

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

FINANCIAL STATEMENTS

September 30, 2020 and 2019



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Fore!Kids Foundation, Inc.
d/b/a Zurich Classic of New Orleans
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September 30, 2020 and 2019

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Report



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Fore!Kids Foundation, Inc. d/b/a Zurich Classic of New Orleans (a nonprofit organization) (the Foundation), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, 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.

Auditors' 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 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 auditors' 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 auditors consider internal control relevant to the Foundation'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 Foundation'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 Chief Executive Officer, Schedule of Charitable Giving, and Schedule of Donations Paid in 2020 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2021, on our consideration of the Foundation's 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 solely 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 Foundation's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
February 19, 2021



Financial Statements

Fore!Kids Foundation, Inc.
d/b/a Zurich Classic of New Orleans
Statements of Financial Position

<i>September 30,</i>	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 4,968,962	\$ 1,252,949
Investments	4,316,777	3,909,698
Accounts receivable	201,095	1,154,331
Other assets	185,625	14,822
Total current assets	9,672,459	6,331,800
Property and equipment, net	-	-
Total assets	\$ 9,672,459	\$ 6,331,800
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 375,740	\$ 241,170
Donations payable	1,162,500	1,545,000
Deferred revenue	2,874,250	77,525
Total current liabilities	4,412,490	1,863,695
Net assets		
Without donor restriction	5,259,969	4,468,105
Total liabilities and net assets	\$ 9,672,459	\$ 6,331,800

The accompanying notes are an integral part of these financial statements.

Fore!Kids Foundation, Inc.
d/b/a Zurich Classic of New Orleans
Statement of Activities

<i>For the year ended September 30, 2020</i>	Without Donor Restriction	With Donor Restriction	Total
Revenue and Support			
Tournament	\$ 2,251,186	\$ -	\$ 2,251,186
Fundraising	77,000	-	77,000
Membership dues	120,834	-	120,834
Contributions	494,208	-	494,208
Cooperative endeavor agreements	54,662	-	54,662
PPP loan revenue	129,400	-	129,400
Other	130,400	-	130,400
Total revenue and other support	3,257,690	-	3,257,690
Expenses			
Tournament	1,223,625	-	1,223,625
Donations	1,218,922	-	1,218,922
General and administrative	551,260	-	551,260
Total expenses	2,993,807	-	2,993,807
Change in net assets before other revenues	263,883	-	263,883
Other Revenues			
Dividends and interest income	121,538	-	121,538
Realized gains on investments	99,092	-	99,092
Unrealized gains on investments	307,351	-	307,351
Total other revenues	527,981	-	527,981
Change in net assets	791,864	-	791,864
Net assets at beginning of year	4,468,105	-	4,468,105
Net assets at end of year	\$ 5,259,969	\$ -	\$ 5,259,969

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

Fore!Kids Foundation, Inc.
d/b/a Zurich Classic of New Orleans
Statement of Activities

<i>For the year ended September 30, 2019</i>	Without Donor Restriction	With Donor Restriction	Total
Revenue and Support			
Tournament	\$ 12,462,551	\$ -	\$ 12,462,551
Golf Ball	36,038	-	36,038
Membership dues	120,644	-	120,644
Contributions	375,024	-	375,024
Cooperative endeavor agreements	517,500	-	517,500
Other	144,261	-	144,261
Total revenue and support	13,656,018	-	13,656,018
Expenses			
Tournament	11,418,856	-	11,418,856
Donations	1,661,607	-	1,661,607
General and administrative	497,540	-	497,540
Total expenses	13,578,003	-	13,578,003
Change in net assets before other revenues	78,015	-	78,015
Other Revenues			
Dividends and interest income	162,694	-	162,694
Realized gains on investments	88,057	-	88,057
Unrealized gains on investments	30,388	-	30,388
Total other revenues	281,139	-	281,139
Change in net assets	359,154	-	359,154
Net assets at beginning of year	4,108,951	-	4,108,951
Net assets at end of year	\$ 4,468,105	\$ -	\$ 4,468,105

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

Fore!Kids Foundation, Inc.
d/b/a Zurich Classic of New Orleans
Statement of Functional Expense

