

GEORGIA TECH ATHLETIC ASSOCIATION

FINANCIAL STATEMENTS

JUNE 30, 2025

GEORGIA TECH ATHLETIC ASSOCIATION
JUNE 30, 2025
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Georgia Tech Athletic Association:

Report on the Financial Statements

Opinion

We have audited the financial statements of the Georgia Tech Athletic Association (the Association), a direct-support organization and component unit of the Georgia Institute of Technology, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of June 30, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for twelve months beyond the financial statement issuance date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

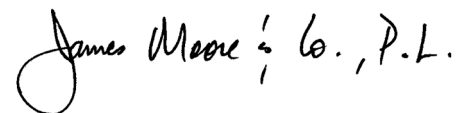
In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Gainesville, Florida
September 16, 2025

**GEORGIA TECH ATHLETIC ASSOCIATION
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Introduction

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

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

Overview of the Financial Statements and Financial Analysis

The administration of the Association is pleased to offer the readers of its financial statements this overview and analysis of financial performance during the fiscal year ended June 30, 2025. This overview, discussion, and analysis (MD&A) meets the requirements of Governmental Accounting Standards Board, Statement No. 35, Basic Financial Statements - and Management’s Discussion and Analysis for Public Colleges and Universities, and has been prepared by management along with the financial statements and related footnote disclosures. The MD&A focuses on current activities, resulting changes, and current known facts from the financial statements included therein.

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

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

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

The statement of revenues, expenses, and changes in net position present the revenues earned and the expenses incurred during the year. Activities are reported as either operating or non-operating. The financial reporting model classifies endowment and quasi-endowment proceeds as non-operating revenues. As a result, the financial statements may show operating losses that are then offset by non- operating revenues. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life. The statement of cash flows presents information on the ability of the Association to meet its financial obligations in the form of cash inflows and outflows summarized by operating, capital and non-capital financing, and investing activities.

**GEORGIA TECH ATHLETIC ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Association Highlights

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

- The Association's latest available graduation rates are from a 2024-25 report, showing a 94% NCAA Graduation Success Rate (GSR) for student-athletes, a new school record, and a 98% first-year retention rate as measured by the NCAA
- 243 student-athletes earned ACC Academic Honor Roll accolades
- All-time high GPA of 3.30 in Spring 2025
- 14 of 17 varsity teams advanced to postseason play. Football earned consecutive bowl berths for the first time in a decade, consecutive NCAA semifinal appearances in golf, a Sweet 16 berth in volleyball, and several exciting wins by both men's and women's basketball over nationally ranked opponents.
- Official hosting of the NCAA's men's basketball tournament games occurring in Atlanta. Responsible for successful game management, media operations and accommodations.
- Nine Georgia Tech athletes and a coach participated in the 2024 Summer Olympics in Paris.
- Selected to kick-off the college football season in "Week Zero" successfully representing the Institute internationally in Dublin, Ireland with a victory and a broadcast rating among the highest in college football for the entire regular season.
- For the upcoming 2025 football season, student season tickets sold out—record-setting 7,000+ tickets claimed
- Full Steam Ahead Initiative fueling championship-level investment and momentum
- Fundraising closed over \$70 million far surpassing prior records
- All-time record in cash collected from donors
- Major facility upgrades underway to enhance both student-athlete performance and fan experience
- Donor participation up 16% year-over-year, reaching 12,737 donors

Financial Highlights

FY2025 resulted in an operating income of \$29,848,809. This was due mostly to a new campaign to fund future operations and facilities enhancements. Additionally, the Association has planned and utilized quasi-endowment funds to assist with funding current year scholarships and debt service.

The Association's long-term financial health depends on reasonable and appropriate growth of conference distributions, ticket sales, philanthropy, building new revenue sources, and maintaining and growing the endowment base which supports scholarships, the Total Person Program, and facility enhancements.

**GEORGIA TECH ATHLETIC ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Condensed Financial Information

The condensed statements of net position are shown below:

**Condensed Statements of Net Position
June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets	\$ 60,362,520	\$ 55,330,771
Noncurrent assets:		
Capital assets, net	197,962,407	178,857,663
Investments	172,340,444	164,851,619
Other	50,995,794	46,420,234
	<u>421,298,645</u>	<u>390,129,516</u>
Total assets	<u>481,661,165</u>	<u>445,460,287</u>
Deferred outflows of resources	<u>5,557,644</u>	<u>6,971,651</u>
Current liabilities	52,299,874	41,982,989
Noncurrent liabilities	300,162,971	309,217,650
Total liabilities	<u>352,462,845</u>	<u>351,200,639</u>
Net position:		
Net investment in capital assets	(80,776,328)	(73,918,635)
Unrestricted	33,915,611	11,912,935
Restricted for:		
Nonexpendable	85,388,159	79,791,652
Expendable	96,228,522	83,445,347
Total net position	<u>\$ 134,755,964</u>	<u>\$ 101,231,299</u>

**GEORGIA TECH ATHLETIC ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Current Assets

The primary components of current assets are cash and cash equivalents, pledges, and accounts receivable. Cash and cash equivalents consist of cash in the Association's bank accounts and the fair value of highly liquid short-term investments. Pledges receivable relate primarily to pledges received to fund scholarship endowments and expenses associated with facility projects and renovations such as the Thomas A. Fanning Student-Athlete Performance Center (Fanning Center) and new initiatives to enhance future operations. Accounts receivable include payments due in FY 2025 that were still outstanding as of June 30, 2025.

Noncurrent Assets

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

Capital assets include buildings, building improvements, equipment, and construction in progress net of related accumulated depreciation and totaled \$197,962,407 and \$178,857,663 at June 30, 2025 and 2024, respectively. Construction of the Fanning Center (Fanning Student Athlete Performance Center) began in 2024 and is scheduled to be completed in the spring of 2026. The year over year increase in capital assets is primarily attributable to the Fanning Center.

