overview of the Georgia Tech Athletic Association's finances and show the Association's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Association's Business Office at Bobby Dodd Stadium, Atlanta, Georgia:

Georgia Tech Athletic Association
Attn: Chief Financial Officer
150 Bobby Dodd Way
Atlanta, GA 30332-0455
(470) 927-9318

**GEORGIA TECH ATHLETIC ASSOCIATION**
**STATEMENT OF NET POSITION**
**JUNE 30, 2022**

| | |
|---|---|
| **ASSETS** | |
| **Current assets** | |
| Cash and cash equivalents | $ 1,340,485 |
| Pledges receivable - current portion, net | 2,864,318 |
| Accounts receivable, net | 15,067,879 |
| Prepaid expenses and other assets | 670,586 |
| Total current assets | 19,943,268 |
| | |
| **Noncurrent assets** | |
| Restricted cash | 4,264,306 |
| Pledges receivable - long-term, net | 5,178,171 |
| Investments held by Georgia Tech Foundation | 159,363,425 |
| Other noncurrent assets | 606,224 |
| Capital assets not being depreciated | 11,892,018 |
| Capital assets being depreciated, net | 160,936,040 |
| Total noncurrent assets | 342,240,184 |
| | |
| **Total Assets** | $ 362,183,452 |
| | |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Deferred charge on refunding of debt, net | $ 10,057,117 |
| | |
| **LIABILITIES** | |
| **Current liabilities** | |
| Accounts payable and accrued expenses | $ 2,451,463 |
| Due to Georgia Institute of Technology | 2,383,168 |
| Accrued interest payable | 2,162,171 |
| Deposits received for football and basketball tickets | 9,274,800 |
| Deferred sponsorship agreements | 718,407 |
| Leases payable - current portion | 491,151 |
| Contract agreements - current portion | 125,000 |
| Notes payable - current portion | 2,174,332 |
| Line of credit | 11,000,000 |
| Bonds payable - current portion | 1,935,000 |
| Total current liabilities | 32,715,492 |
| | |
| **Long-term liabilities** | |
| Leases payable | 465,322 |
| Notes payable | 8,223,365 |
| Bonds payable | 253,309,288 |
| Total long-term liabilities | 261,997,975 |
| | |
| **Total Liabilities** | $ 294,713,467 |
| | |
| **NET POSITION** | |
| Net investment in capital assets | $ (80,195,203) |
| Unrestricted | (8,613,990) |
| Restricted | |
| Nonexpendable | 69,508,531 |
| Expendable | 96,827,764 |
| **Total Net Position** | $ 77,527,102 |

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

**GEORGIA TECH ATHLETIC ASSOCIATION**
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**
**FOR THE YEAR ENDED JUNE 30, 2022**

| | |
|---|---|
| **Operating revenues** | |
| Ticket sales | $ 12,343,768 |
| Atlantic Coast Conference revenue distributions | 37,535,646 |
| Contributions | 4,034,550 |
| Fundraising | 2,899,450 |
| Student athletic fees | 6,024,950 |
| Premium lease fees | 9,636,135 |
| Advertising and sponsorships | 5,062,525 |
| Guarantees | 114,000 |
| Institutional support | 5,840,726 |
| Other | 1,649,158 |
| Total operating revenues | 85,140,908 |
| **Operating expenses** | |
| Salaries and benefits | 34,548,323 |
| Scholarships | 13,505,927 |
| General and administrative | 11,801,927 |
| Depreciation | 9,009,197 |
| Guarantees | 3,050,064 |
| Travel | 5,661,350 |
| Recruiting | 1,940,120 |
| Events and other services | 6,486,509 |
| Fundraising | 2,586,107 |
| Utilities | 2,111,097 |
| Operation, maintenance, and plant | 4,243,520 |
| Uniforms and equipment | 1,128,353 |
| Total operating expenses | 96,072,494 |
| **Operating loss** | (10,931,586) |
| **Nonoperating revenues (expenses)** | |
| Transfer of spendable allocation from endowments at GT Foundation | 757,834 |
| Decrease in fair value of investments | (3,252,826) |
| Interest on long-term debt | (12,779,223) |
| Total nonoperating revenues (expenses) | (15,274,215) |
| **Loss before capital and endowment contributions** | (26,205,801) |
| **Capital contributions** | 3,208,944 |
| **Permanent endowment contributions** | 5,079,783 |
| **Change in net position** | (17,917,074) |
| **Net position,** beginning of year | 95,444,176 |
| **Net position,** end of year | $ 77,527,102 |