<i>For the year ended September 30, 2020</i>	Program Services		Supporting Services		Total
	Tournament	Donations	General and Administration		
Purse	\$ -	\$ -	\$ -	\$ -	-
Tournament buildout and equipment	406,897	-	-	-	406,897
Grants	-	1,218,922	-	-	1,218,922
Salaries and benefits	713,939	-	311,234	-	1,025,173
Other tournament expenses	94,606	-	-	-	94,606
Rent	-	-	80,001	-	80,001
Insurance	-	-	-	-	-
Office expense	-	-	60,128	-	60,128
Membership	-	-	51,711	-	51,711
Bad debt	-	-	48,186	-	48,186
Travel	8,183	-	-	-	8,183
Total expenses	\$ 1,223,625	\$ 1,218,922	\$ 551,260	\$ -	2,993,807

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

Fore!Kids Foundation, Inc.
d/b/a Zurich Classic of New Orleans
Statement of Functional Expense

<i>For the year ended September 30, 2019</i>	Program Services		Supporting Services		Total
	Tournament	Donations	General and Administration		
Purse	\$ 7,300,000	\$ -	\$ -	\$ -	\$ 7,300,000
Tournament buildout & equipment	3,180,403	-	-	-	3,180,403
Grants	-	1,661,607	-	-	1,661,607
Salaries and benefits	713,170	-	277,544	-	990,714
Other tournament expenses	138,126	-	-	-	138,126
Rent	-	-	80,001	-	80,001
Insurance	75,029	-	-	-	75,029
Office expense	-	-	73,615	-	73,615
Membership	-	-	66,380	-	66,380
Travel	12,128	-	-	-	12,128
Total expenses	\$ 11,418,856	\$ 1,661,607	\$ 497,540	\$ -	\$ 13,578,003

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

Fore!Kids Foundation, Inc.
d/b/a Zurich Classic of New Orleans
Statements of Cash Flows

<i>For the years ended September 30,</i>	2020	2019
Operating Activities		
Changes in net assets	\$ 791,864	\$ 359,154
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Unrealized gains on investments	(307,351)	(30,388)
Realized gains on investments	(99,092)	(88,057)
Changes in operating assets and liabilities:		
Accounts receivable	953,236	(171,996)
Other assets	(170,803)	(5,898)
Accounts payable	134,570	(95,770)
Donations payable	(382,500)	102,000
Deferred revenue	2,796,725	(4,223,990)
Net cash provided by (used in) operating activities	3,716,649	(4,154,945)
Investing Activities		
Purchases of investments	(891,370)	(2,045,398)
Sales of investments	890,734	1,907,224
Net cash provided by (used in) investing activities	(636)	(138,174)
Net change in cash and cash equivalents	3,716,013	(4,293,119)
Cash and cash equivalents at beginning of year	1,252,949	5,546,068
Cash and cash equivalents at end of year	\$ 4,968,962	\$ 1,252,949

The accompanying notes are an integral part of these financial statements.

Fore!Kids Foundation, Inc.
d/b/a Zurich Classic of New Orleans
Notes to Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

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 (PGA) Tour golf tournament (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 an annual charitable impact of approximately \$2.1 million dollars on the New Orleans metropolitan area and Southeast Louisiana.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Fore!Kids Foundation, Inc.
d/b/a Zurich Classic of New Orleans
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Foundation's investments are stated at fair value. Investment income is recognized when earned. The change in unrealized gains and losses is included in the changes in net assets without donor restriction in the accompanying statements of activities. Investments consist of mutual funds, equity securities and bonds.

Accounts Receivable

Accounts receivable are stated at the amount the Foundation expects to collect. At September 30, 2020, the primary receivables are from the PGA Tour and Volunteers of America. At September 30, 2019, 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, 2020 and 2019.

Property and Equipment

All acquisitions of property and equipment in excess of \$2,500 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost. Depreciation is computed using the straight-line method. Estimated useful lives used in computing depreciation are as follows:

Equipment	5-7 years
Leasehold improvements	7-10 years

There was no depreciation expense for the years ended September 30, 2020 and 2019, respectively.

Deferred Revenue

The Foundation receives part of its annual sponsorship rights with 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. Additional amounts in deferred revenues amount to membership fees or suite fees for the upcoming tournament.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and capital assets reserve.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. There were no assets with donor restrictions at September 30, 2020 and 2019.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

The Foundation's primary source of revenue is from the staging of its annual PGA-sponsored Tournament. Approximately 92% 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 2026 golf tournament.

As a result of the COVID-19 pandemic, the tournament revenue in 2020 was limited primarily to sponsorship fees from Zurich in its role as the lead sponsor of the tournament.

Donations that are restricted by the donor are reported as increases in revenue without donor restriction if the restrictions expire (that is, a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted donations are reported as increases in revenue with donor restriction, depending on the nature of the restriction.

