

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**UNIVERSITY OF FLORIDA LAW CENTER
ASSOCIATION, INC.
GAINESVILLE, FLORIDA**

JUNE 30, 2017

**UNIVERSITY OF FLORIDA LAW CENTER ASSOCIATION, INC.
GAINESVILLE, FLORIDA**

BOARD OF TRUSTEES

FIRST NAME	LAST NAME	TITLE	TERM
Bruce R.	Abernathy	Alumnus	10/15 - 10/20
Carter	Andersen	Alumnus	10/12 - 10/17
John	Bales	Committee Chair	10/12 - 10/17
Patricia	Barksdale	Alumnus	10/15 - 10/20
Michael	Bedke	Alumnus	10/11 - 10/16
David	Bilsker	Alumnus	10/14 - 10/19
Thomas E.	Bishop	Alumnus	10/15 - 10/20
Jeffery	Boone	Committee Vice-Chair	10/11 - 10/17
John	Bovay	Committee Chair	10/08 - 10/17
David	Bowers	Committee Chair	10/12 - 10/17
William	Boyles	Committee Vice-Chair	10/10 - 10/17
Brian	Burgoon	Alumnus	10/15 - 10/20
Dennis	Calfee	Treasurer	10/14 - 10/19
Timothy M.	Cerio	Alumnus	10/15 - 10/20
Richard	Comiter	Committee Vice-Chair	10/08 - 10/17
Patrick	Cousins	Alumnus	10/13 - 10/18
James	Cunningham, Jr.	Alumnus	10/15 - 10/20
Lauren	Detzel	Committee Chair	10/12 - 10/17
Edward	Downey	Committee Chair	10/13 - 10/18
Mayanne	Downs	Committee Chair	10/12 - 10/17
Karen	Dyer	Alumnus	10/14 - 10/19
Jeffrey	Feldman	Committee Chair	10/12 - 10/17
Kent	Fuchs	U.F. President	Ex-Officio
James	Gale	Alumnus	10/12 - 10/17
Betsy	Gallagher	Committee Chair	10/07 - 10/17
Jonathan	Gerber	Committee Vice-Chair	10/13 - 10/18
Courtney	Grimm	Alumnus	10/14 - 10/19
Lee	Gunn	Alumnus	10/15 - 10/20
Jack	Hackett, II	Committee Chair	10/11 - 10/17
Scott	Hawkins	Secretary/Committee Vice-Chair	10/08 - 10/17
Fred	Hazouri	Alumnus	10/14 - 10/19
Charlene	Honeywell	Alumnus	10/13 - 10/18
Marcia	Howard	Committee Chair	10/13 - 10/18
Gary	Huston	Alumnus	10/14 - 10/19
Thomas	Julin	Alumnus	10/13 - 10/18
Cristin	Keane	Alumnus	10/15 - 10/20
Lawrence	Keefe	Committee Chair	10/11 - 10/17
Nelly	Khouzam	Alumnus	10/13 - 10/18
Nicole	Kibert	Alumnus	10/15 - 10/19
Mark	Klingensmith	Committee Vice-Chair	10/11 - 10/17
Elizabeth	Krentzman	Alumnus	10/15 - 10/20
Alan	Landman	Alumnus	10/15 - 10/20
Ian	Leavengood	Alumnus	10/15 - 10/19
Paul	Linder	Committee Vice-Chair	10/13 - 10/18
Warren	Lindsey	Alumnus	10/12 - 10/17
Bill	McCollum	Committee Chair	10/11 - 10/17

**UNIVERSITY OF FLORIDA LAW CENTER ASSOCIATION, INC.
GAINESVILLE, FLORIDA**

BOARD OF TRUSTEES

(Concluded)

