

NATIONAL COLLEGIATE ATHLETIC ASSOCIATION

CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

The Board of Governors
National Collegiate Athletic Association
Indianapolis, Indiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the National Collegiate Athletic Association ("the NCAA"), which comprise the consolidated statements of financial position as of August 31, 2021 and 2020, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

(Continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the NCAA as of August 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2021 consolidating statement of activities is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2021 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 consolidated financial statements or to the 2021 consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2021 consolidated financial statements as a whole.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
December 7, 2021

NATIONAL COLLEGIATE ATHLETIC ASSOCIATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 21,169,313	\$ 23,957,204
Prepaid expenses	8,566,325	9,649,659
Accounts receivable, net	31,438,149	28,336,646
Investments	663,965,787	588,574,087
Goodwill	4,900,000	5,600,000
Intangible assets, net	520,000	650,000
Properties, net	40,021,732	44,011,075
Other assets	<u>2,408,966</u>	<u>2,003,131</u>
Total	<u>\$ 772,990,272</u>	<u>\$ 702,781,802</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 191,758,254	\$ 250,659,817
Deferred revenue and deposits	58,481,533	49,713,144
Bonds payable, net	<u>6,566,584</u>	<u>8,064,289</u>
Total liabilities	256,806,371	308,437,250
 NET ASSETS		
Without donor restrictions	\$ 516,033,901	\$ 393,244,754
With donor restrictions	<u>150,000</u>	<u>1,099,798</u>
Total net assets	<u>516,183,901</u>	<u>394,344,552</u>
Total	<u>\$ 772,990,272</u>	<u>\$ 702,781,802</u>

See notes to consolidated financial statements.

NATIONAL COLLEGIATE ATHLETIC ASSOCIATION
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended August 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Television and marketing rights fees	\$ 915,780,246	\$ -	\$ 915,780,246
Championships and NIT tournaments	61,048,913	-	61,048,913
Investment income, net	60,913,175	-	60,913,175
Sales, services, and other	32,916,222	-	32,916,222
Loss of revenue insurance	81,048,000	-	81,048,000
Contributions – facilities	<u>3,296,748</u>	<u>-</u>	<u>3,296,748</u>
Total revenue	1,155,003,304	-	1,155,003,304
RECLASSIFICATIONS			
Without donor restrictions resources used for program services	<u>949,798</u>	<u>(949,798)</u>	<u>-</u>
Total reclassifications	949,798	(949,798)	-
EXPENSES			
Distribution to Division I members	613,354,582	-	613,354,582
Division I championships, programs, and NIT tournaments	169,216,306	-	169,216,306
Division II championships, distribution, and programs	40,432,889	-	40,432,889
Division III championships and programs	23,208,894	-	23,208,894
Association-wide programs	143,740,286	-	143,740,286
Management and general	<u>43,210,998</u>	<u>-</u>	<u>43,210,998</u>
Total expenses	<u>1,033,163,955</u>	<u>-</u>	<u>1,033,163,955</u>
Change in net assets	122,789,147	(949,798)	121,839,349
Net assets at the beginning of year	<u>393,244,754</u>	<u>1,099,798</u>	<u>394,344,552</u>
Net assets at end of year	<u>\$ 516,033,901</u>	<u>\$ 150,000</u>	<u>\$ 516,183,901</u>

See notes to consolidated financial statements.

NATIONAL COLLEGIATE ATHLETIC ASSOCIATION
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended August 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Television and marketing rights fees	\$ 165,230,167	\$ -	\$ 165,230,167
Championships and NIT tournaments	15,799,943	-	15,799,943
Investment income, net	40,488,047	-	40,488,047
Sales, services, and other	24,458,645	-	24,458,645
Loss of revenue insurance	270,000,000	-	270,000,000
Contributions – facilities	<u>3,207,260</u>	<u>-</u>	<u>3,207,260</u>
Total revenue	519,184,062	-	519,184,062
 RECLASSIFICATIONS			
Without donor restrictions resources used for program services	<u>1,242,470</u>	<u>(1,242,470)</u>	<u>-</u>
Total reclassifications	1,242,470	(1,242,470)	-
 EXPENSES			
Distribution to Division I members	246,279,339	-	246,279,339
Division I championships, programs, and NIT tournaments	56,234,414	-	56,234,414
Division II championships, distribution, and programs	38,286,548	-	38,286,548
Division III championships and programs	22,199,542	-	22,199,542
Association-wide programs	171,171,083	-	171,171,083
Management and general	<u>40,810,591</u>	<u>-</u>	<u>40,810,591</u>
Total expenses	<u>574,981,517</u>	<u>-</u>	<u>574,981,517</u>
Change in net assets	(54,554,985)	(1,242,470)	(55,797,455)
Net assets at the beginning of year	<u>447,799,739</u>	<u>2,342,268</u>	<u>450,142,007</u>
Net assets at end of year	<u>\$ 393,244,754</u>	<u>\$ 1,099,798</u>	<u>\$ 394,344,552</u>

See notes to consolidated financial statements.

NATIONAL COLLEGIATE ATHLETIC ASSOCIATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 121,839,349	\$ (55,797,455)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	5,632,622	5,835,811
Amortization of bond premium	(192,705)	(283,133)
Unrealized (gain) loss on investments	(43,498,836)	4,727,763
Realized (gain) on investments	(9,565,192)	(29,806,019)
Loss on disposal of properties	13,791	-
Changes in assets and liabilities:		
Receivables	(3,101,503)	33,129,275
Prepaid expenses	2,220,012	(4,728,715)
Other assets	(405,835)	241,293
Accounts payable and accrued liabilities	(59,460,263)	149,557,282
Deferred revenue and deposits	<u>8,768,389</u>	<u>1,565,781</u>
Net cash from operating activities	<u>22,249,829</u>	<u>104,441,883</u>
Cash flows from investing activities:		
Purchases of capital assets	(1,963,748)	(5,538,144)
Note receivable	-	2,839,524
Purchases of investments	(610,462,012)	(383,180,368)
Proceeds from sales of investments	<u>588,693,040</u>	<u>293,818,805</u>
Net cash from investing activities	<u>(23,732,720)</u>	<u>(92,060,183)</u>
Cash flows from financing activities		
Proceeds from line of credit	-	100,000,000
Repayments of line of credit	-	(100,000,000)
Principal payments on bonds payable	<u>(1,305,000)</u>	<u>(3,575,000)</u>
Net cash from financing activities	<u>(1,305,000)</u>	<u>(3,575,000)</u>
Net increase in cash and cash equivalents cash and cash equivalents:	(2,787,891)	8,806,700
Beginning of year	<u>23,957,204</u>	<u>15,150,504</u>
End of year	<u>\$ 21,169,313</u>	<u>\$ 23,957,204</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 345,200	\$ 482,775
NONCASH TRANSACTIONS		
Purchases of property, plant, and equipment accrued in accounts payable at the end of the year	-	-

See notes to consolidated financial statements.