Investments held by the Foundation include endowments, quasi-endowments, and other investments and are recorded at fair value. The amount held by the Foundation at June 30, 2025 and 2024, totaled \$172,340,444 and \$164,851,619, respectively. The increase in FY2025 is due primarily to an overall increase in investment earnings during the year.

Pledges receivable – long term represents balances that will be received a year or more following year end, net of discount and allowance. These amounts were \$47,075,004 and \$36,794,136 for years end June 30, 2025 and 2024, respectively. A significant reason for the increase in pledges was the kickoff of the Full Steam Ahead campaign during the fiscal year ending June 30, 2025.

Liabilities

Current Liabilities

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

Accounts payable associated with related parties totaled \$3,614,802 and \$4,063,354 at June 30, 2025 and 2024, respectively.

Unearned revenue represents deposits received for future athletic seasons, upcoming special events, and the 2026 fiscal year installment stadium field naming rights amount. Amounts received totaled \$29,634,200, and \$12,985,759 at June 30, 2025 and 2024, respectively. All Tech Fund donations, with exception of those associated with a suite lease, are now recognized as revenue upon receipt.

**GEORGIA TECH ATHLETIC ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Contract agreement-current portion consists of severance payments owed to former head coaches. Substantially all of the agreements end in the fiscal year ending June 30, 2026.

The total short-term portion of bond payment obligations outstanding at June 30, 2025, and 2024 was \$3,860,000 and \$3,565,000, respectively. Notes payable mainly consist of payments related to the purchase of land used for the Georgia Tech golf team practice facility, and the ACC Network facility. Term debt in the form of a bank note had current balances of approximately \$1,230,000 at June 30, 2025 and 2024.

The Association's \$12,000,000 line of credit, in place in fiscal year 2024 and early fiscal year 2025, was satisfied in fiscal year 2025 and replaced with a \$12,000,000 line of credit with a new lender. The outstanding balance at June 30, 2025 and June 30, 2024 was \$3,985,354 and \$12,000,000, respectively. The reduction in the balance is a result of the cash received and included in deferred revenue.

Noncurrent Liabilities

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

2012 B Bond Issuance

This \$28 million taxable revenue bond issuance financed the termination of the existing swaption. Principal balances at June 30, 2025 and 2024 were \$24,680,000 and \$25,035,000, respectively, with payments through 2029.

2019 A&B Bond Issuance

This revenue bond issuance restructured existing debt and included new capital funding for the Russ Chandler Stadium Phase II renovation (\$10 million) and deferred maintenance projects within Bobby Dodd Stadium (\$10 million). The resulting thirty-year bond issuance was structured with taxable and tax-exempt bonds totaling \$32,065,000 and \$131,575,000 respectively. Principal balances at June 30, 2025 and 2024 were \$158,710,000 and \$161,710,000, respectively, with payments through 2036.

2022 Bond Issuance

The primary purpose of this taxable revenue bond issuance was to refund a majority of the of the 2012 bond issuance to take advantage of lower interest rates. The twenty-year bond issuance was structured as taxable bonds totaling \$52,230,000. Principal balances at June 30, 2025 and 2024 were \$51,675,000 and \$51,885,000, respectively, with payments through 2042.

2024 Bond Issuance

This tax-exempt revenue bond issuance will cover construction costs, net of cash pledges, for the Thomas A. Fanning Student-Athlete Performance Center. Total issuance was \$37,493,377 which includes \$2,665,417 in capitalized interest. Principal balances at June 30, 2025 and 2024 were \$34,060,000 in both years, with payments through 2051.

**GEORGIA TECH ATHLETIC ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Note Payable

This unsecured term loan was issued to retire an existing line of credit several years ago. Principal balances at June 30, 2025 and 2024 were \$4,955,000 and \$6,055,000, respectively, with payments through 2029.

Unearned revenue represents installments from the football stadium field naming agreement with Hyundai Motor America beyond June 30, 2026. Contract agreements consist of severance payments owed to former head coaches. Subscriptions payable is for future principal payments recorded under GASB Statement 96 *Subscription-Based Information Technology Arrangements*. These payments are contracted through 2029.

Net Position

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

Total net position at June 30, 2025 and 2024, was \$134,755,964 and \$101,231,299, respectively. The increase in net position is explained in detail on page 13, in the section headed "Net Position."

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

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

Restricted expendable net position primarily consists of gifts related to the quasi-endowment established by the gifts to support capital project expenses.

**GEORGIA TECH ATHLETIC ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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

**Condensed Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Operating revenues		
Ticket sales	\$ 15,294,542	\$ 12,797,050
Atlantic Coast Conference revenue distributions	49,384,735	47,606,558
Contributions	78,598,932	36,268,704
Event related	22,743,520	25,055,049
Other	21,074,494	18,964,958
Total operating revenues	<u>187,096,223</u>	<u>140,692,319</u>
Operating expenses		
Salaries and benefits	46,972,052	41,536,689
Program and facilities	48,213,690	53,972,049
General and administrative	49,158,423	20,816,071
Depreciation	12,903,249	10,172,975
Total operating expenses	<u>157,247,414</u>	<u>126,497,784</u>
Operating profit (loss)	<u>29,848,809</u>	<u>14,194,535</u>
Nonoperating revenues (expenses)		
Investment income	12,322,007	14,070,012
Interest on long-term debt	(11,954,474)	(10,170,311)
Total nonoperating revenues (expenses)	<u>367,533</u>	<u>3,899,701</u>
Capital contributions	25,000	5,818,936
Permanent endowment contributions	3,283,323	5,902,583
Increase (decrease) in net position	<u>33,524,665</u>	<u>29,815,755</u>
Net position, beginning of year	<u>101,231,299</u>	<u>71,415,544</u>
Net position, end of year	<u>\$ 134,755,964</u>	<u>\$ 101,231,299</u>

**GEORGIA TECH ATHLETIC ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Operating Revenues

Ticket Sales

Ticket sales are generated from support of the Association's various sports through paid admissions primarily to home events.

