PRO KIDS GOLF ACADEMY, INC.
dba PRO KIDS | THE FIRST TEE OF SAN DIEGO
FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

PRO KIDS GOLF ACADEMY, INC.
dba PRO KIDS | THE FIRST TEE OF SAN DIEGO

CONSIDINE & CONSIDINE
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Pro Kids Golf Academy, Inc.
dba Pro Kids | The First Tee of San Diego

We have audited the accompanying financial statements of Pro Kids Golf Academy Inc. dba Pro Kids | The First Tee of San Diego, a nonprofit organization, which comprise of the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pro Kids Golf Academy, Inc. dba Pro Kids | The First Tee of San Diego, a nonprofit organization, as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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CONSIDINE & CONSIDINE
An Accountancy Corporation

May 22, 2017

PRO KIDS GOLF ACADEMY, INC.
dba PRO KIDS | THE FIRST TEE OF SAN DIEGO
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash	$ 240,771	$ 356,525
Pledges Receivable (Note 3)	267,000	287,000
Inventory	5,144	3,703
Prepaid Expenses	33,370	49,797
	546,285	697,025
PROPERTY AND EQUIPMENT (Note 4)	5,538,436	5,703,087
OTHER ASSETS		
Pledges Receivable - Long-Term (Note 3)	232,116	299,963
Investments (Note 6)	1,046,044	1,351,397
Member Loan	7,500	7,500
	1,285,660	1,658,860
TOTAL ASSETS	7,370,381	8,058,972
LIABILTIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	165,581	225,634
Line of Credit (Note 7)	200,000	200,000
Unearned Revenue	22,514	22,775
Capital Lease - Current Portion (Note 8)	10,845	5,086
Note Payable - Current Portion (Note 9)	7,072	7,655
	406,012	461,150
LONG - TERM LIABILITIES		
Capital Lease (Note 8)	26,190	3,630
Note Payable (Note 9)	-	7,072
	26,190	10,702
TOTAL LIABILITIES	432,202	471,852
NET ASSETS (Note 12)		
Unrestricted	5,482,776	5,748,364
Unrestricted - Board Designated	229,720	470,572
Temporarily Restricted	1,010,567	1,153,068
Permanently Restricted	215,116	215,116
	6,938,179	7,587,120
TOTAL LIABILITIES AND NET ASSETS	$ 7,370,381	$ 8,058,972

PRO KIDS GOLF ACADEMY, INC.
dba PRO KIDS | THE FIRST TEE OF SAN DIEGO
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CHANGES IN UNRESTRICTED NET ASSETS		
REVENUES AND SUPPORT		
Donations	$ 952,455	$ 1,627,021
Golf Course	150,892	117,913
Other Income	40,699	38,470
Investment Return	8,655	(18,813)
	1,152,701	1,764,592
Special Events, Net (Note 14)		
Special Events Revenue	824,746	775,315
Direct Benefits to Donors	(55,215)	(71,615)
	769,531	703,700
NET ASSETS RELEASED FROM RESTRICTIONS		
Restrictions Satisfied by Payments	90,618	257,000
Total Unrestricted Revenues, Gains, and Support	2,012,850	2,725,293
EXPENSES		
Program Services	2,117,106	2,183,285
Development	460,054	480,308
Management and General	156,324	172,950
	2,733,484	2,836,543
Decrease in Unrestricted Net Assets	(720,634)	(111,250)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Donations	89,553	138,958
Investment Return	72,758	(32,676)
Net Assets Released from Restrictions	(90,618)	(257,000)
Increase/(Decrease) in Temporarily Restricted Net Assets	71,693	(150,718)
TOTAL DECREASE IN NET ASSETS	(648,941)	(261,968)
NET ASSETS, BEGINNING OF YEAR	7,587,120	7,849,088
NET ASSETS, END OF YEAR	$ 6,938,179	$ 7,587,120

