KEITER STEPHENS

Business Assurance
& Advisory Services

The First Tee®
Richmond & Chesterfield

RICHMOND FIRST TEE

Financial Statements

December 31, 2010 and 2009

RICHMOND FIRST TEE

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KEITER STEPHENS
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
Richmond First Tee
Richmond, Virginia

We have reviewed the accompanying statement of financial position of Richmond First Tee (the "Organization") as of December 31, 2010, and the related statements of activities, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States.

The financial statements for the year ended December 31, 2009 were audited by us. We expressed an unqualified opinion for the report dated July 7, 2010. We have not performed any auditing procedures since that date.

Keiter, Stephens, Hurst, Gary & Shreaves, P.C.

September 21, 2011
Glen Allen, Virginia

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RICHMOND FIRST TEE

Statements of Financial Position
December 31, 2010 and 2009

	2010	2009
Assets		
Current assets:		
Cash and cash equivalents	$ 138,315	$ 72,576
Accounts receivable	-	756
Promises to give, net	355,666	63,500
Inventory	11,041	21,751
Total current assets	505,022	158,583
Promises to give - long term, net	356,966	153,970
Property and equipment, net	2,881,097	3,130,702
Total assets	$ 3,743,085	$ 3,443,255
Liabilities and Net Assets		
Current liabilities:		
Line of credit	$ 99,851	$ 100,000
Accounts payable and accrued liabilities	17,898	17,912
Unearned revenue	8,429	9,552
Total current liabilities	126,178	127,464
Net assets:		
Unrestricted net assets	2,904,275	3,098,321
Temporarily restricted net assets	712,632	217,470
Total net assets	3,616,907	3,315,791
Total liabilities and net assets	$ 3,743,085	$ 3,443,255

See accountants' review report and accompanying notes to financial statements.

RICHMOND FIRST TEE

Statement of Activities
Year Ended December 31, 2010
(With Comparative Totals for 2009)

	2010			2009
	Unrestricted	Temporarily Restricted	Total	Total
Revenue and support:				
General contributions	$ 214,428	$ 712,632	$ 927,060	$ 232,520
In-kind contributions	65,000	-	65,000	58,292
Grants	-	49,125	49,125	57,800
Program revenue:				
Green fees	315,877	-	315,877	329,663
Cart rental	125,652	-	125,652	135,849
Pro shop	39,901	-	39,901	46,953
Driving range	47,860	-	47,860	50,952
Certification programs	33,983	-	33,983	25,827
Lessons	3,779	-	3,779	461
Interest income	-	-	-	5
Miscellaneous income	7,133	-	7,133	-
Total revenue and support	853,613	761,757	1,615,370	997,993
Net assets released from restriction	266,595	(266,595)	-	-
Expenditures:				
Program services	921,200	-	921,200	847,337
Management and general	309,100	-	309,100	426,174
Fundraising	83,954	-	83,954	93,944
Total expenditures	1,314,254	-	1,314,254	1,367,455
Change in net assets	(194,046)	495,162	301,116	(369,462)
Net assets, beginning of year	3,098,321	217,470	3,315,791	3,685,253
Net assets, end of year	$ 2,904,275	$ 712,632	$ 3,616,907	$ 3,315,791

See accountants' review report and accompanying notes to financial statements.

RICHMOND FIRST TEE

Statement of Activities
Year Ended December 31, 2009

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
General contributions	$ 220,520	$ 12,000	$ 232,520
In-kind contributions	58,292		58,292
Grants	-	57,800	57,800
Program revenue:			
Green fees	329,663	-	329,663
Cart rental	135,849	-	135,849
Pro shop	46,953	-	46,953
Golf tournament	59,671	-	59,671
Driving range	50,952	-	50,952
Certification programs	25,827	-	25,827
Lessons	461	-	461
Interest income	5	-	5
Total revenue and support	928,193	69,800	997,993
Net assets released from restriction	108,465	(108,465)	-
Expenditures:			
Program services	847,337	-	847,337
Management and general	426,174	-	426,174
Fundraising	93,944	-	93,944
Total expenditures	1,367,455	-	1,367,455
Change in net assets	(330,797)	(38,665)	(369,462)
Net assets, beginning of year	3,429,118	256,135	3,685,253
Net assets, end of year	$ 3,098,321	$ 217,470	$ 3,315,791

See accountants' review report and accompanying notes to financial statements.