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

**GEORGIA TECH ATHLETIC ASSOCIATION**
**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED JUNE 30, 2022**

| | |
|---|---|
| **Cash flows from operating activities** | |
| Receipts from customers | $ 6,329,258 |
| Receipts from student fees | 6,024,950 |
| Receipts from Atlantic Coast Conference | 36,344,076 |
| Receipts from NCAA institutions | 114,000 |
| Receipts from donors for contributions | 2,899,450 |
| Receipts from advertisers and sponsors | 5,238,841 |
| Receipts from premium lease fees | 9,636,135 |
| Payments to suppliers | (44,030,502) |
| Payments to employees | (14,805,315) |
| Payments to Georgia Institute of Technology | (27,612,376) |
| Other receipts, net | 1,649,158 |
| Net cash used in operating activities | (18,212,325) |
| **Cash flows from noncapital financing activities** | |
| Receipts from permanent endowment contributions | 5,079,783 |
| Net cash provided by noncapital financing activities | 5,079,783 |
| **Cash flows from capital and related financing activities** | |
| Proceeds from issuance of debt | 25,390,000 |
| Proceeds from line of credit | 11,000,000 |
| Receipts from donors for capital contributions | 6,564,883 |
| Purchases of capital assets | (2,453,495) |
| Principal paid on debt and line of credit | (26,883,114) |
| Payments on lease obligations | (484,984) |
| Interest paid | (12,815,679) |
| Net cash provided by capital and related financing activities | 317,611 |
| **Cash flows from investing activities** | |
| Proceeds from sales and maturities of investments | 17,831,228 |
| Purchases of investments | (11,288,973) |
| Transfer of spendable allocation from endowments at GT Foundation | 757,834 |
| Net cash provided by investing activities | 7,300,089 |
| **Net decrease in cash and cash equivalents** | (5,514,842) |
| **Cash and cash equivalents,** beginning of year | 11,119,633 |
| **Cash and cash equivalents**, end of year | $ 5,604,791 |
| **Classified on the Statement of Net Position as:** | |
| Cash and cash equivalents | $ 1,340,485 |
| Restricted cash and cash equivalents, noncurrent | 4,264,306 |
| Total cash and cash equivalents | $ 5,604,791 |

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

**GEORGIA TECH ATHLETIC ASSOCIATION**
**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED JUNE 30, 2022**
(Continued)

| | |
|---|---|
| **Reconciliation of operating loss to net cash** | |
| used in operating activities | |
| Operating loss | $ (10,931,586) |
| Adjustments to reconcile operating loss to net cash | |
| used in operating activities: | |
| Depreciation and amortization | 9,009,197 |
| Changes in assets and liabilities: | |
| Accounts receivable, net | (2,433,953) |
| Prepaid expenses and other assets | 945,671 |
| Other noncurrent assets | (9,769) |
| Accounts payable and accrued expenses | (341,909) |
| Due to Georgia Institute of Technology | (10,801,059) |
| Contract agreements | (244,676) |
| Deposits received for football and basketball tickets | (3,580,557) |
| Deferred sponsorship agreements | 176,316 |
| Net cash used in operating activities | $ (18,212,325) |

**Supplemental disclosure of noncash activity**

| | |
|---|---|
| **Noncash investing, capital, and related financing activities** | |
| Proceeds from debt refunding placed in escrow | $ 39,727,793 |
| Defeasance of refunded debt | (37,965,000) |
| Capital assets purchased through leases obligations | 572,882 |
| Changes in fair value of investments held by Georgia Tech Foundation | (3,252,826) |

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

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

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

(a) **Reporting entity—**The Association operates sports, athletic facilities, and programs for the benefit of the Georgia Institute of Technology (Georgia Tech or the Institute).

The Association qualifies for treatment as a component unit of Georgia Tech; therefore, the Association's financial statements are included in Georgia Tech's combined financial statements as a discretely presented component unit.

(b) **Basis of presentation**—The Association's financial statements have been prepared in accordance with the accounting principles generally accepted in the United States as prescribed by the Governmental Accounting Standards Board (GASB).

The financial statement presentation provides a comprehensive, entity-wide perspective of the Association's assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows. In addition, the Association presents a Management's Discussion and Analysis (MD&A). The MD&A is considered to be required supplemental information and precedes the financial statements.

(c) **Basis of accounting—**For financial reporting purposes, the Association is considered a special-purpose government engaged only in business-type activities. Accordingly, the Association's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

The Association distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses for the Association are those that result from the operation of Georgia Tech's intercollegiate athletic programs. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. Capital contributions and endowment contributions are not considered operating revenues or expenses and are reported after nonoperating revenues and expenses in the accompanying statement of revenue, expenses, and changes in net position.

(d) **Cash and cash equivalents—**The Association considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(e) **Accounts receivable**—Accounts receivable are stated at the amount management expects to collect from balances at year-end. Based on management's assessment of the credit history with organizations having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end should be immaterial. However, the Association recorded an allowance for doubtful accounts at June 30, 2022 of $114,872 as a conservative estimate. The Association has no policy requiring collateral or other security to support its accounts receivable.

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

(f) **Pledges receivable—**The Association receives pledges of financial support from corporations, foundations, and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements have been met. In the absence of such promise, revenue is recognized when the gift is received. In accordance with GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, endowment pledges are not recorded as assets until the related gift is received. The Association reduces pledges receivable to estimated net realizable value by recording an allowance to uncollectible pledges. An allowance for uncollectible pledges receivable is provided based on management's judgment of potential uncollectible amounts and includes such factors as prior collection history, type of gift, and nature of fundraising.

(g) **Investments—**The Association measures investments at their fair value based on quoted market prices when available. Investments received as gifts are recorded at their fair market or appraised value as of the date of the gift.

(h) **Capital assets—**Capital assets are recorded at cost must exceed $10,000 or more before the assets are capitalized. Depreciation is recorded on a straight-line basis over estimated useful lives of the respective assets as follows:

| | |
|---|---|
| Furniture and equipment | 5 years |
| Scoreboards | 15 years |
| Athletic Facilities / Buildings | 30 – 40 years Property/improvements 30 years or length of debt service |

(i) **Deferred outflows of resources—**In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The Association only had one item that qualifies for reporting in this category at June 30, 2022, which is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. This amortization is included in interest expense on the statement of revenues, expenses, and changes in net position.