	<u>2025</u>	<u>2024</u>
Football	\$ 12,291,314	\$ 10,012,385
Men's basketball	1,727,558	1,820,433
Women's basketball	146,636	59,719
Baseball	276,246	255,449
Volleyball	87,256	65,097
Postseason	682,623	537,398
Other	82,909	46,569
Total	<u>\$ 15,294,542</u>	<u>\$ 12,797,050</u>

ACC Revenue

The Atlantic Coast Conference ("the ACC") distributions include all revenues collected on behalf of the membership. This includes, but not limited to, television rights fees, bowl game distributions, tournament and championship profits, and net NCAA distributions. The revenues are reduced by the conference's operating expenses and other costs then distributed among its 18 members and 17 full members. The Association presents the ACC distribution as revenue. The ACC total distribution for to the Association was \$49,384,735 and \$47,606,557, respectively, in the fiscal years ending June 30, 2025 and 2024. The increase from 2024 to 2025 is largely attributable to media rights revenue.

Contributions

Contributions include unrestricted and restricted donations. Contribution revenue totaled \$78,598,598,932 and \$34,593,518 in the fiscal years ending June 30, 2025 and 2024, respectively. The primary source of this increase was the Full Steam Ahead campaign launched in the fiscal year ending June 30, 2025 to fund future operations and facilities enhancements. Also included in contribution revenue is sport specific donations used to supplement annual operating costs for each program. These funds are used to supplement extraordinary and unbudgeted operational expenses during the year.

**GEORGIA TECH ATHLETIC ASSOCIATION
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Event Related

In addition to ticket sales certain other revenues are generated from Association activities.

Premium seat licenses are contributions tied to seat location in areas with upgraded benefits in Bobby Dodd Stadium and McCamish Pavilion. This revenue declined approximately four percent.

Multimedia rights fees and sponsorships include revenues generated by the Association’s advertising efforts in all forms to include facility signage, print, radio and apparel-related licensing. The fiscal year ending June 30, 2025 represents the fourth year of an eleven year agreement with Legends, Inc. to serve as GTAA’s third-party multimedia rights partner to generate new revenue from corporate partnerships, sponsorships, ticket sales and ticket-based contributions.

Concessions include revenue managed by a third-party contractor that operates all concessions at Association venues.

Guarantees typically include a contracted fee or portion of revenues collected at away games in which Georgia Tech participates and are intended to offset the costs associated with traveling to the away game site. Included in the fiscal year ending June 30, 2024 amounts are one road non-conference football game and a football scheduling agreement with Peach Bowl, Inc. to move a home game to Mercedes Benz Stadium. Included in the fiscal year ending June 30, 2025 amounts are for is the “Week Zero” game played in Dublin, Ireland.

Other Revenue

Other revenues totaled \$21,074,494 and \$18,964,958 for the years ended June 30, 2025 and 2024, respectively, and was comprised of the following:

	<u>2025</u>	<u>2024</u>
Student athletic fees	\$ 6,947,958	\$ 6,601,428
Institutional support	9,181,989	9,534,332
Miscellaneous	4,944,547	2,829,198
Total other revenue	<u>\$ 21,074,494</u>	<u>\$ 18,964,958</u>

In the fiscal years ending June 30, 2025 and 2024 student athletic fees increased due to a higher enrollment than the previous year. Overall the increase in this revenue was five percent.

Institutional support revenues represent the amount of out-of-state tuition that Georgia Tech does not charge the Association in an effort to assist the operations (“tuition waivers”) as well as provide administrative salary and other support. Overall this support declined approximately four percent.

Miscellaneous revenue includes contract buyout revenue, facility rental fees, parking revenue, handling fees as well as other miscellaneous revenues.

**GEORGIA TECH ATHLETIC ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Operating Expenses

Salaries and Benefits

Salaries and benefits represent salary expenses and the associated costs of benefits for Association employees and coaches. This category includes severance payments to certain departed head coaches. Overall salaries and benefits of \$41,536,689 in the year ending June 30, 2024 declined over \$12 million from the preceding year. Fiscal year ending June 30, 2025 leveled in between the two prior years at \$46,972,052. The increase in the year ending June 30, 2025 was attributable to cost of living adjustments, some new positions, and certain incentive payments earned.

Programs and facilities

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

	2025	2024
Scholarships	\$ 15,460,479	\$ 13,258,512
Guarantees	1,650,852	2,337,959
Travel	10,273,668	9,499,388
Events and other services	8,666,558	13,284,480
Recruiting	1,871,944	3,028,549
Operation, maintenance, and plant	7,332,452	7,691,148
Uniforms and equipment	2,507,737	1,473,981
Total program and facilities	<u>\$ 47,763,690</u>	<u>\$ 42,882,869</u>

Scholarship expenses include charges associated with the cost of attendance at Georgia Tech for student athletes receiving financial aid from the Association. For the year ending June 30, 2024, approximately \$2 million of scholarship costs were paid by the Georgia Tech Foundation and, therefore, not presented as an expense by the Association.

Guarantee expenses include the costs associated with providing contractually established fees or percentage of revenues collected at a home event to the opponent to offset the opponent's travel costs.

Travel expenses include the costs of staff and student athletes traveling to competition events. Travel costs fluctuate annually depending on the location of road opponents and post season events. Travel increased from \$9,499,388 in the fiscal year ending June 30, 2024, to \$10,723,668 in part due to postseason travel for most teams, and addition geographies in the conference. The football team traveled to Ireland for exclusive national and international broadcast coverage representing the Institute in college football's Week Zero in a win versus Florida State University.

