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MEMORANDUM

December 21, 2011

TO: NCAA Executive Committee.

FROM: Bernard W. Franklin
Executive Vice President of Membership and Student-Athlete Affairs/
Chief Inclusion Officer/Liaison to the Executive Committee

Delise S. O'Meally
Director of Governance and International Affairs.

SUBJECT: January 13, 2012, NCAA Executive Committee Meeting.

This message is to notify you that the agenda and supplements for the January 13 meeting of the NCAA Executive Committee are ready for your review.

The Executive Committee meeting, which is occurring in conjunction with the 2012 NCAA Convention, will begin at **1:30 p.m. Friday, January 13, 2012, in Indiana Ballroom F-G at the Indianapolis Marriott Downtown,** 350 West Maryland Street, Indianapolis, Indiana 46225 [phone: 317-822-3500; guest fax: 317-822-1002].

You will receive your January 13, 2012, meeting materials electronically. Please access the NCAA Sharepoint committee zone site (http://committeezone.ncaa.org/default.aspx) to log on and review the meeting materials, which can be found in the document library section of the Executive Committee. As a reminder, your user name is your e-mail address.

If you have any questions or need assistance in accessing the materials, please do not hesitate to contact us or Janice Whitehead, our assistant. We look forward to seeing you in Indianapolis.

BWF/DOM:jw

cc: Selected NCAA Staff Members

AGENDA

REVISED AGENDA

National Collegiate Athletic Association

Executive Committee

Indianapolis Marriott Downtown
Indianapolis, Indiana

January 13, 2012

1. Welcome and announcements.

2. Approval of August 11, 2011, meeting minutes. (Action) [Supplement No. 1]

Anticipated Action. Approve the August 11, 2011, meeting minutes.

3. Discussion with student-athlete advisory committee leadership. (Information)

4. NCAA President's report.

   a. Risk, integrity and ethics. (Information)

   b. Inclusion Summit and strategic initiatives. (Information)

5. NCAA Executive Committee Finance Committee report.

Anticipated Action. Review and approve financial statements and related reports.

   a. Fiscal year 2010-11 audited financial statements. (Action) [Supplement No. 2]

   b. Recommended uses of unallocated net assets. (Action) [Supplement No. 3]

   c. Recommended budget allocations for FY 2012-13, 2013-14 and 2014-15. (Action) [Supplement No. 4]

   d. First quarter fiscal year 2011-12 budget-to-actual. (Information) [Supplement No. 5]

   e. White Case Settlement Former Student-Athlete Fund. (Action) [Supplement No. 6]

6. NCAA Division I Board of Directors and Divisions II and III Presidents Councils reports. (Action may be necessary from the reports.)

Informational. ***Receive oral reports from the chairs of the Division I Board of Directors and the Divisions II and III Presidents Councils regarding divisional issues that have Association-wide impact.***

7. Election of Executive Committee chair. (Action)

8. Future meetings. (Information)

Informational. ***Review dates of future Executive Committee meetings.***

a. August 1, 2012. Indianapolis, Indiana.

b. January 18, 2013. Grapevine, Texas.

c. July 31, 2013. Indianapolis, Indiana.

9. Adjournment.

SUPPLEMENT NO. 1

MINUTES OF THE

NATIONAL COLLEGIATE ATHLETIC ASSOCIATION

EXECUTIVE COMMITTEE

Westin Indianapolis
Indianapolis, Indiana

August 11, 2011

Participants:

Michael Alden, University of Missouri, Columbia
William Beauchamp, University of Portland
Drew Bogner, Molloy College
James Bultman, Hope College
Rick Cole Jr., Dowling College
Judy Genshaft, University of South Florida
Nathan Hatch, Wake Forest University
Chris Martin, College Conference of Illinois and Wisconsin
Sidney McPhee, Middle Tennessee State University
William Meehan, Jacksonville State University
Ann Millner, Weber State University
J. Patrick O'Brien, West Texas A&M University
Harris Pastides, University of South Carolina, Columbia
John Peters, Northern Illinois University
Edward Ray, Oregon State University, chair
David Schmidly, University of New Mexico
James Schmotter, Western Connecticut State University
Lou Anna Simon, Michigan State University
Mark Emmert, NCAA
Bernard Franklin, NCAA
Delise O'Meally, NCAA, recording secretary

William Harvey, Hampton University, was unable to attend.

Also in attendance were: Gary Brown, director of NCAA News; Joni Comstock, senior vice president of championships/senior woman administrator; Jim Isch, chief operating officer; Julie Lach, vice president of enforcement services; Kevin Lennon, vice president of academic and membership affairs; Kathleen McNeely, vice president of administration and chief financial officer; Karen Morrison, director of gender inclusion; Todd Petr, managing director of research; Donald Remy, vice president of legal affairs/general counsel; Wallace Renfro, vice president and chief policy advisor; Greg Shaheen, interim executive vice president of championships and alliances; Robert Vowels, vice president of student-athlete affairs and leadership development programs and resources; Bob Williams, vice president of communications; David Berst,

Daniel Dutcher and Mike Racy, NCAA governance vice presidents; and Jackie Campbell, Leah Kareti and Terri Steeb, NCAA governance directors.

[Note: These minutes contain only actions taken (formal votes or stated "sense of the meeting") in accordance with NCAA policy regarding minutes of all Association entities. While certain items on the Committee's agenda were acted on at various times throughout the meeting, all final actions within a given topic are combined in these minutes for convenience of reference.]

The meeting was called to order at 1:15 p.m. by the chair, President Ray. All members were present as noted above.

1. Welcome and announcements. Ray welcomed William Beauchamp, president of the University of Portland, and William Meehan, president of Jacksonville State University.

2. Approval of April 28, 2011, meeting minutes.

   It was VOTED

   "To approve the Executive Committee minutes of the April 28, 2011, meeting as distributed."

3. Update from national student-athlete advisory committee (SAAC). Representatives from each of the divisional national SAACs shared key issues with the presidents. Scott Krapf, the Division I national SAAC chair, discussed the creation of a student-athlete voice project team that will focus on ensuring that student-athletes are included in significant matters that impact well-being. Krapf also discussed the division's interest in a division-wide community service initiative. Lastly, he covered other key topics areas on the Division I SAAC agenda including text messaging, men's basketball recruiting and opportunities for transgender student-athletes. Division II initiatives were presented by Sarah Hebberd, the Division II national SAAC vice chair, and she discussed the Make-a-Wish Foundation fundraiser, efforts to educate on student athlete mental health, as well as multimedia communication initiatives designed to increase the Division II student-athlete voice. Finally, Division III topics were presented by Azure Davey, NCAA staff liaison, and focused on issues around text messaging, as well as the Division III partnership with Special Olympics.