(j) **Net position—**The Association's net position is classified as follows:

- *Restricted – Nonexpendable*: Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal.

- *Restricted – Expendable*: Restricted expendable net position includes resources for which the Association is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

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

- *Net investment in capital assets:* Net position invested in capital assets, consists of capital assets, including leased assets, net of accumulated depreciation, plus deferred charge on refunding of debt, and is reduced by the outstanding balances of any debt and lease liabilities that is attributable to those assets.

- *Unrestricted*: This represents Association resources which do not meet the definition of "restricted" or "net investment in capital assets."

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

(k) **Contributions—**The Association recognizes receivables and revenues from private donations that are voluntary nonexchange transactions when all applicable eligibility requirements are met. All contributions are available for unrestricted use unless specifically restricted by the donor.

(l) **Postretirement benefits—**All employees who provide services to the Association are employees of the Institute. Employees are eligible, upon retirement, for certain healthcare and life insurance benefits. Substantially all employees may become eligible for these benefits if they reach normal retirement age while working for the Association or complete 20 years of service. Eleven employees were eligible for postretirement coverage at June 30, 2022.

The postretirement health care benefits allow the retiree to continue the health care coverage that was provided as an active employee. The Association is not responsible for payments for health benefits, but does continue to offer dental and life insurance benefits to retired employees should they elect coverage. The Association made no payments for retiree insurance premiums for the year ended June 30, 2022. In order for an employee to be eligible for postretirement health care benefits, the employee must have been employed 10 consecutive years, be at least 60 years of age and continue the benefits immediately upon retirement by paying the employee portion of the premium cost.

The postretirement life insurance benefits allow the retiree to continue the life insurance policy that he or she was eligible for as an active employee by continuing to pay the insurance premiums. A portion of the postretirement life insurance benefits are paid by the retiree.

The Other Postemployment Benefits (OPEB) liability and expense for the Institute has been reported in the Institute's consolidated financial statements. Since all employees who provide services to the Association are Institute employees, no OPEB liability or expense has been reflected in the accompanying financial statements of the Association.

Georgia Tech participates in various retirement plans administered by the State of Georgia under two major retirement systems: Teachers Retirement System of Georgia (TRS) and Employees' Retirement System of Georgia (ERS). These two systems issue separate publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained from the respective administrative offices. The Institute also provides one other retirement plan - the Regents Retirement Plan. More detailed information can be found in the plan agreements and related legislation. Each plan, including benefit and contribution provisions, was established and can be amended by State law.

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

All teachers of the Institute as defined in the O.C.G.A. § 47-3-60 are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. TRS issues a publicly available financial report that can be obtained at www.trsga.com/publications.

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00 % of their annual pay during fiscal year 2022.

ERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at ers.ga.gov/financials.

Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The Institute's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2022 was 19.91% of annual covered payroll for old plan members, 24.66% for new plan members and 21.57% for GSEPS members. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

(m) **Income taxes—**The Association is generally exempt from Federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Management of the Association considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to the Association's status as a not-for-profit entity. Management believes the Association met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax, therefore no provision for income taxes has been provided in these financial statements. The Association's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

(n) **Use of estimates—**The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and 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) Deposit and Investment Risk:

Custodial credit risk is the risk related to deposits and investment securities that in the event of a bank or institutional failure, the Association's deposits or funds invested may not be returned to it. The Association does not have a policy that addresses custodial credit risk. As of June 30, 2022, $1,413,328 of the Association's bank balance of $1,663,328 was exposed to custodial credit risk.

Additionally, as of June 30, 2022, the Association had $4,264,306 in restricted cash, all of which are invested in U.S. Government obligations. Since the Association's restricted cash and investments held with the Georgia Tech Foundation represent investments in external investment pools and U.S. Government obligations, they are not considered to be exposed to custodial credit risk, and therefore, no custodial credit risk disclosure is required.

Funds belonging to the State of Georgia cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the Official Code of Georgia Annotated Section 50-17-59:

1) Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia.

2) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.

3) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.

4) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.

5) Bonds, bills, certificates of indebtedness, notes or other direct obligations of a subsidiary Authority of the United States government, which are fully guaranteed by the United States government, both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

6) Insurance of accounts provided by the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation.

(3) **Pledges Receivable:**

The Association records pledges receivable from various fundraising campaigns. Pledges receivable at June 30, 2022 primarily relate to funds received to fund construction projects as well as to provide funds for athletic program support and to improve other athletic facilities of the Association. The Association has recorded pledges receivable at the present value of the future expected payments at June 30, 2022, as follows:

| | |
|---|---|
| Pledges receivable | $ 13,881,378 |
| Less allowance for uncollectible pledges | (4,618,658) |
| Less discount on pledges (discount rates ranging from 0.4% to 3.5%) | (1,220,231) |
| | $ 8,042,489 |

| | |
|---|---|
| Receivable in less than one year | $ 2,864,318 |
| Receivable in one to five years | 3,814,517 |
| Receivable in more than five years | 1,363,654 |
| Total | $ 8,042,489 |

(4) **Funds Managed by the Georgia Tech Foundation:**

The Association has transferred assets to the Georgia Tech Foundation (the Foundation) to be managed on its behalf. Assets managed by the Foundation on behalf of the Association totaled $159,363,425 at June 30, 2022. The Foundation manages these assets by investing in pooled investment funds. Interest, dividend income, and gains and losses earned on pooled funds are allocated equitably based on the fair value of the assets of each entity that participates in the pooled investment funds. The Association is entitled to all earnings on these assets; however, distributions are made by the Foundation to the Association only when requested. The pooled funds held at the Foundation are valued on a quarterly basis and all earnings are allocated to the participants at that time. All purchases and redemptions are calculated as of the last business day of the calendar quarter in which the additions or withdrawals are made. Withdrawals from the pooled investments are charged at the exit price, which is based on the most recent quarterly valuation. Additionally, the Foundation and Alexander-Tharpe Fund, Inc. have agreed to a six-month advance notice prior to full redemption of funds from the pooled investments. Interest, dividend income, gains and losses from these funds, net of fees, totaled to a loss of $3,252,826 for the year ended June 30, 2022, and is included in the decrease in fair value of investments in the statement of revenues, expenses, and changes in net position.