Events and other services expenses include costs associated with managing home events as well as expenses for premium seating areas and sponsorships, and a collaboration for an event during the year ending June 30, 2024 that did not occur in the fiscal year ending June 30, 2025. That event generated revenue and represents the majority of the year over year difference between the 2025 and 2024.

**GEORGIA TECH ATHLETIC ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Recruiting expenses include the costs of staff traveling for recruiting purposes and hosting recruits for official visits to Georgia Tech's campus. Costs include all reasonable modes of transportation, meals, and accommodations. These costs are driven by the number of scholarships available in each respective sport. The decline in the year ending June 30, 2025 is due to changes in financial statement classification as mentioned in Note 1 to the financial statements.

Operations, maintenance and plant expenses include costs associated with the repair and upkeep of approximately \$200 million in Association net capital assets. Maintenance and repairs on the Association's facilities will continue to be a growing expense in the future.

Uniforms and equipment expenses include the costs associated with supplying the teams with apparel and protective gear used in athletic contests representing Georgia Institute of Technology, and in practice and preparation. These costs may rise and fall due to rotation of replacement uniforms and the terms of the apparel providers.

General and Administrative

General and administrative expenses include costs incurred to manage and administer all 17 sports programs and development costs to raise funds. Expenses increased during the fiscal year ending June 30, 2025 compared to 2024 primarily due to reclassifications mentioned in Note 1 to the financial statements, professional services, and other expenses.

Depreciation

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

Nonoperating Revenues (Expenses)

Nonoperating revenues (expenses) include income earned on investments, changes in the fair market value of the Association's investment portfolio and interest on long-term debt. Interest expense increased approximately \$1.8 million to \$11,954,474 due to debt service for the 2024 bonds placed in service near the end of the fiscal year ending June 30, 2025. Investments returned over \$12 million in the fiscal year ending June 30, 2025, down from approximately \$14 million in the fiscal year ending June 30, 2024, due to additional distributions to fund

Net Position

The Association's net position at June 30, 2025 is \$134,755,964 an increase of \$33,524,665 from June 30, 2024. The increase is largely attributable to the successful kickoff of the Full Steam Ahead campaign in the fiscal year ending June 30, 2025. The launch resulted in a significant increase in pledges receivable and resulting contributions revenue. This revenue is recorded under generally accepted accounting principles (GAAP) when the pledge is made, subject to certain conditions.

**GEORGIA TECH ATHLETIC ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

As the expenses needed to maintain athletic competitiveness continue to rise, so too has the need to grow revenues. The Association will continue to emphasize securing funds to enhance facilities, support scholarships, and perform at an elite level operationally to best represent the Georgia Institute of Technology in the region, nationally and internationally.

The condensed statements of cash flows are shown below:

**Condensed Statements of Cash Flows
Years Ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities	\$ 35,270,590	\$ 1,582,452
Cash flows from noncapital financing activity	3,283,323	5,902,583
Cash flows from capital and related financing activities	(54,451,100)	16,198,995
Cash flows from investing activities	<u>30,219,269</u>	<u>(18,083,038)</u>
Net change in cash and cash equivalents	14,322,082	5,600,992
Cash and cash equivalents, beginning of year	8,386,852	2,785,860
Cash and cash equivalents, end of year	<u>\$ 22,708,934</u>	<u>\$ 8,386,852</u>

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

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

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

Cash flows from investing activities are comprised primarily of proceeds from sales and maturities of investments, purchases of investments, and income earned on investments. Investments are managed on behalf of the Association by Georgia Tech Foundation, Inc.

During the fiscal years ended June 30, 2025 and 2024, these activities created an increase of \$14,322,082 \$5,600,992 in cash and cash equivalents.

Outlook for the Future

The Association is committed to the elite performance of its student-athletes – on the athletic field or court and beyond to the classroom and preparation for impactful career success. This is demonstrated in the Association Highlights above, and recognized locally, regionally, nationally and internationally.

**GEORGIA TECH ATHLETIC ASSOCIATION
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Continuing this momentum is crucial to best support the mission of Georgia Institute of Technology, realizing the Association plays a crucial role as the “front porch” of Institute. That is – the first place many people around the country learn about the Institute and its many accolades is through the Association.

As widely known, the landscape of collegiate athletics changed dramatically during the fiscal year ending June 30, 2025. Simply stated, these changes require significant growth in revenue to thrive at the Power Four level – which the Association remains fully committed to do.

Contacting Management

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

Georgia Tech Athletic Association
Attn: Chief Financial Officer
177 North Avenue
Atlanta, GA 30332-0455
(404) 894-5414

GEORGIA TECH ATHLETIC ASSOCIATION
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS

Current assets

Cash and cash equivalents	\$ 18,788,144
Restricted cash and cash equivalents, bond proceeds	3,920,790
Restricted investments, bond proceeds	841,509
Pledges receivable - current portion, net	20,448,157
Accounts receivable, net	19,371,478
Prepaid expenses and other assets	913,232
Total current assets	<u>64,283,310</u>

Noncurrent assets

Pledges receivable - long-term, net	47,075,004
Investments held by Georgia Tech Foundation	172,340,444
Capital assets not being depreciated	50,060,254
Capital assets being depreciated, net	147,902,153
Total noncurrent assets	<u>417,377,855</u>

Total Assets

\$ 481,661,165

DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on refunding of debt, net	<u><u>\$ 5,557,644</u></u>
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LIABILITIES

Current liabilities

Accounts payable and accrued expenses	\$ 4,327,903
Due to Georgia Institute of Technology	3,614,802
Accrued interest payable	2,576,647
Unearned revenue - current portion	29,634,200
Leases payable - current portion	43,386
Contract agreements - current portion	2,607,627
Notes payable - current portion	1,230,000
Bonds payable - current portion	3,860,000
Subscriptions payable - current portion	419,955
Line of credit	3,985,354
Total current liabilities	<u>52,299,874</u>

