PRO KIDS GOLF ACADEMY, INC.
dba PRO KIDS | THE FIRST TEE OF SAN DIEGO
FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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

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, 2017 and 2016, 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, 2017 and 2016, 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

April 19, 2018

PRO KIDS GOLF ACADEMY, INC.
dba PRO KIDS | THE FIRST TEE OF SAN DIEGO
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash	$ 442,744	$ 240,771
Pledges Receivable (Note 3)	177,000	267,000
Inventory	9,412	5,144
Prepaid Expenses	26,579	33,370
	655,735	546,285
PROPERTY AND EQUIPMENT (Note 4)	5,290,654	5,538,436
OTHER ASSETS		
Pledges Receivable - Long-Term (Note 3)	84,687	232,116
Investments (Note 6)	983,945	1,046,044
Other Receivables	476	7,500
	1,069,108	1,285,660
TOTAL ASSETS	7,015,497	7,370,381
LIABILTIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	83,705	164,563
Unearned Revenue	22,202	23,532
Line of Credit (Note 7)	-	200,000
Capital Lease - Current Portion (Note 8)	-	10,845
Note Payable - Current Portion (Note 9)	-	7,072
	105,907	406,012
LONG - TERM LIABILITIES		
Capital Lease (Note 8)	-	26,190
TOTAL LIABILITIES	105,907	432,202
NET ASSETS (Note 12)		
Unrestricted	5,819,477	5,482,776
Unrestricted - Board Designated	262,781	229,720
Temporarily Restricted	612,216	1,010,567
Permanently Restricted	215,116	215,116
	6,909,590	6,938,179
TOTAL LIABILITIES AND NET ASSETS	$ 7,015,497	$ 7,370,381

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, 2017 AND 2016

	2017	2016
CHANGES IN UNRESTRICTED NET ASSETS		
REVENUES AND SUPPORT		
Donations	$ 1,223,317	$ 952,455
Golf Course	167,876	150,892
Other Income	46,016	40,699
Investment Return	98,287	67,341
Amateur Golf Event, Net (Note 14)	102,149	-
	1,637,645	1,211,387
Special Events, Net (Note 15)		
Special Events Revenue	908,192	824,746
Direct Benefits to Donors	(65,795)	(55,215)
	842,397	769,531
NET ASSETS RELEASED FROM RESTRICTIONS		
Restrictions Satisfied by Payments	426,467	246,126
Total Unrestricted Revenues, Gains, and Support	2,906,509	2,227,044
EXPENSES		
Program Services	1,931,697	2,117,106
Development	440,147	460,054
Management and General	164,903	156,324
	2,536,747	2,733,484
Increase/(Decrease) in Unrestricted Net Assets	369,762	(506,440)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Donations	10,000	89,553
Investment Return	18,116	14,072
Net Assets Released from Restrictions	(426,467)	(246,126)
Decrease in Temporarily Restricted Net Assets	(398,351)	(142,501)
TOTAL DECREASE IN NET ASSETS	(28,589)	(648,941)
NET ASSETS, BEGINNING OF YEAR	6,938,179	7,587,120
NET ASSETS, END OF YEAR	$ 6,909,590	$ 6,938,179

PRO KIDS GOLF ACADEMY, INC.
dba PRO KIDS | THE FIRST TEE OF SAN DIEGO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services	Development	Management and General	Total
EXPENSES				
Auto	$ 12,345	$ -	$ -	$ 12,345
Bad Debt	-	-	10,000	10,000
Facility and Equipment Maintenance	226,869	7,185	3,079	237,133
Food and Beverage	-	86,390	-	86,390
Green Fees	-	13,500	-	13,500
Insurance	34,485	2,682	1,150	38,317
Interest	8,989	-	-	8,989
Marketing	14,042	2,539	-	16,581
Office and Administrative	50,816	10,163	6,775	67,754
Outside Services	69,524	8,691	8,690	86,905
Personnel	962,599	260,162	78,049	1,300,810
Production	-	80,396	-	80,396
Professional Development	24,044	1,069	1,603	26,716
Professional Services	11,200	4,000	800	16,000
Rent	6,500	-	-	6,500
Scholarships	149,000	-	-	149,000
Supplies	20,149	2,666	-	22,815
Training and Education	4,400	-	-	4,400
Travel and Meals	29,615	2,961	329	32,905
Utilities and Telephone	94,426	7,344	3,148	104,918
Youth Events	10,271	-	-	10,271
TOTAL EXPENSES BEFORE DEPRECIATION	1,729,274	489,748	113,623	2,332,645
Depreciation	202,423	16,194	51,280	269,897
TOTAL EXPENSES	1,931,697	505,942	164,903	2,602,542
Less: Direct Benefits to Donors at Special Events Included in Revenue	-	(65,795)	-	(65,795)
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES	$ 1,931,697	$ 440,147	$ 164,903	$ 2,536,747

