

**FORE!KIDS FOUNDATION, INC.
D/B/A ZURICH CLASSIC OF NEW ORLEANS**

FINANCIAL STATEMENTS

For the Years Ended September 30, 2018 and 2017



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**FORE!KIDS FOUNDATION, INC.
D/B/A ZURICH CLASSIC OF NEW ORLEANS
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SEPTEMBER 30, 2018**

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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) (the Foundation), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses, 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.

Auditors' 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 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 auditor considers 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, 2018, 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.

Prior Period Financial Statements

The financial statements of the Foundation as of and for the year ended September 30, 2017, were audited by other auditors whose report dated March 1, 2018, expressed an unmodified opinion on those statements.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules of compensation, benefits, and other payments to Chief Executive Officer, schedule of charitable giving for the year ended September 30, 2018 and the schedule of contributions paid in 2018, are presented for purposes of additional analysis and are 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 March 11, 2019, 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 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.

Carly Riggs & Ingram, L.L.C.

March 11, 2019

FORE!KIDS FOUNDATION, INC.
D/B/A ZURICH CLASSIC OF NEW ORLEANS
STATEMENTS OF FINANCIAL POSITION

<i>As of September 30,</i>	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,546,068	\$ 5,279,270
Investments	3,653,079	3,187,350
Accounts receivable	982,335	1,218,360
Other assets	8,924	12,955
Total current assets	10,190,406	9,697,935
PROPERTY AND EQUIPMENT, net	-	-
TOTAL ASSETS	\$ 10,190,406	\$ 9,697,935
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 336,940	\$ 460,975
Contributions payable	1,443,000	1,293,000
Deferred revenue	4,301,515	4,212,102
Total current liabilities	6,081,455	5,966,077
NET ASSETS		
Unrestricted	734,151	357,058
Unrestricted - board designated reserves	3,374,800	3,374,800
Total net assets	4,108,951	3,731,858
TOTAL LIABILITIES AND NET ASSETS	\$ 10,190,406	\$ 9,697,935

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

FORE!KIDS FOUNDATION, INC.
D/B/A ZURICH CLASSIC OF NEW ORLEANS
STATEMENTS OF ACTIVITIES

<i>For the Years Ended September 30,</i>	2018	2017
SUPPORT AND REVENUES		
Tournament	\$ 12,501,834	\$ 12,192,441
Golf Ball	67,566	86,338
Membership dues	114,875	125,896
Contributions	325,661	343,941
Cooperative endeavor agreements	311,000	365,000
Other	134,000	138,730
Total support and revenues	13,454,936	13,252,346
EXPENSES		
Tournament	11,348,122	11,251,251
Contributions	1,602,310	1,374,657
General and administrative	444,549	474,120
Total expenses	13,394,981	13,100,028
CHANGES IN NET ASSETS BEFORE OTHER REVENUES	59,955	152,318
OTHER REVENUES		
Dividends and interest income	106,944	82,016
Realized gain on investments	130,682	62,239
Unrealized gains on investments	79,512	152,362
BP Oil settlement	-	164,839
Total other revenues	317,138	461,456
CHANGES IN NET ASSETS	377,093	613,774
NET ASSETS - Beginning of year	3,731,858	3,118,084
NET ASSETS - End of year	\$ 4,108,951	\$ 3,731,858

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 FUNCTIONAL EXPENSE

<i>For the Years Ended September 30, 2018</i>	<u>Program</u>		General and Administration	Total
	Tournament	Contributions		
Purse	\$ 7,200,000	\$ -	\$ -	\$ 7,200,000
Tournament buildout & equipment	3,131,188	-	-	3,131,188
Other tournament expenses	130,058	-	-	130,058
Salary and benefits	800,261	-	200,065	1,000,326
Insurance	75,029	-	-	75,029
Grants	-	1,602,310	-	1,602,310
Membership	-	-	69,904	69,904
Travel	11,586	-	-	11,586
Rent	-	-	80,001	80,001
Office expense	-	-	70,203	70,203
GolfBall	-	-	24,376	24,376
Total expenses	\$ 11,348,122	\$ 1,602,310	\$ 444,549	\$ 13,394,981