Long-term liabilities

Contract agreements	300,000
Unearned revenue	16,357,634
Notes payable	3,725,000
Bonds payable	278,805,187
Subscriptions payable	975,150
Total long-term liabilities	<u>300,162,971</u>

Total Liabilities

\$ 352,462,845

NET POSITION

Net investment in capital assets	\$ (80,776,328)
Unrestricted	33,915,611
Restricted	
Nonexpendable	85,388,159
Expendable	96,228,522
Total Net Position	<u><u>\$ 134,755,964</u></u>

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

GEORGIA TECH ATHLETIC ASSOCIATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

Operating revenues	
Ticket sales	\$ 15,294,542
Atlantic Coast Conference revenue distributions	49,384,735
Contributions	78,598,932
Student athletic fees	6,947,958
Premium seat licenses	9,674,769
Sponsorships	9,938,436
Guarantees	3,130,315
Institutional support	9,181,989
Other	4,944,547
Total operating revenues	<u>187,096,223</u>
Operating expenses	
Salaries and benefits	46,972,052
Scholarships	15,460,479
General and administrative	49,158,423
Depreciation and amortization	12,903,249
Guarantees	1,650,852
Travel	10,723,668
Recruiting	1,871,944
Events and other services	8,666,558
Operation, maintenance, and plant	7,332,452
Uniforms and equipment	2,507,737
Total operating expenses	<u>157,247,414</u>
Operating income	<u>29,848,809</u>
Nonoperating revenues (expenses)	
Investment income	12,322,007
Interest on long-term debt	(11,954,474)
Total nonoperating revenues (expenses)	<u>367,533</u>
Income before capital and endowment contributions	<u>30,216,342</u>
Capital contributions	25,000
Permanent endowment contributions	3,283,323
Change in net position	<u>33,524,665</u>
Net position, beginning of year	101,231,299
Net position, end of year	<u><u>\$ 134,755,964</u></u>

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

GEORGIA TECH ATHLETIC ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

Cash flows from operating activities

Receipts from ticketholders	\$ 16,314,931
Receipts from student fees	6,947,958
Receipts from Atlantic Coast Conference	46,298,435
Receipts from NCAA institutions	3,130,315
Receipts from donors for contributions	54,535,077
Receipts from sponsors	5,909,998
Receipts from seat licenses	9,674,769
Payments to suppliers	(58,909,246)
Payments to Georgia Institute of Technology for personnel services	(38,657,268)
Payments to Georgia Institute of Technology	(14,918,926)
Other receipts, net	4,944,547
Net cash provided by operating activities	<u>35,270,590</u>

Cash flows from noncapital financing activities

Receipts from permanent endowment contributions	3,283,323
Net cash provided by noncapital financing activities	<u>3,283,323</u>

Cash flows from capital and related financing activities

Net payments on line of credit	(8,014,646)
Receipts from donors for capital contributions	25,000
Purchases of capital assets	(30,612,888)
Principal paid on notes and bonds payable	(4,809,033)
Principal payments on lease liability	(202,777)
Interest paid	(10,836,756)
Net cash used in capital and related financing activities	<u>(54,451,100)</u>

Cash flows from investing activities

Proceeds from sales and maturities of investments	41,904,212
Purchases of investments	(11,684,943)
Net cash provided by investing activities	<u>30,219,269</u>

Net increase in cash and cash equivalents

14,322,082

Cash and cash equivalents, beginning of year

8,386,852

Cash and cash equivalents, end of year

\$ 22,708,934

Classified on the Statement of Net Position as:

Cash and cash equivalents	\$ 18,788,144
Restricted cash and cash equivalents, current	3,920,790
Total cash and cash equivalents	<u><u>\$ 22,708,934</u></u>

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

GEORGIA TECH ATHLETIC ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025
(Continued)

**Reconciliation of operating income (loss) to net cash
provided by (used in) operating activities**

Operating income (loss)	\$ 29,848,809
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation and amortization	12,903,249
Changes in assets and liabilities:	
Accounts receivable, net	1,020,389
Pledge receivable, net	(24,063,855)
Prepaid expenses and other assets	167,434
Other noncurrent assets	2,204,718
Accounts payable and accrued expenses	3,021,920
Due to Georgia Institute of Technology	(448,552)
Contract agreements	(4,010,149)
Unearned revenue	14,626,627
Net cash provided by operating activities	<u>\$ 35,270,590</u>

Supplemental disclosure of non-cash investing, capital, and financing activities

Changes in fair value of investments held by Georgia Tech Foundation	\$ 14,371,636
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The accompanying notes to the financial statements
are an integral part of this statement.

GEORGIA TECH ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

(1) Summary of Significant Accounting Policies:

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

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

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

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

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

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

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

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

(e) **Accounts receivable**—Accounts receivable are stated at the amount management expects to collect from balances at year-end. Based on management's assessment of the credit history with organizations having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end should be immaterial. However, the Association recorded an allowance for doubtful accounts at June 30, 2025 of \$114,872 as a conservative estimate. The Association has no policy requiring collateral or other security to support its accounts receivable.

GEORGIA TECH ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

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

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

(h) **Capital and right to use assets**—Capital assets purchased with an original cost of \$10,000 or more are recorded at cost and depreciated utilizing the straight-line method over the estimated useful lives of assets (generally five years for furniture and equipment, 15 years for scoreboards, and 30 to 40 years for athletic facilities and buildings). Costs to maintain or repair these assets are expensed as incurred. Right to use lease assets with noncancelable terms greater than 12 months, and payments exceeding \$10,000 over the life of the agreement are capitalized as right to use lease assets and amortized over the shorter of the lease term or the useful life of the asset. Leases with noncancelable terms of less than 12 months are considered short-term leases and expensed as incurred. Subscription-based information technology arrangements (SBITAs) with noncancelable terms greater than 12 months and payments exceeding \$10,000 over the life of the agreement are capitalized as right to use subscription assets and amortized over the shorter of the subscription term or the useful life of the asset. SBITAs with noncancelable terms of less than 12 months are considered short-term SBITAs and are expensed as incurred.