In addition, based on donor designations, the Association is allocated earnings from certain endowments of the Foundation not reported on the financial statements, which had an aggregate fair value of $25,931,123 at June 30, 2022. The Foundation distributed $757,834 to the Association from these endowments for 2022.

(4) **Funds Managed by the Georgia Tech Foundation:** (Continued)

The Foundation prepares separate annual financial statements which are audited in accordance with auditing standards generally accepted in the United States of America. Information regarding investments held by the Foundation on behalf of the Association can be obtained from the Foundation.

As quantified in the previous paragraphs, draws are made annually from funds invested by the Georgia Tech Foundation on behalf of the Georgia Tech Athletic Association. All of the investments contain either permanent or temporary restrictions regarding how the funds and certain related earnings can be used. In general, as a result of these restrictions, funds drawn from these investments can only be used to fund sports related scholarships or expenses incurred by specific sports or sport related activities. The draws from these investments fund many of the transactions recorded as operating expenses on the Statement of Revenues, Expenses and Changes in Net position. The amount withdrawn from these investments is included in the "Proceeds from sales and maturities of investments" recorded on the Statement of Cash Flows. The breakdown of withdrawals from Foundation investments for 2022 is as follows:

| | |
|---|---|
| Restricted – expendable | $ 16,831,228 |
| Unrestricted | 1,000,000 |
| Total withdrawals from Foundation investments | $ 17,831,228 |

Restrictions on the assets included in the investment base from which these draws are made are as follows:

- 38% are classified as restricted, non-expendable. The earnings from these non-expendable assets are available to support scholarship expenses.
- 14% are restricted expendable assets for student-athlete support expenses. However, funds can also be drawn from these investments to cover approved capital projects and special project expenses.
- 29% are classified as restricted expendable assets. Draws can be made from these investments to fund facility enhancements and special projects expenses.
- The remaining 19% are classified as unrestricted expendable

(5) **Fair Value Measurements:**

The Association categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the inputs used in valuation and gives the highest priority to quoted prices in active markets and requires that observable inputs be used in the valuations when available.

The disclosure of fair value estimates in the hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest level, Level 1, is given to unadjusted quoted prices in active markets and the lowest level, Level 3, to unobservable inputs that reflect the Foundation's significant market assumptions. The three levels of the fair value hierarchy are as follows:

(5) **Fair Value Measurements:** (Continued)

Level 1 – Valuations based on unadjusted quoted market prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Valuations based on pricing inputs that are other than quoted prices in active markets, which are either directly or indirectly observable. Examples include commingled funds which hold actively traded public securities, but whose valuations are determined only periodically, (typically monthly). Other examples include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, prepayment speeds, credit risks, default rates, loss severities, etc.) or can be corroborated by observable market data.

Level 3 – Valuations are derived from other valuation methodologies, including pricing models, discounted cash flow models, and similar techniques. Level 3 valuations incorporate certain assumptions and projections that are not observable in the market and require significant professional judgment in determining the fair value assigned to such assets and liabilities. Level 3 investments primarily comprise alternative investments that do not have a liquid market at the balance sheet date. Inputs used for Level 3 may include the original transaction price, recent transactions in the same or similar market, completed or pending third party transactions in the underlying investment or comparable issuers, and subsequent rounds of financing. When observable prices are not available, these investments are valued using one or more valuation techniques described below:

Market Approach: This approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Income Approach: This approach determines a valuation by discounting cash flows.

Cost Approach: This approach is based on the principle of substitution and the concept that a market participant would not pay more than the amount that would currently be required to replace the asset.

The fair value hierarchy requires the use of observable market data when available. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The classification of assets and liabilities in the fair value hierarchy is not necessarily an indication of the risks or liquidity, but is based on the observability of the valuation inputs.

The fair value of the Association's restricted investments is entirely made up of U.S. Government obligations, which are traded in active markets (Level 1).

The fair value of the Association's investments held by the Foundation is measured on a recurring basis, which is valued based on the Association's share of the Foundation's investment pool, using significant unobservable inputs (Level 3).