Fore!Kids Foundation, Inc.
d/b/a Zurich Classic of New Orleans
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restriction. As of September 30, 2020 and 2019, there are no net assets with donor restriction.

The Foundation has three 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.

Contributed Services

Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

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 approximately \$0 and \$523,015 in tournament revenue and expense for the years ended September 30, 2020 and 2019, 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 \$0 and \$94,445 in tournament revenue and expense for the years ended September 30, 2020 and 2019, respectively.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Refundable Advance – PPP Loan Revenue

On July 27, 2020 the Foundation received a loan in the amount of \$129,400 under the Paycheck Protection Program (PPP) pursuant to the CARES Act and administered by the U.S. Small Business Administration (SBA) (See Note 14). The Foundation is recognizing revenue from the PPP loan following the guidance under FASB ASC 958-605. PPP loan funds are considered a conditional contribution and recorded as a refundable advance on the statement of financial position until the barriers to entitlement are met. The Foundation considers the barriers to entitlement to include the incurrence of qualifying expenses and maintaining specified levels of payroll and employment. Revenue is recognized once conditions have been substantially met or explicitly waived. The Foundation does not consider the administrative process of filing for forgiveness to be a condition to recognize the PPP loan as revenue.

Functional Expense

The financial statements of the Foundation report certain categories of expenses that are attributable to more than one program or supporting function. The Foundation has two primary programs which make up a majority of the functional expense: the promotion of a PGA Tournament (Tournament) and Donations to Children’s Charities throughout the Gulf Coast Region (Donations). Expenses are allocated based on functional use or actual time and effort.

Advertising

The Foundation expenses advertising as incurred. Advertising expense was \$0 and \$77,466 for the years ended September 30, 2020 and 2019, respectively, and is recorded in tournament expenses in the statements of activities.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Foundation is exempt from taxes on income other than unrelated business income. Unrelated business income results from rent, administration of self-insurance activities, and commissions. In addition, the Foundation 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).

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Foundation utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of September 30, 2020 and 2019, the Foundation has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 19, 2021. See Note 14 *PPP Loan Revenue* for disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Recently Adopted Accounting Pronouncements

In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Foundation adopted this ASU effective September 1, 2019. It did not have a significant effect on the financial statements of the Foundation.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry specific guidance. These amendments are effective for the fiscal year ending June 30, 2022. Early adoption with certain restrictions is permitted. The Foundation is currently evaluating the impact of the guidance on its financial statements.

Fore!Kids Foundation, Inc.
d/b/a Zurich Classic of New Orleans
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

A variety of proposed or otherwise potential accounting standards are currently under review and study by standard-setting organizations and certain regulatory agencies. Because of the tentative and preliminary nature of such proposed standards, the Foundation has not yet determined the effect, if any, that the implementation of any such proposed or revised standards would have on its financial statements.

NOTE 3: FINANCIAL ASSET AVAILABILITY

The Foundation maintains its financial assets primarily in cash, cash equivalents, and liquid investments to provide liquidity to ensure funds are available as the Foundation's expenditures come due. The following reflects the Foundation's financial assets as of the statements of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions. The Foundation has a goal to maintain financial assets, consisting of cash on hand, accounts receivable, and investments to meet tournament operating expenses for at least one tournament, and believes it has appropriate available financial resources as of September 30, 2020.

<i>September 30,</i>	2020	2019
Financial assets, at year-end	\$ 9,486,834	\$ 6,316,978
Less those not available for general expenditures within one year, due to donor imposed restrictions	-	-
Financial assets available to meet cash needs for general expenditures	\$ 9,486,834	\$ 6,316,978

Financial assets at year-end as noted in the above schedule exclude property and equipment and other assets.

Note 4: PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of September 30:

	2020	2019
Equipment	\$ 253,367	\$ 253,367
Leasehold improvements	687,768	687,768
Total cost	941,135	941,135
Less accumulated depreciation	(941,135)	(941,135)
Property and equipment, net	\$ -	\$ -

Fore!Kids Foundation, Inc.
d/b/a Zurich Classic of New Orleans
Notes to Financial Statements

Note 5: NET ASSETS

A summary of net assets without donor restrictions is as follows:

	2020	2019
Net assets without donor restrictions:		
Undesignated	\$ 1,885,169	\$ 1,093,305
Board-designated for future tournament expenses	3,374,800	3,374,800
Total net assets without donor restrictions	\$ 5,259,969	\$ 4,468,105

There were no net assets with donor restrictions at September 30, 2020 and 2019.