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 Years Ended September 30, 2017</i>	<u>Program</u>		General and Administration	Total
	Tournament	Contributions		
Purse	\$ 7,100,000	\$ -	\$ -	\$ 7,100,000
Tournament buildout & equipment	3,132,380	-	-	3,132,380
Other tournament expenses	133,871	-	-	133,871
Salary and benefits	800,794	-	200,198	1,000,992
Insurance	75,908	-	-	75,908
Grants	-	1,374,657	-	1,374,657
Membership	-	-	80,588	80,588
Travel	8,298	-	4,983	13,281
Rent	-	-	80,001	80,001
Office expense	-	-	83,974	83,974
GolfBall	-	-	24,376	24,376
Total expenses	\$ 11,251,251	\$ 1,374,657	\$ 474,120	\$ 13,100,028

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>	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 377,093	\$ 613,774
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Unrealized gains on investments	(79,512)	(152,362)
Changes in operating assets and liabilities:		
Accounts receivable	236,025	(136,770)
Other assets	4,031	10,843
Accounts payable	(124,035)	210,114
Contributions payable	150,000	190,000
Deferred revenue	89,413	2,008,212
Net cash provided by operating activities	653,015	2,743,811
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(689,354)	(1,048,956)
Realized gains on investments	(130,682)	(62,239)
Sales of investments	433,819	737,907
Net cash used in investing activities	(386,217)	(373,288)
NET CHANGES IN CASH AND CASH EQUIVALENTS	266,798	2,370,523
CASH AND CASH EQUIVALENTS - Beginning of year	5,279,270	2,908,747
CASH AND CASH EQUIVALENTS - End of year	\$ 5,546,068	\$ 5,279,270

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 – 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 an annual charitable impact of approximately \$2.1 million dollars on the New Orleans metropolitan area and Southeast Louisiana.

Financial Statement Presentation

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets depending on the existence and/or nature of any donor restrictions.

Revenues and gains (losses) are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

Unrestricted net assets – Assets that are not restricted by donors or for which there are no restrictions.

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 – Net assets that arise from contributions that are restricted by donors for specific purposes or time periods. There were no temporarily restricted net assets as of September 30, 2018 and 2017.

Permanently restricted net assets – A donation, grant or contract that is restricted by the donor or by law to be maintained by the Foundation in perpetuity. There were no permanently restricted net assets as of September 30, 2018 and 2017.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

**FORE!KIDS FOUNDATION, INC.
D/B/A ZURICH CLASSIC OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of the Foundation’s financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect reported amounts of assets and liabilities 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 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 including bank repurchase agreements.

Investments

The Foundation carries investments at market value in the financial statements. Unrealized gains or losses on investments are reflected in the statements of activities. Investments consist of mutual funds, equity securities and bonds.

Financial Accounting Standards Board (FASB) Accounting Standards Codification 820 – *Fair Value Measurements and Disclosures* defines 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.

Property and Equipment

The depreciation methods used by the Foundation are as follows:

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, improvements and expenditures for maintenance 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.

**FORE!KIDS FOUNDATION, INC.
D/B/A ZURICH CLASSIC OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

Accounting Standards Codification (ASC) Fair Value Measurements establishes a framework for measuring fair value in accordance with Generally Accepted Accounting Principles (GAAP) and disclosures about the fair value measurements. The valuation hierarchy is based upon the reliability of inputs to the valuation of an asset or liability on the measurement date. The three levels of the fair value hierarchy are described below:

- LEVEL 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- LEVEL 2 – Inputs to the valuation methodology include quoted process for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- LEVEL 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Accounts Receivable

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, 2018 and 2017.

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.

**FORE!KIDS FOUNDATION, INC.
D/B/A ZURICH CLASSIC OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues and Other Support

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 2026 golf tournament.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

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.