(5) **Fair Value Measurements:** (Continued)

The fair value of assets classified as Level 3 in the fair value hierarchy changed as follows:

| | Investments held by Georgia Tech Foundation |
|---|---|
| **Balance at June 30, 2021** | 169,108,519 |
| Net investment loss | (3,202,839) |
| Additions during the year | 11,288,973 |
| Withdrawals during the year | (17,831,228) |
| **Balance at June 30, 2022** | $ 159,363,425 |

(6) **Capital Assets:**

Capital assets at June 30, 2022, consist of the following:

| | Beginning Balance | Additions | Decreases | Ending Balance |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Land | $ 9,218,600 | $ - | $ - | $ 9,218,600 |
| Construction in progress | 19,424,778 | 1,053,624 | (17,804,984) | 2,673,418 |
| Total capital assets, not being depreciated | 28,643,378 | 1,053,624 | (17,804,984) | 11,892,018 |
| Buildings and improvements | 254,172,738 | 18,180,260 | - | 272,352,998 |
| Equipment | 4,937,510 | 1,058,343 | - | 5,995,853 |
| Vehicles | 210,390 | - | - | 210,390 |
| Right to use asset | 1,087,996 | 572,882 | (33,748) | 1,627,130 |
| Total capital assets, being depreciated | 260,408,634 | 19,811,485 | (33,748) | 280,186,371 |
| Less accumulated depreciation | (110,241,134) | (9,009,197) | - | (119,250,331) |
| Total capital assets, being depreciated, net | 150,167,500 | 10,802,288 | (33,748) | 160,936,040 |
| Total net capital assets | $ 178,810,878 | $ 11,855,912 | $ (17,838,732) | $ 172,828,058 |

Depreciation and amortization expense for the year ended June 30, 2022 was $9,009,197. Additions and improvements to the athletic facilities used by the Association become the property of the State of Georgia upon installation or acquisition. Under a lease agreement with the Board or Regents of the University System of Georgia, the Association has the use of this property for up to 40 years.

Included in capital assets as of June 30, 2022 is equipment leased. The gross cost amount of these assets was $3,716,212, with related accumulated depreciation of $1,923,088. Gross costs include assets shown above as right to use assets with approximately $1,400,000, $1,000,000 net of depreciation, reported under buildings and improvements as it relates to the Bobby Dodd video board upgrades. Equipment under leases is amortized over the shorter of the lease term or the estimated useful lives of the assets. Obligations under leases were $956,473 as of June 30, 2022.

(7) **Long-term Obligations:**

The change in long-term obligations for the year ended June 30, 2022, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Current Portion |
|---|---|---|---|---|---|
| Notes and bonds payable | $ 255,918,978 | $ 63,355,000 | $ (53,631,993) | $ 265,641,985 | $ 4,109,332 |
| Line of credit | 12,000,000 | 11,000,000 | (12,000,000) | 11,000,000 | 11,000,000 |
| Leases | 868,575 | 572,882 | (484,984) | 956,473 | 491,151 |
| Contract agreements | 369,676 | - | (244,676) | 125,000 | 125,000 |
| Total | $ 269,157,229 | $ 74,927,882 | $ (66,361,653) | $ 277,723,458 | $ 15,725,483 |

(8) **Leases:**

The Association has entered into multiple lease agreement as a lessee for equipment. These lease agreements have been recorded at the present value of the future minimum lease payments as of the inception dates.

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2022, were as follows:

| Year Ending June 30, | Principal | Interest | Total Principal and Interest |
|---|---|---|---|
| 2023 | $ 491,151 | $ 28,623 | $ 519,774 |
| 2024 | 219,158 | 14,890 | 234,048 |
| 2025 | 200,357 | 7,877 | 208,234 |
| 2026 | 35,689 | 1,466 | 37,155 |
| 2027 | 10,118 | 324 | 10,442 |
| Total | $ 956,473 | $ 53,180 | $ 1,009,653 |

The interest rate on this capitalized lease is 0.99%. Interest rates are imputed based on the lower of the Association's incremental borrowing rate at the inception of the lease or the lessor's implicit rate of return.

Amortization of leased buildings and improvements and equipment, furniture, fixtures and vehicles under leases is included with depreciation expense.

## (9) Line of Credit:

The Association has an unsecured revolving line of credit in the amount of $12,000,000 with a regional bank. The line of credit is due on demand, but if no demand for payment is made, the line matures on January 31, 2025. Accrued interest is due on the 1st day of each month. The interest rate on the line of credit is equal to the sum of the daily BSBY rate plus 45 basis points, or 2.060% for 2022. There was a $11,000,000 balance outstanding on the line of credit at June 30, 2022.

## (10) Notes and Bonds Payable:

Notes and bonds payable at June 30, 2022 consist of the following:

| | Ending Balance |
|---|---|
| Note Payable, unsecured note payable with interest payable quarterly at a fixed rate of 1.55% with annual principal payments ranging from $2,050,000 to $680,000 beginning June 2022 thru June 2029. | $ 10,005,000 |
| Series 2012 Bonds Payable, variable rate bonds (interest rates ranging from 1.32% to 5.31% at June 30, 2022) that was partially refunded with Series 2019 and Series 2022 Bonds Payable, with annual principal payments ranging from $325,000 to $3,170,000 beginning October 2012 thru October 2035. | 27,135,000 |
| Note Payable with equipment as collateral. Monthly payments of $10,891 with interest at a fixed rate of 1.98% beginning September 2020 to September 2025. | 392,697 |
| Series 2019 Bonds Payable, variable rate bonds (interest rates at 5% for 2019A and ranging from 1.97% to 3.24% for 2019B at June 30, 2022) with annual principal payments ranging from $1,930,000 to $10,620,000 beginning October 2024 thru October 2050. | 163,640,000 |
| Series 2022 Bonds Payable, variable rate bonds (interest rates ranging from 1.15% to 3.47%) with principal payments ranging from $160,000 to $14,780,000 beginning October 2022 thru October 2042. | 52,230,000 |
| | 253,402,697 |
| Unamortized discount and premium | 12,239,288 |
| | 265,641,985 |

(10) **Notes and Bonds Payable:** (Continued)

A description of the bonds payable at June 30, 2022 are as follows:

In February of 2012, the Development Authority of Fulton County issued Georgia Tech Athletic Association Revenue Bonds, Series 2012A with a par value of $97,925,000. This bond issuance re-financed the remaining $94,285,000 principal outstanding on the Series 2001 bonds. This bond issuance also financed the construction of the Ken Byers Tennis Complex. This is a variable rate, tax exempt bond issuance. Also in February of 2012, the Development Authority of Fulton County issued Georgia Tech Athletic Association Revenue Bonds, Series 2012B with a par value of $26,615,000. This bond issuance funded the termination of the swaption that the Association entered into in 2003. This is a variable rate, taxable bond issuance. The bonds were marketed at an All-In Total Interest Cost of 4.144%.

