

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

JUNE 30, 2018

**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	Secretary	10/12 - 10/18
John	Bales	Committee Chair	10/12 - 10/18
Patricia	Barksdale	Alumnus	10/15 - 10/20
David	Bilsker	Alumnus	10/14 - 10/19
Thomas E.	Bishop	Alumnus	10/15 - 10/20
David	Bowers	Committee Chair	10/12 - 10/18
Rebecca L.	Brock	Alumnus	10/17 - 10/22
Derek E.	Bruce	Alumnus	10/17 - 10/22
Brian	Burgoon	Alumnus	10/15 - 10/20
Dennis	Calfee	Treasurer	10/14 - 10/19
Timothy M.	Cerio	Alumnus	10/15 - 10/20
Richard	Comiter	Asst. Treasurer	10/08 - 10/18
Carlos F.	Concepcion	Alumnus	10/17 - 10/22
Patrick	Cousins	Alumnus	10/13 - 10/18
James	Cunningham, Jr.	Alumnus	10/15 - 10/20
Edward	Downey	Committee Chair	10/13 - 10/18
Karen	Dyer	Alumnus	10/14 - 10/19
Fabienne L.	Fahnestock	Alumnus	10/17 - 10/22
Jeffrey	Feldman	Committee Chair	10/12 - 10/18
Dori	Foster-Morales	Alumnus	10/17 - 10/22
Kent	Fuchs	U.F. President	Ex-Officio
Betsy	Gallagher	Committee Chair	10/07 - 10/18
Jonathan	Gerber	Committee Chair	10/13 - 10/18
Cheryl L.	Gordon	Alumnus	10/17 - 10/22
Courtney	Grimm	Alumnus	10/14 - 10/19
Lee	Gunn	Alumnus	10/15 - 10/20
Jack	Hackett, II	Committee Chair	10/11 - 10/18
Scott	Hawkins	Committee Vice-Chair	10/08 - 10/18
Fred	Hazouri	Alumnus	10/14 - 10/19
Bruce	Hoffman	Alumnus	10/17 - 10/22
Charlene	Honeywell	Alumnus	10/13 - 10/18
Marcia	Howard	Committee Chair	10/13 - 10/18
Gary	Huston	Alumnus	10/14 - 10/19
Janice L.	Innis-Thompson	Alumnus	10/17 - 10/22
Thomas	Julin	Alumnus	10/13 - 10/18
Cristin	Keane	Alumnus	10/15 - 10/20
Lawrence	Keefe	Committee Chair	10/11 - 10/18
Nelly	Khouzam	Alumnus	10/13 - 10/18
Nicole	Kibert	Alumnus	10/15 - 10/20
Elizabeth	Krentzman	Alumnus	10/15 - 10/20
Ian	Leavengood	Alumnus	10/15 - 10/20
Stephanie	Marchman	Alumnus	10/17 - 10/22
Elizabeth	McCausland	Alumnus	10/17 - 10/22
Bill	McCollum	Committee Chair	10/11 - 10/18
Michael	Minton	Committee Chair	10/08 - 10/18

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

BOARD OF TRUSTEES

(Concluded)

FIRST NAME	LAST NAME	TITLE	TERM
Wil	Murphy	Alumnus	10/13 - 10/18
Tracy A.	Nichols	Alumnus	10/18 - 10/23
Louis	Nostro	Committee Chair	10/12 - 10/18
Jorge J.	Perez	Alumnus	10/17 - 10/22
William	Perry	Alumnus	10/13 - 10/18
Robert A.	Pierce	Alumnus	10/17 - 10/22
Gary L.	Printy	Committee Chair	10/17 - 10/18
Ray	Royce	Alumnus	10/15 - 10/21
Oscar	Sanchez	Committee Chair	10/08 - 10/18
William	Schifino	Alumnus	10/13 - 10/18
Morris	Silberman	Alumnus	10/17 - 10/22
Michael W.	Smith	Alumnus	10/14 - 10/19
Richard	Smith	Alumnus	10/15 - 10/20
Hans	Tanzler	Alumnus	10/15 - 10/20
Donald	Tescher	Alumnus	10/15 - 10/20
Laura	Thacker	Committee Chair	10/08 - 10/18
Renee E.	Thompson	Alumnus	10/17 - 10/22
Robert H.	Thornburg	Alumnus	10/17 - 10/22
Glenn	Waldman	Committee Chair	10/11 - 10/18
Greg	Weiss	Committee Chair	10/14 - 10/19
Scott	Westheimer	Alumnus	10/17 - 10/22
Guy	Whitesman	Committee Chair	10/12 - 10/18
Tad A.	Yates	Alumnus	10/17 - 10/22

EXECUTIVE COMMITTEE

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

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, 2018

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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, 2018, 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

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
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, 2018, 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 15, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, 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 November 23, 2018, 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.