FIRST NAME	LAST NAME	TITLE	TERM
Michael	Minton	Committee Chair	10/08 - 10/17
Wil	Murphy	Alumnus	10/13 - 10/18
Louis	Nostro	Committee Vice-Chair	10/12 - 10/17
David	Peek	Alumnus	10/12 - 10/17
William	Perry	Alumnus	10/13 - 10/18
Gary	Printy	Committee Chair	10/11 - 10/17
Ray	Royce	Alumnus	10/15 - 10/20
Oscar	Sanchez	Committee Chair	10/08 - 10/17
William	Schifino	Alumnus	10/13 - 10/18
John	Scroggin	Alumnus	10/11 - 10/16
Mike	Smith	Alumnus	10/14 - 10/19
Richard	Smith	Alumnus	10/15 - 10/19
Hans	Tanzler	Alumnus	10/15 - 10/19
Donald	Tescher	Alumnus	10/15 - 10/19
Laura	Thacker	Asst. Secretary/Committee Chair	10/08 - 10/17
Glenn	Waldman	Committee Chair	10/11 - 10/17
Greg	Weiss	Committee Chair	10/14 - 10/19
Guy	Whitesman	Committee Vice-Chair	10/12 - 10/17

EXECUTIVE COMMITTEE

NAME	TITLE
Kent Fuchs	U.F. President
Laura Rosenbury	Dean, Chief Operating Officer
Michael Minton	Past Chair
Scott Hawkins	Vice-Chair
Oscar Sanchez	Chair
Dennis Calfee	Treasurer
Jo Thacker	Secretary
John Bales	Chair, Finance and Investment Committee

FINANCE AND INVESTMENT COMMITTEE

AUDIT COMMITTEE

NAME	TITLE	NAME	TITLE
John Bales	Chair	David Bowers	Chair
Jeffrey Boone	Vice-Chair	William Boyles	Vice-Chair
Carter Andersen		Dennis Calfee	
Les Barnett		Richie Comiter	
Bruce Bokor		Hal Kantor	
Dennis Calfee		Elizabeth Krentman	
Richard Comiter		David Peek	
William Perry		Robie Robinson	
Ray Royce		John Scroggin	
Hap Shashy			
William Schifino			
Hans Tanzler			

UNIVERSITY OF FLORIDA LAW CENTER ASSOCIATION, INC.
GAINESVILLE, FLORIDA

EMERITUS

George Allen	Dudley Goodlette	Wally Pope, Jr.
Cesar Alvarez	Larry Gragg	Becky Powhatan-Kelley
Duby Ausley	Alan Greer	Jamie Pressly
Mark Avera	Andrew Hall	Mark Proctor
David Band	Bruce Harris	Gerald Richman
Les Barnett	Jim Hauser	Jesse Rigby
Martha Barnett	Benjamin Hill, III	Robie Robinson
Jean Bice	Jeff Hirsch	Gerald Rosenthal
Jack Bierley	Cory Hodak	Juliet Roulhac
Susan Black	Dan Honeywell	Everett Santos
Roger Blackburn	Bill Hoppe, Jr.	Jake Schickel, Sr.
Bruce Bokor	Paul Huck	Clifford Schulman
Bill Bone	Yolanda Cash Jackson	Buddy Schulz, Jr.
Dan Boone	Elizabeth Jenkins	Ernest Sellers
Jeanelle Bronson	Kimberly Johnson	Larry Sellers, Jr.
Les Burke	Hal Kantor	Hap Shashy, Jr.
Jim Camp, Jr.	Deeno Kitchen	Linda Shelley
Tom Cardwell	Roger Lambert	Terrance Smiljanich
Rusty Carolan, III	Leslie Lott	Crit Smith
Lawton Chiles, III	Peter MacNamara	Jacqueline Smith
Martha Cochran	Kevin Malone	Kelly Smith, Jr.
Howard Coker	Christine Markussen	Mark Somerstein
Charles Commander	Pedro Martin	Robert Stern
Anne Conway	Margaret Mathews	Sid Stubbs
Bruce Culpepper	Clifton McClelland, Jr.	Glenn Sturm
Sandy D'Alemberte	Marybeth McDonald	Jeanne T. Tate
Barry Davidson	Robert Mead, Jr.	Jim Theriac
John DeVault, III	Joseph Mellichamp, III	Marjorie Thomas
Buddy Dyer, Jr.	Howell Melton, Jr.	Bob Trohn
Ladd Fassett	Manuel Menendez, Jr.	Frank Upchurch, III
Andrew Faswbush	Robert Merkel	John Upchurch, IV
Patricia Fawsett	Stephan Mickle	George Vaka
Michael Ferguson	James Moody, Jr.	John Vreeland
Allan Geiger	George Moraitis	Ward Wagner
Ellen Bellet Gelberg	John Morgan	Jeff Warren
W. C. Gentry	Mark Nouss	Bill Weber
Pat Geraghty, Sr.	Brian O'Connell	Jean Wilson
Ellen Gershow	Rahul Patel	Evan Yegelwel
Linda Getzen	Lindy Paull	Gwynne Young
Gene Glasser	Gene Pettis	Stephen Zack
Robert Glennon	Charles Pillans, III	Peter Zinober