In August of 2019, the Development Authority of Fulton County issued Georgia Tech Athletic Association Revenue Bonds, Series 2019A with a par value of $32,065,000. Proceeds from this bond issuance were used to pay the 2012 Bonds Payable of $30,300,000. This is a fixed rate, tax exempt bond issuance. Also in August of 2019, the Development Authority of Fulton County issued Georgia Tech Athletic Association Revenue Bonds, Series 2019B with a par value of $131,575,000. Proceeds from this bond issuance refunded a portion of the Series 2011 Bonds and a portion of the Series 2012A Bonds. This is a variable rate, taxable bond issuance. The bonds were marketed at an All-In Total Interest Cost of 5.939%.

In February of 2022, the Development Authority of Fulton County issued Georgia Tech Athletic Association Revenue Bonds, Series 2022 with a par value of $52,230,000. Proceeds from this bond issuance refunded a portion of the Series 2012A Bonds for a defeased principal of $37,965,000. This is a variable rate, taxable bond issuance. The bonds were marketed at an All-In Total Interest Cost of 3.526%.

Maturities of notes and bonds payable during the fiscal years subsequent to June 30, 2022, are as follows:

| Year Ending June 30, | Principal | Interest | Total Principal and Interest |
|---|---|---|---|
| 2023 | $ 4,109,332 | $ 10,779,245 | $ 14,888,577 |
| 2024 | 4,470,695 | 8,844,548 | 13,315,243 |
| 2025 | 4,802,670 | 8,744,910 | 13,547,580 |
| 2026 | 5,090,000 | 8,594,597 | 13,684,597 |
| 2027 | 5,750,000 | 8,384,175 | 14,134,175 |
| 2028–2032 | 34,550,000 | 37,619,800 | 72,169,800 |
| 2033–2037 | 48,700,000 | 28,862,834 | 77,562,834 |
| 2038–2042 | 64,585,000 | 18,813,704 | 83,398,704 |
| 2043–2047 | 50,640,000 | 8,758,733 | 59,398,733 |
| 2048–2050 | 30,705,000 | 1,514,705 | 32,219,705 |
| | 253,402,697 | 140,917,251 | 394,319,948 |
| Unamortized discount and premium | 12,239,288 | - | 12,239,288 |
| Total | $ 265,641,985 | $ 140,917,251 | $ 406,559,236 |

(11) **Employee Benefits:**

As disclosed in Note (1) above, all employees who provide services to the Association are employees of the Institute. As such, all employees are eligible to participate either in the State of Georgia's Teacher's Retirement Plan or its Optional Retirement Plan which varies in match percentage between 9.24% and 21.14%. The expense related to this benefit is included in a straight benefit assessment percentage based on total salary expense of 32.6%. This benefit expense includes insurance coverage, payroll tax expense and pension expense. For the purpose of this footnote, the percent attributed to pension is one-third of the total Benefit/Fringe amount.

Total retirement plan expenses totaled approximately $1,960,000 for the year ended June 30, 2022.

(12) **Net Position:**

Investment income, including unrealized appreciation and depreciation, is allocated to the restricted expendable account on a pro rata basis based on the nonexpendable balance. Absent any donor restrictions, these funds are then available for expenditure.

Restricted expendable net position consists of gifts related to the quasi-endowment established by the gifts received from the Candler Estate. Also included in restricted expendable net position is the Association's Long-Term Support Fund.

Restricted nonexpendable net position includes endowments established to support specific expenses. This total includes endowments that fund scholarship and operating expenses for specified sports teams.

(13) **Candler Fund:**

The Association was named beneficiary in Lee Candler's estate and a charitable remainder trust established by her prior to her death. Upon the death of Lee Candler, the trust was terminated, and all funds therein where distributed to the Association. Total assets received by the Association from the charitable remainder trust and Lee Candler's estate were $54,566,495. These assets were transferred to the Foundation to be managed on the Association's behalf and were combined to form the Candler Fund.

The Candler Fund is being managed by the Association as a quasi-endowment. A substantial portion of the income from Candler Fund is to be used to support the operations of the Total Person Program, the Howard Candler, Jr. Football Conference Center, and the Homer C. Rice Center for Sports Performance. The Association's endowment spending policy for the Candler Fund for the year ended June 30, 2022 was a minimum of 5% of the fair value of the assets, as measured on December 31, of the respective year, for support of the specified programs.