Advertising

The Foundation expenses advertising as incurred. Advertising expense was \$87,017 and \$73,522 for the years ended September 30, 2018 and 2017, respectively, and is recorded in tournament expenses in the statements of activities.

Income Taxes

The Foundation is a tax exempt organization under Internal Revenue Code Section 501(c)(3) and, as such, is not subject to income tax.

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.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services (continued)

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 \$461,590 and \$490,604 in tournament revenue and expense for the years ended September 30, 2018 and 2017, 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 \$97,020 and \$88,125 in tournament revenue and expense for the years ended September 30, 2018 and 2017, respectively.

Functional Expense

The cost of program and supporting services has been reported on a functional basis. This requires the allocation of certain costs based on total program costs and estimates made by management.

Reclassification

Certain amounts in the expense categories and in support and revenues in the statement of activities have been reclassified to conform with the 2018 presentation with no effect on previously reported net income.

Recent Financial Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Under this ASU, net assets will be presented in two classes: net assets with donor restrictions and net assets without donor restrictions. Underwater endowments will be included in net assets with donor restrictions and new or enhanced disclosures regarding the composition of net assets will be required. Disclosures regarding liquidity and availability of resources for general operating expenditures within one year of the date of the statement of financial position must also be presented. The ASU requires expenses to be presented by both nature and function, and investment return will be presented net of investment expenses. Absent specific donor stipulations, the Foundation will use the placed-in-service approach for reporting expirations of restrictions on long-lived assets. The ASU is effective for fiscal period ending September 30, 2019, but early adoption is permitted. Adoption of this ASU will impact the presentation and disclosures of the Foundation's financial statements. The Foundation has not elected to early adopt this standard.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Financial Accounting Pronouncements (Continued)

In November 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-18, Statement of Cash Flows (Topic 230). The amendments in this Update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this Update do not provide a definition of restricted cash or restricted cash equivalents. GAAP currently does not include specific guidance on the cash flow classification and presentation of changes in restricted cash or restricted cash equivalents other than limited guidance for not-for-profit entities. Specifically, there is no guidance to address how to classify and present changes in restricted cash or restricted cash equivalents that occur when there are transfers between cash, cash equivalents, and restricted cash or restricted cash equivalents and when there are direct cash receipts into restricted cash or restricted cash equivalents or direct cash payments made from restricted cash or restricted cash equivalents. The amendments in this Update are an improvement to GAAP because they provide guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows, thereby reducing the diversity in practice described above. The ASU is effective for fiscal year-ending June 30, 2020, but early adoption is permitted. Adoption of this ASU will impact the presentation and disclosures of the Foundation’s financial statements. The Foundation has not elected to early adopt this standard.

NOTE 2 – PROPERTY AND EQUIPMENT

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

	2018	2017
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	\$ -	\$ -

There was no depreciation expense for the years ended September 30, 2018 and 2017, respectively.

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

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENT

The valuation of the Foundation’s assets that are measured at fair value on a recurring basis at September 30, 2018, is as follows:

Fair Value Measurements at Reporting Date Using				
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Fixed income	\$ 877,572	\$ -	\$ -	\$ 877,572
Equities	1,607,574	-	-	1,607,574
Mutual funds	1,167,933	-	-	1,167,933
Total investments at fair value	\$ 3,653,079	\$ -	\$ -	\$ 3,653,079

The valuation of the Foundation’s assets that are measured at fair value on a recurring basis at September 30, 2017, is as follows:

Fair Value Measurements at Reporting Date Using				
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Fixed income	\$ 842,266	\$ -	\$ -	\$ 842,266
Equities	1,433,579	-	-	1,433,579
Mutual funds	911,505	-	-	911,505
Total investments at fair value	\$ 3,187,350	\$ -	\$ -	\$ 3,187,350

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, 2018 and 2017 was \$27,375 and \$35,658, respectively.