RICHMOND FIRST TEE

Statements of Cash Flows
Years Ended December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Change in net assets	$ 301,116	$ (369,462)
Adjustments to reconcile to net cash from operating activities:		
Depreciation	253,269	268,183
Change in assets and liabilities:		
Accounts receivable	756	(756)
Promises to give, net	(495,162)	38,665
Inventory	10,710	2,972
Accounts payable and accrued liabilities	(14)	(2,543)
Unearned revenue	(1,123)	5,803
Net cash provided by (used in) operating activities	69,552	(57,138)
Cash flows from investing activities:		
Purchases of property and equipment	(3,664)	(22,747)
Net cash used in investing activities	(3,664)	(22,747)
Cash flows from financing activities:		
Net payments on line of credit	(149)	-
Net cash used in financing activities	(149)	-
Net increase (decrease) in cash	65,739	(79,885)
Cash and cash equivalents, beginning of year	72,576	152,461
Cash and cash equivalents, end of year	$ 138,315	$ 72,576
Supplemental information:		
Cash paid for interest	$ 5,245	$ 2,083

See accountants' review report and accompanying notes to financial statements.

1. Organization:

Richmond First Tee, Inc. (the "Organization") is a non-profit, non-stock, tax-exempt corporation formed in Virginia in 1998 that operates in the City of Richmond and Chesterfield County. The Organization's purpose is to impact the lives of young people by providing learning facilities and educational programs that promote character development and life-enhancing values through the game of golf. The First Tee is an initiative of the World Golf Foundation that granted chapter status to Richmond First Tee in 1998.

2. Summary of Significant Accounting Policies:

Basis of Accounting: The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States which include the accrual basis of accounting.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

Net Assets: The Organization reports 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. The financial statements report amounts separately by class of net assets as follows:

Unrestricted net assets are those currently available at the discretion of the Board of Directors for use in the Organization's operations and those resources invested in equipment.

Temporarily restricted net assets are those which are stipulated by donors for a designated time or purpose. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If the contribution and activity occur in the same year, the revenue is recorded in unrestricted net assets. Temporarily restricted net assets are for subsequent years' operations.

Permanently restricted net assets are restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation. There were no permanently restricted net assets at December 31, 2010 or 2009.

2. Summary of Significant Accounting Policies, Continued:

Revenue Recognition: All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to other legal restrictions. Contributions are recorded once an unconditional promise to give has been received by the Organization. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support, which increase that net asset class. When a donor 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 statement of activities as net assets released from restrictions.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Organization considers all highly liquid investment instruments with a maturity at purchase of three months or less to be cash equivalents.

Allowance for Bad Debt: The Organization's management evaluates each of its accounts receivables individually, and provides a charge to expense when, in the opinion of management, a probable credit loss has occurred. At December 31, 2010 and 2009, no allowance was considered necessary.

Inventory: Inventory is stated at the lower of cost or market, with cost being determined by the first-in, first-out method. Inventory consists of golf apparel and equipment at the pro-shop.

Property and Equipment: Property and equipment are stated at cost or, as in the case of gifts, at fair market value as of the date of donation. Depreciation is computed on the straight-line method over estimated useful lives which range from three to 39 years. Expenditures for maintenance and repairs are expensed currently, while expenditures for major additions and betterments are capitalized.

Valuation of Long-Lived Assets: Under Financial Accounting Standards Board ("FASB") guidance on accounting for the impairment or disposal of long-lived assets, the valuation of long-lived assets is required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived an asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. There was no impairment required to be recognized at December 31, 2010.

Advertising: The Organization charges the cost of advertising to expense as incurred. The Organization incurred $83,954 in advertising expenses in 2010, and $79,393 in 2009.