## (14) **Commitments:**

The Association has entered into employment contracts with certain employees expiring in years through 2027 that provide for a minimum annual salary. At June 30, 2022, the total commitment for all contracts for each of the next five years and in the aggregate is as follows:

| Year Ending June 30, | Amount |
|---|---|
| 2023 | $ 12,153,892 |
| 2024 | 9,452,236 |
| 2025 | 10,286,236 |
| 2026 | 4,472,236 |
| 2027 | 890,000 |
| Total | $ 37,254,600 |

The Association is a party in a number of legal actions. While the final outcome cannot be determined at this time, management is of the opinion that the liability, if any, for these legal actions will not have a material adverse effect on the Association's financial position.

## (15) **Related Party Transactions:**

The Association had significant transactions with related parties during the years ending June 30, 2022, which primarily consisted of purchases made on behalf of Association by the Institute, and amounts paid to the Institute for such transactions. All payroll, scholarship and payable transactions are processed through the Institute. Amounts paid to vendors on behalf of the Association during the year ended June 30, 2022 totaled $42,417,691. Of that amount, $24,006,564 was paid during the year ended June 30, 2022 by the Association to the Institute in support of employee wages. Amounts due to the Institute at June 30, 2022 was $2,383,168.

## (16) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Association's financial statements:

(a) GASB Issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. GSAB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in GASB 87, as amended. The provisions in GASB 96 are effective for periods beginning after June 15, 2022.The Association is currently evaluating the impact this statement will have on its financial statements.

# SUPPLEMENTARY SCHEDULES

**GEORGIA TECH ATHLETIC ASSOCIATION**
**SUPPLEMENTARY SCHEDULE: CASH BASIS FINANCIALS**
**JUNE 30, 2022 AND 2021**

On a quarterly basis, the Georgia Tech Athletic Association prepares cash based financial statements for review by the Association's Board of Trustees. This presentation provides an accounting of real funds received and expended during the fiscal year. Highlighted below is the fiscal year 2021 Cash-Based Income Statement. Explanations for the variance between the Governmental Accounting Standards Board (GASB) Statement No. 35 based financials and the Cash-Based Financials are provided in the notes below.

| | FY2021 CASH BASED FINANCIALS | FY2022 PRELIMINARY FINANCIALS | FY2022 CASH BASED FINANCIALS | VARIANCE CASH vs. AUDITED | |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| ACC Distribution | $ 35,014,091 | $ 37,535,646 | $ 37,535,646 | - | |
| Ticket Sales | 3,535,567 | 12,343,767 | 12,343,767 | - | |
| Guarantees Received | 25,000 | 114,000 | 114,000 | - | |
| Premium Lease Fees | 2,270,318 | 9,636,135 | 9,636,135 | - | |
| Sponsorships/Concessions | 6,962,624 | 5,062,525 | 5,062,525 | - | |
| Student Fees | 5,368,400 | 6,024,950 | 6,024,950 | - | |
| Contributions | 23,276,633 | 6,934,000 | 25,578,186 | 18,644,186 | *A* |
| Institutional Support | 6,156,056 | 5,840,726 | 5,840,726 | - | |
| Other | 740,169 | 1,649,158 | 1,649,158 | - | |
| **TOTAL REVENUES** | 83,348,858 | 85,140,908 | 103,785,094 | 18,644,186 | |
| | | | | | |
| **EXPENSES** | | | | | |
| Personnel | $ 29,810,111 | $ 34,548,323 | $ 34,798,323 | 250,000 | *B* |
| Scholarships | 11,621,928 | 13,505,928 | 13,505,928 | - | |
| Travel & Post Season | 4,232,911 | 5,661,350 | 5,661,350 | - | |
| Recruiting | 412,749 | 1,940,120 | 1,940,120 | - | |
| Depreciation | - | 9,009,197 | - | (9,009,197) | *C* |
| Event & Other Services | 4,400,516 | 6,486,509 | 6,486,509 | - | |
| General and Administrative | 8,330,852 | 11,801,927 | 11,801,927 | - | |
| Guarantees | 384,000 | 3,050,064 | 3,050,064 | - | |
| Operations, Maintenance & Plant | 6,034,912 | 4,243,520 | 5,861,078 | 1,617,558 | *D* |
| Utilities | 1,572,777 | 2,111,097 | 2,111,097 | - | |
| Uniforms and Equipment | 929,630 | 1,128,353 | 1,128,353 | - | |
| Fund-Raising Expenses | 1,439,971 | 2,586,107 | 2,586,107 | | |
| Debt Service | 13,978,959 | - | 12,938,725 | 12,938,725 | *E* |
| **TOTAL EXPENSES** | 83,149,316 | 96,072,494 | 101,869,581 | 5,797,086 | |
| **NET INCOME** | $ 199,542 | **$ (10,931,586)** | $ 1,915,513 | $ 12,847,099 | |

## A. Contributions

GASB Statement No. 35 based revenues total all contributions received during the fiscal year, to include donations that ultimately are deposited in one or more of the AT Fund's restricted endowment accounts and invested by the Georgia Tech Foundation. Since these funds are not expended by the Association when they are received, the donation amount is not recorded on the Cash Based Income Statement.

For most endowments, the Association draws a portion of the interest earned annually. The dollars drawn are used to fund Association expenses (typically scholarship expenses) as permitted by the original endowment agreement. For any given fiscal year, on the Cash Based Income Statement, these draws are recorded as revenue because they are used to fund expenses incurred during that fiscal year. Under GASB Statement No. 35, a portion of the revenue drawn has already been recorded as contribution revenue during the fiscal year in which it was received. In addition, the interest earned on the original investment is added to the assets on the audited financial statements Balance Sheet. Because this draw has been reflected elsewhere, these funds are not recorded as contribution revenue on the audited Statement of Revenues, Expenses, and Changes in Net Position.