NATIONAL COLLEGIATE ATHLETIC ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2021 and 2020

NOTE 1 - THE ASSOCIATION

The National Collegiate Athletic Association (NCAA or the “Association”) is an unincorporated not-for-profit educational organization founded in 1906. The NCAA is the organization through which colleges and universities of the nation speak and act on athletic matters at the national level. It is a voluntary association of more than 1,200 institutions, conferences, and organizations devoted to the sound administration of intercollegiate athletics in all its phases. NCAA members consider athletics issues that cross regional or conference boundaries. The NCAA strives for integrity in intercollegiate athletics and serves as the colleges’ national athletics governing agency. One of the core values of the NCAA is to maintain intercollegiate athletics as an integral part of the educational program and the athlete as an integral part of the student body.

The NCAA operates through a governance structure which empowers each division to guide and enhance their ongoing division-specific activities. In Division I, the legislative system is based on conference representation and a twenty-four member Division I Board of Directors that approves legislation. The Divisions II and III boards are known as the Division II Presidents Council and Division III Presidents Council, respectively. However, legislation in Divisions II and III is considered through a one-school, one-vote process at the NCAA Annual Convention. The governance structure also includes a NCAA Board of Governors composed of twenty-one members that oversee association-wide issues. The NCAA Board of Governors is charged with ensuring that each division operates consistently with the basic purposes, fundamental policies, and general principles of the NCAA. The NCAA Board of Governors has representation from all three divisions and oversees the Association’s finances, legal affairs, and the hiring and evaluation of the Association’s President.

See Note 17 for discussion of the NCAA Constitutional Committee.

The NCAA is also comprised of the following entities:

- NIT, LLC, the entity that administers the Postseason NIT collegiate basketball event.
- College Football Officiating, LLC, which pursues the development and maintenance of a national Division I college football officiating program.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The financial results of the NCAA and the entities described in Note 1 are included in the consolidated financial statements. All intercompany balances and transactions have been eliminated in consolidation.

The classification of the NCAA’s net assets and its revenues, expenses, gains, and losses is based on the existence or absence of donor-imposed restrictions. Net assets are grouped into the following two categories:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Governors.

Net Assets With Donor Restrictions - Net assets whose use by the NCAA is subject to donor-imposed stipulations. These restrictions can be temporary in nature and fulfilled by actions of the NCAA or that expire by the passage of time. Other restrictions may be perpetual in nature.

Accounts Receivable: Accounts receivable are amounts due to the NCAA from championships and various contractual rights fees, as well as provisional insurance recoveries related to legal settlements. Accounts receivable are shown net of any allowance for uncollectible amounts.

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Investments: Investments include debt and equity securities and U.S. government obligations having a maturity of more than three months, or intended to be held more than three months, and shares in mutual funds. Publicly traded investments are stated at fair value based on quoted market prices. Traditional fixed income securities are valued based on pricing services which consider readily observable inputs such as the yield or price of bonds of comparable quality, coupon, maturity and type. Pooled equity and debt investments that are not publicly traded are stated at net asset value, as a practical expedient to fair value.

Goodwill and Intangible Assets: The NCAA amortizes its goodwill over a period of 10 years. No impairment was recorded during the fiscal years ended August 31, 2021 and 2020.

Properties: Properties are recorded at cost. Maintenance and repairs are expensed in the year incurred. Expenditures that result in betterment or extensions of the useful lives of assets and exceed \$5,000 are capitalized and depreciated over the remaining lives of such assets. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are capitalized and amortized over the lesser of their estimated lives or the life of the related lease.

The NCAA identifies and records impairment losses on properties whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. In accordance with GAAP, recoverability of those assets is determined by comparing the forecasted undiscounted cash flows attributable to such assets over their remaining useful lives to their carrying value. If the carrying value of the assets exceeds the forecasted undiscounted cash flows, then the assets are written down to their fair value. Fair value is determined based on discounted cash flows or appraisal values, depending upon the nature of the assets. No impairment was recorded during the fiscal years ended August 31, 2021 and 2020.

Cable Television Royalties Payable: The NCAA has represented the interests of the membership before the Copyright Royalty Tribunal Board (the "Tribunal") regarding rights fees for cable television broadcasts of collegiate sporting events since 1978. The NCAA acts as the collection agent for any cable television broadcast fees that relate directly to a NCAA member's submissions or the NCAA. As a result, a liability is recorded for fees received from the Tribunal that will ultimately be disbursed to members. Although claims are filed each year for the previous calendar year, royalties are distributed to claimants only when any and all controversies are resolved with the claimants. Accounts payable and accrued liabilities include \$0 of cable television royalties payable as of both August 31, 2021 and 2020.

Several years may pass before the copyright office determines through administrative proceedings among the claimants that an allocation should be distributed. For the fiscal year ended August 31, 2021, \$8,148,079 was distributed for royalties related to 2010, 2011, 2012, 2013, and 2018. For the fiscal year ended August 31, 2020, \$4,360,719 was distributed for royalties related to 2010, 2011, 2012, 2013, 2016, and 2017.

Revenue Recognition:

Television and radio rights – The NCAA enters into contracts with broadcasters for the right to broadcast NCAA championship games. The NCAA's performance obligation is to host these games and the performance obligation is met once the championship is complete. The NCAA receives payments throughout the fiscal year for that fiscal year's championships. A portion of the contract payments are received in advance for the related championship and is recognized as deferred revenue. Any payments received in advance which are not earned are accrued as a liability.

Royalties and promotion rights - The NCAA enters into contracts with third-parties to license NCAA branded content, goods, and merchandise. The NCAA's performance obligation is to provide the NCAA brands to these licensees. The performance obligation is met throughout the fiscal year when these licenses are provided. The NCAA receives payments throughout the fiscal year for that fiscal year's license rights. There are no contract assets or deferred revenue associated with this revenue stream.