(i) **Deferred outflows of resources**—In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The Association only had one item that qualifies for reporting in this category at June 30, 2025, which is the deferred charge on refunding reported in the Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. This amortization is included in interest expense on the Statement of Revenues, Expenses, and Changes in Net Position.

GEORGIA TECH ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

(j) **Unearned revenue**—Current unearned revenues consists of advanced sales of tickets for athletic and other events in the next fiscal year and sponsorship revenues to be received in the next fiscal. The unearned items are recognized as revenue when the related event occur. Additionally, unearned revenues included in long-term liabilities consist of revenues from the stadium naming rights agreement, which will be recognized over the life of the agreement. The breakdown of unearned revenue at June 30, 2025 is as follows:

Unearned revenue from naming rights agreement	\$ 18,655,065
Unearned ticket sales revenue and event revenue	27,336,769
Total unearned revenue	<u>\$ 45,991,834</u>

(k) **Net position**—The Association’s net position is classified as follows:

- *Restricted – Nonexpendable:* Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal.
- *Restricted – Expendable:* Restricted expendable net position includes resources for which the Association is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.
- *Net investment in capital assets:* Net position invested in capital assets, consists of capital assets, including leased assets, net of accumulated depreciation, plus deferred charge on refunding of debt, and is reduced by the outstanding balances of any debt and lease liabilities that is attributable to those assets.
- *Unrestricted:* This represents Association resources which do not meet the definition of “restricted” or “net investment in capital assets.”

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

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

(m) **Postemployment benefits**—All individuals who provide services to the Association are employees of the Georgia Institute of Technology (the “Institute”). The Institute, as the employer, administers and reports all pension and other postemployment benefit (“OPEB”) arrangements for those employees in its financial statements. The Association does not sponsor or participate in separate pension or OPEB plans, is not legally obligated to make contributions to the Institute’s plans, and therefore has no related net pension or OPEB liability (asset), deferred outflows/inflows of resources, or expense to recognize under GASB Statements No. 68 and No. 75. Accordingly, detailed plan descriptions and related amounts are presented in the Institute’s financial statements. The Association made no payments for retiree insurance premiums for the year ended June 30, 2025.

GEORGIA TECH ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

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

(o) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) **Deposit and Investment Risk:**

Custodial credit risk is the risk related to deposits and investment securities that in the event of a bank or institutional failure, the Association's deposits or funds invested may not be returned to it. The Association does not have a policy that addresses custodial credit risk. As of June 30, 2025, \$18,758,893 of the Association's bank balance of \$19,091,860 was exposed to custodial credit risk.

Additionally, as of June 30, 2025, the Association had \$3,920,790 in restricted cash and cash equivalents, all of which are invested in U.S. money markets and U.S. government obligations. Since the Association's restricted cash and investments held with the Georgia Tech Foundation represent investments in external investment pools and U.S. Government obligations, they are not considered to be exposed to custodial credit risk, and therefore, no custodial credit risk disclosure is required.

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

- 1) Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia.
- 2) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.
- 3) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
- 4) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.

GEORGIA TECH ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

(2) Deposit and Investment Risk: (Continued)

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

(3) Pledges Receivable:

The Association records pledges receivable from various fundraising campaigns. Pledges receivable at June 30, 2025 primarily relate to funds received to fund construction projects as well as to provide funds for athletic program support and to improve other athletic facilities of the Association. The Association has recorded pledges receivable at the present value of the future expected payments at June 30, 2025, as follows:

Pledges receivable	\$ 82,959,747
Less allowance for uncollectible pledges	(3,584,895)
Less discount on pledges (discount rates ranging from 4.5% to 5.4%)	(11,851,691)
	<u>\$ 67,523,161</u>
Receivable in less than one year	\$ 20,448,157
Receivable in one to five years	31,239,173
Receivable in more than five years	15,835,831
Total	<u>\$ 67,523,161</u>

(4) Funds Managed by the Georgia Tech Foundation:

The Association has transferred assets to the Georgia Tech Foundation (the Foundation) to be managed on its behalf. Assets managed by the Foundation on behalf of the Association totaled \$172,340,444 at June 30, 2025. The Foundation manages these assets by investing in pooled investment funds. Interest, dividend income, and gains and losses earned on pooled funds are allocated equitably based on the fair value of the assets of each entity that participates in the pooled investment funds. The Association is entitled to all earnings on these assets; however, distributions are made by the Foundation to the Association only when requested. The pooled funds held at the Foundation are valued on a quarterly basis and all earnings are allocated to the participants at that time. All purchases and redemptions are calculated as of the last business day of the calendar quarter in which the additions or withdrawals are made. Withdrawals from the pooled investments are charged at the exit price, which is based on the most recent quarterly valuation. Additionally, the Foundation and Alexander-Tharpe Fund, Inc. have agreed to a six-month advance notice prior to full redemption of funds from the pooled investments. Interest, dividend income, gains and losses from these funds, net of fees, was \$12,322,007 for the year ended June 30, 2025, and is included in the increase in investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

GEORGIA TECH ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

In addition, based on donor designations, the Association is allocated earnings from certain endowments of the Foundation not reported on the financial statements, which had an aggregate fair value of \$29,843,050 at June 30, 2025.