PRO KIDS GOLF ACADEMY, INC.
dba PRO KIDS | THE FIRST TEE OF SAN DIEGO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services	Development	Management and General	Total
EXPENSES				
Auto	$ 12,260	$ -	$ -	$ 12,260
Bad Debt	40,000	-	-	40,000
Facility and Equipment Maintenance	214,812	5,818	2,493	223,123
Food and Beverage	-	86,741	-	86,741
Green Fees	-	11,250	-	11,250
Insurance	36,940	2,873	1,231	41,044
Interest	7,515	-	-	7,515
Marketing	41,028	60	-	41,088
Office and Administrative	41,072	8,214	5,476	54,762
Outside Services	50,541	6,318	6,318	63,177
Personnel	1,046,301	282,784	84,835	1,413,920
Production	-	77,079	-	77,079
Professional Development	16,117	716	1,074	17,907
Professional Services	18,474	6,598	1,320	26,392
Rent	6,721	-	-	6,721
Scholarships	149,600	-	-	149,600
Supplies	24,290	-	-	24,290
Training and Education	71,717	-	-	71,717
Travel and Meals	34,632	3,463	385	38,480
Utilities and Telephone	97,511	7,584	3,250	108,345
Youth Events	10,436	-	-	10,436
TOTAL EXPENSES BEFORE DEPRECIATION	1,919,967	499,498	106,382	2,525,847
Depreciation	197,139	15,771	49,942	262,852
TOTAL EXPENSES	2,117,106	515,269	156,324	2,788,699
Less: Direct Benefits to Donors at Special Events Included in Revenue	-	(55,215)	-	(55,215)
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES	$ 2,117,106	$ 460,054	$ 156,324	$ 2,733,484

PRO KIDS GOLF ACADEMY, INC.
dba PRO KIDS | THE FIRST TEE OF SAN DIEGO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services	Development	Management and General	Total
EXPENSES				
Auto	$ 16,648	$ -	$ -	$ 16,648
Facility and Equipment Maintenance	223,861	6,102	2,615	232,578
Food and Beverage	-	64,642	-	64,642
Green Fees	-	16,120	-	16,120
Impairment Loss	-	-	4,240	4,240
Insurance	31,788	2,472	1,060	35,320
Interest	8,008	-	-	8,008
Marketing	25,665	3,191	-	28,856
Office and Administrative	51,650	10,330	6,887	68,867
Outside Services	57,654	7,207	7,207	72,068
Personnel	1,076,969	291,073	87,322	1,455,363
Production	-	68,052	-	68,052
Professional Development	11,107	494	740	12,341
Professional Services	152,492	54,461	10,892	217,845
Rent	6,512	-	-	6,512
Scholarships	136,250	-	-	136,250
Supplies	30,928	363	-	31,291
Training and Education	2,230	-	-	2,230
Travel and Meals	45,618	4,562	507	50,687
Utilities and Telephone	98,084	7,629	3,269	108,982
Youth Events	17,511	-	-	17,511
TOTAL EXPENSES BEFORE DEPRECIATION	1,992,975	536,697	124,739	2,654,411
Depreciation	190,309	15,225	48,212	253,745
TOTAL EXPENSES	2,183,285	551,923	172,950	2,908,156
Less: Direct Benefits to Donors at Special Events Included in Revenue	-	(71,615)	-	(71,615)
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES	$ 2,183,285	$ 480,308	$ 172,950	$ 2,836,543

PRO KIDS GOLF ACADEMY, INC.
dba PRO KIDS | THE FIRST TEE OF SAN DIEGO
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS USED BY OPERATING ACTIVITIES		
Decrease in Net Assets	$ (648,941)	$ (261,968)
ADJUSTMENTS TO RECONCILE CHANGES IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES:		
Depreciation	262,852	253,745
Gain/(Loss) on Investments, Net	47,960	(97,816)
Impairment Loss	-	4,240
Changes in Operating Assets and Liabilities:		
Pledges Receivable	87,847	(145,209)
Inventory	(1,441)	(3,703)
Prepaid Expenses	16,427	(24,338)
Other Receivables	-	9,811
Member Loan	-	(2,500)
Deposits	-	1,000
Accounts Payable and Accrued Expenses	(60,053)	97,618
Unearned Revenue	(261)	23,692
	353,331	116,540
NET CASH USED BY OPERATING ACTIVITIES	(295,610)	(145,428)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Proceeds on Sales of Investments	825,649	1,232,641
Acquisitions of Property and Equipment	(64,796)	(71,922)
Acquisitions of Investments	(568,256)	(952,821)
NET CASH PROVIDED BY INVESTING ACTIVITIES	192,597	207,898
CASH FLOWS USED BY FINANCING ACTIVITIES		
Principal Payments on Capital Lease	(5,086)	(4,684)
Principal Payments on Note Payable	(7,655)	(7,592)
NET CASH USED BY FINANCING ACTIVITIES	(12,741)	(12,276)
NET (DECREASE)/INCREASE IN CASH	(115,754)	50,194
CASH, BEGINNING OF YEAR	356,525	306,331
CASH, END OF YEAR	$ 240,771	$ 356,525
SUPPLEMENTAL DISCLOSURES		
Interest Paid	$ 7,515	$ 8,008