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Championship and NIT tournaments - The NCAA sells tickets to NCAA championship events. The performance obligation is to host these events for the ticketholders and the performance obligation is met once the championship is complete. Payment is due when the ticket order is received. A portion of the championship and NIT tournament revenue is received in advance of the related championship and is recognized as deferred revenue.

Eligibility center certifications - The NCAA Eligibility Center certifies prospective student-athletes to participate in NCAA Division I and Division II college sports. There is a fee charged to register with the NCAA Eligibility Center and it is collected at registration. The performance obligation is to provide a certification to the prospective student-athletes. This performance obligation is met over time from when the prospective student-athlete registers until when the prospective student-athlete enrolls in college or university. Due to the timing of registration and enrollment, there may be deferred revenue for the remaining performance obligation.

Membership dues – The NCAA members pay annual membership dues to be a member of the NCAA. The performance obligation is to provide membership services to these members during the fiscal year and this performance obligation is met throughout the fiscal year. Membership dues are billed prior to the fiscal year in which they relate, which the NCAA recognizes as deferred revenue.

The NCAA generally does not offer returns, refunds, or warranties on contracts.

Insurance Recoveries: Amounts recovered from insurance carriers for contingencies are recorded in Sales, services, and other and are recognized when realization of the claim for recovery is deemed probable, which is generally when an agreement has been reached with the insurance carrier. During the fiscal year ending August 31, 2021, the NCAA received and recognized \$81,048,000 in loss of revenue insurance related to reduced ticket sales and additional costs for COVID-19 precautions. During the fiscal year ending August 31, 2020 the NCAA received and recognized \$270,000,000 in loss of revenue insurance recoveries related to the cancellation of the NCAA men’s basketball tournament as a result of the COVID-19 pandemic.

Distribution of Revenues: In August 1990, the NCAA Board of Governors (formerly the Executive Committee) approved a plan to distribute revenues to member institutions for the year ended August 31, 1991, and each year thereafter. Dollar amounts for each fund are approved annually by the NCAA Board of Governors as part of the Association-wide budget. The Board of Governors may establish or otherwise change distributions from time to time.

For active Division I members, the plan consists of:

- A Basketball Performance Fund distribution based on historical performance in the Division I Men’s Basketball Championship,
- An Equal Conference Fund distribution for active Division I basketball playing conferences,
- Broad-Based distributions based on Division I sports sponsorship and grants-in-aid,
- A Conference Grant distribution, and
- Student Assistance Fund, Academic Enhancement Fund, and Academic Performance Fund distributions for current Division I student-athletes to be used for academic and other needs.

For Division II members, the plan consists of sports sponsorship and an equal distribution among all active Division II members.

Association-Wide Program Expenses: Association-wide program expenses include student-athlete programs, membership education programs, promotion, legal, and governance committee expenses.

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Related-Party Transactions: The NCAA is comprised of over 1,200 members. The NCAA charges and collects dues from members. Additionally, Division I and II members receive annual distributions.

Income Taxes: The NCAA is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Income tax expense is provided for unrelated business income, if any. With a few exceptions, the NCAA is no longer subject to U.S. federal examinations by tax authorities for years before 2018.

GAAP prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, disclosure, and transition. Management asserts that no such uncertain tax positions exist for the NCAA at August 31, 2021 or 2020.

Estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Standards:

Effective September 1, 2019, the NCAA adopted Accounting Standard Update (“ASU”) 2016-02, *Leases* (Topic 842), which requires a lessee to recognize leases on the statement of financial position thereby resulting in the recognition of lease assets and liabilities for those leases classified as operating leases. The NCAA elected the exemption of short-term leases that are 12 months or less in addition to certain practical expedients permitted under the transition guidance. ASU 2016-02 has been applied retrospectively to all periods presented. As a result of implementation, assets and liabilities increased by the amount of the present value of lease payments remaining.

	<u>As Reported</u>	<u>2020 ASU 2016-02 Adjustments</u>	<u>Revised</u>
ASSETS			
Other assets	\$ 729,671	\$ 1,273,460	\$ 2,003,131
LIABILITIES			
Accounts payable and accrued liabilities	249,386,357	1,273,460	250,659,817
TOTAL NET ASSETS	394,344,552	-	394,344,552

Subsequent Events: The NCAA has evaluated its subsequent events through December 7, 2021, the date the consolidated financial statements were issued.

NOTE 3 - CASH AND CASH EQUIVALENTS

Short-term investments with an original maturity of less than three months are reported as cash equivalents. Cash and cash equivalents include designated cash of \$1,423,426 and \$1,385,979 as of August 31, 2021 and 2020, respectively. Designated cash consists of compensating balances on deposit with banks for certain NCAA employee benefit plans, the Exceptional Student-Athlete Disability Insurance Program, and certain other balances. Money market funds managed by outside investment managers are included in investments.

NOTE 4 - FAIR VALUE MEASUREMENTS OF FINANCIAL ASSETS

ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value, which provides fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Assets or liabilities that are valued based on unadjusted quoted prices in active markets that are accessible at measurement date.

Level 2 - Assets or liabilities that are valued based on inputs other than quoted prices that are observable, including quoted prices for similar assets or liabilities and other pricing models (which use observable inputs).

Level 3 - Assets or liabilities that are valued based on unobservable inputs, including the reporting entity's own analysis of the underlying economic data that market participants would factor into the pricing of the asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

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The NCAA measured the fair value of the investments as of August 31, 2021 and 2020, as follows:

	2021		Total
	Level 1	Level 2	
Money market funds	\$ 83,298,711	\$ -	\$ 83,298,711
U.S. equity mutual funds	598,760	-	598,760
Non-U.S. equity mutual funds	41,524	-	41,524
Global equity mutual funds	91,070,814	-	91,070,814
Lifecycle retirement mutual funds	1,869,173	-	1,869,173
Traditional fixed income			
Government agency securities in U.S.	-	54,456,594	54,456,594
U. S. corporate securities	11,918	36,502,250	36,514,168
U.S. diverse mutual funds	55,742,557	-	55,742,557
Global corporate mutual funds	38,045,581	-	38,045,581
Unconstrained fixed income:			
Global diverse mutual funds	27,993,467	-	27,993,467
U.S. government mutual funds	<u>27,416,218</u>	<u>-</u>	<u>27,416,218</u>
Subtotal	<u>\$ 326,088,723</u>	<u>\$ 90,958,844</u>	417,047,567
Investments measured at net asset value ⁽¹⁾			
U.S. equity index funds			95,150,592
Non-U.S. equity mutual funds			88,493,217
U.S. diverse fixed income mutual funds			3,943,147
Opportunistic strategies – hedge funds			42,643,156
Bank loans			<u>16,688,108</u>
Total			<u>\$ 663,965,787</u>