4. NCAA President's report. President Emmert called on Jim Isch to provide an overview of the national office "One Team, One Future" initiative. The initiative, which was launched in May of this year, focuses directly on the mission-critical priorities of embedding academics; protecting and sustaining the collegiate model; and delivering membership-defined value. Isch noted that the national office also would focus on accountability and the implementation of various performance metrics. At its next meeting, the Committee will receive additional updates on the One Team, One Future initiative and will be asked to review and approve a presidential scorecard.

   Emmert also provided an update on the Native American Mascot Policy and called on Bernard Franklin to alert the Committee to a meeting that is to be held with representatives from the University of North Dakota, the North Dakota state legislature, and the North Dakota governor's office. Franklin noted that the parties would discuss the recent North Dakota state law that requires the institution to maintain its logo and nickname despite the settlement agreement between the institution and the Association. The Committee expressed continued support for the implementation of the policy, as well as the terms of the settlement agreement.

5. NCAA Executive Committee Finance Committee report.

   a. Audit Charter proposed changes. The Finance Committee recommended a change to the Audit Charter that would add an additional member to serve as a financial expert. The addition of a financial expert is a best practice for not-for-profit organizations and will assist the Finance Committee in fulfilling its financial oversight responsibilities.

      The Finance Committee noted the following:

      (1) In order to obtain the financial expertise, the financial expert could be an individual who is outside the NCAA committee structure.

      (2) The financial expert committee member would have a term of four years, with the option for renewal by the Executive Committee for one additional four-year term.

      (3) Other minor changes to the charter include the addition of the chief operating officer as part of management that would meet separately with the committee.

      The Finance Committee recommended the appointment of David E. Lechner, vice president for business and finance, University of Nebraska System, as the financial expert for the Finance Committee for the next four years. Lechner is a

certified public accountant and has been the chief financial officer of the Nebraska system for 11 years and, prior to joining Nebraska, was a director with Deloitte in its audit practice.

It was VOTED

"To approve the changes to the Audit Charter and to appoint David Lechner as the financial expert."

b. Third Quarter FY 2010-11 budget-to-actual. The Finance Committee reviewed the third quarter budget-to-actual report and noted that the Association is on track to meet its budget projections

(1) Revenue. The Association has received 99 percent of budgeted revenues, which is in line with the prior year.

(2) Expenses. Total Association-wide expenses through the first nine months were 69 percent of budget, which also aligns with the prior year. The remaining amounts will be distributed in the fourth quarter of the year.

(3) Audit firm. As reported in April, the Finance Committee interviewed three audit and tax firms (KPMG, Deloitte and Crowe Horwath). Unanimously, the committee voted to offer the engagement to Deloitte for the next five years. The agreement with Deloitte is complete, and work on the 2010-11 audit has started.

6. Transgender student-athlete participation policy. The Committee reviewed a request from the NCAA Competitive Safeguards and Medical Aspects of Sport Committee (CSMAS) and the NCAA Committee on Women's Athletics (CWA) to consider adopting a policy that would assist the membership with questions about fair and equitable participation by student-athletes who identify as transgender. A person who was born female and transitions to male is termed trans-male. A person who was born male and transitions to female is termed trans-female.

In consultation with medical and research experts who have advised both the Olympic committee and others working with transgender athletes, CSMAS and CWA support the following to provide direction regarding the participation of a transgender student-athlete:

(1) A [trans-male] student-athlete who has received a medical exception for treatment with testosterone for diagnosed Gender Identity Disorder (GID), for the purposes of NCAA competition may compete on a men's team, but is no longer eligible to compete on a women's team without changing that team status to a mixed team.

(2) A [trans-female] student-athlete being treated with testosterone suppression medication for GID, for the purposes of NCAA competition may continue to compete on a men's team but may not compete on a women's team without changing it to a mixed team status until completing one calendar year of testosterone suppression treatment.

(3) It is the responsibility of the NCAA institution to submit the request for a medical exception for testosterone treatment prior to the student-athlete competing while undergoing treatment. In the case of testosterone suppression, the institution must submit written documentation of the year of treatment and ongoing monitoring of testosterone suppression.

(4) For the purpose of NCAA competition, cases of GID treatment being interrupted will be reviewed on a case-by-case basis.

In addition to addressing policy, the above committees and NCAA staff have developed a resource handbook and a video to help the membership with full understanding of the issues.

It was VOTED

"To approve the policy for transgender student-athlete participation as noted above."

7. NCAA Division I Board of Directors and Divisions II and III Presidents Councils reports.

a. Division I Board of Directors. The Committee received an update on the actions of the Division I Board of Directors that included the following:

(1) Presidential Retreat. Received a report on the Presidential Retreat and directed President Emmert to bring to the Board in October an action plan to address the various issues discussed at the retreat, which may include legislation for immediate adoption.

(2) Committee reports. Received several updates and expects final reports in October related to men's basketball recruiting, NCAA postseason bowl licensing and NCAA Division I Committee on Academic Progress penalty structure, including an academic performance requirement for championships eligibility.

(3) Committee restructuring. Adopted noncontroversial legislation to modify the composition of the CWA and the NCAA Minority Opportunities and

Interests Committee by increasing the size of each committee from 15 to 18 members and to specify that the three additional positions be filled by a president from each division. Further, that there be an equal distribution of committee members from each division.

(4) Membership. Elected Florida Gulf Coast University, Houston Baptist University, University of North Carolina Central and the University of South Carolina Upstate to active Division I membership status. The Board also approved conference applications from the Great West Conference, a multisport conference, and the single-sport National Lacrosse Conference.

b. Division II Presidents Council. The Committee received an update on the actions of the Division II Presidents Council that included the following:

(1) Presidents Council-sponsored legislation.

a. Membership. Sponsored a set of proposals that support the strategic growth of the Division II membership. The proposals deal with the required number of institutions to be considered an active Division II conference; the benefits provided to conferences; and the process related to conference membership.

b. Recruitment. Sponsored three legislative proposals that align recruitment of student-athletes with overall institutional recruitment efforts and provide an ease of burden on Division II administrators and coaches. The concepts will allow for an unlimited number of in-person, off-campus recruiting contacts made with a prospective student-athlete each year; permit unlimited electronic communication (e.g., text messaging, instant messaging) with prospects; and permit an unlimited number of telephone calls to prospective student-athletes, all starting June 15 prior to the prospect's junior year in high school.

c. Sickle Cell Testing. Agreed to sponsor legislation for the 2012 NCAA Convention to require a sickle cell solubility test as part of the mandatory medical examination, unless documented results of a prior test are provided to the institution or the student-athlete declines the test and signs a written release.