NON-CASH FINANCING ACTIVITY:
The Organization borrowed $33,404 under a capital lease to purchase equipment (See Note 8).

NOTE 1 THE ORGANIZATION

Pro Kids Golf Academy, Inc. dba Pro Kids | The First Tee of San Diego (the "Organization") is a non-profit corporation and a pioneer national leader in youth development programs. The Pro Kids Academy (the "Academy") provides structured attendance based program that bridges the gap of core competency resources for underserved kids. Through research and understanding the Organization identified seven core competencies that, if developed and supported, can lead to an increased chance of life long success. These competencies include: STEAM (Science, Technology, Engineering, Arts and Math) interest and confidence, grade level proficiency, resiliency, leadership, professionalism, upward mobility and self-sufficiency. All Academy activities and programs emphasize these seven competencies through a balanced expectation of golf and life skills progression, academic proficiency reinforcement and leadership development. Students attend at least two times per week doing core activities with a consistent team and team leader. All Academy activities are also an important part of the experience through field games, field trips and special events. The Academy provides its members with the skills, knowledge and access to greater opportunity, using academic support, golf and enrichment to excel in life. In addition, college scholarships are provided for deserving members who are an active part of the program.

The Organization was incorporated as a 501 (c) (3), not-for-profit organization in 1994. A small group of sports – minded business leaders partnered with the City of San Diego to provide underserved youth with positive recreational activities and to increase minority participation in junior golf programs. Currently, Pro Kids partners with the city and county schools in San Diego and Oceanside, providing physical education classes, serving as a resource for local high school golf teams and acting as a centralized equipment donation program for the San Diego County region. The Organization operates and maintains the Colina Park public golf course and program facility in San Diego and a program facility in Oceanside.

The Organization consists of the following activities and funding sources:
1) General activities funded by general unrestricted donations.
2) Special activities funded by restricted donations and grants.
3) Sale of merchandise and green fees.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP) in the United States.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates - The preparation of financial statements in conformity with GAAP requires the Organization to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Financial Statement Presentation - The Organization follows the Financial Accounting Standards Board's (FASB) Financial Statements of Not-for-Profit Organizations for presentation of its financial statements which requires that net assets, support, revenue and gains, expenses and losses be classified as unrestricted, temporarily restricted and permanently restricted.

Cash and Cash Equivalents - The Organization considers financial instruments with a fixed maturity date of less than two months to be cash equivalents. The Organization maintains two checking accounts at a national bank and four cash accounts at a national investment firm. At various times, cash balances may exceed federally insured deposit limits (FDIC). As of December 31, 2016 and 2015, there were no amounts in excess of FDIC limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Pledges Receivable - The pledges receivable consist of donor promises to give and reimbursement grants. It is the Organization’s policy to charge off uncollectible pledges receivable when management determines the pledge will not be collected. $40,000 and $0 are considered uncollectible as of December 31, 2016 and 2015, respectively.

A discount on pledges receivable expected to be received over several years are computed using risk-free interest rates applicable to the years in which the pledges are received. Amortization of the discount is included in donations revenue on the Statements of Activities and Changes in Net Assets.