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	2020		Total
	<u>Level 1</u>	<u>Level 2</u>	
Money market funds	\$ 123,869,241	\$ -	\$ 123,869,241
U.S. equity mutual funds	460,403	-	460,403
Non-U.S. equity mutual funds	31,524	-	31,524
Global equity mutual funds	50,626,160	-	50,626,160
Lifecycle retirement mutual funds	1,408,762	-	1,408,762
Traditional fixed income			
Government agency securities in U.S.	-	28,254,205	28,254,205
U. S. corporate securities	62,962	21,307,466	21,370,428
U.S. diverse mutual funds	102,960,773	-	102,960,773
Global corporate mutual funds	20,634,861	-	20,634,861
Unconstrained fixed income:			
Global diverse mutual funds	90,508,755	-	90,508,755
U.S. government mutual funds	<u>15,147,120</u>	<u>-</u>	<u>15,147,120</u>
Subtotal	<u>\$ 405,710,561</u>	<u>\$ 49,561,671</u>	455,272,232
Investments measured at net asset value ⁽¹⁾			
U.S. equity index funds			52,846,610
Non-U.S. equity mutual funds			32,882,008
U.S. diverse fixed income mutual funds			3,944,878
Opportunistic strategies – hedge funds			30,178,321
Bank loans			<u>13,450,038</u>
Total			<u>\$ 588,574,087</u>

(1) In accordance with ASU 2015-07 Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent), investments for which fair value is measured using net asset value per share (or its equivalent) as a practical expedient are not classified within the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

The methods used to estimate fair value may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the NCAA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investment income (loss) as of August 31, 2021 and 2020, consists of the following:

	<u>2021</u>	<u>2020</u>
Dividends and interest income	\$ 7,849,147	\$ 15,409,791
Realized gain, net	9,565,192	29,806,019
Unrealized gain (loss), net	<u>43,498,836</u>	<u>(4,727,763)</u>
	<u>\$ 60,913,175</u>	<u>\$ 40,488,047</u>

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The Association's alternative investments include investments in: (1) U.S. equity funds such as non-publicly traded stock index funds; (2) non-U.S. equity funds, including inflation hedge strategies and non-publicly traded stock index funds; (3) unconstrained fixed income funds such as non-publicly traded debt index funds; (4) opportunistic strategies such as hedge funds; and (5) bank loans. These investments are valued at net asset value (NAV) per share or its equivalent. Following is a summary of the alternative investments categorized by major security type, with a description of the investment managers' strategies, and the nature of any restrictions to redeem the investment value as of August 31, 2021:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
U.S. equity index funds ^(a)	\$ 95,150,592	\$ -	Daily	1 day
Non-U.S. equity mutual funds ^(b)	88,493,217	-	Weekly, monthly	7-30 days
U.S. diverse fixed income mutual funds ^(c)	3,943,147	-	Daily	2 days
Opportunistic strategies – hedge funds ^(d)	42,643,156	-	Semi-annual	95 days
Bank loans ^(e)	<u>16,688,108</u>	<u>-</u>	Monthly, quarterly	5-60 days
	<u>\$ 246,918,220</u>	<u>\$ -</u>		

- ^(a) This category includes investments in pooled equity funds that invest in U.S. common stocks in an effort replicate performance of a particular stock index. This type of strategy seeks to invest in the same securities as the underlying index in approximately the same proportions as the underlying index.
- ^(b) This category includes investments in exchange-traded funds as well as pooled equity funds that invest in international equity securities in an effort to replicate performance of a particular index. The replication strategy seeks to invest in the same securities as the underlying index in approximately the same proportions as the underlying index.
- ^(c) This category includes investments in pooled fixed income funds that invest in U.S. debt securities in an effort to replicate performance of a particular index. This type of strategy seeks to invest in the same securities as the underlying index in approximately the same proportions as the underlying index.
- ^(d) This category includes investments in hedge funds. This type of strategy seeks to capitalize on favorable market conditions through a variety of diverse strategies.
- ^(e) This category includes investments in bank loans. This type of strategy seeks to hedge fixed income exposure during periods of rising interest rates due to low correlation to fixed income performance.

NOTE 5 – IN-KIND CONTRIBUTION – FACILITIES LEASE

In July 1999, the NCAA leased its headquarters and related facilities from the Indiana White River State Park Development Commission. The NCAA's original lease agreement had a term of 30 years with three 10-year renewal options and required the NCAA to make annual lease payments in the amount of one dollar. The State of Indiana, City of Indianapolis, and other interested parties provided funds for the construction of the NCAA's facilities in exchange for the NCAA maintaining its headquarters in Indianapolis and holding certain events, such as the Men's Final Four, in Indiana on a 5-year cycle.

In March 2010, the NCAA amended its lease agreement with the White River State Park Development Commission to provide for an amended lease term of 50 years with three 10-year renewal options. In addition, the amended lease provided for a 3-acre parcel of real property that sits adjacent to the original NCAA headquarters to accommodate the 2012 expansion of the headquarters. The amendment does not alter the financial terms of the lease, and the NCAA is still required to make annual lease payments of one dollar.

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The NCAA has determined that this facilities lease is a conditional contribution based on the NCAA's commitments to the State of Indiana and the City of Indianapolis. As such, the NCAA has recorded an in-kind contribution revenue and expense based on the fair value of the lease for each annual period. Fair value was determined by looking at similar lease values in the Indianapolis area. Conditional amounts receivable under this contribution range from \$3,372,971 to \$8,286,240, annually, through 2060 and will be recognized upon the annual satisfaction of the related conditions. This is the NCAA's only contributed nonfinancial asset and it is utilized in the NCAA's operations and not monetized.