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

As quantified in the previous paragraphs, draws are made annually from funds invested by the Georgia Tech Foundation on behalf of the Georgia Tech Athletic Association. All of the investments contain either permanent or temporary restrictions regarding how the funds and certain related earnings can be used. In general, as a result of these restrictions, funds drawn from these investments can only be used to fund sports related scholarships or expenses incurred by specific sports or sport related activities. The draws from these investments fund many of the transactions recorded as operating expenses on the Statement of Revenues, Expenses and Changes in Net Position. The amount withdrawn from these investments is included in the "Proceeds from sales and maturities of investments" recorded on the Statement of Cash Flows. The breakdown of withdrawals from Foundation investments for 2025 is as follows:

Restricted – expendable	\$ 16,640,242
Unrestricted	<u>2,107,512</u>
Total withdrawals from Foundation investments	<u>\$ 18,567,754</u>

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

- 48% are classified as restricted, non-expendable. The earnings from these non-expendable assets are available to support scholarship expenses.
- 4% are restricted expendable assets for student-athlete support expenses. However, funds can also be drawn from these investments to cover approved capital projects and special project expenses.
- 21% are classified as restricted expendable assets. Draws can be made from these investments to fund facility enhancements and special projects expenses.
- The remaining 27% are classified as unrestricted expendable.

(5) Fair Value Measurements:

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

GEORGIA TECH ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

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

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

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

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

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

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

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

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

The fair value of the Association's restricted investments of \$841,509 is entirely made up of U.S. Government obligations, which are traded in active markets (Level 1).

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

GEORGIA TECH ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

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

	Investments held by Georgia Tech Foundation
Balance at June 30, 2024	\$ 164,851,619
Net investment gain	14,371,636
Additions during the year	11,684,943
Withdrawals during the year	<u>(18,567,754)</u>
Balance at June 30, 2025	<u>\$ 172,340,444</u>

(6) **Capital Assets:**

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

	Beginning Balance	Additions	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 9,211,600	\$ -	\$ -	\$ 9,211,600
Construction in progress	12,238,801	29,574,649	(964,796)	40,848,654
Total capital assets, not being depreciated or amortized	<u>21,450,401</u>	<u>29,574,649</u>	<u>(964,796)</u>	<u>50,060,254</u>
Buildings and improvements	283,043,346	1,433,296	-	284,476,642
Equipment	11,315,241	569,739	-	11,884,980
Vehicles	210,390	-	-	210,390
Right to use – equipment	1,627,130	-	-	1,627,130
Right to use – software	-	1,395,105	-	1,395,105
Total capital assets, being depreciated or amortized	<u>296,196,107</u>	<u>3,398,140</u>	<u>-</u>	<u>299,594,247</u>
Less accumulated depreciation and amortization	(138,788,845)	(12,903,249)	-	(151,692,094)
Total capital assets, being depreciated or amortized, net	<u>157,407,262</u>	<u>(9,505,109)</u>	<u>-</u>	<u>147,902,153</u>
Total net capital assets	<u>\$ 178,857,663</u>	<u>\$ 20,069,540</u>	<u>\$ (964,796)</u>	<u>\$ 197,962,407</u>

Depreciation and amortization expense for the year ended June 30, 2025 was \$12,903,249. Additions and improvements to the athletic facilities used by the Association become the property of the State of Georgia upon installation or acquisition. Under a lease agreement with the Board or Regents of the University System of Georgia, the Association has the use of this property for up to 40 years.

GEORGIA TECH ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

(6) **Capital Assets:** (Continued)

Included in capital assets as of June 30, 2025 is equipment leased. The gross cost amount of these assets was \$3,021,071, with related accumulated depreciation of \$2,091,556. Gross costs include assets shown above as right to use assets with \$1,393,941, \$789,900 net of depreciation, reported under buildings and improvements. Equipment under leases is amortized over the shorter of the lease term or the estimated useful lives of the assets. Obligations under leases were \$43,386 as of June 30, 2025.

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

The change in long-term obligations for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Notes and bonds payable	\$ 293,150,762	\$ -	\$ (5,530,575)	\$ 287,620,187	\$ 5,090,000
Line of credit	12,000,000	-	(8,014,646)	3,985,354	3,985,354
Leases	246,163	-	(202,777)	43,386	43,386
Subscription payable	-	1,395,105	-	1,395,105	419,955
Contract agreements	6,917,776	-	(4,010,149)	2,907,627	2,607,627
Total	<u>\$ 312,314,701</u>	<u>\$ 1,395,105</u>	<u>\$ (17,758,147)</u>	<u>\$ 295,951,659</u>	<u>\$ 12,146,322</u>

(8) **Leases:**

The Association enters into lease agreements for equipment. The remaining principal balance of \$43,386 plus \$1,466 in interest will be paid in the year ending June 30, 2026 for total payments of \$44,852.

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

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

(9) **Line of Credit:**

The Association has an unsecured revolving line of credit in the amount of \$12,000,000 with a regional bank. The line of credit is due on demand, but if no demand for payment is made, the line matures on November 30, 2026. Accrued interest is due on the 1st day of each month. The interest rate on the line of credit is equal to the sum of the Daily Simple SOFR rate plus 1.25%, or 5.70% for 2025. There was a \$3,985,354 balance outstanding on the line of credit at June 30, 2025.

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(10) Notes and Bonds Payable:

The bonds are revenue bonds secured by the Association's general revenue. The note and bonds are not collateralized by other assets.