Trustee terms run from October in the year they were elected to October in their fifth year.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**UNIVERSITY OF FLORIDA LAW CENTER
ASSOCIATION, INC.
GAINESVILLE, FLORIDA**

JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

Board of Trustees of the
University of Florida Law Center
Association, Inc.
Gainesville, Florida

We have audited the accompanying statement of net position of the University of Florida Law Center Association, Inc. (the Association) as of June 30, 2017, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Certified Public Accountants

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Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Trustees of the
University of Florida Law Center
Association, Inc.
Gainesville, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2017, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Association's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 24, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not 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 in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 15, 2017, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.


September 15, 2017
Gainesville, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

The University of Florida Law Center Association, Inc. (the Association) management's discussion and analysis is designed to assist the reader in focusing on an overview of financial activities, identify changes in the financial position, identify any material deviations from the financial plan, and identify issues and concerns. Since the Management's Discussion and Analysis is intended to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the financial statements attached.

Incorporated in 1962, the Association is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Association is governed by a volunteer Board of Trustees. Designated as a Direct Support Organization of the University of Florida (UF), the Association is operated according to State University System of Florida rules. It maintains a separate, not-for-profit status and is authorized to receive, hold, invest, and administer property and make expenditures benefitting the University of Florida's Levin College of Law. The Association relies on contributions from the public and serves as fiscal agent for some of the Levin College of Law's activities. The Association provides funding for scholarships and fellowships, student organizations, co-curricular programs and program enrichment.

Per the Association's bylaws, the Association's purposes and objectives shall be "(a) to promote and support legal education, the highest ideals and ethics of the profession, legal research, and the administration of justice; (b) to aid and assist the Fredric G. Levin College of Law ("College of Law"), University of Florida, in the establishment, development, and maintenance of a law center at the College of Law, the functions of which shall be to promote the foregoing purposes..."

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements:

- The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide information about the activities of the Association and present a long-term view of the Association's financial position.
- The Statement of Cash Flows provides information regarding how cash comes into the Association and how it is used on the Association's programs and activities.

The financial statements also include notes that further explain information in the statements with more detailed data. Since these notes are an integral part of the statements, they should be read in conjunction with the financial statements so the reader has a clear understanding of the Association's activities and performance.

FINANCIAL ANALYSIS

The Association's total Assets decreased \$37,089 or 0.6%, from \$6,405,275 at June 30, 2016 to \$6,368,186 at June 30, 2017. Net Position decreased \$24,152 or 0.4%, from \$6,376,435 at June 30, 2016 to \$6,352,283 at June 30, 2017.

The following select information was derived from the Association's complete set of financial statements. It is presented to support management's analysis of the financial position and the results of operations that follow this information.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

FINANCIAL ANALYSIS (Continued)

The Association's Net Position

	2017	2016	Amount of Change	Percentage of Change
Total Assets	\$6,368,186	\$6,405,275	(\$37,089)	(0.6%)
Total Liabilities	\$15,903	\$28,840	(\$12,937)	(44.9%)
Net Position				
Unrestricted	994,366	1,016,451	(22,085)	(2.2%)
Restricted Expendable	3,307,510	3,309,577	(2,067)	(0.1%)
Restricted Nonexpendable	2,050,407	2,050,407	0	0%
Total Liabilities and Net Position	\$6,368,186	\$6,405,275	(\$37,089)	(0.6%)
 Operating Revenue				
Contributions and Grants	\$48,660	\$202,244	(\$153,584)	(75.9%)
Nonoperating Revenues				
Investment Income (Loss)	522,071	(156,999)	679,070	432.5%
 Total Revenues	\$570,731	\$45,245	\$525,486	1,161.4%
 Operating Expenses				
Scholarships and Fellowships	\$261,171	\$173,850	\$87,321	50.2%
Student Organizations	350	53,078	(52,728)	(99.3%)
Co-Curricular	23,875	125,309	(101,434)	(80.9%)
Enrichment	235,124	404,983	(169,859)	(41.9%)
Alumni Affairs	13,715	52,694	(38,979)	(74.0%)
Administration	80,472	81,892	(1,420)	(1.7%)
Total Operating Expenses	\$614,707	\$891,806	(\$277,099)	(31.1%)
 Other Financing Sources (Uses)	\$19,824	\$54,771	(\$34,947)	(63.8%)
 Net Change	(\$24,152)	(\$791,790)	\$767,638	97.0%