NOTE 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 years ended September 30, 2018 and 2017, was approximately \$428,383 and \$406,697, respectively, of which \$428,383 and \$406,697, respectively, net of administrative expenses, was distributed to the various charities.

**FORE!KIDS FOUNDATION, INC.
D/B/A ZURICH CLASSIC OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – RELATED PARTY TRANSACTIONS

The Foundation and the Bayou District Foundation have common board members. The Foundation contributed \$91,050 and \$81,397 to the Bayou District Foundation during the years ended September 30, 2018 and 2017, respectively.

NOTE 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, 2018 and 2017, the Foundation had cash in banks in excess of this amount totaling \$4,762,321, and \$4,858,947, 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 \$3,448,662 and \$2,687,350 as of September 30, 2018 and 2017, 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, 2018 and 2017, the Foundation had relationships with two entities that made up approximately 85% and 85%, respectively, of all receivables.

For the years ended September 30, 2018 and 2017, the Foundation had two entities that comprised 60% and 66% of total revenue, respectively.

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

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 \$4,170,000 and \$4,100,000 for the years ended September 30, 2018 and 2017, respectively. The term of the agreement is effective through the 2026 Tournament. Included in deferred revenue in the statements of financial position was \$4,200,000 and \$4,150,000 at September 30, 2018 and 2017, respectively, related to Zurich sponsorship amounts for the subsequent year's tournament.

NOTE 8 – DONATIONS

The Foundation makes contributions to local and children's charities based on requests received during the year. During 2018 and 2017, the Foundation donated \$1,602,310 and \$1,374,657, respectively, to these charities, of which \$46,360 and \$47,250, 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, various organizations contributed \$50,000 directly to charities on behalf of the Foundation for each of the years ended September 30, 2018 and 2017.

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 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, 2018 and 2017 .

NOTE 10 – 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, 2018 and 2017 were \$32,310 and \$31,843.

**FORE!KIDS FOUNDATION, INC.
D/B/A ZURICH CLASSIC OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 –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).

Accounting principles generally accepted in the United States of America require the Foundation's Management to evaluate tax positions taken by the Foundation and recognize a liability if the foundation has taken an uncertain position that more likely than not would be sustained upon examination by the Internal Revenue Service. The Foundation's management has analyzed the tax positions taken, and has concluded that as of September 30, 2018, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

NOTE 12 – BP OIL SETTLEMENT

For the year ended September 30, 2017, the Foundation was awarded \$164,839 as a result of the BP settlement for the Deepwater Horizon Oil spill in May 2010.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 11, 2019, 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.

FORE!KIDS FOUNDATION, INC.
D/B/A ZURICH CLASSIC OF NEW ORLEANS
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER

For the Year Ended September 30, 2018

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 government funds used to compensate the CEO (agency head) during the year ended September 30, 2018.

FORE!KIDS FOUNDATION, INC.
D/B/A ZURICH CLASSIC OF NEW ORLEANS
SCHEDULE OF CHARITABLE GIVING
FOR THE YEAR ENDED SEPTEMBER 30, 2018

PASS-THROUGH CONTRIBUTIONS

Zurich's Contributions

CARE Awards:	
Lighthouse Louisiana	\$ 10,000
Volunteers of America of Southeast Louisiana	10,000
St. Michael's	100,000
St. Bernard Project	70,000
Blessings in a Backpack	46,000
Toys-R-Us	21,590
Total Zurich's Contributions	257,590

VOA Golf Tournament	168,543
First Tee of Greater New Orleans	2,000
Camp Challenge - Bill Reinhardt	250

TOTAL PASS-THROUGH CONTRIBUTIONS	\$ 428,383
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CONTRIBUTIONS MADE ON BEHALF OF FORE!KIDS FOUNDATION

PGA TOUR - World Golf Foundation	\$ 50,000
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TOTAL CONTRIBUTIONS MADE ON BEHALF OF FORE!KIDS FOUNDATION	\$ 50,000
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FORE!KIDS FOUNDATION CONTRIBUTIONS

