

FORE!KIDS FOUNDATION, INC.
D/B/A ZURICH CLASSIC OF NEW ORLEANS
NEW ORLEANS, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Fore!Kids Foundation, Inc. d/b/a
Zurich Classic of New Orleans
Avondale, Louisiana

We have audited the accompanying financial statements of the Fore!Kids Foundation, Inc. d/b/a Zurich Classic of New Orleans (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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.

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

**To the Board of Directors of the
Fore!Kids Foundation, Inc. d/b/a
Zurich Classic of New Orleans
March 1, 2018**

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fore!Kids Foundation, Inc. d/b/a Zurich Classic of New Orleans as of September 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Agency Head on page 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Charitable Giving is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2018, on our consideration of the Fore!Kids Foundation, Inc. d/b/a Zurich Classic of New Orleans internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fore!Kids Foundation, Inc. d/b/a Zurich Classic of New Orleans' internal control over financial reporting and compliance.

Prior Period Financial Statements

The financial statements of the Fore!Kids Foundation, Inc. d/b/a Zurich Classic of New Orleans as of September 30, 2016, were audited by other auditors whose report dated December 15, 2016, expressed an unmodified opinion on those statements.



Metairie, Louisiana
March 1, 2018

PACIERA, GAUTREAU & PRIEST, LLC
CERTIFIED PUBLIC ACCOUNTANTS

FORE!KIDS FOUNDATION, INC.
D/B/A ZURICH CLASSIC OF NEW ORLEANS
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 5,279,270	\$ 2,908,747
Investments	3,187,350	2,661,700
Accounts receivable	1,218,360	1,081,590
Other assets	12,955	23,798
Property and equipment, net	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 9,697,935</u>	 <u>\$ 6,675,835</u>
 <u>LIABILITIES:</u>		
Accounts payable	\$ 460,975	\$ 250,861
Contributions payable	1,293,000	1,103,000
Deferred revenue	<u>4,212,102</u>	<u>2,203,890</u>
 Total liabilities	 <u>5,966,077</u>	 <u>3,557,751</u>
 <u>NET ASSETS:</u>		
Unrestricted	357,058	299,114
Unrestricted - Board designated reserves	<u>3,374,800</u>	<u>2,818,970</u>
 Total net assets	 <u>3,731,858</u>	 <u>3,118,084</u>
 Total liabilities and net assets	 <u>\$ 9,697,935</u>	 <u>\$ 6,675,835</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

FORE!KIDS FOUNDATION, INC.
D/B/A ZURICH CLASSIC OF NEW ORLEANS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>UNRESTRICTED SUPPORT AND REVENUES:</u>		
Tournament	\$ 12,192,441	\$ 12,185,694
Golf ball	86,338	88,020
Membership dues	125,896	103,039
Contributions	343,941	364,276
Cooperative endeavor agreements	365,000	414,108
BP Exploration & Production, Inc. grant	-	30,820
	<u>13,113,616</u>	<u>13,185,957</u>
<u>EXPENSES:</u>		
Tournament	11,574,017	11,559,263
Contributions	1,374,657	1,287,140
Depreciation	-	413
Golf ball	35,294	42,294
Other	116,060	116,704
	<u>13,100,028</u>	<u>13,005,814</u>
Total unrestricted support and revenues	<u>13,113,616</u>	<u>13,185,957</u>
Total expenses	<u>13,100,028</u>	<u>13,005,814</u>
Changes in net assets before other revenues	<u>13,588</u>	<u>180,143</u>
<u>OTHER REVENUES:</u>		
Dividends and interest income	82,016	75,184
Realized gains on investments	62,239	14,234
Unrealized gains on investments	152,362	177,217
BP Oil settlement	164,839	-
Miscellaneous	138,730	132,000
	<u>600,186</u>	<u>398,635</u>
Total other revenues	<u>600,186</u>	<u>398,635</u>
Change in net assets	<u>613,774</u>	<u>578,778</u>
Net assets, beginning of year	<u>3,118,084</u>	<u>2,539,306</u>
Net assets, end of year	<u>\$ 3,731,858</u>	<u>\$ 3,118,084</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