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Concluded)

FINANCIAL ANALYSIS *(Concluded)*

Some items to note when comparing fiscal year 2016 to fiscal year 2017 are below:

- The Association's Net Position stayed relatively at the same level.
- Contributions to the Association have been decreasing over the years as donors are giving to the College through the University of Florida Foundation (UFF) instead of through the Association. Contributions and Grants Revenue (net of Bad Debts) decreased approximately \$154,000.
- Investment income increased due to an increase in the investment performance of the Association's endowments held at UFF and invested with the University of Florida Investment Corporation (UFICO). This resulted in an investment income as opposed to an investment loss, and an increase of approximately \$680,000 as compared to fiscal year 2016.
- Operating Expenses decreased as the College shifted some spending of gifts received to UFF, in conjunction with the Contributions trend mentioned above.
- The assets described as "On Deposit with UF and UFF" represent both the spendable earnings on LCA owned endowments as well as unrestricted gifts pledged to LCA but collected by UFF on behalf of the LCA.

CONTACTING THE ASSOCIATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Association's Board of Trustees, creditors and the Board of Trustees of the University of Florida with a general overview of the Association's finances. If you have questions about this report or need additional information, contact Dennis Calfee, Treasurer, Law Center Association, at 352-273-0911.

STATEMENT OF NET POSITION
JUNE 30, 2017,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2016
UNIVERSITY OF FLORIDA LAW CENTER ASSOCIATION, INC.
GAINESVILLE, FLORIDA

	Unrestricted	Restricted Expendable	Restricted Nonexpendable	Totals	
				2017	2016
Assets					
Current Assets					
Cash	\$ 305,047	\$ 354,339	\$ 0	\$ 659,386	\$ 666,544
On Deposit with UF and UFF	154,654	128,009	0	282,663	376,451
Pledges Receivable, Net	149,129	20,002	0	169,131	403,942
Miscellaneous Receivables	2,517	0	0	2,517	2,684
Loan Funds	0	53,978	0	53,978	53,353
Loan Funds Receivables	961	1,245	0	2,206	2,606
Funds Held in Reserve	397,812	0	0	397,812	397,812
Total Current Assets	<u>1,010,120</u>	<u>557,573</u>	<u>0</u>	<u>1,567,693</u>	<u>1,903,392</u>
Non Current Assets					
Funds Held and Invested by the UF Foundation, on Behalf of the UF Law Center Association, Inc.	0	2,750,086	2,050,407	4,800,493	4,501,883
Total Non Current Assets	<u>0</u>	<u>2,750,086</u>	<u>2,050,407</u>	<u>4,800,493</u>	<u>4,501,883</u>
Total Assets	<u>1,010,120</u>	<u>3,307,659</u>	<u>2,050,407</u>	<u>6,368,186</u>	<u>6,405,275</u>
Liabilities and Net Position					
Liabilities					
Accounts Payable	15,754	149	0	15,903	28,840
Total Current Liabilities	<u>15,754</u>	<u>149</u>	<u>0</u>	<u>15,903</u>	<u>28,840</u>
Net Position					
Unrestricted	994,366	0	0	994,366	1,016,451
Restricted Expendable	0	3,307,510	0	3,307,510	3,309,577
Restricted Nonexpendable	0	0	2,050,407	2,050,407	2,050,407
Total Net Position	<u>994,366</u>	<u>3,307,510</u>	<u>2,050,407</u>	<u>6,352,283</u>	<u>6,376,435</u>
Total Liabilities and Net Position	<u>\$ 1,010,120</u>	<u>\$ 3,307,659</u>	<u>\$ 2,050,407</u>	<u>\$ 6,368,186</u>	<u>\$ 6,405,275</u>

See accompanying notes.