Inventory - The Organization values its inventory at the lower of cost or market and uses the last-in first-out method. Inventory consists of merchandise held in the Pro Shop at the Colina Park facility. The sale of merchandise had been previously outsourced to an unrelated third party, then on December 31, 2015 the Organization purchased the inventory and began managing the Pro Shop operations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment - Property, building and leasehold improvements are stated at cost. Major renewals and improvements are capitalized and charged to expense through depreciation expense. Repairs and maintenance are charged to expense as incurred. Depreciation is provided on a straight line basis over the estimated useful lives of the depreciable assets of 3 to 39 years. Golf course land improvements are carried at cost and are not subject to depreciation.

Impairment of Property and Equipment - The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amounts of an asset to the future net undiscounted cash flows expected to be generated by the asset. If the asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value of such property. There were no impairment losses recognized for the years ended December 31, 2016 and 2015.

Investments - Investments are carried at fair market value. Income on investments is recognized as revenue in the period it is earned, and realized and unrealized gains and losses are recognized as changes in net assets in the accounting period in which they occur.

Unearned Revenue - Rounds of golf can be purchased in advance at the Colina Park Pro Shop. Revenue is not recognized until the player redeems their purchase by playing the rounds of golf. The balance in unearned revenue represents the outstanding rounds of golf that have been purchased but not yet redeemed.

Fair Value Measurement - The Organization follows accounting standards consistent with the FASB codification which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements for all financial assets and liabilities.

Revenue Recognition - The financial statements of the Organization are presented on the accrual method of accounting. Under this method of accounting, revenues are recognized when earned or a donor makes a promise to give that is, in substance, unconditional. Revenue from cost reimbursement of grants is generally recorded when the costs are billed to the granting agency.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donor-Imposed Restrictions - All contributions are considered to be unrestricted unless specifically restricted by donor. Amounts received designated for future periods or restricted by the donor for specific purpose are reported as temporarily or permanently restricted, increasing those net assets classes. However, if a restriction is fulfilled in the same fiscal period in which the contribution is received, the support is reported as unrestricted.

Investment income that is limited to specific uses by donor restrictions is reported as increases in temporarily restricted net assets until the restriction is fulfilled.

Donated Goods and Services - The Organization records donated goods with a fair value of $2,000 or more. In addition, the Organization recognizes the value of donated services by recording the donations at fair value. All donated services recognized create a non-financial asset or required specialized skills that would have been purchased if not donated. There were no donated goods or services for the years ended December 31, 2016 and 2015.

Income Taxes - The Organization is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code.

The Organization follows accounting standards which provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax position and believes that all of the positions taken in its exempt organization tax returns are more likely than not to be sustained upon examination. As of December 31, 2016 and 2015 the Organization has no accrued interest or penalties related to uncertain tax positions.

Reclassifications - Certain reclassifications have been made to the 2015 financial statement presentation to correspond to the current year's format. Total net assets and change in net assets are unchanged due to these reclassifications.

NOTE 3 PLEDGES RECEIVABLE

Long-term pledges receivable are shown at present value using discount rates ranging from 1.10% - 1.51%. The Organization discounted three pledges which are collectible from one to four years. The discount on the pledges was $9,884 and $14,037 at December 31, 2016 and 2015, respectively.

Pledges receivable consist of the following at December 31, 2016 and 2015:

	2016	2015
Gross Pledges Receivable	$ 509,000	$ 601,000
Less: Discount to Net Present Value	(9,884)	(14,037)
Net Pledges Receivable	$ 499,116	$ 586,963

	2016	2015
Amounts Due In:		
Less Than One Year	$ 267,000	$ 287,000
One To Five Years	242,000	314,000
	$ 509,000	$ 601,000

NOTE 4 PROPERTY AND EQUIPMENT

Major categories of property and equipment are summarized as follows:

	2016	2015
Colina Park:		
Leasehold Improvements	$ 4,071,078	$ 4,071,078
Golf Course Equipment	310,763	239,211
Program Furniture, Fixtures and Equipment	195,306	183,663
Vehicles	72,950	94,950
	4,650,097	4,588,902
Oceanside:		
Leasehold Improvements	2,765,640	2,750,635
Program Furniture, Fixtures and Equipment	72,583	72,583
Vehicles	65,215	65,215
	2,903,438	2,888,433
	7,553,535	7,477,335
Less Accumulated Depreciation	(2,015,099)	(1,774,248)
	$ 5,538,436	$ 5,703,087

Depreciation expense was $262,852 and $253,745 for the years ended December 31, 2016 and 2015, respectively.