FORE!KIDS FOUNDATION, INC.
D/B/A ZURICH CLASSIC OF NEW ORLEANS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 613,774	\$ 578,778
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:		
Depreciation	-	413
Unrealized gains on investments	(152,362)	(177,217)
Realized gains on investments	(62,239)	(14,234)
Changes in assets and liabilities:		
Accounts receivable	(136,770)	(69,232)
Other assets	10,843	(13,215)
Accounts payable	210,114	14,425
Contributions payable	190,000	(62,500)
Deferred revenue	<u>2,008,212</u>	<u>123,930</u>
Net cash from operating activities	<u>2,681,572</u>	<u>381,148</u>
<u>CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:</u>		
Purchases of investments	(1,048,956)	(1,251,850)
Sales of investments	<u>737,907</u>	<u>572,435</u>
Net cash (used by) investing activities	<u>(311,049)</u>	<u>(679,415)</u>
Net increase (decrease) in cash and cash equivalents	2,370,523	(298,267)
Cash and cash equivalents, beginning of year	<u>2,908,747</u>	<u>3,207,014</u>
Cash and cash equivalents, end of year	<u>\$ 5,279,270</u>	<u>\$ 2,908,747</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

FORE!KIDS FOUNDATION, INC.
D/B/A ZURICH CLASSIC OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Fore!Kids Foundation, Inc. (the Foundation) was incorporated on September 20, 1990 under the laws of the State of Louisiana as a non-profit corporation and does business as the Zurich Classic of New Orleans. The primary purpose of the Foundation is the promotion and support of children's charities for the community of New Orleans by promoting, managing and sponsoring an annual Professional Golfers' Association (the PGA) Tour golf tournament (the Tournament). The Tournament is sponsored under a written agreement with the PGA Tour, which details the terms and conditions of the Tournament, prizes to professionals, financial obligations and general division of duties of the parties. The Foundation has annual charitable contributions impact of approximately \$1.3 million dollars on the New Orleans metropolitan area and Southeast Louisiana.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, contributions payable, and other liabilities.

Basis of Presentation

The financial statement presentation follows the recommendations of the United States generally accepted accounting principles (GAAP). Under GAAP, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets – Those net assets whose use is not restricted by donors.

Unrestricted – Board designated reserves – Net assets designated by the Board to be held in reserves for future use at the Board's discretion.

Temporarily Restricted Net Assets – Those net assets whose use by the Foundation has been limited by donors (a) to later periods of time or after specified dates, or (b) to specific purposes. There are no temporarily restricted net assets as of year-end.

Permanently Restricted Net Assets – Those net assets that must be maintained in perpetuity due to donor-imposed restrictions that will neither expire with the passage of time nor be removed by meeting certain requirements. Income earned on these investments may be restricted for specific purposes. There are no permanently restricted net assets as of year-end.

FORE!KIDS FOUNDATION
D/B/A ZURICH CLASSIC OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017 AND 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Fore!Kids Foundation, Inc. considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

Investments

The Foundation carries investments at market value in the financial statements. Investments consist of mutual funds, equity securities and bonds. Unrealized gains or losses on investments are reflected in the statements of activities and are recorded in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or law. Dividend, interest, and other investment income is recorded as increases in unrestricted net assets unless the use is restricted by the donor. Donated investments are recorded at fair value at the date of receipt.

GAAP define fair value as 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 and establish a framework for measuring fair value.

Level 1 lies at the top of the hierarchy, where inputs are quoted prices in active markets.

Level 2 inputs are in the middle of the hierarchy, where data are adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices.

Level 3 inputs are unobservable and generated by the entity itself.

No Level 2 or Level 3 inputs were used by the Foundation.

FORE!KIDS FOUNDATION
D/B/A ZURICH CLASSIC OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017 AND 2016

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amount the Foundation expects to collect. The primary receivables are from the PGA Tour and the title sponsor, Zurich Insurance Company (Zurich). Money pledged from the PGA Tour is withheld until the annual financial statement audit is submitted. The Foundation believes all receivables are collectible; therefore no allowance existed at September 30, 2017 and 2016.

Property and Equipment

The depreciation methods used by the Foundation are as follows:

Software	Straight-line	3 years
Equipment	Straight-line, accelerated methods	5-7 years
Leasehold improvements	Straight-line	7-10 years

Property and equipment are stated at cost, less accumulated depreciation. Additions and improvements that materially add to productive capacity or extend the life of an asset are capitalized. Other expenditures for maintenance are charged to operations in the year incurred.

Deferred Revenue

The Foundation receives part of its annual sponsorship rights from Zurich in June of each year. This revenue is part of the next year's sponsorship agreement and must be deferred at the time of receipt because it is not earned until the following year.

Support and Revenues

The Foundation's primary source of revenue is from the staging of its annual PGA-sponsored Tournament. Approximately 93% of the revenue earned during the year comes from ticket sales and television and sponsorship rights associated with the Tournament. The current contract with the PGA and Zurich, the title sponsor, runs through the 2019 golf tournament.