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
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS PROVIDED/(USED) BY OPERATING ACTIVITIES		
Decrease in Net Assets	$ (28,589)	$ (648,941)
ADJUSTMENTS TO RECONCILE CHANGES IN NET ASSETS TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES:		
Depreciation	269,897	262,852
Gain on Investments, Net	94,021	47,960
Bad Debt	10,000	40,000
Changes in Operating Assets and Liabilities:		
Pledges Receivable	227,429	47,847
Inventory	(4,268)	(1,441)
Prepaid Expenses	6,791	16,427
Other Receivables	7,024	-
Accounts Payable and Accrued Expenses	(80,858)	(60,154)
Unearned Revenue	(1,330)	(160)
	528,706	353,331
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	500,117	(295,610)
CASH FLOWS (USED)/PROVIDED BY INVESTING ACTIVITIES		
Proceeds on Sales of Investments	419,304	825,649
Acquisitions of Property and Equipment	(22,115)	(64,796)
Acquisitions of Investments	(451,226)	(568,256)
NET CASH (USED)/PROVIDED BY INVESTING ACTIVITIES	(54,037)	192,597
CASH FLOWS USED BY FINANCING ACTIVITIES		
Principal Payments on Capital Lease	(37,035)	(5,086)
Principal Payments on Note Payable	(7,072)	(7,655)
Principal Payments on Line of Credit	(200,000)	-
NET CASH USED BY FINANCING ACTIVITIES	(244,107)	(12,741)
NET INCREASE/(DECREASE) IN CASH	201,973	(115,754)
CASH, BEGINNING OF YEAR	240,771	356,525
CASH, END OF YEAR	$ 442,744	$ 240,771
SUPPLEMENTAL DISCLOSURES		
Interest Paid	$ 6,100	$ 7,515

NON-CASH FINANCING ACTIVITY:

In 2016, 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 pioneering regional and national leader in youth development programming. The organization operates year-round with programming 6 days a week for youth beginning at age 7 through high school. Our signature golf and life skills program couples on-course instruction with a curriculum that seamlessly integrates instruction in life skills (how to introduce yourself, what to do when you get angry or frustrated, resiliency, etc.) and core values (honesty, respect, sportsmanship, etc.). In addition to golf and life skills instruction delivered by PGA members and apprentices, Pro Kids' Learning Center educators provide critical academic support and personal development opportunities that support and reinforce the activities and efforts of City Heights and Oceanside schools. Both on and off the course, we expose kids to the exciting possibilities that lie beyond high school and equip them to become leaders in the community. A cornerstone of our program is the Pro Kids scholarship; since 1999, we have awarded over $2 million to more than 200 scholars, most of whom are the first in their families to pursue higher education. Boys and girls program participants are offered mentorship activities with volunteer leaders from San Diego's business community.

Pro Kids formally began offering academic support to kids with the construction of our first Learning Center in 2001. The Pro Kids Academy launched in the fall of 2015 to help underserved kids close the experience gap and develop core competencies to navigate the complex journey to college and career achievement, integrating existing golf and life skills programming with interest-generating curriculum related to science, technology, education and mathematics.

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, offering PGA Junior League golf competition, 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.

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 three checking accounts at a national bank and five cash accounts at a national investment firm. At various times, cash balances may exceed federally insured deposit limits (FDIC). As of December 31, 2017 and 2016, the Organization exceeded this limit by approximately $50,000 and $0, respectively. 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. As of December 31, 2017 and 2016, $10,000 and $40,000, respectively, are considered uncollectible.

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.

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, 2017 and 2016.

Investments - Investments are carried at fair market value. Income on investments are 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, 2017 and 2016.