Note 6: 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 years ended September 30, 2020 and 2019, was approximately \$394,313 and \$390,062, respectively, which was distributed to the various charities.

Note 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 \$4,480,000 and \$8,147,500 for the years ended September 30, 2020 and 2019, respectively. The term of the agreement is effective through the 2026 Tournament. In May 2020, Zurich notified the Foundation that \$2,215,000 of sponsorship payments made in fiscal 2020 are to be applied to the 2020 tournament and the remaining \$2,215,000 is to be used to offset the sponsorship fee for the 2021 tournament. The first payment from Zurich for the 2020 tournament was not received until November 2019, thus no deferred revenue was recorded. Included in deferred revenue in the statements of financial position was \$2,215,000 and \$0 at September 30, 2020 and 2019, respectively, related to Zurich sponsorship amounts for the subsequent year's tournament.

Note 8: DONATIONS

The Foundation makes donations to local and children's charities based on requests received during the year. During 2020 and 2019, the Foundation donated \$1,218,922 and \$1,661,607, respectively, to these charities, of which \$8,516 and \$54,035, 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. In addition to these donations, the PGA Tour contributed \$50,000 directly to charities on behalf of the Foundation for each of the years ended September 30, 2020 and 2019.

Note 9: 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 recorded in-kind rent income and expense in the amount of the original terms of the agreement of \$80,001 for each of the years ended September 30, 2020 and 2019 and is included in other income and rent expense on the statement of activities.

Note 10: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Fore!Kids Foundation, Inc.
d/b/a Zurich Classic of New Orleans
Notes to Financial Statements

Note 10: FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2020 and 2019.

Fixed Income: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Assets measured at fair value on a recurring basis are summarized at September 30, 2020:

	Level 1	Level 2	Level 3	Total
Fixed income	\$ 1,064,507	\$ -	\$ -	\$ 1,064,507
Equities	1,900,203	-	-	1,900,203
Mutual funds	1,352,067	-	-	1,352,067
Total investments at fair value	\$ 4,316,777	\$ -	\$ -	\$ 4,316,777

Fore!Kids Foundation, Inc.
d/b/a Zurich Classic of New Orleans
Notes to Financial Statements

Note 10: FAIR VALUE MEASUREMENTS (CONTINUED)

Assets measured at fair value on a recurring basis are summarized at September 30, 2019:

	Level 1	Level 2	Level 3	Total
Fixed income	\$ 1,035,115	\$ -	\$ -	\$ 1,035,115
Equities	1,652,133	-	-	1,652,133
Mutual funds	1,222,449	-	-	1,222,449
Total investments at fair value	\$ 3,909,698	\$ -	\$ -	\$ 3,909,698

Investment related expenses for the years ended September 30, 2020 and 2019 was \$39,873 and \$36,913, respectively.

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended September 30, 2020 and 2019, there were no significant transfers in or out of Levels 1, 2, or 3.

Note 11: 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, 2020 and 2019, the Foundation had cash in banks in excess of this amount totaling \$4,508,175 and \$821,346, 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.

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 \$3,966,777 and \$3,650,548 as of September 30, 2020 and 2019, 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.

Fore!Kids Foundation, Inc.
d/b/a Zurich Classic of New Orleans
Notes to Financial Statements

As of September 30, 2020, the Foundation had relationships with two entities that made up approximately 96% of all receivables. As of September 30, 2019, the Foundation had relationships with three entities that made up approximately 93% of all receivables.

For the year ended September 30, 2020, the Foundation had one entity that comprised 68% of total revenue. For the year ended September 30, 2019, the Foundation had two entities that comprised 60% of total revenue.

Note 12: RETIREMENT PLANS

The Foundation provides an elective deferral 403(b) retirement plan (the Plan). Upon hire, all full-time employees of the Foundation are eligible to make elective deferrals to the Plan. The Foundation does not provide any matching contributions to the Plan.

The Foundation also provides a Simplified Employee Pension Discretionary Retirement Plan (SEP) for full-time employees with over one year of service who are over the age of 21. The Foundation makes contributions to the SEP at a rate of 4% of an employee's gross salary per year and is limited to the first \$205,000 of income for each employee. No employee contribution is necessary to participate. Contributions related to the retirement plan for the years ended September 30, 2020 and 2019 were \$26,376 and \$18,332, respectively.