The Foundation has two cooperative endeavor agreements with the State of Louisiana (the State). The purpose of each of the cooperative endeavor agreements is to defray the costs (1) associated with the production of the PGA Tour event and (2) associated with advertising. The cooperative endeavor agreements are based on the State's availability of funds and must be renewed on an annual basis.

FORE!KIDS FOUNDATION
D/B/A ZURICH CLASSIC OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017 AND 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

The Foundation expenses advertising as incurred. Advertising expense was \$73,522 and \$93,789 for the years ended September 30, 2017 and 2016, respectively, and is recorded in tournament expenses in the statements of activities.

Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, Fore!Kids Foundation, Inc. qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Fore!Kids Foundation, Inc.'s evaluation as of September 30, 2017 revealed no tax positions that would have a material impact on the financial statements. The 2014 through 2016 tax years remain subject to examination by the IRS. The Foundation does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Contributed Services

Members of the Foundation's executive committee and other volunteers have made significant contributions of their time to assist in the Tournament's operation and related charitable programs. The value of this contributed time is not recorded in these financial statements because it is not susceptible to objective measurement or valuation.

The Foundation also offers various rights and services during the Tournament to several of its suppliers and vendors in return for services and products provided by these suppliers such as use of rental cars, rental of equipment, airplane tickets, catering services, media, and other services and products. These non-cash transactions are recorded at the value of the service given up by the Foundation and totaled \$490,604 and \$459,840 in tournament revenue and expense for the years ended September 30, 2017 and 2016, respectively. Media coverage is used as advertisement for the Tournament. In return, the Foundation provides suites, club packages, tickets, and passes to media providers and news stations. These non-cash transactions are recorded at the value of the service given up by the Foundation and totaled approximately \$88,125 and \$151,400 in tournament revenue and expense for the years ended September 30, 2017 and 2016, respectively.

FORE!KIDS FOUNDATION
D/B/A ZURICH CLASSIC OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017 AND 2016

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Functional Expense

Directly identifiable expenses are charged to program services. General and administrative expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Foundation. Functional Expenses are as follows for the year ended September 30:

	<u>2017</u>	<u>2016</u>
Program Services:		
Zurich Classic of New Orleans	\$ 10,614,949	\$ 10,654,356
Contributions	<u>1,374,657</u>	<u>1,287,140</u>
	11,989,606	11,941,496
 General and Administrative	 <u>1,110,422</u>	 <u>1,064,318</u>
	<u>\$ 13,100,028</u>	<u>\$ 13,005,814</u>

Subsequent Events

Management has evaluated subsequent events through March 1, 2018, the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure in these financial statements.

(2) **PROPERTY AND EQUIPMENT**

The cost of such property and equipment at September 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Equipment	\$ 253,367	\$ 253,367
Leasehold improvements	<u>687,768</u>	<u>687,768</u>
	941,135	941,135
 Less: accumulated depreciation	 <u>(941,135)</u>	 <u>(941,135)</u>
	<u>\$ -</u>	<u>\$ -</u>

There was no depreciation expense for the year ended September 30, 2017. Depreciation expense for the year ended September 30, 2016 was \$413.

FORE!KIDS FOUNDATION
D/B/A ZURICH CLASSIC OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017 AND 2016

(3) INVESTMENTS AND FAIR VALUE MEASUREMENT

The Foundation has total funds invested with an investment broker of \$3,374,800 and \$2,818,970 as of September 30, 2017 and 2016, respectively. Of this, \$187,450 and \$157,270 were included in cash and cash equivalents on the statements of financial position as of September 30, 2017 and 2016, respectively. The fair value of investments is as follows at December 31:

	2017	2016
Fixed income	\$ 842,266	\$ 668,813
Equities	1,433,579	1,295,223
Mutual Funds	911,505	697,664
	\$ 3,187,350	\$ 2,661,700

The fair value of investments are determined by reference to quoted prices in active markets for identical assets (Level 1).

Investment income is reported net of related expenses, such as custodial and investment advisory fees. Investment related expenses charged to investment income for the years ended September 30, 2017 and 2016 was \$35,658 and \$29,078, respectively.

(4) AGENCY TRANSACTIONS

The Foundation, serving in an agency capacity, receives funds from various charity golf tournaments and other events throughout the year. Those funds are then distributed to the designated charity. The total amount received during the year ended September 30, 2017 and 2016, was \$406,697 and \$409,033, respectively, all of which was distributed to the various charities.