(2) Model strategic communications document for Division II. Endorsed a model communications document, which was developed by members of the College Sports Information Directors of America, Division II Sports Information Directors of America, Division II Athletics Directors Associa-

tion, Division II Conference Commissioners Association and NCAA staff, and builds on the work of the Division II Model Strategic Communications Toolkit, reflecting the need to develop strategic and purposeful communications.

(3) Transgender student-athlete participation. Endorsed the proposed policy regarding participation of transgender student-athletes.

c. Division III Presidents Council. The Committee received an update on the actions of the Division III Presidents Council. These included:

(1) Identity activation. Received an update on the Division III Identity initiative activation.

(a) Special Olympics partnership. Student-athletes will work events, coach teams or fund-raise on behalf of Special Olympics. All Division III championships will include Special Olympics events. A website has been launched to support and track on this initiative.

(b) Division III week. During a seven-day period beginning April 6, National Student-Athlete Day, every member institution and conference will be asked to conduct an outreach activity related to academic accomplishment, athletics experience or community outreach. The division will communicate nationally the number of student-athletes and projects, and institutions can locally describe their contributions.

(2) Amendments to Division III Philosophy Statement. Formally sponsored a series of amendments to the Division III philosophy statement. As a final action related to the division's 2008 white paper series on membership growth, the Presidents Council will sponsor a proposal for the 2012 NCAA Convention that will update the philosophy statement to:

(a) Emphasize that Division III intercollegiate athletics is primarily focused on a four-year, undergraduate experience.

(b) Clarify that initial- and continuing-eligibility standards are best left to institutional and conference autonomy.

(c) Express a commitment to supporting a student-athlete's right to meaningful participation in nonathletics pursuits as a method of enriching the overall educational experience.

(3) Other legislative actions.

(a) Sponsored 2012 Convention legislation relaxing current restrictions on how professional sports organizations may serve as financial sponsors of competitions and ancillary events, consistent with the other divisions.

(b) Also sponsored legislation to mirror the Division I requirements around the sickle cell solubility test.

(c) Received an update that the Management Council sponsored a proposal to allow coaches to use text messaging in the recruiting process.

(d) In response to a related Executive Committee action to dissolve its subcommittee on gender and diversity, ratified the Management Council vote to increase MOIC's and CWA's size from 15 to 18 members, with the three additional positions to be filled by a president from each division.

(4) Strategic initiatives. The Presidential Advisory Group advised the Presidents Council on a series of the division's strategic initiatives. Specifically, the Advisory Group advised the Council on:

(a) Future drug-education models, endorsing the pursuit of a partnership with the student-affairs community through the National Association of Student Personnel Administrators and advising that the division should not allocate any funding towards year round drug testing.

(b) Financial aid education for nonathletics staff.

(c) How to best leverage the positive results of the division's ongoing academic reporting pilot.

(d) Enhancing presidential leadership in Division III.

(5) The student-athlete experience – findings from the Cooperative Institutional Research Program (CIRP) studies. Heard a presentation on research conducted by the CIRP through the Higher Education Research Institute at University of California, Los Angeles. The surveys are similar to the

NCAA's GOALS and SCORE studies, but they contain much more Division III-specific data. Overall, the studies strongly reinforced the positive experience of Division III student-athletes. In particular, the findings indicated Division III student-athletes:

(a) Are highly engaged in campus activities;

(b) Report active academic engagement and participation in academic "extras" that are offered by their institution (e.g., research with faculty, study abroad, capstone/senior thesis);

(c) Report significant gains in personal skills and attributes, including problems solving, ability to get along with other races and leadership; and

(d) Report significantly greater gains in time management and leadership when compared with nonathletes.

8. Future meetings. The Committee reviewed its future meetings schedule.

9. Adjournment. Ray adjourned the meeting at 2:32 p.m.

# # # # #

SUPPLEMENT NO. 2

National Collegiate Athletic Association and Subsidiaries

Consolidated Financial Statements as of and for the Years Ended August 31, 2011 and 2010, Supplementary Information as of and for the Year Ended August 31, 2011, and Independent Auditors' Report

Deloitte.

Deloitte & Touche LLP
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USA

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INDEPENDENT AUDITORS' REPORT

To the Executive Committee of
National Collegiate Athletic Association
Indianapolis, Indiana

We have audited the accompanying consolidated statement of financial position of the National Collegiate Athletic Association and subsidiaries (the "NCAA") as of August 31, 2011, and the related consolidated statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the NCAA's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of the NCAA for the year ended August 31, 2010, before the effects of the adjustments to retrospectively apply the change in accounting discussed in Note 12 to the consolidated financial statements, were audited by other auditors whose report, dated December 10, 2010, expressed an unqualified opinion on those statements.

We conducted our audit 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NCAA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such 2011 consolidated financial statements present fairly, in all material respects, the financial position of the NCAA at August 31, 2011, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, the NCAA has changed its method of accounting for goodwill and intangible assets in 2011 due to the adoption of ASU 2010-07, *Not-for-Profit Entities* (Topic 958): *Not-for-Profit Entities: Mergers and Acquisitions*.

We have also audited the adjustments to the 2010 consolidated financial statements to retrospectively apply the change in accounting for noncontrolling interests in 2011, as discussed in Note 12 to the consolidated financial statements. Our procedures included verifying the appropriateness of the presentation of noncontrolling interests in the consolidated financial statements. In our opinion, such retrospective adjustments are appropriate and have been properly applied. However, we were not engaged to audit, review, or apply any procedures to the 2010 consolidated financial statements of the Company other than with respect to the retrospective adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2010 consolidated financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The additional information included in the schedule of consolidating statement of activities for the year ended August 31, 2011 is presented for the purpose of additional analysis and is not a required part of the basic consolidated financial statements. This additional information is the responsibility of the NCAA's management. Such information has been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic consolidated financial statements taken as a whole.