NOTE 5 FAIR VALUE MEASUREMENT

The Organization follows the method of fair value measurement to value its financial assets and liabilities. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels has been established, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The investments in exchange traded funds and exchange traded notes are valued at market prices in active markets and have readily determinable fair values. These assets are classified as Level 1.

The investments in bond funds are valued at market prices in inactive markets. These assets are classified as Level 2.

Pledges receivable are valued annually and multi-year pledges are discounted using discount rates of 1.10% - 1.51% (see Note 3). There were no changes in the valuation method during the current year.

NOTE 5 FAIR VALUE MEASUREMENT (Continued)

Financial assets carried at fair value and measured on a recurring basis at December 31, 2016 are classified below in one of the three levels described above:

	Level 1	Level 2	Level 3	Total
Assets				
Pledges Receivable	$ -	$ -	$ 499,116	$ 499,116
Exchange Traded Funds				
Large Core	346,295	-	-	346,295
High Moderate	156,329	-	-	156,329
Medium Core	103,284	-	-	103,284
Large Value	86,692	-	-	86,692
Low Limited	55,295	-	-	55,295
Medium Value	49,094	-	-	49,094
Medium Limited	42,001	-	-	42,001
	838,989	-	-	838,989
Stocks				
Corporate U.S. Stocks	2,226	-	-	2,226
Bonds				
Corporate U.S. Bonds	-	204,829	-	204,829
	$ 841,215	$ 204,829	$ 499,116	$ 1,545,160

NOTE 5 FAIR VALUE MEASUREMENT (Continued)

Financial assets carried at fair value and measured on a recurring basis at December 31, 2015 are classified below in one of the three levels described above:

	Level 1	Level 2	Level 3	Total
Assets				
Pledges Receivable	$ -	$ -	$ 586,963	$ 586,963
Exchange Traded Funds				
Large Core	375,417	-	-	375,417
High Moderate	233,235	-	-	233,235
Large Value	109,556	-	-	109,556
Medium Value	106,382	-	-	106,382
Medium Core	101,760	-	-	101,760
Low Moderate	81,134	-	-	81,134
Medium Limited	61,976	-	-	61,976
Small Core	56,094	-	-	56,094
	1,125,553	-	-	1,125,553
Bonds				
Corporate U.S. Bonds	-	201,538	-	201,538
Exchange Traded Note				
Energy	24,306	-	-	24,306
	$ 1,149,859	$ 201,538	$ 586,963	$ 1,938,360

The Organization may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis in accordance with GAAP. The adjustments to fair value usually result from application of lower-of-cost-market accounting or write-downs of individual assets. For assets measured at fair value on a nonrecurring basis that were still held in the balance sheet at year end, the following table provides the fair value hierarchy and the carrying value of the related individual assets or portfolios.

NOTE 5 FAIR VALUE MEASUREMENT (Continued)

The following summarizes fair value measurements using significant Level 3 inputs, and changes therein, for the year ended December 31, 2016:

	Pledges Receivable
Balance at January 1, 2016	$ 586,963
New Pledges Received	180,000
Collections	(232,000)
Discount on Pledges	4,153
Uncollectible	(40,000)
Balance at December 31, 2016	$ 499,116

The following summarizes fair value measurements using significant Level 3 inputs, and changes therein, for the years ended December 31, 2015:

	Pledges Receivable	Donated Collectibles	Total
Balance at January 1, 2015	$ 441,754	$ 4,240	$ 445,994
New Pledges Received	425,000	-	425,000
Collections	(274,000)	-	(274,000)
Discount on Pledges	(5,791)	-	(5,791)
Impairment Loss	-	(4,240)	(4,240)
Balance at December 31, 2015	$ 586,963	$ -	$ 586,963

The Organization's management team values the collectibles through the use of an appraiser using the market method. The Organization recognized an impairment loss of $4,240 for the year ended December 31, 2015, reducing the realizable value to $0. This loss is reported as a separate line item on the Statement of Functional Expenses.