Notes and bonds payable at June 30, 2025 consist of the following:

	<u>Ending Balance</u>
Note Payable, unsecured note payable with interest payable quarterly at a fixed rate of 1.55% with remaining annual principal payments ranging from \$2,050,000 to \$680,000 beginning June 2022 through June 2029.	\$ 4,955,000
Series 2012B Bonds Payable, taxable fixed rate bonds with an effective borrowing rate of 5.18%, with annual principal payments ranging from \$360,000 to \$3,170,000 through maturity in October of 2035.	24,680,000
Series 2019A Bonds Payable, tax-exempt fixed rate bonds with an effective borrowing rate of 2.07% with annual principal payments ranging from \$900,00 to \$6,055,000 through maturity in October 2036.	32,065,000
Series 2019B Bonds Payable, taxable fixed rate bonds with an effective borrowing rate of 3.19% with annual principal payments ranging from \$5,095,000 to \$10,620,000 through maturity in October 2049.	126,645,000
Series 2022 Bonds Payable, taxable fixed rate bonds with an effective borrowing rate of 3.56% with principal payments ranging from \$245,000 to \$14,780,000 through maturity in October 2042.	51,675,000
Series 2024 Bonds Payable, tax-exempt fixed rate bonds with an effective borrowing rate of 4.39% with annual principal payments ranging from \$1,100,000 to \$2,710,000 through maturity in October 2051.	34,060,000
	<u>274,080,000</u>
Unamortized discount and premium	13,540,187
	<u><u>\$ 287,620,187</u></u>

Maturities of notes and bonds payable during the fiscal years subsequent to June 30, 2025, are as follows:

Year Ending			
June 30,	Principal	Interest	Total
2026	\$ 5,090,000	\$ 10,334,570	\$ 15,424,570
2027	5,750,000	10,079,598	15,829,598
2028	6,045,000	9,848,152	15,893,152
2029	6,355,000	9,578,112	15,933,112
2030	6,860,000	9,257,833	16,117,833
2031-2035	44,285,000	40,910,606	85,195,606
2036-2040	65,620,000	30,089,590	95,709,590
2041-2045	68,355,000	17,638,047	85,993,047
2046-2050	60,435,000	6,875,384	67,310,384
2051-2052	5,285,000	267,625	5,552,625
Total	<u>\$ 274,080,000</u>	<u>\$ 144,879,517</u>	<u>\$ 418,959,517</u>

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(11) Subscription-Based Information Technology Arrangements:

The Association has entered into several subscription-based information technology arrangements as indicated in Note (6) as of June 30, 2025. The gross cost of these assets was \$1,395,105 with implementation near the fiscal year end and no accumulated amortization. Subscription assets are amortized over the shorter of the subscription term or the estimated useful lives of the assets.

Imputed interest rates on the arrangement are 5.70%.

Future minimum SBITA payments for the Association are as follows:

For the year ended	Principal	Interest	Total
2026	\$ 419,955	\$ 55,584	\$ 475,539
2027	333,966	36,547	370,513
2028	371,553	15,369	386,922
2029	269,631	-	269,631
Total	<u>\$ 1,395,105</u>	<u>\$ 107,500</u>	<u>\$ 1,502,605</u>

(12) Employee Benefits:

As disclosed in Note (1) above, all individuals who provide services to the Association are employees of the Institute. As such, all employees are eligible to participate either in the State of Georgia's Teacher's Retirement Plan or its Optional Retirement Plan which varies in match percentage between 9.24% and 21.14%. The expense related to this benefit is included in a straight benefit assessment percentage based on total salary expense of 31.7%. This benefit expense includes insurance coverage, payroll tax expense and pension expense. For the purpose of this footnote, the percent attributed to pension is one-third of the total Benefit/Fringe amount.

Total retirement plan expenses were \$4,623,734 for the year ended June 30, 2025.

(13) Net Position:

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

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

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

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(13) **Net Position:** (Continued)

The Association draws from endowments on an annual basis to support primarily scholarship expenses. The goal each year is for these draws to be completed in a manner that allows the total value of the scholarship endowment base to increase versus the prior year. Draws from non-scholarship endowments, primarily endowments established to fund capital expenses and debt service, are larger and are contingent on annual funding required to support expenses associated with athletic facilities.

(14) **Candler Fund:**

The Association was named beneficiary in Lee Candler's estate and a charitable remainder trust established by her prior to her death. Upon the death of Lee Candler, the trust was terminated, and all funds therein were distributed to the Association. Total assets received by the Association from the charitable remainder trust and Lee Candler's estate were \$54,566,495. These assets were transferred to the Foundation to be managed on the Association's behalf and were combined to form the Candler Fund. In July 2025, the Association received a final cash distribution from the fund.

(15) **Commitments and Contingencies:**

The Association has entered into employment contracts with certain employees expiring in years through 2030 that provide for a minimum annual salary. At June 30, 2025, the total commitment for all contracts for each of the next five years and in the aggregate is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 17,412,706
2027	15,096,870
2028	10,330,209
2029	8,339,205
2030	4,945,833
Total	<u>\$ 56,124,823</u>

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

(16) **Related Party Transactions:**

The Association had significant transactions with related parties during the years ending June 30, 2025, which primarily consisted of purchases made on behalf of Association by the Institute, and amounts paid to the Institute for such transactions. All payroll, scholarship, and certain other costs are processed through the Institute. Amounts paid to vendors on behalf of the Association during the year ended June 30, 2025 totaled \$53,576,194. Of that amount, \$38,657,268 was paid during the year ended June 30, 2025 by the Association to the Institute for personnel services. Amounts due to the Institute at June 30, 2025 was \$3,614,802.

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(17) Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (“GASB”) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years:

- a. GASB issued Statement No. 103, Financial Reporting Model Improvements, in April 2024. The objective of GASB 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an entity’s accountability. The provisions in GASB 103 are effective for fiscal years beginning after June 15, 2025. Management has not currently determined what, if any, impact implementation of this statement will have on the Association’s financial statements.
- b. GASB issued Statement No. 104, Disclosure of Certain Capital Assets, in September 2024. GASB Statement No. 104 requires entities to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Management has not currently determined what, if any, impact implementation of this statement will have on the Association’s financial statements.