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2016
UNIVERSITY OF FLORIDA LAW CENTER ASSOCIATION, INC.
GAINESVILLE, FLORIDA**

	Unrestricted	Restricted Expendable	Restricted Nonexpendable	Totals	
				2017	2016
Operating Revenues					
Contributions and Grants (Net of Bad Debts \$18,461 and \$41,865)	\$ 15,485	\$ 33,175	\$ 0	\$ 48,660	\$ 202,244
Total Operating Revenues	<u>15,485</u>	<u>33,175</u>	<u>0</u>	<u>48,660</u>	<u>202,244</u>
Operating Expenses					
Program Services:					
Scholarships and Fellowships	0	261,171	0	261,171	173,850
Student Organizations	0	350	0	350	53,078
Co-Curricular	0	23,875	0	23,875	125,309
Enrichment	0	235,124	0	235,124	404,983
Supporting Services:					
Alumni Affairs	39	13,676	0	13,715	52,694
Administration	23,277	57,195	0	80,472	81,892
(Total Operating Expenses)	<u>(23,316)</u>	<u>(591,391)</u>	<u>0</u>	<u>(614,707)</u>	<u>(891,806)</u>
Operating (Loss) Income	<u>(7,831)</u>	<u>(558,216)</u>	<u>0</u>	<u>(566,047)</u>	<u>(689,562)</u>
Nonoperating Revenues					
Investment Income	0	522,071	0	522,071	(156,999)
Total Nonoperating Revenues	<u>0</u>	<u>522,071</u>	<u>0</u>	<u>522,071</u>	<u>(156,999)</u>
Other Financing Sources (Uses)					
Permanent Contributions	0	0	0	0	3,760
Interfund Transfers	(14,254)	14,254	0	0	0
Transfers in from UF and UF Foundation	0	19,824	0	19,824	61,397
Transfers (out) to UF and UF Foundation	0	0	0	0	(10,386)
Total Other Financing Sources (Uses)	<u>(14,254)</u>	<u>34,078</u>	<u>0</u>	<u>19,824</u>	<u>54,771</u>
Net Change in Net Position	<u>(22,085)</u>	<u>(2,067)</u>	<u>0</u>	<u>(24,152)</u>	<u>(791,790)</u>
Net Position, Beginning of Year	<u>1,016,451</u>	<u>3,309,577</u>	<u>2,050,407</u>	<u>6,376,435</u>	<u>7,168,225</u>
Net Position, End of Year	<u>\$ 994,366</u>	<u>\$ 3,307,510</u>	<u>\$ 2,050,407</u>	<u>\$ 6,352,283</u>	<u>\$ 6,376,435</u>

See accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2016
UNIVERSITY OF FLORIDA LAW CENTER ASSOCIATION, INC.
GAINESVILLE, FLORIDA