Deloitte & Touche LLP

December 22, 2011

NATIONAL COLLEGIATE ATHLETIC ASSOCIATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF AUGUST 31, 2011 AND 2010

	2011	2010
ASSETS		
CASH AND CASH EQUIVALENTS	$ 6,183,004	$ 12,250,965
INVESTMENTS	470,180,042	451,202,188
PREPAID EXPENSES	9,134,174	9,217,528
RECEIVABLES:		
Accounts receivable — net	29,298,004	11,726,854
Contributions receivable — facilities — net	35,514,450	31,506,703
Total receivables — net	64,812,454	43,233,557
GOODWILL	8,630,568	23,784,589
INTANGIBLE ASSETS — net	2,844,499	4,078,835
INVESTMENT IN YOUTH BASKETBALL, LLC	1,316,975	871,945
PROPERTIES — net	42,798,313	24,937,310
OTHER ASSETS	1,318,003	1,376,583
TOTAL	$607,218,032	$570,953,500
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued liabilities	$ 29,850,630	$ 24,626,771
Distribution payable	7,816,598	11,357,632
Deferred revenue and deposits	24,855,290	22,444,460
Bonds payable — net	45,199,726	47,939,712
NIT payable — net	-	19,262,432
Accrued lease expense	3,683,720	1,412,752
Total liabilities	111,405,964	127,043,759
NET ASSETS:		
Unrestricted — attributed to NCAA	460,759,475	407,795,576
Temporarily restricted	34,607,305	32,667,250
Permanently restricted	148,034	148,034
Total NCAA net assets	495,514,814	440,610,860
Noncontrolling interests net assets — Unrestricted	297,254	3,298,881
Total net assets	495,812,068	443,909,741
TOTAL	$607,218,032	$570,953,500

See notes to consolidated financial statements.

NATIONAL COLLEGIATE ATHLETIC ASSOCIATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2011
(With summarized comparative financial information for the year ended August 31, 2010)

	2011				2010
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Summarized Total
REVENUES:					
Television and marketing rights fees	$690,314,434	$ -	$ -	$690,314,434	$645,691,980
Championships and NIT tournaments	93,412,324	-	-	93,412,324	71,922,650
Investment income — net	32,883,900	569,844	-	33,453,744	24,404,962
Sales and services	21,756,945	-	-	21,756,945	18,031,455
Contributions – other	-	190,382	-	190,382	239,276
Contributions — facilities — net	-	6,823,352	-	6,823,352	(10,468,065)
Total revenues	838,367,603	7,583,578	-	845,951,181	749,822,258
RECLASSIFICATIONS:					
Temporarily restricted resources used for occupancy costs	4,885,482	(4,885,482)	-	-	-
Temporarily restricted resources used for program services	758,041	(758,041)	-	-	-
Total reclassifications	5,643,523	(5,643,523)	-	-	-
EXPENSES:					
Distribution to Division I members	480,012,096	-	-	480,012,096	434,648,083
Division I championships, programs, and NIT tournaments	74,375,700	-	-	74,375,700	67,662,850
Division II championships, distribution, and programs	31,696,364	-	-	31,696,364	28,510,292
Division III championships and programs	22,019,890	-	-	22,019,890	19,897,645
Association-wide programs	134,253,166	-	-	134,253,166	124,135,246
Management and general	35,706,613	-	-	35,706,613	32,370,217
Total expenses	778,063,829	-	-	778,063,829	707,224,333
NET INCREASE IN NET ASSETS BEFORE OTHER CHANGES IN NET ASSETS	65,947,297	1,940,055	-	67,887,352	42,597,925
OTHER CHANGES IN NET ASSETS — Change in accounting principle	(15,985,025)	-	-	(15,985,025)	-
TOTAL CHANGE IN NET ASSETS	49,962,272	1,940,055	-	51,902,327	42,597,925
CHANGE IN NET ASSETS ATTRIBUTED TO NONCONTROLLING INTEREST	3,001,627	-	-	3,001,627	588,597
CHANGE IN NCAA NET ASSETS	52,963,899	1,940,055	-	54,903,954	43,186,522
NCAA NET ASSETS — Beginning of year	407,795,576	32,667,250	148,034	440,610,860	397,424,338
NCAA NET ASSETS — End of year	$460,759,475	$34,607,305	$148,034	$495,514,814	$440,610,860

See notes to consolidated financial statements.

NATIONAL COLLEGIATE ATHLETIC ASSOCIATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in NCAA net assets	$54,903,954	$ 43,186,522
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,513,194	10,757,129
Amortization of bond premium	(179,986)	-
Change in unrealized gain on investments	(21,326,296)	(17,276,248)
Impairment	15,985,025	-
Loss in equity of joint venture	428,152	1,181,648
Realized loss (gain) on investments	(4,326,336)	739,480
Loss on disposal of properties	5,555	-
Changes in noncontrolling interest	(3,001,627)	(588,597)
Changes in certain assets and liabilities:		
Receivables	(21,578,897)	18,096,260
Prepaid expenses	83,354	1,260,218
Other assets	58,580	(157,846)
Accounts payable and accrued liabilities	3,464,667	(6,284,821)
Deferred revenue and deposits	2,410,830	13,734,131
NIT payable	(7,842,309)	(1,472,222)
Accrued lease expense	2,270,968	(4,507,823)
Net cash provided by operating activities	24,868,828	58,667,831
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(19,796,255)	(9,359,590)
Increase in accounts payable and accrued liabilities related to capital expenditures	579,026	1,268,230
Purchases of investments	(38,581,463)	(133,329,367)
Proceeds from sales of investments	45,256,242	71,255,262
NIT payable	(11,420,123)	(3,777,778)
Investment in Youth Basketball, LLC	(873,182)	(1,839,584)
Net cash used in investing activities	(24,835,755)	(75,782,827)
CASH FLOWS FROM FINANCING ACTIVITY:		
Distribution payable	(3,541,034)	3,060,009
Proceeds from issuance of bonds payable	-	20,141,773
Principal payments on bonds payable	(2,560,000)	(1,630,000)
Net cash provided by (used in) financing activities	(6,101,034)	21,571,782
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,067,961)	4,456,786
CASH AND CASH EQUIVALENTS:		
Beginning of year	12,250,965	7,794,179
End of year	$ 6,183,004	$ 12,250,965
SUPPLEMENTAL CASH FLOW INFORMATION — Cash paid for interest	$ 1,631,411	$ 1,347,055
NONCASH TRANSACTIONS — Purchases of property, plant, and equipment	$ 1,847,256	$ 1,268,230

See notes to consolidated financial statements.

1. THE ASSOCIATION

The National Collegiate Athletic Association (the NCAA or the Association) is an unincorporated not-for-profit educational organization founded in 1906. The NCAA is the organization through which the 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. Through the NCAA, its members consider any athletics issue that crosses regional or conference lines and is national in character. The NCAA strives for integrity in intercollegiate athletics and serves as the colleges' national athletics accrediting agency. A basic purpose 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 an eighteen member Board of Directors that approves legislation. The Divisions II and III presidential boards are known as the Presidents Council; 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 an Executive Committee composed of sixteen chief executive officers (member institution chief executive officers) that oversee association-wide issues, which is charged with ensuring that each division operates consistently with the basic purposes, fundamental policies, and general principles of the NCAA. The Executive Committee has representation from all three divisions and oversees the Association's finances, legal affairs, and the hiring and evaluation of the Association's President.