GASB Statement No. 35 based accounting records pledges received as contribution revenue during the year in which the contribution is received. When pledges are determined to be uncollectible, they are written off. The amount written off is deducted from contribution revenue during the year in which the write off occurred. Because pledges are not actually received in cash form, the amount pledged (or amount written off) is not recorded on the cash-based income statement.

As a result of these factors, contribution revenues for the two different methods of accounting are derived from the following sources:

**GASB Statement No. 35 Accounting**

| | | |
|---|---|---|
| Funds contributed to Athletic Directors Initiative Fund during FY 2022 | $ | 953,351 |
| Annual unrestricted cash contributions | | 2,986,219 |
| Sport Specific Fund-Raising | | 2,899,450 |
| Unrestricted Pledge Balances | | 94,980 |
| | $ | 6,934,000 |

**Cash Based Accounting**

| | | |
|---|---|---|
| Annual draw from restricted endowment base | $ | 3,848,698 |
| Annual draws from Candler Fund endowments | | 8,414,488 |
| Annual draw from Athletic Directors Initiative Fund | | 1,000,000 |
| Annual draw from Long Term Growth Fund | | 5,381,000 |
| Draw from Athletic Fund Balance account | | 0 |
| Sport-Specific Fund Raising | | 2,899,450 |
| Annual unrestricted cash contributions | | 4,034,550 |
| | $ | 25,578,186 |

### B. Personnel

Following GASB Statement No. 35 guidelines, For FY 2019 the net present value of the entire balance of amounts owed to the Former Head Football after employment ended December of 2018 were recorded on the FY 2019 Statement of Net Position and as a result this, compensation was added as a personnel expense for FY19. Therefore, the net result of these transactions are recorded as a reduction to the cash basis due to the amounts for FY 221 recorded as a long-term liability.

### C. Depreciation

As outlined in footnote 1(h) to the audited financial statements, under GASB Statement No. 35 based accounting, capital assets are recorded at cost. Depreciation is recorded on a straight-line basis over the estimated useful lives of these assets, resulting in the depreciation expense noted on the audited financials. Since no actual cash outlay is associated with this activity, depreciation expense is not recorded on the cash based financial statements.

### D. Operations, Maintenance & Plant

Under GASB Statement No. 35 accounting guidelines, expenses associated with physical plant additions are capitalized and reflected in the Capital Assets total on the Statement of Net Position and not on the Statement of Revenues, Expenses, and Changes in Net Position. These expenses, totaling $1,433,618 in FY 2022 were primarily additions to the Edge Building, Bobby Dodd Stadium, Chandler Baseball Stadium and Video/Scoreboard upgrades.

As outlined in footnote 6 to the audited financial statements, under GASB Statement No. 35 based accounting, included in capital assets on the Statement of Net Position is equipment leased under capital leases. Equipment under capital leases is amortized over the shorter of the lease term or the estimated useful lives of the assets. As a result, lease payments for equipment are not recorded as operating expenses on the GASB Statement No. 35 based Statement of Revenues, Expenses, and Changes in Net Position, but are instead amortized under capital assets on the Statement of Net Position. The largest examples of equipment leases charged to Operations, Maintenance & Plant accounts include costs associated with the ground maintenance equipment provider. Lease payments generated $183,940 in expenses that were shown on the cash-based income statement in FY 2021, but not included in the audited financial statements' Statement of Revenues, Expenses, and Changes in Net Position.

## E. Debt Service

Under GASB Statement No. 35 accounting guidelines, debt payments associated with the 2011 Series Revenue Bonds, 2012 Series Revenue Bonds, the 2019 Series Revenue Bonds, and the two Truist Bank Loans are broken into interest payments and payments against the principal. Interest payments are not recorded as operating expenses on the GASB Statement No. 35 based Statement of Revenues, Expenses, and Changes in Net Position, but are instead shown below the Operating Profit (Loss) line as "non-operating expenses." Principal payments are deducted from the "Bonds Payable- Long Term" total on the Statement of Net Position. Because GTAA dollars were used to fund all debt payments made during FY 2021, this expense is included on the Cash Based Income Statement.

**GEORGIA TECH ATHLETIC ASSOCIATION**
**SUPPLEMENTARY SCHEDULE II: ATTENDANCE AND ASSOCIATED REVENUE**
**JUNE 30, 2022**

The intercollegiate football and men's basketball programs at Georgia Tech generate the vast majority of fan attendance and revenue (primarily through ticket sales and television contract revenue) for GTAA. The following table lists the top five intercollegiate sports at Georgia Tech in terms of fan attendance and associated revenue. As previously shared, sporting event revenues were impacted by attendance restrictions due to the COVID-19 pandemic.

| Sport | 2022-2021 Total Attendance | 2022-2021 Average Attendance per Game | Associated Revenue (1) |
|---|---|---|---|
| Football | 257,875 | 36,839 | 48,763,900 |
| Men's Basketball | 91,428 | 4,812 | 9,657,636 |
| Baseball | 29,014 | 879 | 959,489 |
| Women's Basketball | 21,294 | 1,253 | 958,513 |
| Volleyball | 9,871 | 759 | 582,899 |
| **Total** | **409,482** | **44,542** | **60,922,438** |

(1) Associated Revenue is event related sales (*i.e.*, tickets, suite and club seat sales, TECH fund donations, concessions, parking and guarantees) and associated television revenues received through ACC conference distributions.