	Restricted			Totals	
	Unrestricted	Expendable	Nonexpendable	2017	2016
Cash Flows from Operating Activities					
Cash Received from Contracts and Contributions	\$ 182,577	\$ 100,836	\$ 0	\$ 283,413	\$ 452,657
Cash Paid for Enrichment and Scholarships	(23,674)	(603,970)	0	(627,644)	(880,998)
Net Cash Provided by (Used in) Operating Activities	158,903	(503,134)	0	(344,231)	(428,341)
Cash Flows from Investing Activities					
Proceeds on Sale of Investments	0	223,461	0	223,461	399,115
Transfers from the University of Florida	0	19,824	0	19,824	61,397
Transfers to the University of Florida	0	0	0	0	(10,386)
Interfund Transfers	(14,254)	14,254	0	0	0
Net Cash Provided by (Used in) Investing Activities	(14,254)	257,539	0	243,285	450,126
Net Change in Cash	144,649	(245,595)	0	(100,946)	21,785
Cash and Cash Equivalents, Beginning of Year	315,052	727,943	0	1,042,995	1,021,210
Cash and Cash Equivalents, End of Year	\$ 459,701	\$ 482,348	\$ 0	\$ 942,049	\$ 1,042,995
<u>Reported as</u>					
Cash	\$ 305,047	\$ 354,339	\$ 0	\$ 659,386	\$ 666,544
On Deposit with UF and UFF	154,654	128,009	0	282,663	376,451
Total Cash and Cash Equivalents, End of Year	\$ 459,701	\$ 482,348	\$ 0	\$ 942,049	\$ 1,042,995
<u>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</u>					
Operating Income (Loss)	\$ (7,831)	\$ (558,216)	\$ 0	\$ (566,047)	\$ (689,562)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:					
Change in Assets and Liabilities:					
(Increase) Decrease - Pledges Receivable	166,925	67,886	0	234,811	250,788
(Increase) Decrease - Miscellaneous Loans Receivables	167	(225)	0	(58)	(375)
Increase (Decrease) - Accounts Payable	(358)	(12,579)	0	(12,937)	10,808
Net Change from Operating Activities	\$ 158,903	\$ (503,134)	\$ 0	\$ (344,231)	\$ (428,341)
<u>Noncash Investing Activities</u>					
Permanent Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,139
Increase (Decrease) in the Fair Value of Investments	0	522,071	0	522,071	(156,999)
Net Noncash Investing Activities	\$ 0	\$ 522,071	\$ 0	\$ 522,071	\$ (155,860)

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
UNIVERSITY OF FLORIDA LAW CENTER ASSOCIATION, INC.
GAINESVILLE, FLORIDA

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The University of Florida Law Center Association, Inc. (the Association) is a direct support organization as provided for in Section 1004.28, Florida Statutes, and is considered a component unit of the University of Florida (the University). The Association was formed as a not-for-profit organization in the State of Florida to assist the University of Florida Law School, its faculty, staff, and students.

Basis of Accounting

The Association's financial statements are prepared on the accrual basis of accounting in which transactions are recognized when they occur, regardless of related cash flows. These financial statements are entirely those of the Association alone and, accordingly, are not intended to present the financial position or the results of operations of the University. The Association was determined to be "governmental" under guidance provided by the Governmental Accounting Standards Board (GASB) Statement No. 29, *The Use of Not-for-Profit Accounting and Financial Reporting Principles by Governmental Entities*.

Under GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an Amendment of GASB Statement No. 34*, for financial reporting purposes, the Association is considered a special purpose government engaged only in business-type activities.

Fund Accounting

The accounts of the Association are maintained in accordance with the principles of fund accounting. Resources are classified for accounting and reporting purposes into funds established for various purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group, i.e., unrestricted funds and restricted funds.

Funds restricted by outside sources are so indicated and are distinguished from unrestricted funds. Externally restricted funds may only be utilized in accordance with the purposes established by the sources of such funds. In contrast, the Governing Board retains full control to use unrestricted funds (including those designated for specific purposes by that Governing Board) to achieve the purposes of the Association.

All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the fund which owned such assets. Ordinary income derived from investments, receivables, and the like in the unrestricted and the restricted expendable accounts is accounted for in the fund owning such assets. Ordinary income derived from investments, receivables, and the like in the restricted nonexpendable accounts is accounted for in either the unrestricted or the restricted expendable accounts.

Fixed Assets

All fixed assets are owned by the University of Florida and recorded by the University of Florida Plant Fund. The Association does not include fixed assets on its statement of net position and the cost of additions incurred by the Association are expensed as incurred.

Classification of Revenues

The Association classifies its revenues as operating or nonoperating according to the following criteria:

NOTES TO FINANCIAL STATEMENTS
UNIVERSITY OF FLORIDA LAW CENTER ASSOCIATION, INC.
GAINESVILLE, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Classification of Revenues (Concluded)

- Operating revenues include contributions and contracts or grants and activities that have characteristics of exchange transactions.
- Nonoperating revenues include activities that have characteristics of nonexchange transactions, such as investment income and miscellaneous income.

Net Position

The Association's net position is classified as follows:

■ **Unrestricted Component of Net Position**

Unrestricted component of net position represents resources derived from unrestricted contributions. These resources are used for transactions relating to the general operation of the Association, and may be used at the discretion of the Governing Board to meet current expenses for any purpose.