The NCAA is also comprised of the following entities:

- Collegiate Sports, LLC was formed in May 2007 for the purpose of being the sole member of certain limited liability companies organized by the NCAA including:
    - NIT, LLC, the entity that administers the NIT Season Tip-Off and the Postseason NIT collegiate basketball events.
    - Eligibility Center, LLC, which performs academic and amateurism eligibility certification decisions for prospective student-athletes desiring to compete for NCAA Divisions I and II member institutions.
    - College Football Officiating, LLC, which pursues the development and maintenance of a national Division I college football officiating program.
    - Indiana Host Committee, LLC, which serves as the local organizing committee for Men's and Women's Division I Basketball Championships hosted in the state of Indiana and also supports other championships conducted in Indiana.

- Men's College Basketball Officiating, LLC and Women's College Basketball Officiating, LLC, which were formed to help improve the quality and consistency of officiating during NCAA basketball games, primarily at the Division I level.

- The Arbiter, LLC was formed in September 2008 for purposes of acquiring The Arbiter from an outside party. The Arbiter develops web-based applications for the officiating market. In fiscal 2009, 38.33% of The Arbiter was sold in two transactions and that portion is controlled by other outside entities.

- eOfficials, LLC was also formed in September 2008. eOfficials provides web-based educational and certification applications for athletic officials. In fiscal 2009, 7.5% of eOfficials was sold as part of a transaction to purchase Excel Sports Officiating.

- Collegiate Properties, LLC was organized in January 2009 for the primary purpose of advancing youth-based initiatives. Collegiate Properties, LLC, in cooperation with NBA Youth Basketball Holding, LLC, a member of the National Basketball Association (NBA) formed the joint venture Youth Basketball, LLC. Youth Basketball, LLC was organized for the purpose of focusing on activities and initiatives relating to youth basketball. Collegiate Properties, LLC own a 50% interest in Youth Basketball, LLC and accounts for its investment using the equity method of accounting.

- March Madness Athletic Association, LLC was formed in February 2000 to settle a dispute between the NCAA and the Illinois High School Association (IHSA) over ownership of the March Madness trademark and to enhance the enforcement efforts against illegal use of the trademark. See further discussion in Note 8.

The financial results of the NCAA and the above entities are consolidated in the financial statements of the NCAA. All significant intercompany balances and transactions have been eliminated in consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Assets — 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 three categories:

Unrestricted Net Assets — Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Executive Committee.

Temporarily Restricted Net Assets — 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.

Permanently Restricted Net Assets — 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.

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. Pooled equity and debt investments that are not publicly traded are stated at net asset value, as a practical expedient to fair value based on the NCAA's ownership percentage of the pooled investments multiplied by the fair value of the publicly traded underlying investments.

Investments include $2,437,046 and $19,937,836 as of August 31, 2011 and 2010, respectively, which are restricted under the 2010 bond indenture for the payment of costs associated with the expansion of NCAA's headquarters.

Accounts Receivable — Accounts receivable are amounts due to the NCAA from championships and various contractual rights fees, including a receivable of $13,594,891 from the Houston NCAA Final Four Organizing Committee, Inc. in connection with activities related to the 2011 Men's Division I Final Four Championship which occurred in Houston, Texas. Accounts receivable are shown net of an allowance for uncollectibles.

Contributions Receivable, Other — Legally enforceable grants and pledges, including unconditional promises to give, are reported at their fair value at the date of the gift, less an allowance for uncollectible amounts, using a discount rate to reflect present value. All contributions receivable are considered to be available for unrestricted use unless specifically restricted by the donor.

Deferred Revenue and Deposits — Deferred revenue is generated by the sale of championship tickets up to a year before the actual event. Once the event occurs, the related revenue will be recognized. Deposits are funds to be returned to applicants who do not receive tickets for the event due to the demand exceeding the supply. Membership dues for future periods billed and collected prior to year-end are recorded as deferred revenue.

Revenue Recognition — Revenue related to the CBS and ESPN agreements is recognized when earned pursuant to the corresponding agreement. Membership dues and all other revenue is recognized when earned.

Distribution of Revenues — In August 1990, the NCAA Executive Committee approved a plan to distribute revenues to member institutions for the year ended August 31, 1991, and each year thereafter. For Division I members, the plan consists of a basketball fund distribution based on historical performance in the Division I Men's Basketball Championship, a broad-based distribution based on Division I sports sponsored and athletics grants-in-aid, a conference grant program, and student assistance funds for current Division I student-athletes to be used for academic and other needs. For Division II members, the plan consists of a basketball fund distribution based on historical performance in the Division II Men's and Women's Basketball Championship, sports sponsorship, and an equal distribution among all active members.

The distribution payable of $7,816,598 and $11,357,632 as of August 31, 2011 and 2010, respectively, primarily consists of payments that were made in late August that remained outstanding at the end of each fiscal year.

Cable Television Royalties Payable — The NCAA has represented the interests of the membership before the Copyright Royalty Tribunal (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 NCAA members 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. No cable television broadcast fee obligations were recorded as of August 31, 2011 or 2010.

Amounts are distributed after all legal claims have been resolved. 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, 2011, $2,049,897 was distributed for royalties for the years 1999–2003, 2006 and 2008. For the fiscal year ended August 31, 2010, $4,372,996 was distributed for royalties for the years 1999–2003 and 2006.

Goodwill and Intangible Assets — In accordance with Accounting Standards Update 2010-07, the NCAA adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 350, *Intangibles — Goodwill and Other* ("ASC 350"), and Accounting Standards Codification No. 360, *Property, Plant, and Equipment* ("ASC 360"), on September 1, 2010 which dictates that goodwill is no longer amortized, but an impairment test must be performed at adoption and at least annually. As a result of impairment testing, NCAA recorded total impairment charges at adoption for intangible assets of $15,985,025.

Long-Lived Assets — The NCAA identifies and records impairment losses on long-lived assets whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. In accordance with the provisions of FASB ASC Subtopic 360-10, *Property, Plant, and Equipment — Overall*, 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.

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 $1,000 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.

Association-Wide Programs — Association-wide program expenses include costs for student-athlete programs and services, membership educational and promotional programs and services, legal services, and governance committee expenses. Expenses have been classified as program or management and general based primarily on actual expenditures. Fundraising costs for the NCAA are insignificant due to the nature of its operations.