Note 13: RELATED PARTY TRANSACTIONS

The Foundation and the Bayou District Foundation have common board members. The Foundation contributed \$57,000 and \$93,610 to the Bayou District Foundation during the years ended September 30, 2020 and 2019, respectively.

The Foundation and Educare New Orleans have common board members. The Foundation contributed \$200,000 to Educare New Orleans for each of the years ended September 30, 2020 and 2019. As of both September 30, 2020 and 2019, the amount was accrued and included in contributions payable.

The Foundation and First Tee Greater New Orleans have common board members. The Foundation contributed \$75,000 and \$102,000 to First Tee Greater New Orleans for the years ended September 30, 2020 and 2019. As of both September 30, 2020 and 2019, the \$75,000 was accrued and included in contributions payable.

The Foundation and the Louisiana Hospitality Foundation have common board members. The Foundation contributed \$65,000 and \$126,000 to the Louisiana Hospitality Foundation for the years ended September 30, 2020 and 2019.

Note 13: RELATED PARTY TRANSACTIONS (Continued)

The Foundation and Louisiana Restaurant Association Education Foundation have common board members. The Foundation contributed \$7,500 and \$5,000 to Louisiana Restaurant Association Education Foundation for the years ended September 30, 2020 and 2019. As of both September 30, 2020 and 2019, the amount was accrued and included in contributions payable.

The Foundation and Catholic Charities have common board members. The Foundation contributed \$10,000 to Catholic Charities for both the years ended September 30, 2020 and 2019. As of both September 30, 2020 and 2019, the amount was accrued and included in contributions payable.

Note 14: PPP LOAN REVENUE

On July 27, 2020, the Foundation received a loan in the amount of \$129,400 under the PPP pursuant to the CARES Act and administered by the SBA. The PPP provides for forgivable loans to qualifying businesses. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll costs, rent and utilities.

Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. According to terms of the promissory note, the first payment of principal and interest is due in January 2020, with subsequent payments due each month through the loan maturity date of June 2022.

The Foundation is using the PPP loan funds for its payroll and benefits purposes consistent with the PPP. While the Foundation currently believes that its use of the PPP funds are meeting the conditions for forgiveness of the PPP loan and is in the process of preparing the SBA's forgiveness application, no assurance can be provided that the Foundation will obtain forgiveness of the loan, in whole or in part.

Subsequent to September 30, 2020, the Foundation submitted the application for forgiveness of the PPP loan and forgiveness was granted for the full loan balance of \$129,400 on January 8, 2021.

Note 15: COVID-19 PANDEMIC

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant impact on the operating activities and results of the Foundation. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.



Supplementary Information

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, 2020

Agency Head Name: Steve Worthy, CEO

Purpose	Amount
Salary	\$ -
Benefits-health insurance	-
Benefits-retirement	-
Deferred compensation	-
Workers comp	-
Benefits-life insurance	-
Benefits-long term disability	-
Benefits-Fica & Medicare	-
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Unvouchered expenses	-
Meetings & conventions	-
Other	-
Total	\$ -

There were no public funds used to compensate the agency head during the year ended September 30, 2020.

See independent auditors' report.

Fore!Kids Foundation, Inc.
d/b/a Zurich Classic of New Orleans
Schedule of Charitable Giving

For the year ended September 30,

2020

Pass-Through Contributions

Zurich's Contribution	
CARE Awards:	
The Bright School	\$ 10,000
Raphael Academy	10,000
Blessings in a Backpack	46,000
St. Bernard Project	10,000
St. Michael's	100,000
Holiday Event (Barnes & Noble)	20,900
<hr/>	
Total Zurich's Contributions	196,900
VOA Golf Tournament	143,913
Montgomery Stire/MetLife PGA TOUR COVID-19 Relief	25,000
Patton's/MetLife PGA TOUR COVID-19 Relief	25,000
First Tee (Walmart)	3,500
<hr/>	
Total Pass-Through Contributions	394,313

Donations Made on Behalf of Fore!Kids Foundation, Inc.

PGA TOUR - World Golf Foundation	50,000
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Fore!Kids Foundation, Inc. Donations

Miscellaneous Donations	
Bayou District Foundation - Acme Venue	\$ 57,000
Louisiana Hospitality Foundation - Champions Club	65,000
Young Life - Westbank	22,000
Miscellaneous Donations - under \$10,000	24,250
Charity Golf Tournament/Events - under \$10,000	6,450
In-Kind Donations	19,222
Accrued Donations	1,025,000
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Total Fore!Kids Foundation, Inc. Donations	1,218,922

Total Charitable Giving	\$ 1,663,235
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See independent auditors' report.