NOTE 6 - GOODWILL AND INTANGIBLES

NCAA's intangible assets consist of the following:

<u>As of</u> <u>August 31, 2021</u>	<u>Cost</u>	<u>Accumulated</u> <u>Impairment</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Net book</u> <u>Value</u>
NIT				
Goodwill	\$ 19,703,283	\$ (7,777,462)	\$ (7,025,821)	\$ 4,900,000
Trademark	<u>2,600,000</u>	<u>-</u>	<u>(2,080,000)</u>	<u>520,000</u>
Total NIT	<u>\$ 22,303,283</u>	<u>\$ (7,777,462)</u>	<u>\$ (9,105,821)</u>	<u>\$ 5,420,000</u>
<u>As of</u> <u>August 31, 2020</u>	<u>Cost</u>	<u>Accumulated</u> <u>Impairment</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Net book</u> <u>Value</u>
NIT				
Goodwill	\$ 19,703,283	\$ (7,777,462)	\$ (6,325,821)	\$ 5,600,000
Trademark	<u>2,600,000</u>	<u>-</u>	<u>(1,950,000)</u>	<u>650,000</u>
Total NIT	<u>\$ 22,303,283</u>	<u>\$ (7,777,462)</u>	<u>\$ (8,275,821)</u>	<u>\$ 6,250,000</u>

For the years ended August 31, 2021 and 2020, amortization expense related to intangible assets was \$830,000 for both years. Trademarks have useful lives of fifteen to twenty years and contracts have useful lives of six to twelve years. Future expected amortization expense as of August 31, 2021 is as follows:

2022	\$ 830,000
2023	830,000
2024	830,000
2025	830,000
2026	700,000
Thereafter	<u>1,400,000</u>
Total	<u>\$ 5,420,000</u>

NOTE 7 - PROPERTIES

Properties to support the NCAA national office consist of an 89,000 square foot warehouse and distribution facility, tenant finish improvements for the NCAA Dempsey headquarters building, the 130,000 square foot NCAA Brand headquarters building, conference facilities, furnishings, technology infrastructure, and equipment.

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Properties according to their specific category as of August 31, 2021 and 2020, are as follows:

	<u>Estimated Useful Lives</u>	<u>2021</u>	<u>2020</u>
Land		\$ 350,000	\$ 350,000
Buildings and improvements	30 years	42,645,542	42,645,542
Leasehold improvements	10-30 years	11,582,335	11,529,594
Furniture, equipment, and fixtures	3-10 years	<u>45,146,597</u>	<u>45,425,198</u>
		99,724,474	99,950,334
Less accumulated depreciation and amortization		<u>(59,702,742)</u>	<u>(55,939,259)</u>
Properties, net		<u>\$ 40,021,732</u>	<u>\$ 44,011,075</u>

Depreciation and amortization expense related to properties was \$4,802,622 and \$5,005,811 for the years ended August 31, 2021 and 2020, respectively.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Association is named as a defendant or co-defendant in various legal proceedings, including those discussed below. In addition, the Association makes financial commitments to research important issues. The Association complies with the requirements of ASC Topic 450, *Contingencies*, and related guidance, and records liabilities for legal proceedings in those instances where the liability is deemed probable and the Association can reasonably estimate the amount of the loss (or a range of loss can be estimated). Once established, accruals are adjusted from time to time, as appropriate, to reflect (1) the facts and circumstances known to us at the time, including information regarding negotiations, settlements, rulings and other relevant events and developments, (2) the advice and analyses of counsel and (3) the significant assumptions and judgment of management.

The NCAA is a membership-driven organization dedicated to safeguarding the well-being of student-athletes and equipping them with the skills to succeed on the playing field, in the classroom and throughout life. NCAA members—mostly colleges and universities, but also conferences and affiliated groups—work together to create the framework of rules for fair and safe competition. Those rules are administered by NCAA national office staff, which also organizes national championships and provides other resources to support student-athletes and the schools they attend. The NCAA membership and national office work together to help membership student-athletes develop their leadership, confidence, discipline and teamwork through college sports. Decisions made by the NCAA are at times challenged by the affected parties through lawsuits. These lawsuits range from seeking to overturn legislation adopted by member schools to seeking monetary damages and reimbursement of legal fees.

In July 2014, NCAA proposed a settlement, which was approved by the court during the year-ended August 31, 2020, in several consolidated class action lawsuits related to student-athlete concussion injury litigation. The settlement stipulated that the NCAA will provide \$70 million to be used for concussion testing and diagnoses of current and former NCAA student-athletes (“medical monitoring fund”), as well as educational initiatives and research. As of August 31, 2021 and 2020, the NCAA’s remaining commitment was \$40 million, which is included with accounts payable and accrued liabilities on the statement of financial position.

In June 2021, the NCAA received an unfavorable result from the Supreme Court of the United States in the Grant-In-Aid Cap Antitrust Litigation affirming a district court decision against the NCAA and several Division I member athletic conferences. Federal antitrust laws provide for a “prevailing party” to be reimbursed for legal fees and expenses incurred by the plaintiffs in the litigation, which the NCAA paid in July 2021.

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As part of its commitment to research, in September 2014, the NCAA entered into an agreement with the U.S. Department of Defense on a joint initiative to enhance the safety of student-athletes and U.S. service members, specifically related to concussions. The NCAA agreed to provide one-half of the funding on this joint initiative. Under the agreement, approximately 75% of the funding is for a study and 25% is to finance educational initiatives. The research is managed by three research institutions, who are the recipients of the funding. As of August 31, 2021 and 2020, the NCAA's remaining commitment was \$2.8 million and \$5.2 million, respectively. In October 2021, the NCAA committed an additional \$10.0 million over five years for future research.

The NCAA and its legal counsel defend against other lawsuits and claims arising in the normal course of its day-to-day activities. The NCAA does not believe the ultimate resolution of these matters will result in material losses or have a material adverse effect on the consolidated financial position, change in net assets, or cash flows of the NCAA. The NCAA has incurred attorney's fees in the process of defending against such matters, which are recorded in the accompanying consolidated financial statements. As of August 31, 2020, the NCAA has recorded an accrual for the legal settlements within accounts payable and accrued liabilities. There was no accrual as of August 31, 2021.