In-Kind Exchanges — In-kind exchanges for goods and services are reflected as royalties and sales and services revenue and a related expense in the accompanying consolidated financial statements at their estimated values at date of receipt. In-kind exchanges for which no objective basis is available to measure the value are not reflected in the consolidated financial statements.

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.

ASC Topic 740, *Income Taxes*, 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. The NCAA adopted the disclosure provisions of ASC Topic 740 for its August 31, 2010 consolidated financial statements. Management asserts that no such uncertain tax positions exist for the NCAA at August 31, 2011 or 2010.

Estimates — The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles 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.

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 $1,767,602 and $2,497,891 as of August 31, 2011 and 2010, respectively. Designated cash consists of compensating balances on deposit with banks for certain NCAA employee benefit plans and the Exceptional Student-Athlete Disability Insurance Program. Money market funds managed by outside investment managers are included in investments.

4. FAIR VALUE MEASUREMENTS OF FINANCIAL ASSETS AND LIABILITIES

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.

The NCAA measured the fair value of the investments as of August 31, 2011 and 2010, as follows:

	Level 1	Level 2	2011	2010
Money market funds	$ 95,538,982	$ -	$ 95,538,982	$ 99,191,566
Domestic pooled equity funds	-	75,172,324	75,172,324	62,885,449
International pooled equity funds	-	48,052,809	48,052,809	40,666,213
Domestic mutual funds	32,270,813	-	32,270,813	27,283,901
International mutual funds	47,112,684	-	47,112,684	41,585,964
Global investment funds	21,377,603	-	21,377,603	17,485,404
U.S. government securities	22,118,673	-	22,118,673	31,279,739
Government fixed income funds	-	1,374,718	1,374,718	1,856,912
Corporate fixed income funds	84,565,927	615,593	85,181,520	88,449,949
Fixed income securities	-	41,979,916	41,979,916	40,517,091
	$302,984,682	$167,195,360	$470,180,042	$451,202,188

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 as of August 31, 2011 and 2010, consists of the following:

	2011	2010
Interest income	$ 7,801,112	$ 7,868,194
Realized gain (loss) — net	4,326,336	(739,480)
Unrealized gain — net	21,326,296	17,276,248
	$33,453,744	$24,404,962

5. CONTRIBUTION RECEIVABLE AND FACILITIES LEASE

The NCAA relocated its headquarters from Overland Park, Kansas to White River State Park near downtown Indianapolis, Indiana, in July 1999. The NCAA leases 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. At the inception of the lease, the NCAA recorded temporarily restricted contribution revenue and a corresponding contribution receivable representing the fair value of the total contributed facility lease payments less the corresponding net present value discount.

In March 2010, the NCAA amended its lease agreement with the White River State Park Development Commission to provide for a lease term of 50 years with three 10-year renewal options. In addition, the lease provided for an approximate 3-acre parcel of real property that sets adjacent to the current NCAA headquarters to accommodate an 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. As a result of the new amendment, the NCAA reassessed the fair value of the existing structure and established the fair value of the new land. The net contribution receivable including the impact of that revaluation is $35,514,450 at August 31, 2011.

Annual occupancy expense consists of the fair value of the current year contributed lease payment adjusted for the straight-line effect of lease expense and revenue recognized over the lease term. As of August 31, 2011 and 2010, the related accrued lease expense was $2,270,968 and $2,051,857, respectively. An amount equal to occupancy expense is also reclassified from temporarily restricted net assets to unrestricted net assets to reflect the fulfillment of the donor-imposed restrictions associated with the original contribution. The net present value discount amortization follows the original contribution and is recorded as temporarily restricted contribution revenue using the effective interest method.

Contributions receivable — facilities as of August 31, 2011 and 2010, consists of the following:

	2011	2010
Fair value of remaining lease payments	$ 242,824,120	$ 243,910,155
Unamortized discount	(207,309,670)	(212,403,452)
Contributions receivable — facilities — net	$ 35,514,450	$ 31,506,703

Occupancy expense for the years ended August 31, 2011 and 2010, consists of the following:

	2011	2010
Fair value of lease payment	$2,614,514	$2,167,584
Accrued lease expense adjustment	2,270,968	2,051,857
Occupancy expense	$4,885,482	$4,219,441

6. GOODWILL AND INTANGIBLES

NCAA's intangible assets consist of the following:

As of August 31, 2011	Cost	Impairment	Accumulated Amortization	Net Book Value
NIT				
Goodwill	$ 19,703,283	$ (7,777,462)	$ (4,925,821)	$ 7,000,000
Trademark	2,600,000	-	(780,000)	1,820,000
Other intangibles:				
Noncompete agreement	2,200,000	-	(2,200,000)	-
Contracts & Domain name	1,192,000	-	(692,000)	500,000
Total NIT	$ 25,695,283	$ (7,777,462)	$ (8,597,821)	$ 9,320,000
Arbiter				
Goodwill	$ 9,675,885	$ (6,755,199)	$ (1,290,118)	$ 1,630,568
Other intangibles	2,000,000	(831,004)	(644,497)	524,499
Total Arbiter	$ 11,675,885	$ (7,586,203)	$ (1,934,615)	$ 2,155,067
eOfficials				
Goodwill	$ 983,253	$ (621,360)	$ (361,893)	$ -
Total eOfficials	$ 983,253	$ (621,360)	$ (361,893)	$ -

As of August 31, 2010	Cost	Impairment	Accumulated Amortization	Net Book Value
NIT				
Goodwill	$ 19,703,283	$ -	$ (4,925,821)	$ 14,777,462
Trademark	2,600,000	-	(650,000)	1,950,000
Other intangibles:				
Noncompete agreement	2,200,000	-	(2,200,000)	-
Contracts & Domain name	1,192,000	-	(597,499)	594,501
Total NIT	$ 25,695,283	$ -	$ (8,373,320)	$ 17,321,963
Arbiter				
Goodwill	$ 9,675,885	$ -	$ (1,290,118)	$ 8,385,767
Other intangibles	2,000,000	-	(465,666)	1,534,334
Total Arbiter	$ 11,675,885	$ -	$ (1,755,784)	$ 9,920,101
eOfficials				
Goodwill	$ 983,253	$ -	$ (361,893)	$ 621,360
Total eOfficials	$ 983,253	$ -	$ (361,893)	$ 621,360

For the years ended August 31, 2011 and 2010, amortization expense related to intangible assets was $403,332 and $2,568,021, respectively. Trademarks have useful lives of fifteen to twenty years; contracts have useful lives of six to twelve years, and non-compete agreements have useful lives of five to six years. Future expected amortization expense is as follows:

2012	$ 316,833
2013	274,333
2014	274,333
2015	274,333
2016	274,333
Thereafter	1,430,334
Total	$2,844,499

7. PROPERTIES

Properties, with the exception of construction in progress, consist of an 89,000 square foot warehouse and distribution facility, tenant finish improvements for the NCAA headquarters, conference facilities, furnishings, technology infrastructure, and equipment to support the NCAA national office.