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, 2017 and 2016 the Organization has no accrued interest or penalties related to uncertain tax positions.

Recent Accounting Pronouncement - In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The new guidance improves and simplifies the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. The Organization is assessing the impact this standard will have on its financial statements.

Reclassifications - Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

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 four pledges which are collectible from one to two years. The discount on the pledges was $5,313 and $9,884 at December 31, 2017 and 2016, respectively.

Pledges receivable consist of the following at December 31, 2017 and 2016:

	2017	2016
Gross Pledges Receivable	$ 267,000	$ 509,000
Less: Discount to Net Present Value	(5,313)	(9,884)
Net Pledges Receivable	$ 261,687	$ 499,116

	2017	2016
Amounts Due In:		
Less Than One Year	$ 177,000	$ 267,000
One To Three Years	90,000	242,000
	$ 267,000	$ 509,000

NOTE 4 PROPERTY AND EQUIPMENT

Major categories of property and equipment are summarized as follows:

	2017	2016
Colina Park:		
Leasehold Improvements	$ 4,083,667	$ 4,071,078
Golf Course Equipment	310,763	310,763
Program Furniture, Fixtures and Equipment	197,803	195,306
Vehicles	72,950	72,950
	4,665,183	4,650,097
Oceanside:		
Leasehold Improvements	2,772,669	2,765,640
Program Furniture, Fixtures and Equipment	72,583	72,583
Vehicles	65,215	65,215
	2,910,467	2,903,438
	7,575,650	7,553,535
Less Accumulated Depreciation	(2,284,996)	(2,015,099)
	$ 5,290,654	$ 5,538,436

NOTE 4 PROPERTY AND EQUIPMENT (Continued)

Depreciation expense was $269,897 and $262,852 for the years ended December 31, 2017 and 2016, 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. These assets are classified as Level 3.

NOTE 5 FAIR VALUE MEASUREMENT (Continued)

Financial assets carried at fair value and measured on a recurring basis at December 31, 2017 are classified below in one of the three levels described above:

	Level 1	Level 2	Level 3	Total
Assets				
Exchange Traded Funds	$ 732,608	$ -	$ -	$ 732,608
Pledges Receivable	-	-	261,687	261,687
Corporate Bonds	-	237,877	-	237,877
Exchange Traded Note	13,460	-	-	13,460
	$ 746,068	$ 237,877	$ 261,687	$ 1,245,632

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				
Exchange Traded Funds	$ 838,989	$ -	$ -	$ 838,989
Pledges Receivable	-	-	499,116	499,116
Corporate Stocks	2,226	-	-	2,226
Corporate Bonds	-	204,829	-	204,829
	$ 841,215	$ 204,829	$ 499,116	$ 1,545,160

The following summarizes fair value measurements using significant Level 3 inputs, and changes therein, for the year ended December 31, 2017:

	Pledges Receivable
Balance at January 1, 2017	$ 499,116
New Pledges Received	-
Collections	(232,000)
Discount on Pledges	4,571
Uncollectible	(10,000)
Balance at December 31, 2017	$ 261,687

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:

	Total
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

NOTE 6 INVESTMENTS

Exchange traded funds, bonds, and stocks are held at fair market value and consist of the following at December 31, 2017:

	Cost	Fair Value
Exchange Traded Funds	$ 523,316	$ 732,608
Bonds	237,565	237,877
Exchange Traded Note	13,343	13,460
	$ 760,881	$ 983,945

Exchange traded funds, mutual funds and corporate bonds 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

NOTE 6 INVESTMENTS (Continued)

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, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and Interest	$ 30,429	$ -	$ -	$ 30,429
Investment Gain	75,905	18,116	-	94,021
Investment Fees	(8,047)	-	-	(8,047)
Total Investment Return	$ 98,287	$ 18,116	$ -	$ 116,403

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, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and Interest	$ 44,127	$ -	$ -	$ 44,127
Investment Gain	33,888	14,072	-	47,960
Investment Fees	(10,674)	-	-	(10,674)
Total Investment Return	$ 67,341	$ 14,072	$ -	$ 81,413

NOTE 7 LINE OF CREDIT

The Organization has an agreement with a commercial bank for a $300,000 unsecured line of credit. 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 4.50% and 3.75% at December 31, 2017 and 2016, respectively. As of December 31, 2017 and 2016, $0 and $200,000 had been drawn on the line. The line of credit is set to expire on September 1, 2018.