Fore!Kids Foundation, Inc.
d/b/a Zurich Classic of New Orleans
Schedule of Donations Paid in 2020

<i>For the year ended September 30,</i>	2020
50 Legs in 50 Days	\$ 12,000
826 New Orleans - Formerly Big Class	5,000
A's and Aces	7,500
Boys & Girls Clubs of Greater Baton Rouge	5,000
Boys & Girls Clubs of Southeast Louisiana	5,000
Boys Hope Girls Hope of Greater New Orleans	15,000
Boys Town Louisiana	5,000
Brave Heart - Children in Need	10,000
Breakthrough New Orleans	7,500
Camp Challenge	5,000
CASA Jefferson	5,000
CASA New Orleans	5,000
Catholic Charities - Cornerstone Kids	10,000
Children's Advocacy Center - Hope House	10,000
Children's Bureau of New Orleans	10,000
Children's Hospital	250,000
Communities in Schools Gulf South	5,000
Covenant House New Orleans	7,500
Educare New Orleans	200,000
Electric Girls	5,000
Elevate New Orleans	5,000
Excite All Stars	10,000
FIRST Louisiana Mississippi	7,500
First Tee of Baton Rouge	25,000
First Tee of Greater New Orleans	75,000
Foundation for Woman's	7,500
Friends Helping Kids	10,000
Golden Meadow Lions Club	10,000
Greater New Orleans Foundation	300,000
James Samaritan (Formerly James Storehouse Louisiana)	7,500
Jewish Children's Regional Service	7,500
JoJo's Hope	5,000
Kelly Gibson Foundation	15,000
Lighthouse Louisiana	25,000
Live Oak Camp	5,000
Louisiana Pulmonary Disease Camp - Camp Pelican	10,000
Louisiana Restaurant Association Education Foundation	7,500
McMain's Children's Development Center	5,000
	(Continued)

See independent auditors' report.

Fore!Kids Foundation, Inc.
d/b/a Zurich Classic of New Orleans
Schedule of Donations Paid in 2020
(Continued)

Muscular Dystrophy Association of Southeast Louisiana	10,000
New Orleans Speech and Hearing Center	10,000
Ochsner Clinic Foundation	20,000
Our Lady of the Lake Children's Hospital	60,000
Plaquemines Care Center	10,000
Play Build Nola	5,000
Prescription Joy	5,000
Raintree Children and Family Services	15,000
Raphael Academy	10,000
Son of Saint	10,000
St. Mary's Residential Training School	13,000
St. Therese Academy	5,000
STAIR	17,500
Sunshine Kids	10,000
The Bright School for the Deaf	10,000
The Chartwell Center	15,000
The Emerge Center	15,000
The Roots of Music	10,000
Volunteers of America Greater New Orleans	10,000
WRBH	2,500
YMCA of Greater New Orleans	5,000
Youth Empowerment Project	10,000
Youth Service Bureau of St. Tammany	7,500
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Total Donations Paid in 2020	\$ 1,407,500
	(Concluded)

See independent auditors' report.



**Reports Required by
*Government Auditing Standards***



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INDEPENDENT AUDITORS' 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
Fore!Kids Foundation, Inc.
d/b/a Zurich Classic of New Orleans
Avondale, Louisiana

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 Fore!Kids Foundation, Inc. d/b/a Zurich Classic of New Orleans (a nonprofit organization) (the Foundation), which comprise the statement of financial position as of September 30, 2020, 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 February 19, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's 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, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's 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. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of 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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana

February 19, 2021

**Fore!Kids Foundation, Inc.
d/b/a Zurich Classic of New Orleans
Schedule of Findings and Responses
For the year ended September 30, 2020**

I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

1. Type of auditors’ report issued	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	None noted
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
c. Noncompliance material to the financial statements noted?	None noted

II – FINDINGS RELATED TO FINANCIAL STATEMENTS COMPLIANCE

No findings material to the financial statements were noted during the year ended September 30, 2020.

III – OTHER MATTERS

No management letter was issued for the year ended September 30, 2020.

**Fore!Kids Foundation, Inc.
d/b/a Zurich Classic of New Orleans
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2019**

II – FINDINGS RELATED TO FINANCIAL STATEMENTS COMPLIANCE

No findings material to the financial statements were noted during the year ended September 30, 2019.

III – OTHER MATTERS

No management letter was issued for the year ended September 30, 2019.