■ **Restricted Expendable Component of Net Position**

Restricted expendable component of net position includes resources in which the Association is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

■ **Restricted Nonexpendable Component of Net Position**

Restricted nonexpendable component of net position consists of endowments 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.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash and interest-bearing deposits.

The carrying amount of the Association's deposits was \$942,049 for the year ended June 30, 2017. The bank balance was \$945,578 for June 30, 2017. Deposits are placed in banks that qualify as public depositories pursuant to the provisions of Chapter 280, Florida Statutes. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes.

Investments

The Association establishes the fair value of its investments in funds that do not have a readily determinable fair value by using net asset value (NAV) per share, or its equivalent, as provided by the external fund managers.

Pledges Receivables

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, all unconditional pledges that are verifiable, probable, and measurable are recorded at their estimated realizable value on a discounted basis. Pledges receivable are discounted using a rate of 1.8% to 6.0% through the expected term of the pledge receivable. The Association has established an allowance account to absorb the uncollectible portion of the pledges, based on past collection percentages.

NOTES TO FINANCIAL STATEMENTS
UNIVERSITY OF FLORIDA LAW CENTER ASSOCIATION, INC.
GAINESVILLE, FLORIDA
(Continued)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Donated Services

The Association occupies office space at the University of Florida Law School and is assisted by employees of the University. Since there is no clearly measurable basis to value these contributed services, the value of such services is not recorded in the accompanying financial statements.

Income Taxes

The Association is exempt from tax under Section 501(c)(3) of the Internal Revenue Code of 1986 and, therefore, has made no provision for income taxes.

It is the policy of management to evaluate its tax position on an ongoing basis to disclose any such positions it believes would have a material impact on the financial statements and related notes. Management also believes that no such required disclosures currently exist.

The Association is subject to U.S. federal or state income tax examinations for the previous three years. If applicable, the Association would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expense.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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.

Prior Year Comparative Totals

The financial statements include certain prior year summarized comparative information in total but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements and notes for the year ended June 30, 2016, from which the summarized information was derived.

Note 2 - Deposits and Investments

Investments

The Association is required to disclose GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This requires additional disclosure concerning certain investment and deposit risk attributes for custodial credit risk, concentration of credit risk, credit risk, foreign currency risk, and interest rate risk, if these factors are present.

Investments with University of Florida Foundation

The amount of investments included in the accompanying financial statements of the Association as "Funds Held and Invested by the University of Florida Foundation, Inc. (the Foundation) on behalf of the University of Florida Law Center Association, Inc." is \$5,198,305, of which \$4,758,114 is part of the endowment pool. The composition of these funds at June 30, 2017, was as follows:

NOTES TO FINANCIAL STATEMENTS
UNIVERSITY OF FLORIDA LAW CENTER ASSOCIATION, INC.
GAINESVILLE, FLORIDA
(Continued)

Note 2 - Deposits and Investments (Concluded)

Investments with University of Florida Foundation (Concluded)

	<u>Endowment</u> <u>Pools</u>	<u>Non-Endowed</u> <u>Pools</u>
Global Equity	38.51%	0%
Hedged Strategies	27.52%	0%
Private Equity Investments	23.78%	0%
Fixed Income	6.29%	0%
Cash	3.90%	100%
Total	<u>100%</u>	<u>100%</u>

All of the pooled investments held with the Foundation are invested in uninsured and unregistered investments, which are held in the name of the Foundation. All amounts held by the Foundation are classified as Private Equity funds and do not have a readily determinable fair value. The investments are presented in the accompanying financial statements at their net asset value (NAV) per share, or its equivalent, as reported by the Foundation. These investments held with the Foundation may be subject to certain investment risks such as credit risk and interest rate risk; however, that information is currently unavailable.

The Foundation distributes an earnings allocation on all endowment funds to the Association annually into the unrestricted endowment fund investments. Earnings totaled \$522,071 for the year ended June 30, 2017. The Association must use the cash payout for the purposes designated by the donor. Any investment income and realized or unrealized gains in excess of earnings allocation is retained by the Foundation and reinvested in the Foundation endowment pool.