Durvis, Gray and Company, LLP

November 23, 2018
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 organized and operated exclusively to receive, hold, invest, and administer property and make expenditures to or for the benefit of the University of Florida's Levin College of Law. The Association relies on contributions from the public. The Association provides funding to meet the University of Florida Levin College of Law's needs including, for example, 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 \$75,974, or 1.2%, from \$6,368,186 at June 30, 2017, to \$6,292,212 at June 30, 2018. Net Position decreased \$75,998, or 1.2%, from \$6,352,283 at June 30, 2017, to \$6,276,285 at June 30, 2018.

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

	2018	2017	Amount of Change	Percentage of Change
Total Assets	\$6,292,212	\$6,368,186	(\$75,974)	(1.2%)
Total Liabilities	\$15,927	\$15,903	\$24	.2%
Net Position				
Unrestricted	762,518	994,366	(231,848)	(23.3%)
Restricted Expendable	3,458,110	3,307,510	150,600	4.6%
Restricted Nonexpendable	2,055,657	2,050,407	5,250	.3%
Total Liabilities and Net Position	\$6,292,212	\$6,368,186	(\$75,974)	1.2%
 Operating Revenue				
Contributions and Grants	\$43,227	\$48,660	(\$5,433)	(11.2%)
Nonoperating Revenues				
Investment Income (Loss)	416,127	522,071	(105,944)	(20.3%)
 Total Revenues	\$459,354	\$570,731	(\$111,377)	(19.5%)
 Operating Expenses				
Scholarships and Fellowships	\$199,269	\$261,171	(\$61,902)	(23.7%)
Student Organizations	47,720	350	47,370	13,534.3%
Co-Curricular	77,039	23,875	53,164	222.7%
Enrichment	260,131	235,124	25,007	10.6%
Alumni Affairs	300	13,715	(13,415)	(97.8%)
Administration	60,584	80,472	(19,888)	(24.7%)
Total Operating Expenses	\$645,043	\$614,707	\$30,336	4.9%
 Other Financing Sources (Uses)	\$109,691	\$19,824	\$84,617	453.3%
 Net Change	(\$75,998)	(\$24,152)	(\$51,846)	214.7%

MANAGEMENT'S DISCUSSION AND ANALYSIS *(Concluded)*

FINANCIAL ANALYSIS *(Concluded)*

Some items to note when comparing fiscal year 2017 to fiscal year 2018 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 \$5,433.
- Investment income decreased due to a decrease in the investment performance of the Association's endowments held at UFF and invested with the University of Florida Investment Corporation (UFICO). The return rate decreased 3%, from 11.84% in 2017, to 8.84% in 2018. This resulted in an investment decrease of approximately \$106,000 as compared to fiscal year 2017.
- Operating Expenses increased by approximately 5%. This slight increase was due to more expenditure for student organizations. This was mostly due to the "On Deposit with UF and UFF" from 2017. This represents 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, 2018
WITH COMPARATIVE TOTALS FOR JUNE 30, 2017
UNIVERSITY OF FLORIDA LAW CENTER ASSOCIATION, INC.
GAINESVILLE, FLORIDA

	Unrestricted	Restricted Expendable	Restricted Nonexpendable	Totals	
				2018	2017
Assets					
Current Assets					
Cash	\$ 314,676	\$ 322,807	\$ 0	\$ 637,483	\$ 659,386
On Deposit with UF and UFF	12,500	136,431	0	148,931	282,663
Pledges Receivable, Net	49,806	5,140	0	54,946	169,131
Miscellaneous Receivables	2,517	0	0	2,517	2,517
Loan Funds	0	53,978	0	53,978	53,978
Loan Funds Receivables	961	645	0	1,606	2,206
Funds Held in Reserve	397,812	0	0	397,812	397,812
Total Current Assets	<u>778,272</u>	<u>519,001</u>	<u>0</u>	<u>1,297,273</u>	<u>1,567,693</u>
Non Current Assets					
Funds Held and Invested by the UF Foundation, on Behalf of the UF Law Center Association, Inc.	0	2,939,282	2,055,657	4,994,939	4,800,493
Total Non Current Assets	<u>0</u>	<u>2,939,282</u>	<u>2,055,657</u>	<u>4,994,939</u>	<u>4,800,493</u>
Total Assets	<u>778,272</u>	<u>3,458,283</u>	<u>2,055,657</u>	<u>6,292,212</u>	<u>6,368,186</u>
Liabilities and Net Position					
Liabilities					
Accounts Payable	15,754	173	0	15,927	15,903
Total Current Liabilities	<u>15,754</u>	<u>173</u>	<u>0</u>	<u>15,927</u>	<u>15,903</u>
Net Position					
Unrestricted	762,518	0	0	762,518	994,366
Restricted Expendable	0	3,458,110	0	3,458,110	3,307,510
Restricted Nonexpendable	0	0	2,055,657	2,055,657	2,050,407
Total Net Position	<u>762,518</u>	<u>3,458,110</u>	<u>2,055,657</u>	<u>6,276,285</u>	<u>6,352,283</u>
Total Liabilities and Net Position	<u>\$ 778,272</u>	<u>\$ 3,458,283</u>	<u>\$ 2,055,657</u>	<u>\$ 6,292,212</u>	<u>\$ 6,368,186</u>