Miscellaneous Contributions	
Louisiana Hospitality Foundation - Champions Club	\$ 114,500
Bayou District Foundation - Acme Venue	91,050
Young Life - Westbank - Ecology	42,000
The Kelly Gibson Foundation Banquet	18,000
Louisiana Hospitality Foundation	15,000
Literacy Volunteers - Celeb Shootout	10,000
First Tee of Greater New Orleans - WPA	10,000
Miscellaneous Contributions - under \$10,000	44,500
Charity Golf Tournament/Events - under \$10,000	10,900
In-Kind Donations	46,360
Accrued Donations	1,200,000
TOTAL FORE!KIDS FOUNDATION CONTRIBUTIONS	\$ 1,602,310

2018 TOTAL CHARITABLE GIVING	\$ 2,080,693
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See independent auditors' report.

FORE!KIDS FOUNDATION, INC.
D/B/A ZURICH CLASSIC OF NEW OREANS
SCHEDULE OF
CONTRIBUTIONS PAID IN 2018

<i>For the year ended September 30,</i>	2018
50 legs	\$ 12,000
Apex Youth Center	7,500
A's and Aces	7,500
Big Class - Creative Writing	5,000
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
Covenant House	7,500
Educare New Orleans	200,000
Elevate USA	5,000
Excite All Stars	10,000
First Tee of Baton Rouge	7,500
Foundation for Woman's	7,500
Friends Helping Kids	10,000
Golden Meadow Lions Club	10,000
Holy Rosary Academy & High School	10,000
Jewish Children's Regional Service	7,500
Joey's Hope	5,000
JoJo's Hope	5,000
Lighthouse Louisiana	25,000
Live Oak Camp	5,000
Louisiana Pulmonary Disease Camp - Camp Pelican	10,000
McMain's Children's Development Center	5,000
Muscular Dystrophy Association of Southeast Louisiana	10,000
New Orleans Speech and Hearing Center	10,000
Ochsner	10,000
Our Lady of the Lake Children's Hospital	50,000
Play Build Nola	5,000
Raintree Children and Family Services	15,000

(Continued)

See independent auditors' report.

FORE!KIDS FOUNDATION, INC.
D/B/A ZURICH CLASSIC OF NEW ORLEANS
SCHEDULE OF
CONTRIBUTIONS PAID IN 2018

Raphael Academy	10,000
Seasons Grief Center	5,000
St. Mary's Residential Training School	13,000
St. Michael Special School	75,000
St. Michael Special School	10,000
Start the Adventure in Reading	12,500
Sunshine Kids	10,000
The Bright School for the Deaf	10,000
The Chartwell Center	15,000
The Emerge Center	15,000
The First Tee of Greater New Orleans	75,000
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

\$ 1,100,000

(Concluded)

See independent auditors' report.



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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, 2018, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 11, 2019.

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.

Caru, Riggs & Ingram, L.L.C.

March 11, 2019

**FORE!KIDS FOUNDATION, INC.
ZURICH CLASSIC OF NEW ORLEANS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting:			
Material weaknesses identified?	_____ yes	_____ X _____ no	
Significant deficiencies identified not considered to be material weaknesses?	_____ yes	_____ X _____ none reported	
Noncompliance material to financial statements noted?	_____ yes	_____ X _____ no	

Management Letter

Was a management letter issued?	_____ yes	_____ X _____ no
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Section II - Financial Statement Findings

Current Year (September 30, 2018):

No findings material to the financial statements were noted during the audit.

Prior Year (September 30, 2017):

No findings material to the financial statements were noted during the audit.

Section III - Internal Control Findings

Current Year (September 30, 2018):

No findings related to internal control, which would be required to be reported in accordance with *Government Auditing Standards*, were noted during the audit.

Prior Year (September 30, 2017):

No findings related to internal control, which would be required to be reported in accordance with *Government Auditing Standards*, were noted during the audit.