NOTE 9 - LINE OF CREDIT

On May 1, 2020, the NCAA entered into a line of credit with PNC Bank. The terms of the agreement allowed the NCAA to draw on the line with a maximum available credit of \$125,000,000 bearing an interest rate per annum equal to the Prime plus 1.65% expiring May 1, 2021. As of August 31, 2020, there was no amount outstanding on the line of credit. The NCAA allowed the line of credit to expire on May 1, 2021.

NOTE 10 - BONDS PAYABLE

On June 1, 2012, the NCAA issued tax-exempt bonds of \$13,560,000 with fixed interest rates ranging from 3.00% to 5.00% with original maturities ranging from 2016 to 2025. The bonds were issued at a premium of \$2,653,019. Interest is payable on May 1st and November 1st of each year. Proceeds from the bond issue were used to advance refund a portion of the Series 2005 revenue bonds since the bonds could not be redeemed at that time.

Principal payments as of August 31, 2021, due over the next five years and thereafter are as follows:

Fiscal Years Ending <u>August 31</u>	
2022	\$ 1,360,000
2023	1,425,000
2024	1,500,000
2025	<u>1,575,000</u>
Total bond principal payments	5,860,000
Unamortized premium and debt issue costs, net	<u>706,584</u>
Total bonds payable – net	<u>\$ 6,566,584</u>

The fair value of the bonds payable is not materially different from its carrying value.

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NOTE 11 - TELEVISION AND MARKETING RIGHTS FEES

On April 22, 2010, the NCAA entered into a Multimedia Agreement with CBS and Turner Broadcasting System Inc. (Turner). This agreement conveyed exclusive television and other internet and multimedia broadcast rights to CBS and Turner for 14 years in connection with the Division I Men's Basketball Championship. In addition, the agreement grants CBS and Turner marketing rights with respect to all NCAA championships. The agreement, which began in fiscal year 2011 and expires in 2024, provides payments up to \$10,800,000,000 to the NCAA over the agreement term.

On March 14, 2016, the NCAA extended its agreement with CBS and Turner for an additional 8 years (2025 thru 2032). Total payments to the NCAA under this extended agreement will be up to \$8,800,000,000. These payments include \$425,000,000 that will be prepaid by CBS and Turner from 2018 through 2024 (the "Pre-Term Payments"). The remaining \$8,375,000,000 will be paid from 2025 to 2032. A portion of the Pre-Term Payments will be deposited in an escrow with the remainder paid directly to the NCAA. As the Pre-Term Payments represent an advance on future contract years and are refundable to CBS and Turner should certain events occur, the Pre-Term Payments will be recognized as revenue in years 2025 through 2032 when no longer considered refundable in accordance with the terms of the contract.

The financial obligations of both agreements are guaranteed by WarnerMedia the parent company of Turner. For the years ended August 31, 2021 and 2020, the NCAA recognized \$850,000,000 and \$113,100,000, respectively.

Once the NCAA's performance obligations are met, the NCAA will recognize future television broadcast revenue and licensing rights as follows:

Fiscal Years Ending August 31	
2022	\$ 870,000,000
2023	873,000,000
2024	873,000,000
2025	995,000,000
2026	1,020,000,000
Thereafter	<u>6,785,000,000</u>
Total	<u>\$ 11,416,000,000</u>

The Pre-Term Payments will be paid by CBS and Turner as follows:

Fiscal Years Ending August 31	Escrowed	Advanced to NCAA	<u>Total</u>
2018	\$ 71,250,000	\$ 3,750,000	\$ 75,000,000
2019	67,500,000	7,500,000	75,000,000
2020	66,000,000	9,000,000	75,000,000
2021	41,250,000	8,750,000	50,000,000
2022	40,000,000	10,000,000	50,000,000
2023	25,000,000	25,000,000	50,000,000
2024	<u>5,000,000</u>	<u>45,000,000</u>	<u>50,000,000</u>
	<u>\$ 316,000,000</u>	<u>\$ 109,000,000</u>	<u>\$ 425,000,000</u>

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Amounts paid by CBS and Turner and held in escrow are not recognized in the consolidated financial statements as the NCAA does not have the right to control the escrow and the earnings process giving right to the funds has not occurred. Amounts received directly by the NCAA are deferred and included in the balance of deferred revenue and deposits.

On December 15, 2011, the NCAA entered into a multi-media agreement with ESPN, Inc. and ESPN Enterprises, Inc. (collectively, ESPN). The agreement gives ESPN the rights to televise certain NCAA Fall, Winter, and Spring Championships, the NIT Pre-Season and Post-Season tournaments, and international distribution of the Division I Men's Basketball Championship. The rights include live telecasting or other distributions of the Championships in compliance with the applicable NCAA rules and regulations and specific terms of the agreement. The terms of the agreement cover the fiscal year 2010–2011 (2010 Fall Championships) through fiscal year 2023–2024 (2024 Spring Championships) and provide for payments totaling \$500,000,000 over the life of the 14-year contract. Pursuant to the agreement, for the years ended August 31, 2021 and 2020, the NCAA received \$41,823,000 and \$40,214,000, respectively.

The NCAA will receive estimated future television broadcast payments as follows:

Fiscal Years Ending <u>August 31</u>		
2022	\$	43,496,000
2023		45,235,000
2024		<u>47,045,000</u>
	<u>\$</u>	<u>135,776,000</u>

NOTE 12 - NET ASSETS

As of August 31, the NCAA has net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the NCAA as follows:

	<u>2021</u>	<u>2020</u>
NCAA Leadership Conference	\$ 100,000	\$ 100,000
Usher Scholarships	<u>50,000</u>	<u>50,000</u>
Total NCAA net assets with donor restrictions	<u>\$ 150,000</u>	<u>\$ 150,000</u>

The NCAA has net assets whose use by the NCAA is subject to donor-imposed stipulations that can be fulfilled by actions of the NCAA pursuant to those stipulations or that expire by the passage of time. These net assets relate to student-athlete programs and services and were \$0 and \$949,798 as of August 31, 2021 and 2020, respectively.

The NCAA Board of Governors has designated certain net assets without donor restrictions to fund future strategic and operational initiatives. While designated for specific purposes, these designations may be modified at the discretion of the NCAA Board of Governors.