See accompanying notes.

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS FOR JUNE 30, 2017
UNIVERSITY OF FLORIDA LAW CENTER ASSOCIATION, INC.
GAINESVILLE, FLORIDA**

	Unrestricted	Restricted Expendable	Restricted Nonexpendable	Totals	
				2018	2017
Operating Revenues					
Contributions and Grants (Net of Bad Debts \$49,253 and (\$37))	\$ (45,007)	\$ 88,234	\$ 0	\$ 43,227	\$ 48,660
Total Operating Revenues	<u>(45,007)</u>	<u>88,234</u>	<u>0</u>	<u>43,227</u>	<u>48,660</u>
Operating Expenses					
Program Services:					
Scholarships and Fellowships	0	199,269	0	199,269	261,171
Student Organizations	0	47,720	0	47,720	350
Co-Curricular	76,961	78	0	77,039	23,875
Enrichment	96,576	163,555	0	260,131	235,124
Supporting Services:					
Alumni Affairs	0	300	0	300	13,715
Administration	2,787	57,797	0	60,584	80,472
(Total Operating Expenses)	<u>(176,324)</u>	<u>(468,719)</u>	<u>0</u>	<u>(645,043)</u>	<u>(614,707)</u>
Operating (Loss) Income	<u>(221,331)</u>	<u>(380,485)</u>	<u>0</u>	<u>(601,816)</u>	<u>(566,047)</u>
Nonoperating Revenues					
Investment Income	0	416,127	0	416,127	522,071
Total Nonoperating Revenues	<u>0</u>	<u>416,127</u>	<u>0</u>	<u>416,127</u>	<u>522,071</u>
Other Financing Sources (Uses)					
Permanent Contributions	0		5,250	5,250	0
Interfund Transfers	(10,517)	10,517	0	0	0
Transfers in from UF and UF Foundation	0	104,441	0	104,441	19,824
Total Other Financing Sources (Uses)	<u>(10,517)</u>	<u>114,958</u>	<u>5,250</u>	<u>109,691</u>	<u>19,824</u>
Net Change in Net Position	<u>(231,848)</u>	<u>150,600</u>	<u>5,250</u>	<u>(75,998)</u>	<u>(24,152)</u>
Net Position, Beginning 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>
Net Position, End of Year	<u>\$ 762,518</u>	<u>\$ 3,458,110</u>	<u>\$ 2,055,657</u>	<u>\$ 6,276,285</u>	<u>\$ 6,352,283</u>

See accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2017
UNIVERSITY OF FLORIDA LAW CENTER ASSOCIATION, INC.
GAINESVILLE, FLORIDA

	Restricted			Totals	
	Unrestricted	Expendable	Nonexpendable	2018	2017
Cash Flows from Operating Activities					
Cash Received from Contracts and Contributions	\$ 54,316	\$ 103,696	\$ 0	\$ 158,012	\$ 283,413
Cash Paid for Administration, Enrichment, and Scholarships	(176,324)	(468,695)	0	(645,019)	(627,644)
Net Cash Provided by (Used in) Operating Activities	(122,008)	(364,999)	0	(487,007)	(344,231)
Cash Flows from Investing Activities					
Proceeds on Sale of Investments	0	226,931	0	226,931	223,461
Transfers from the University of Florida	0	104,441	0	104,441	19,824
Transfers to the University of Florida	0	0	0	0	0
Interfund Transfers	(10,517)	10,517	0	0	0
Net Cash Provided by (Used in) Investing Activities	(10,517)	341,889	0	331,372	243,285
Net Change in Cash	(132,525)	(23,110)	0	(155,635)	(100,946)
Cash and Cash Equivalents, Beginning of Year	459,701	482,348	0	942,049	1,042,995
Cash and Cash Equivalents, End of Year	\$ 327,176	\$ 459,238	\$ 0	\$ 786,414	\$ 942,049
Reported as					
Cash	\$ 314,676	\$ 322,807	\$ 0	\$ 637,483	\$ 659,386
On Deposit with UF and UFF	12,500	136,431	0	148,931	282,663
Total Cash and Cash Equivalents, End of Year	\$ 327,176	\$ 459,238	\$ 0	\$ 786,414	\$ 942,049
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities					
Operating Income (Loss)	\$ (221,331)	\$ (380,485)	\$ 0	\$ (601,816)	\$ (566,047)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:					
Change in Assets and Liabilities:					
(Increase) Decrease - Pledges Receivable	99,323	14,862	0	114,185	234,811
(Increase) Decrease - Miscellaneous Loans Receivables	0	600	0	600	(58)
Increase (Decrease) - Accounts Payable	0	24	0	24	(12,937)
Net Change from Operating Activities	\$ (122,008)	\$ (364,999)	\$ 0	\$ (487,007)	\$ (344,231)
Noncash Investing Activities					
Permanent Contributions	\$ 0	\$ 0	\$ 5,250	\$ 5,250	\$ 0
Increase (Decrease) in the Fair Value of Investments	0	416,127	0	416,127	522,071
Net Noncash Investing Activities	\$ 0	\$ 416,127	\$ 5,250	\$ 421,377	\$ 522,071