Interest expense related to the line is $6,086 and $5,531 for the years ended December 31, 2017 and 2016, 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 expired 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, 2017 and 2016 with a capitalized cost of $18,895 and accumulated depreciation of $16,061 and $12,282, respectively. The balance of the lease at December 31, 2016 was $3,630. In 2017, the Organization paid off the lease.

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 was set to expire 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, 2017, with a capitalized cost of $33,405 and accumulated depreciation of $7,794 and $1,113. The balance at December 31, 2016 was $33,405. In 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, 2017 and 2016, respectively.

NOTE 9 NOTE PAYABLE

In December 2012, the Organization entered into a note payable for a vehicle. The note required monthly principal payments of $646 with interest at 0.90% and matured in December 2017. The balance of the note at December 31, 2016 was $7,072. In 2017, the Organization paid off the note payable balance.

Interest expense related to the note is $32 and $102 for the years ended December 31, 2017 and 2016, 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 $3,500 and $3,450 for the years ended December 31, 2017 and 2016, respectively.

NOTE 10 COMMITMENTS (Continued)

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, 2017 and 2016 was $3,000.

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

2018	$	6,500
2019		6,500
2020		6,500
2021		6,500
2022		6,500
Thereafter		117,000
	$	149,500

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 $243,158 and $236,665 at December 31, 2017 and 2016, respectively.

NOTE 11 ENDOWMENT FUND (Continued)

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 funds 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, 2017:

	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets			
Beginning of Year	$ 21,549	$ 215,116	$ 236,665
Contributions	-	-	-
Dividends and Interest	10,781	-	10,781
Investment Gain	7,335	-	7,335
Amounts Appropriated for Expenditures	(11,623)	-	(11,623)
Endowment Net Assets, End of Year	$ 28,042	$ 215,116	$ 243,158

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, 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 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 $262,781 and $229,720 on December 31, 2017 and 2016, 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. Included in this fund are the temporarily restricted net asset portion of the endowment fund (See Note 11). The balance in this fund was $91,553 and $85,888 on December 31, 2017 and 2016, 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 $56,163 and $111,502 on December 31, 2017 and 2016, 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 $0 and $151,747 on December 31, 2017 and 2016, respectively.

Equipment Fund - The Organization receives donations for the purchase and installation of golf equipment. The balance of this fund was $0 and $56,930 on December 31, 2017 and 2016, 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. 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. The balance in this fund on December 31, 2017 and 2016 was $450,000 and $600,000, respectively.

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, 2017 and 2016.

Legal Support - The Organization received a donation in 2017 in support of Pro Kids member continuing success, with particular regard to children and young adults with uncertain legal status that may impede their continued educational or vocational development. Funds are unrestricted in terms of specific use, but were requested to serve Pro Kids members, alumni and families who need consultation, legal support or other. The balance in this fund was $10,000 on December 31, 2017.

NOTE 12 NET ASSETS (Continued)

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, 2017 and 2016 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.

NOTE 14 AMATEUR GOLF EVENT

The 2017 United States Golf Association (USGA) held the US Women’s Amateur Golf Tournament at San Diego Country Club. The Organization served as a charitable partner with the USGA for the tournament. A one-time charitable donation was made to the Organization from the event’s net revenue, which is traditionally part of the rotating nature of the tournament. Expenses related to the tournament are not related to any Pro Kids programing or activity. The Organization considers this donation to be a one-time occurrence.

NOTE 15 SPECIAL EVENTS

Special event revenues and expenses consist of the following for the years ended December 31, 2017 and 2016:

	2017	2016
Revenue:		
Sponsorships	$ 443,687	$ 388,463
Auction Proceeds	280,414	70,700
Donations	103,491	210,019
Ticket Sales	80,600	155,564
	908,192	824,746
Expenses:		
Direct Benefit to Donors	65,795	55,215
Other Expenses	184,506	176,282
	250,301	231,497
Net Special Events Revenue	$ 657,891	$ 593,249

NOTE 16 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, 2017 and 2016 was $6,066 and $6,585, respectively. All contributions to the plan are 100% vested.

NOTE 17 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 19, 2018, 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.