(5) RELATED PARTY TRANSACTIONS

The Foundation and the Bayou District Foundation have common board members. The Foundation contributed \$81,397 and \$68,000 to the Bayou District Foundation during the years ended September 30, 2017 and 2016, respectively.

(6) CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash and investments. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of September 30, 2017 and 2016, the Foundation had cash in banks in excess of this amount totaling \$4,858,947, and \$2,763,410, respectively. The Foundation has not experienced any losses in such accounts and believes it is not exposed to such risk. The Foundation has no policy requiring collateral or other security to support its deposits.

FORE!KIDS FOUNDATION
D/B/A ZURICH CLASSIC OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017 AND 2016

(6) **CONCENTRATION OF CREDIT RISK (continued)**

The Foundation has investment accounts that contain cash and securities. Balances are insured up to \$500,000 which includes a limit of \$250,000 for cash, by the Securities Investors Protection Corporation (SIPC). The Foundation had balances in excess of these amounts totaling \$2,687,350 and \$2,161,700 as of September 30, 2017 and 2016, respectively. The Foundation has not experienced any losses in such accounts and believes it is not exposed to such risks. The Foundation has no policy requiring collateral or other security to support its deposits.

As of September 30, 2017 and 2016, the Foundation had relationships with two entities that made up approximately 85% and 86%, respectively, of all receivables.

For the years ended September 30, 2017 and 2016, the Foundation had two entities that comprised 66% and 66% of total revenue, respectively.

(7) **TOURNAMENT SPONSORSHIP AGREEMENT**

The Foundation's primary source of revenue is the sale of tournament sponsorships and other rights. The sponsorship agreement with Zurich calls for, among other things, an annual sponsorship fee, guarantee of the purchase of a specified number of advertising units from the networks broadcasting the Tournament, and the right to have the Zurich name included in the Tournament name. Payments on behalf of Zurich were made to the Foundation totaling \$4,100,000 and \$4,050,000 for the years ended September 30, 2017 and 2016, respectively. The term of the agreement is effective through the 2019 Tournament. Included in deferred revenue in the statements of financial position was \$4,150,000 and \$2,050,000 at September 30, 2017 and 2016, respectively, related to Zurich sponsorship amounts for the subsequent year's tournament.

(8) **DONATIONS**

The Foundation makes contributions to local and children's charities based on requests received during the year. During 2017 and 2016, the Foundation donated \$1,374,657 and \$1,287,140, respectively, to these charities, of which \$47,250 and \$45,190, respectively, were donations of tickets and other tournament packages which were raffled by the requesting organizations. The proceeds of the raffles were donated to charitable organizations.

(9) **OPERATING LEASE**

The Foundation leases office space under a noncancellable operating lease which expired in June 2014. After June 2014, as long as the PGA Tour utilizes the current tournament site, the Foundation can renew its lease annually at the term of \$1 per year. The foundation records in-kind rent income and expense in the amount of the original terms of the agreement of \$80,000 a year. Income and expense are recorded in other income and expense on the financial statements for the year ended September 30, 2017 and 2016.

FORE!KIDS FOUNDATION
D/B/A ZURICH CLASSIC OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017 AND 2016

(10) 403(b) RETIREMENT PLAN

The Foundation provides an elective deferral 403(b) retirement plan for full-time employees commencing on the date of hire. Expenses related to the retirement plan for the years ended September 30, 2017 and 2016 were \$23,050 and \$22,831, respectively. These expenses are included in tournament expenses on the statement of activities. The Foundation provides a Simplified Employee Pension discretionary retirement plan for full-time employees with over one year of service. Expenses related to the retirement plan for the years ended September 30, 2017 and 2016 were \$31,843 and \$28,920, respectively, and are included in tournament expenses on the statement of activities.

(11) NEW ACCOUNTING PRONOUNCEMENT

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2016-14, “*Not-for-Profit Entities (NFPs)*.” This Update makes several improvements to current reporting requirements that address, among others, the following problems: (1) complexities about the use of the currently required three classes of net assets that focus on the absence or presence of donor-imposed restrictions and whether those restrictions are temporary or permanent; (2) deficiencies in the transparency and utility of information useful in assessing an entity's liquidity caused by potential misunderstandings and confusion about the term unrestricted net assets and how restrictions or limits imposed by donors, grantors, laws, contracts, and governing boards affect an entity's liquidity, classes of net assets, and financial performance; (3) inconsistencies in the type of information provided about expenses of the period—for example, some, but not all, NFPs provide information about expenses by both nature and function; and (4) impediment of preparing the indirect method reconciliation if an NFP chooses to use the direct method of presenting operating cash flows. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. The Organization plans to adopt this update as applicable by the effective date.