NOTE 6 INVESTMENTS

Exchange traded funds, bonds, and stocks are held at fair market value and consist of the following at December 31, 2016:

	Cost	Fair Value
Exchange Traded Funds	$ 748,779	$ 838,989
Bonds	211,770	204,829
Stocks	2,709	2,226
	$ 963,257	$ 1,046,044

Exchange traded funds, mutual funds and corporate bonds are held at fair market value and consist of the following at December 31, 2015:

	Cost	Fair Value
Exchange Traded Funds	$ 1,072,172	$ 1,125,553
Bonds	211,770	201,538
Exchange Traded Note	21,629	24,306
	$ 1,305,571	$ 1,351,397

The following schedule summarizes the Organization's return on investment and its classification in the Statement of Activities and Changes in Net Assets for the year ended December 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and Interest	$ 5,539	$ 27,914	$ -	$ 33,453
Investment Gain	6,542	52,092	-	58,634
Investment Fees	(3,426)	(7,248)	-	(10,674)
Total Investment Return	$ 8,655	$ 72,758	$ -	$ 81,413

NOTE 6 INVESTMENTS (Continued)

The following schedule summarizes the Organization's return on long-term investments and its classification in the Statement of Activities and Changes in Net Assets for the year ended December 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and Interest	$ 12,163	$ 34,164	$ -	$ 46,327
Investment Loss	(26,161)	(60,824)	-	(86,985)
Investment Fees	(4,815)	(6,016)	-	(10,831)
Total Investment Return	$ (18,813)	$ (32,676)	$ -	$ (51,489)

NOTE 7 LINE OF CREDIT

The Organization has an agreement with a commercial bank for an unsecured line of credit. As of December 31, 2015 the line amount was $200,000. In August 2016, the line was renewed and increased to $300,000. The interest rate on the line is the lender's prime rate plus 2.00%, but no less than 6.00%. The lender's prime rate was 3.75% and 3.50% at December 31, 2016 and 2015, respectively. As of December 31, 2016 and 2015 $200,000 had been drawn on the line. The line of credit is due on September 1, 2017.

Interest expense related to the line is $5,531 and $6,913 for the years ended December 31, 2016 and 2015, respectively.

NOTE 8 CAPITAL LEASE

In September 2013, the Organization purchased equipment under a capital lease. The monthly lease payment is $468 per month, with an interest rate of 8.36%. The lease expires in August 2017 and contains a bargain purchase option at the end of the lease term. This equipment is included in property and equipment on the accompanying Statements of Financial Position as of December 31, 2016 and 2015 with a capitalized cost of $18,895 and accumulated depreciation of $12,282 and $8,503, respectively. The balance of the lease at December 31, 2016 and 2015 was $3,630 and $8,716, respectively.

In September 2016, the Organization purchased equipment under a capital lease. The monthly lease payment is $826, with an interest rate of 9.85%. The lease expires in October 2020 and contains a bargain purchase option at the end of the lease term. This equipment is included in property and equipment on the accompanying Statements of Financial Position as of December 31, 2016, with a capitalized cost of $33,405 and accumulated depreciation of $1,113. The balance at December 31, 2016 was $33,405. In April 2017, the Organization paid off the lease.

Depreciation of assets held under the capital leases are included with depreciation expense. Interest expense related to the capital leases is $1,882 and $931 for the years ended December 31, 2016 and 2015, respectively.

Minimum future lease payments under the capital leases for the years ended December 31:

2017	$	13,650
2018		9,908
2019		9,908
2020		10,641
	$	44,106
Less Amounts Representing Interest		(7,072)
Present Value of Minimum Lease Payments	$	37,035
Current Principal Obligations	$	10,845
Non-Current Principal Obligations		26,190
	$	37,035

NOTE 9 NOTE PAYABLE

In December 2012, the Organization entered into a note payable for a vehicle. The balance of the note at December 31, 2016 and 2015 was $7,072 and $14,727, respectively. The note requires monthly principal payments of $646 with interest at 0.90% and matures in December 2017.