In April 2010, the NCAA broke ground on a 130,000 square foot addition to the NCAA headquarters. The expansion will include additional office space as well as conference meeting space. Construction is expected to be completed in early 2012. As of August 31, 2011, capital costs incurred were $24,707,382. At August 31, 2011, the NCAA had construction commitments outstanding of $10,256,464.

Properties according to their specific category as of August 31, 2011 and 2010, are as follows:

	Estimated Useful Lives	2011	2010
Land		$ 350,000	$ 350,000
Buildings and improvements	30 years	4,595,605	4,490,839
Leasehold improvements	10–30 years	9,440,337	9,545,104
Furniture, equipment, and fixtures	3–10 years	28,362,898	27,876,350
Construction in progress		25,887,548	6,094,845
		68,636,388	48,357,138
Less accumulated depreciation and amortization		(25,838,075)	(23,419,828)
Properties — net		$ 42,798,313	$ 24,937,310

Depreciation and amortization expense was $3,109,862 and $3,610,665 for the years ended August 31, 2011 and 2010, respectively.

8. COMMITMENTS AND CONTINGENCIES

The NCAA acts as the governing body for college athletics. In the course of carrying out its responsibilities, the NCAA is the target of litigation from student-athletes, coaches, universities, and the general public. In addition, decisions made by the NCAA to enforce legislation and rules, as well as eligibility determination for student-athletes, are often challenged by the affected parties through lawsuits. These lawsuits range from seeking to overturn NCAA committee and legislative decisions to seeking monetary damages and reimbursement of legal fees.

The NCAA and its legal counsel are defending against 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.

March Madness Athletic Association, LLC

The NCAA had formed the March Madness Athletic Association, LLC in February 2000 to settle a dispute between the NCAA and the Illinois High School Association (IHSA) over ownership of the March Madness trademark and to enhance the enforcement efforts against illegal use of the trademark. Before that time, the IHSA and the NCAA had joint ownership of the trademark and each separately licensed the trademark and enforced against unauthorized uses. IHSA had granted a third party a license that provided limited use of the March Madness trademark. The third party used the license during the Division I Men's Basketball Championship, which the NCAA believed to be detrimental to the trademark. In October 2010, the NCAA paid $17,200,000 to the third party in exchange for an assignment agreement, where the third party would cease use of the March Madness trademark and terminate its perpetual license. The NCAA has full ownership of the March Madness Athletic Association, and the March Madness Athletic Association has control over the licensed uses of the March Madness trademark. The NCAA recorded the full settlement as an expense in the current year.

9. BONDS PAYABLE

On May 1, 2010, the NCAA issued tax-exempt bonds of $18,750,000 with fixed interest rates ranging from 2.00% to 5.00% and with original maturities ranging from 2011 to 2020. The bonds were issued at a premium of $1,391,773. Interest is payable on May 1 and November 1 of each year. Proceeds from the bond issuance are being used to partially finance the expansion of the NCAA's headquarters.

On November 1, 2005, the NCAA issued tax-exempt bonds of $31,750,000 with fixed interest rates ranging from 3.00% to 5.00% with original maturities ranging from 2006 to 2025. The bonds were issued at a premium of $775,288. Interest is payable on May 1 and November 1 of each year. Proceeds from the bond issue were used to advance refund a portion of the Series 1999 revenue bonds and fund certain costs associated with the acquisition and settlement of the NIT.

Principal payments as of August 31, 2011, due over the next five years are as follows:

Fiscal Year Ending August 31	
2012	$ 3,525,000
2013	3,630,000
2014	3,745,000
2015	3,900,000
2016	4,070,000
Thereafter	24,580,000
	43,450,000
Unamortized premium — net	1,749,726
Total bonds payable — net	$45,199,726

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The NCAA believes the carrying amounts of its cash and financial instruments (excluding long-term debt) approximate their fair values due to the relatively short maturity of these instruments. The fair value of long-term debt approximates the carrying value based on an estimate using the NCAA's current borrowing rate for similar types of borrowing arrangements.

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). The Men's Championship Agreement conveys exclusive television and other internet and multimedia broadcast rights to Turner and CBS for 14 years in connection with the Division I Men's Basketball Championship. In addition, the Men's Championship Agreement grants Turner and CBS marketing rights with respect to all NCAA championships. The contract, which began in fiscal year 2011 and expires in 2024, provides for multimedia and marketing rights payments of $10.8 billion over the contract term to the NCAA. The financial obligations of the media rights contract are guaranteed by Time Warner, Inc. Pursuant to the agreement, for the year ended August 31, 2011, the NCAA received approximately $653,000,000 ($617,000,000 for the year ended August 31, 2010, under the prior agreement).

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

Fiscal Year Ending August 31	
2012	$ 666,000,000
2013	681,000,000
2014	700,000,000
2015	720,000,000
2016	740,000,000
Thereafter	6,640,000,000
	$10,147,000,000

On June 29, 2001, the NCAA entered into an agreement with ESPN (the ESPN agreement) that provides ESPN exclusive television broadcast rights for the Division I Women's Basketball championship along with broadcast rights to other NCAA championships, excluding those to which rights have been granted to CBS. The contract is effective from fiscal year 2003 and continues through fiscal year 2013. The ESPN agreement is for 11 years, with the NCAA having an option to renegotiate after eight years.

The rights fee for this package is on a fixed, nonrefundable basis for the sum of $163 million over the 11-year contract. Pursuant to the ESPN agreement, for the years ended August 31, 2011 and 2010, the NCAA received $17,900,000 and $16,800,000, respectively.

The NCAA will receive future television broadcast payments as follows:

Fiscal Year Ending August 31	
2012	$ 18,800,000
2013	19,100,000
	$ 37,900,000

12. NET ASSETS

As of August 31, the NCAA has permanently restricted 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:

	2011	2010
NCAA Leadership Conference	$ 98,034	$ 98,034
Usher Scholarships	50,000	50,000
Total NCAA permanently restricted net assets	$ 148,034	$ 148,034

As of August 31, the NCAA has temporarily restricted 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 as follows:

	2011	2010
Facility lease	$ 31,830,730	$ 30,093,951
Student-athlete programs and services	2,776,575	2,573,299
Total NCAA temporarily restricted net assets	$ 34,607,305	$ 32,667,250

The NCAA Executive Committee has designated certain unrestricted net assets to fund future strategic and operational initiatives. While designated for specific purposes, these designations may be modified at the discretion of the NCAA Executive Committee.