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As of August 31, net assets without donor restrictions include the following designations:

	<u>2021</u>	<u>2020</u>
Association-wide operating reserve	\$ 193,500,000	\$ 191,500,000
Division II reserve	47,073,756	34,508,614
Division III reserve	36,926,263	23,343,571
Other commitments	194,036,442	166,082,106
Furniture, technology, and properties	12,761,270	13,144,799
College Football Officiating, LLC	482,259	335,327
Available for operations and distributions	<u>31,253,911</u>	<u>(35,669,663)</u>
 Total NCAA net assets without donor restrictions	 <u>\$ 516,033,901</u>	 <u>\$ 393,244,754</u>

NOTE 13 – DEFINED CONTRIBUTION PLANS

The NCAA has defined contribution plans, which include the NCAA Retirement Plan (the retirement plan), the NCAA 403(b) Savings Plan (the 403(b) plan), and the NCAA Qualified Savings Plan (the qualified savings plan). Employees become eligible for participation in the retirement plan and the qualified savings plan beginning in the quarter after the employee completes six months of service. Employees become eligible to contribute to the 403(b) plan on the first day of employment. The NCAA provides, through the retirement plan, a biweekly contribution to each employee’s pension account at a rate of 10% of their annual compensation. The qualified savings plan is based on matching provisions from the employee’s 403(b) savings plan program. The NCAA will provide matching contributions to the plan on the employee’s behalf in an amount equal to 100% of the first 3% of compensation contributed to the 403(b) savings plan and 50% of the next 2% of compensation contributed to the 403(b) savings plan. A participant becomes eligible for the matching contribution only if the participant makes a deferral contribution in the 403(b) savings plan of at least 1% of their annual compensation. For the year ended August 31, 2021, the NCAA contributed \$1,764,114 to the qualified savings plan and \$4,476,214 to the retirement plan, for total contributions of \$6,240,328 compared to total contributions of \$6,800,957 for the year ended August 31, 2020.

NOTE 14 - LEASES

As of August 31, 2021, the NCAA had right-of-use assets and related lease liabilities of \$994,522. Operating lease expense was \$313,349 for the year ended August 31, 2021. Future minimum lease payments are as follows:

Fiscal Years Ending <u>August 31</u>		
2022	\$	314,712
2023		316,108
2024		129,960
2025		63,790
2026		61,643
Thereafter		<u>183,037</u>
 Total	 \$	 <u>1,069,250</u>

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NOTE 15 - LIQUIDITY AND AVAILABILITY

As of August 31, 2021, the NCAA has \$716.6 million of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$21.2 million, accounts receivable of \$31.4 million, and investments of \$664 million. The accounts receivable are subject to implied time restrictions but are expected to be collected within one year.

As of August 31, 2020, the NCAA has \$640.9 million of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$24 million, accounts receivable of \$28.3 million, and investments of \$588.6 million. The accounts receivable are subject to implied time restrictions but are expected to be collected within one year.

Board designations of net assets without donor restrictions are considered to be liquid and available given the nature of the designations and the Board's ability to rescind the designation, if needed, as described in Note 12.

The NCAA structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the NCAA invests excess cash in various investments (see Note 4).

NOTE 16 – COVID-19 IMPACT

On March 12, 2020, NCAA President Mark Emmert and the Board of Governors canceled the Division I men's and women's 2020 basketball tournaments, as well as all remaining winter and spring NCAA championships. This decision was based on the evolving COVID-19 public health threat, the NCAA's desire to ensure the events do not contribute to the spread of the pandemic, and the impracticality of hosting such events at any time during this academic year given ongoing decisions by other entities.

On August 5, 2020 the NCAA Board of Governors directed each division to determine if they met certain requirements to conduct fall championships. Division I developed scaled back plans for fall championships in the spring of 2021. Division II and Division III cancelled fall championships.

Between losses from ticket sales and its multimedia agreements, the NCAA lost more than \$800 million in revenue from the cancellation of the 2020 Division I men's basketball tournament.

For fiscal year 2020-21, the NCAA implemented operational and staffing adjustments as a part of prudent fiscal management. These adjustments included reduced spending, employee furloughs, and voluntary employee separations. Additionally, the NCAA maintained loss of revenue insurance for fiscal year 2020-21 championships, inclusive of pandemic coverage.

The NCAA has had a long-standing contingency plan for such an event that consisted of insurance, financial reserves, reduction in Division I revenue distributions, and NCAA operating budget cuts. Because of this pre-existing contingency plan, the NCAA has been able to maintain operations and its financial reserves as described in Note 14.

The NCAA's loss of revenue insurance expired at the end of fiscal-year 2020-21 and similar coverage is no longer available given the changes in the marketplace due to COVID-19. Management is exploring alternative solutions to pandemic risk management and will continue to monitor the impact of COVID-19 during fiscal-year 2021-22.

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NOTE 17 - SUBSEQUENT EVENT

On July 30, 2021, the NCAA Board of Governors announced the formation of a Constitution Committee to redraft the NCAA constitution. The committee was tasked with proposing changes to the constitution that will allow the Association to more effectively meet the needs of current and future college athletes. The committee will identify the core principles that define college sports and will propose a new governance model that allows for quicker change without sacrificing broader values, which must be reaffirmed or redefined. The Constitution Committee commenced in September 2021 with a final vote on a new constitution scheduled for January 2022. After the new constitution is adopted, each NCAA division will review its rules and adopt changes in time for new legislation to be effective August 1, 2022.

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NOTE 18 – REVENUE

The following table disaggregates NCAA revenue by major source. Fiscal years 2020 and 2021 represent revenue recognized from contracts with customers. Fiscal years beyond 2021 represent remaining performance obligations from contracts with customers.

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>Thereafter</u>
Television and radio rights	\$ 157,373,500	\$ 906,197,000	\$ 923,996,000	\$ 928,735,000	\$ 930,545,000	\$ 1,005,500,000	\$ 1,030,500,000	\$ 6,785,000,000
Royalties and promotional rights	7,856,667	9,583,246	10,935,875	11,105,168	11,475,426	11,646,697	869,031	3,400,958
Championships and NIT tournaments	15,799,943	61,048,913	28,465,717	18,895,088	19,814,843	8,058,000	8,219,160	52,884,402
Eligibility center certifications	12,868,857	11,902,109	6,702,144	-	-	-	-	-
Membership dues	3,516,750	5,023,850	5,483,650	2,347,500	2,381,250	513,750	-	-
Other sales and services	<u>4,245,379</u>	<u>3,954,886</u>	<u>1,563,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 201,661,096</u>	<u>\$ 997,710,004</u>	<u>\$ 977,147,183</u>	<u>\$ 961,082,756</u>	<u>\$ 964,216,519</u>	<u>\$ 1,025,718,447</u>	<u>\$ 1,039,588,191</u>	<u>\$ 6,841,285,360</u>

The closing balance of receivables from contracts with customers as of August 31, 2021 and 2020 was \$11,438,149 and \$5,836,646, respectively.