Interest expense related to the note is $102 and $164 for the years ended December 31, 2016 and 2015, respectively.

NOTE 10 COMMITMENTS

The Organization leases its headquarters office, land and golf course in San Diego under an operating lease with the City of San Diego. During the year ended May 31, 2013, the Organization entered into a twenty-five year lease with the City of San Diego. The annual rent base is $3,167 per year and is subject to increases based on the Consumer Price Index. The total rent expense was $3,450 and $3,413 for the years ended December 31, 2016 and 2015, respectively.

The Organization moved to its office building situated on the leased golf course property on October 8, 2001. The building costs have been capitalized as leasehold improvements.

In July 2010, the Organization entered into a thirty year lease agreement with the City of Oceanside for its Oceanside facility. The annual rent is $3,000 per year. Total rent expense for the years ended December 31, 2016 and 2015 was $3,000.

Minimum future rental payments, in aggregate, for the years ended December 31 are as follows:

2017	$	6,167
2018		6,167
2019		6,167
2020		6,167
2021		6,167
Thereafter		110,839
	$	141,674

NOTE 11 ENDOWMENT FUND

Phil and Margie Ward Scholarship Fund - The Organization has received donations for the purpose of creating an endowment fund to support college scholarships. The donations are permanently restricted in nature and only the investment earnings on the principal can be used for scholarship distributions. Earnings on the fund are transferred at the end of each fiscal year to the scholarship investment accounts to be used for scholarship distributions. The Organization's Board of Directors oversees the fund's investment and granting of college scholarships. The funds are to be invested with a focus on security of principal and high current returns, which may include interest bearing investments. The fund had a balance of $236,665 and $233,373 at December 31, 2016 and 2015, respectively.

The Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the presentation of the fair value of the original gift as of the gift date of the donor-restricted endowment finds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The Organization has the following endowment related activities and changes in endowment net assets for the year ending December 31, 2016:

	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets			
Beginning of Year	$ 18,257	$ 215,116	$ 233,373
Contributions	-	-	-
Dividends and Interest	10,781	-	10,781
Investment Gain	3,291	-	3,291
Amounts Appropriated for Expenditures	(10,780)	-	(10,780)
Endowment Net Assets, End of Year	$ 21,549	$ 215,116	$ 236,665

NOTE 11 ENDOWMENT FUND (Continued)

The Organization has the following endowment related activities and changes in endowment net assets for the year ending December 31, 2015:

	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets			
Beginning of Year	$ 23,825	$ 215,116	$ 238,941
Contributions	-	-	-
Dividends and Interest	10,780	-	10,780
Investment Loss	(16,348)	-	(16,348)
Amounts Appropriated for Expenditures	-	-	-
Endowment Net Assets, End of Year	$ 18,257	$ 215,116	$ 233,373

NOTE 12 NET ASSETS

Board Designated Assets:

EHW Legacy Fund - The founder of the Organization, Ernest H. Wright Sr., passed away in 2007 and memorial donations have been accumulated in The EHW Legacy Fund. The balance in this Board Designated Fund was $229,720 and $470,572 on December 31, 2016 and 2015, respectively.

Temporarily Restricted Net Assets:

Scholarship Fund - The Organization receives donations to a scholarship fund and disburses college scholarships to qualified kids who have participated in the Pro Kids Golf Academy program. The balance in this fund was $85,888 and $86,317 on December 31, 2016 and 2015, respectively.

Pro Kids Oceanside - The Organization constructed a facility in Oceanside, California patterned largely after the successful Pro Kids Golf Academy in place at Colina Park. The construction and initial operation of the facility was funded through a multi-year capital campaign. The balance in this fund was $111,502 and $163,412 on December 31, 2016 and 2015, respectively.

NOTE 12 NET ASSETS (Continued)

Academy Fund - The Organization receives donations to support the operations of the academy program. The balance in this fund was $151,747 and $112,791 on December 31, 2016 and 2015, respectively.

Equipment Fund - The Organization receives donations for the purchase and installation of golf equipment. The balance of this fund was $56,930 and $40,548 on December 31, 2016 and 2015, respectively.