As of August 31, 2011 and 2010, unrestricted net assets include the following designations:

	2011	2010
Association-wide operating reserve	$ 84,000,000	$ 82,000,000
Quasi-endowment reserve	243,179,197	208,602,711
Division II reserve	19,922,554	17,552,868
Division III reserve	18,370,822	16,260,812
Contracted commitments	5,070,000	1,450,000
Furniture, technology, and properties	17,490,047	18,040,230
NCAA facilities improvement reserve	20,308,892	22,731,928
Good of the Game reserve	3,473,927	3,569,732
Championships anniversaries reserve	142,238	144,913
College Football Officiating, LLC reserve	451,085	300,287
Arbiter and ESO reserve	1,571,811	7,512,603
Indiana Host Committee	-	1,115,000
Available for operations	46,778,902	28,514,492
Total NCAA unrestricted net assets	$460,759,475	$407,795,576

In April 2009, the FASB issued guidance requiring not-for-profit entities to apply the provisions of ASC 810-10-65-1, *Noncontrolling Interests in Consolidated Financial Statements*, an amendment of ARB No. 51 ("ASC paragraph 810-10-65-1"). ASC paragraph 810-10-65-1 clarifies the accounting for noncontrolling interests and establishes accounting and reporting standards for the noncontrolling interest in a subsidiary, including classification as a component of equity. The guidance was effective for annual financial statements beginning on or after December 15, 2009. The NCAA adopted this guidance at the beginning of fiscal 2011 and had no material impact on the consolidated financial statements and required disclosures.

The following represents a rollforward of noncontrolling interests in the consolidated financial statements for fiscal 2011 and 2010:

Balance — September 1, 2009	$ 3,887,478
Changes in net assets:	
Excess of expenses over revenue from continuing operations	(588,597)
Balance — August 31, 2010	3,298,881
Changes in net assets:	
Excess of expenses over revenue from continuing operations and change in accounting method	(3,001,627)
Balance — August 31, 2011	$ 297,254

13. PENSION PLAN AND EMPLOYEE BENEFITS

The NCAA has defined contribution plans, which include the NCAA Retirement Plan (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 contribution 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, 2011, the NCAA contributed $1,190,044 to the qualified savings plan and $3,454,225 to the retirement plan, for total contributions of $4,644,269 compared to total contributions of $4,500,937 for the year ended August 31, 2010.

14. SUBSEQUENT EVENTS

The NCAA has reached agreement with ESPN as of December 15, 2011 to replace the current agreement dated June 29, 2001. The rights fees for the new agreement are fixed and nonrefundable for the sum of $500 million over the 14-year contract (including the current year payment of $17.9 million).

The NCAA has evaluated subsequent events from the consolidated statement of financial position date through December 22, 2011, the date at which the financial statements were issued, and determined there are no other items to disclose.

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SUPPLEMENTARY INFORMATION

NATIONAL COLLEGIATE ATHLETIC ASSOCIATION AND SUBSIDIARIES

SCHEDULE OF CONSOLIDATING STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2011

	NCAA	NIT, LLC	Eligibility Center, LLC	College Football Officiating, LLC	Indiana Host Committee, LLC	The Arbiter, LLC	eOfficials, LLC	Consolidating Entries	Total
REVENUES:									
Television and marketing rights fees	$687,040,352	$ 3,274,082	$ -	$ -	$ -	$ -	$ -	$ -	$690,314,434
Championships and NIT tournaments	90,987,582	2,424,742	-	-	-	-	-	-	93,412,324
Investment income, net	33,542,385	-	4,290	-	-	6	159	(93,096)	33,453,744
Sales and services	5,514,788	-	12,122,337	245,045	100,000	2,836,436	1,063,339	(125,000)	21,756,945
Contributions — facilities, net	190,382	-	-	-	-	-	-	-	190,382
Contributions — other	6,823,352	-	-	-	-	-	-	-	6,823,352
Total revenues	824,098,841	5,698,824	12,126,627	245,045	100,000	2,836,442	1,063,498	(218,096)	845,951,181
EXPENSES:									
Distribution to Division I members	479,180,874	831,222	-	-	-	-	-	-	480,012,096
Division I championships, programs, and NIT tournaments	67,632,647	5,361,200	-	293,803	1,213,050	-	-	(125,000)	74,375,700
Division II championships, distribution, and programs	31,696,364	-	-	-	-	-	-	-	31,696,364
Division III championships and programs	22,019,890	-	-	-	-	-	-	-	22,019,890
Association-wide programs	124,292,870	-	6,825,704	-	-	1,411,163	1,632,929	90,500	134,253,166
Management and general	32,829,433	241,959	1,283,411	-	-	1,277,512	167,394	(93,096)	35,706,613
Total expenses	757,652,078	6,434,381	8,109,115	293,803	1,213,050	2,688,675	1,800,323	(127,596)	778,063,829
Net increase (decrease) in net assets before other changes in net assets	66,446,763	(735,557)	4,017,512	(48,758)	(1,113,050)	147,767	(736,825)	(90,500)	67,887,352
OTHER CHANGES IN NET ASSETS — Change in Accounting Principle	-	(7,777,462)	-	-	-	(7,628,532)	(579,031)	-	(15,985,025)
Total change in net assets	66,446,763	(8,513,019)	4,017,512	(48,758)	(1,113,050)	(7,480,765)	(1,315,856)	(90,500)	51,902,327
CHANGE IN NET ASSETS ATTRIBUTED TO NON-CONTROLLING INTEREST	-	-	-	-	-	2,867,377	98,689	35,561	3,001,627
CHANGE IN NCAA NET ASSETS	66,446,763	(8,513,019)	4,017,512	(48,758)	(1,113,050)	(4,613,388)	(1,217,167)	(54,939)	54,903,954
NET ASSETS — Beginning of year	444,214,650	(877,672)	2,353,099	(245,246)	114,629	(1,263,479)	(3,208,070)	(477,051)	440,610,860
NET ASSETS — End of year	$510,661,413	$(9,390,691)	$ 6,370,611	$(294,004)	$ (998,421)	$(5,876,867)	$(4,425,237)	$(531,990)	$495,514,814

See accompanying notes to consolidated financial statements.