Note 3 - Pledges Receivable

The Association has received various unconditional promises to give. At June 30, 2017, all pledges receivables have been discounted to their present value and are due as follows:

	<u>Unrestricted</u>	<u>Restricted</u> <u>Expendable</u>
Less Than One Year	\$ 186,225	\$ 33,775
One to Five Years	86,950	5,920
More Than Five Years	<u>0</u>	<u>400</u>
	273,175	40,095
(Less Discount to Present Value)	(7,301)	(2,495)
(Less Allowance for Uncollectible)	<u>(116,745)</u>	<u>(17,598)</u>
Total	<u>\$ 149,129</u>	<u>\$ 20,002</u>

NOTES TO FINANCIAL STATEMENTS
UNIVERSITY OF FLORIDA LAW CENTER ASSOCIATION, INC.
GAINESVILLE, FLORIDA
(Continued)

Note 4 - Contingencies

The Association is named beneficiary of life insurance policies with face values of \$25,000.

Note 5 - Allowance for Doubtful Accounts

Loans included in the Association's loan funds are unsecured. Certain loan funds are presented net of an allowance for doubtful accounts. The allowance for doubtful accounts for the loan funds are as follows:

	2017
Student Emergency Loan Fund	<u>\$ 1,578</u>

Note 6 - Related Party Transactions

During the year ended June 30, 2017, the Association received \$19,824 from the Foundation and \$282,663 is on deposit with the University and the Foundation.

NOTES TO FINANCIAL STATEMENTS
UNIVERSITY OF FLORIDA LAW CENTER ASSOCIATION, INC.
GAINESVILLE, FLORIDA
(Concluded)

Note 7 - Restricted Expendable and Restricted Unexpendable Net Position

The accounts comprising restricted expendable and unexpendable net position is as follows:

June 30, 2017

	Restricted Expendable Net Position			Total Restricted Expendable Net Position	Restricted Nonexpendable Principal	Total Restricted Expendable and Nonexpendable Net Position
	Principal	Income	Income on Restricted Nonexpendable			
Restricted Expendable Net Position						
Cypen Freshman Scholarship	\$ 13,120	\$ 14,967	\$ 0	\$ 28,087	\$ 0	\$ 28,087
Jacob Scholarship	10,337	9,046	0	19,383	0	19,383
Martin Luther King, Jr. Scholarship	48,495	31,609	0	80,104	0	80,104
Spoto Scholarship	14,165	21,806	0	35,971	0	35,971
Other Restricted Cash and Receivables	557,432	0	0	557,432	0	557,432
Total Restricted Expendable Net Position	643,549	77,428	0	720,977	0	720,977
Restricted Nonexpendable Net Position						
Bailey Scholarship	0	0	853,277	853,277	644,964	1,498,241
Crandall Scholarship	0	0	161,478	161,478	81,383	242,861
Cone Wagner Nugent Professorship	0	0	324,583	324,583	370,917	695,500
Dunwody Scholarship	0	0	24,993	24,993	22,249	47,242
Ferguson Scholarship	0	0	346,153	346,153	233,858	580,011
Macdonald Scholarship	0	0	43,794	43,794	39,581	83,375
Maloney Scholarship	0	0	66,704	66,704	34,574	101,278
Moot Court Fund	0	0	75,507	75,507	38,697	114,204
Proctor Scholarship	0	0	135,526	135,526	140,227	275,753
Robison Scholarship	0	0	39,977	39,977	30,391	70,368
Smith Professorship	0	0	428,197	428,197	347,025	775,222
Stephens Scholarship	0	0	80,986	80,986	63,038	144,024
TeSelle Professorship	0	0	5,358	5,358	3,503	8,861
Total Restricted Nonexpendable Net Position	0	0	2,586,533	2,586,533	2,050,407	4,636,940
Total Restricted Expendable and Nonexpendable Net Position	\$ 643,549	\$ 77,428	\$ 2,586,533	\$ 3,307,510	\$ 2,050,407	\$ 5,357,917

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

Board of Trustees of the
University of Florida Law Center
Association, Inc.
Gainesville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the University of Florida Law Center Association, Inc. (the Association), as of and for the year ended June 30, 2017, and have issued our report thereon dated September 15, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Certified Public Accountants

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Board of Trustees of the
University of Florida Law Center
Association, Inc.
Gainesville, Florida

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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


September 15, 2017
Gainesville, Florida