County of San Diego Grant - During the years ended May 31, 2009 and May 31, 2008, the Organization received a total of three $250,000 grants from the County of San Diego for purposes of supporting program expenditures and capital improvements. The grants are subject to restrictions which include (1) use of earnings only for the first ten years and (2) beginning the eleventh year the grant funds may be spent over the next five years with a maximum of $150,000 per year plus earnings. Any amounts not spent up to each year's $150,000 limit may be spent in subsequent years. These funds can only be spent on program and capital expenditures that directly benefit the children that attend the Organization, while the investment earnings on the principal amounts are unrestricted. The balance in this fund on December 31, 2016 and 2015 was $600,000 and $750,000, respectively. In November 2015 the Organization submitted an amendment request to the County of San Diego which proposed an accelerated draw-down schedule that would begin in 2016 instead of 2017. The amendment request was approved by the County of San Diego and the Organization made its initial draw of $150,000 in April 2016.

Teen Philanthropy Program - The Organization receives donations for a teen philanthropy program which was set up in 2016 to encourage teens in the Organization's program to give back. The balance in this fund was $4,500 on December 31, 2016.

Permanently Restricted Net Assets:

Phil and Margie Ward Scholarship Fund - The Organization has received donations for purposes of supporting its scholarship program (see Note 11). The balance of permanently restricted funds in this account on December 31, 2016 and 2015 was $215,116.

NOTE 13 GRANTS

The Organization receives grants for financial assistance from various government agencies and foundations. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed expenditures resulting from such audits could become a liability of the Organization. In the opinion of the Organization's management, no material reimbursement of funds will be required as a result of expenditures allowed.

Significant Grants Solicited and Received January 1 - December 31, 2016	Type of Grant	Amount	
Country Friends	Oceanside	$	5,000
The Nordsom Corporation Foundation	Oceanside Academy	$	5,000
Samuel & Katherine Weaver French Fund	Academy	$	5,000
Wells Fargo Foundation	Academy	$	5,000
The Donald and Carol Chaiken Foundation	Operating	$	5,000
World Golf Foundation, Inc.	Operating	$	9,527
World Golf Foundation, Inc.	Operating	$	10,000
Holly McGrath Bruce	Learning Center	$	10,000
SDG&E	Celebrates Sponsorship	$	10,000
Sahm Family Foundation	Academy	$	15,000
Stern Leichter Foundation	Academy	$	20,000
Gumpert Foundation	Academy	$	20,000
Marty & David Pendarvis	Academy	$	20,000
County of San Diego	Operating	$	25,000
Qualcomm Foundation	Academy	$	50,000
Walter J. and Betty C. Zable Foundation	Operating	$	50,000
Harriet E. Pfleger Foundation	Golf Program	$	50,000
County of San Diego	Capital	$	50,000
Gumpert Foundation	Scholarship	$	55,000
Callaway Golf Company Foundation	Academy	$	100,000
Gumpert Foundation	Scholarship	$	100,000

NOTE 14 SPECIAL EVENTS

Special event revenues and expenses consist of the following for the years ended December 31, 2016 and 2015:

	2016	2015
Revenue:		
Sponsorships	$ 388,463	$ 296,408
Donations	210,019	177,500
Ticket Sales	155,564	239,207
Auction Proceeds	70,700	62,200
	824,746	775,315
Expenses:		
Direct Benefit to Donors	55,215	71,615
Other Expenses	176,282	146,160
	231,497	217,775
Net Special Events Revenue	$ 593,249	$ 557,540

NOTE 15 RETIREMENT PLAN

The Organization maintains a SIMPLE IRA plan for its employees. The Organization provides matching contributions to the plan up to a maximum of 3% of the salaries of participating employees. The total matching contribution for the years ended December 31, 2016 and 2015 was $6,585 and $13,467, respectively. All contributions to the plan are 100% vested.

NOTE 16 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 22, 2017, the date which the financial statements were available to be issued. There were no material subsequent events which affected the amounts or disclosures in the financial statements other than those noted below.

In April 2017, the Organization paid off a capital lease (See Note 8).