FORE!KIDS FOUNDATION, INC.
D/B/A ZURICH CLASSIC OF NEW ORLEANS
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Steve Worthy <u>Chief Executive Officer</u>
Time served	10/01/2016 - 09/30/2017
Salary	\$ -
Benefits - insurance (health and dental)	-
Benefits - retirement	-
Benefits - cell phone	-
Car allowance - parking	-
Vehicle provided by government	-
Benefits - insurance stipend	-
Per diem reimbursements	-
Other reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<hr/>
Total compensation, benefits, and other payments	\$ <u><u>-</u></u>

There were no payments for the benefit of the Chief Executive Officer that were derived from the public funds (state and/or local governmental funds and/or federal funds passed through a state or local government agency) that the Foundation receives.

FORE!KIDS FOUNDATION, INC.
D/B/A ZURICH CLASSIC OF NEW ORLEANS
SCHEDULE OF CHARITABLE GIVING
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(UNAUDITED)

PASS-THROUGH AGENCY TRANSACTIONS

Zurich:

CARE Awards:

Boys Hope Girls Hope	\$ 10,000
A's and Aces	10,000
Blessings in a Backpack	46,000
St. Bernard Project	70,000
St. Michael's	100,000
Toys-R-Us	<u>21,590</u>

Total Zurich 257,590

VOA Golf Tournament	112,107
Baton Rouge Area Foundation	27,000
St. Michael's - Astellas/Myrbetric	<u>10,000</u>

Total pass-through agency transactions \$ 406,697

TRANSACTIONS MADE ON BEHALF OF FORE!KIDS FOUNDATION

PGA Tour - World Golf Foundation	<u>\$ 50,000</u>
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FORE!KIDS FOUNDATION CONTRIBUTIONS

Miscellaneous Contributions:

First Tee of GNO (WPA purse)	\$ 10,000
Louisiana Hospitality Foundation - Champions Club	97,650
Literacy Volunteers - Celeb Shootout	10,000
Bayou District Foundation - Acme Venue	78,397
Young Life - Westbank - Ecology	41,000
Young Life - Eastbank - Will Call/Communications	8,000
St. Bernard Project	10,000
The Kelly Gibson Foundation	18,000
Other contributions under \$10,000	41,010
Charity Golf Tournaments under \$10,000	13,350
Charity Ticket Sales	47,250
Accrued Donations	<u>1,000,000</u>

Total Fore!Kids contributions \$1,374,657

2017 TOTAL CHARITABLE GIVING \$1,831,354

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(1905-1985)
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(1932-2003)
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(Retired)

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of the
Fore!Kids Foundation, Inc. d/b/a
Zurich Classic of New Orleans

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Fore!Kids Foundation, Inc. d/b/a Zurich Classic of New Orleans (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 1, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fore!Kids Foundation, Inc. d/b/a Zurich Classic of New Orleans' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, not for the purpose of expressing an opinion on the effectiveness of the Fore!Kids Foundation, Inc. d/b/a Zurich Classic of New Orleans' internal control. Accordingly we do not express an opinion on the effectiveness of the Fore!Kids Foundation, Inc. d/b/a Zurich Classic of New Orleans' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

PACIERA, GAUTREAU & PRIEST, LLC
CERTIFIED PUBLIC ACCOUNTANTS

**To the Board of Directors of the
Fore!Kids Foundation, Inc. d/b/a
Zurich Classic of New Orleans**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fore!Kids Foundation, Inc. d/b/a Zurich Classic of New Orleans' financial statements are free from material misstatement, we performed tests of its compliance with certain laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fore!Kids Foundation, Inc. d/b/a Zurich Classic of New Orleans internal control or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fore!Kids Foundation, Inc. d/b/a Zurich Classic of New Orleans' internal control over compliance. Accordingly, this communication is not suitable for any other purpose.



Metairie, Louisiana
March 1, 2018

FORE!KIDS FOUNDATION
D/B/A ZURICH CLASSIC OF NEW ORELANS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2017

SUMMARY OF AUDITOR'S FINDINGS

No findings were required to be reported.

RESPONSES

Not Applicable

FORE!KIDS FOUNDATION
D/B/A ZURICH CLASSIC OF NEW ORELANS
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2017

SUMMARY OF AUDITOR'S PRIOR YEAR FINDINGS

No findings were required to be reported in the prior year.

PRIOR YEAR RESPONSES

Not Applicable