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 \$786,414 for the year ended June 30, 2018. The bank balance was \$787,694 for June 30, 2018. 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.

Subsequent Events

The Association has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through November 23, 2018, the date the financial statements were available to be issued.

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, 2017, 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.

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)

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 \$5,392,751, of which \$4,994,931 is part of the endowment pool. The composition of these funds at June 30, 2018, was as follows:

	<u>Endowment Pools</u>	<u>Non-Endowed Pools</u>
Global Equity	34.76%	0%
Hedged Strategies	24.40%	0%
Private Equity Investments	30.90%	0%
Fixed Income	6.61%	0%
Cash	3.33%	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 \$416,127 for the year ended June 30, 2018. 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, 2018, all pledges receivables have been discounted to their present value and are due as follows:

	<u>Unrestricted</u>	<u>Restricted Expendable</u>
Less Than One Year	\$ 95,655	\$ 19,275
One to Five Years	21,900	1,150
More Than Five Years	<u>0</u>	<u>200</u>
	117,555	20,625
(Less Discount to Present Value)	(4,010)	(539)
(Less Allowance for Uncollectible)	<u>(63,739)</u>	<u>(14,946)</u>
Total	<u>\$ 49,806</u>	<u>\$ 5,140</u>

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

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:

	2018
Student Emergency Loan Fund	<u>\$ 1,578</u>

Note 6 - Related Party Transactions

During the year ended June 30, 2018, the Association received \$104,441 from the Foundation, and \$148,931 in cash and cash equivalents is on deposit with the University and the Foundation, and \$5,392,751 of investments are held at the University of Florida Foundation. Earnings on investments held at the Foundation were \$416,127 for the year.

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 are as follows:

June 30, 2018

	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	\$ 16,071		\$ 29,191	\$ 0	\$ 29,191
Jacob Scholarship	10,337	9,808		20,145	0	20,145
Martin Luther King, Jr. Scholarship	48,495	34,765		83,260	0	83,260
Spoto Scholarship	14,165	23,220		37,385	0	37,385
Other Restricted Cash and Receivables	518,837	0		518,837	0	518,837
Total Restricted Expendable Net Position	604,954	83,864	0	688,818	0	688,818
Restricted Nonexpendable Net Position						
Bailey Scholarship			912,196	912,196	644,964	1,557,160
Crandall Scholarship			171,029	171,029	81,383	252,412
Cone Wagner Nugent Professorship			351,934	351,934	370,917	722,851
Dunwody Scholarship			26,851	26,851	22,249	49,100
Ferguson Scholarship			369,113	369,113	238,858	607,971
Macdonald Scholarship			47,052	47,052	39,831	86,883
Maloney Scholarship			70,687	70,687	34,574	105,261
Moot Court Fund			79,999	79,999	38,697	118,696
Proctor Scholarship			146,370	146,370	140,227	286,597
Robison Scholarship			42,744	42,744	30,391	73,135
Smith Professorship			458,962	458,962	347,025	805,987
Stephens Scholarship			86,649	86,649	63,038	149,687
TeSelle Professorship			5,706	5,706	3,503	9,209
Total Restricted Nonexpendable Net Position	0	0	2,769,292	2,769,292	2,055,657	4,824,949
Total Restricted Expendable and Nonexpendable Net Position	\$ 604,954	\$ 83,864	\$ 2,769,292	\$ 3,458,110	\$ 2,055,657	\$ 5,513,767

**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, 2018, and have issued our report thereon dated November 23, 2018.

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.

Durvis, Gray and Company, LLP

November 23, 2018
Gainesville, Florida