Deferred Revenue: Deferred revenue represents payments received for tickets purchased, membership dues, and multi-media pre-payments for which the performance obligations remain in effect for the years ended August 31, 2020 and 2021. The following tables represent activities for deferred revenue.

Balance at September 1, <u>2019</u>	Refunds Issued in <u>2019-2020</u>	Revenue Recognized in <u>2019-2020</u>	Cash Received in Advance of <u>Performance</u>	Balance at August 31, <u>2020</u>
\$48,147,363	(\$57,465,562)	(\$12,663,136)	\$71,694,479	\$49,713,144
Balance at September 1, <u>2020</u>	Refunds Issued in <u>2020-2021</u>	Revenue Recognized in <u>2020-2021</u>	Cash Received in Advance of <u>Performance</u>	Balance at August 31, <u>2021</u>
\$49,713,144	\$ -	(\$22,385,212)	\$31,153,601	\$58,481,533

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NOTE 19 - EXPENSES BY NATURE

The NCAA's programs are based on its divisional structure as described in Note 1. Natural expenses are allocated based on specific identification of the related expenses and methodologies of allocating employee time. Fundraising costs for the NCAA are insignificant due to the nature of its operations.

The table below presents functional expenses by their natural classification for the year ended August 31, 2021.

	Division I Distributions, Championships, and Programs	Division II Distribution, Championships, and Programs	Division III Championships, and Programs	Association-wide Programs	Management and General	Total 2020-21
Distributions, grants, and scholarships	\$ 613,563,071	\$ 11,999,706	\$ 4,902,770	\$ 3,309,240	\$ 739,162	\$ 634,513,949
Insurance, interest, and depreciation	293,617	122,880	40,960	22,749,355	8,578,620	31,785,432
Compensation	18,409,430	5,887,971	3,228,421	36,171,406	21,206,542	84,903,770
Event operations	39,740,314	4,178,741	2,656,046	9,093,029	370,186	56,038,316
Facilities, technology, and office	3,251,506	106,771	42,060	1,819,334	6,376,882	11,596,553
Professional services	40,377,504	8,942,199	3,908,578	69,470,246	5,449,186	128,147,713
Travel	<u>66,935,446</u>	<u>9,194,621</u>	<u>8,430,059</u>	<u>1,127,676</u>	<u>490,420</u>	<u>86,178,222</u>
Total expenses	<u>\$ 782,570,888</u>	<u>\$ 40,432,889</u>	<u>\$ 23,208,894</u>	<u>\$ 143,740,286</u>	<u>\$ 43,210,998</u>	<u>\$ 1,033,163,965</u>

The table below presents functional expenses by their natural classification for the year ended August 31, 2020.

	Division I Distributions, Championships, and Programs	Division II Distribution, Championships, and Programs	Division III Championships, and Programs	Association-wide Programs	Management and General	Total 2019-20
Distributions, grants, and scholarships	\$ 246,655,488	\$ 13,584,198	\$ 5,078,458	\$ 3,728,270	\$ 744,824	\$ 269,791,238
Insurance, interest, and depreciation	467,034	149,540	40,960	19,353,531	10,306,125	30,317,190
Compensation	18,419,506	6,452,729	3,113,798	37,816,749	13,236,541	79,039,323
Event operations	14,682,571	4,355,087	3,314,106	9,552,498	476,629	32,380,891
Facilities, technology, and office	797,854	154,861	160,425	3,420,629	7,457,052	11,990,821
Professional services	6,258,036	2,244,553	568,362	91,762,734	7,201,812	108,035,497
Travel	<u>15,233,264</u>	<u>11,345,580</u>	<u>9,923,433</u>	<u>5,536,672</u>	<u>1,387,608</u>	<u>43,426,557</u>
Total expenses	<u>\$ 302,513,753</u>	<u>\$ 38,286,548</u>	<u>\$ 22,199,542</u>	<u>\$ 171,171,083</u>	<u>\$ 40,810,591</u>	<u>\$ 574,981,517</u>

SUPPLEMENTARY INFORMATION

NATIONAL COLLEGIATE ATHLETIC ASSOCIATION
CONSOLIDATING STATEMENT OF ACTIVITIES
For the year ended August 31, 2021

	<u>NCAA</u>	<u>NIT, LLC</u>	<u>College Football Officiating, LLC</u>	<u>Consolidating Entries</u>	<u>Total</u>
REVENUES:					
Television and marketing rights fees	\$ 910,002,047	\$ 5,778,199	\$ -	\$ -	\$ 915,780,246
Championships and NIT tournaments	61,048,913	-	-	-	61,048,913
Investment income, net	60,909,650	3,525	-	-	60,913,175
Sales, services, and other	32,725,930	-	721,901	(531,609)	32,916,222
Loss of revenue insurance	81,048,000	-	-	-	81,048,000
Contributions – facilities	<u>3,296,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,296,748</u>
Total revenues	1,149,031,288	5,781,724	721,901	(531,609)	1,155,003,304
EXPENSES:					
Distribution to Division I members	613,226,582	128,000	-	-	613,354,582
Division I championships, programs, and NIT tournaments	167,216,130	1,685,517	439,659	(125,000)	169,216,306
Division II championships, distribution, and programs	40,432,889	-	-	-	40,432,889
Division III championships and programs	23,208,894	-	-	-	23,208,894
Association-wide programs	144,105,786	-	-	(365,500)	143,740,286
Management and general	<u>42,942,776</u>	<u>174,022</u>	<u>135,309</u>	<u>(41,109)</u>	<u>43,210,998</u>
Total expenses	<u>1,031,133,057</u>	<u>1,987,539</u>	<u>574,968</u>	<u>(531,609)</u>	<u>1,033,163,955</u>
Total change in net assets	<u>\$ 117,898,231</u>	<u>\$ 3,794,185</u>	<u>\$ 146,933</u>	<u>\$ -</u>	<u>\$ 121,839,349</u>

See notes to consolidated financial statements.