2. Summary of Significant Accounting Policies, Continued:

Income Taxes: The Organization is a qualified non-profit charitable organization as defined by the Internal Revenue Code section 501(c)(3) and the tax statutes of the Commonwealth of Virginia and is thus exempt from federal and state income taxes.

Income Tax Uncertainties: The Organization follows Financial Accounting Standards Board (FASB) guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management evaluated the Organization's tax position and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Organization’s income tax returns for years since 2007 remain open for examination by tax authorities. The Organization is not currently under audit by any tax jurisdiction.

Donated Materials and Services: The Organization receives non-monetary contributions in the course of conducting its programs, including volunteer services. The value of contributed materials and the value of contributed services that either (a) created or enhanced a nonfinancial asset or (b) required specialized skills, was provided by individuals possessing those skills, and would typically have been purchased if not contributed, has been recognized in the financial statements. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs.

Concentrations of Credit Risk: Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and promises to give. The Organization places its cash and cash equivalents with two financial institutions. At times, these balances are in excess of the FDIC insurance limit.

Promises to give are from individuals, corporations, government organizations and foundations. The Organization believes its credit risk related to these receivables is limited due to the nature of its donors. During 2010, three contributors accounted for 61% of the promises to give receivable to Richmond First Tee, and two contributors accounted for 53% of contributions. During 2009, one contributor accounted for 88% of the promises to give receivable to Richmond First Tee, and one contributor accounted for 39% of contributions.

Subsequent Events: Management has evaluated subsequent events through September 21, 2011, the date the financial statements were available for issuance, and has determined that no additional disclosures are necessary.

3. Promises to Give:

Promises to give are summarized as follows as of December 31:

	2010	2009
Restricted for future periods	$ 733,000	$ 227,000
Less discount for present value of 1.8% and 3.2%, respectively	20,368	9,530
Promises to give, net	$ 712,632	$ 217,470
Amounts due in:		
Less than one year	$ 355,666	$ 63,500
One to five years	356,966	153,970
Promises to give, net	$ 712,632	$ 217,470

4. Property and Equipment:

Property and equipment, net of depreciation, as of December 31 is as follows:

	2010	2009
Land improvements	$ 3,709,618	$ 3,709,618
Buildings	1,209,755	1,209,755
Furniture and equipment	720,930	717,267
Vehicles	28,135	28,135
	5,668,438	5,664,775
Less accumulated depreciation	2,787,341	2,534,073
Property and equipment, net	$ 2,881,097	$ 3,130,702

Depreciation expense totaled $253,269 during 2010 and $268,183 during 2009.

5. Line of Credit:

The Organization has a line of credit agreement with a bank for maximum borrowings of $100,000 and interest due monthly at a rate equal to the greater of LIBOR one month market rate plus 4.25% or 5% (5% at December 31, 2010). During 2010, the Organization extended the line through December 31, 2011. The line is guaranteed by a director. Interest expense totaled $5,245 during 2010 and $1,143 in 2009.

In October 2010, the Organization opened an additional line of credit agreement with a bank for maximum borrowings of $50,000 and interest due monthly at a rate equal to the higher of the Wall Street Journal Prime rate or 5.50% (5.5% at December 31, 2010). The line of credit is annually renewable and expires on October 8, 2011. As of December 31, 2010, no borrowings have been made on the second line of credit.

6. Leases:

City of Richmond: The Organization leases land from the City of Richmond (the “City”) based on an agreement that was signed on March 20, 2002 and commenced on May 1, 2003 for a period for five years with three five year extensions. The golf course and practice range suffered significant damage during 2004 from a hurricane, and was closed until 2008. The lease is conditional upon the Organization maintaining the property as a golf course and practice range. If the lease is not extended for the entire twenty years, through April 30, 2023, then the City is required to compensate the Organization for the cost of original improvements paid for by the Organization on a pro-rata basis. The Organization and the City have agreed to other contractual requirements in the agreement. No other consideration is required under the lease. The value of the leased property does not meet the requirements for recognition under generally accepted accounting principles.

County of Chesterfield: The Organization leases land from the County of Chesterfield (the “County”) based on an agreement signed in 1998. The agreement’s term is for 20 years with two ten year optional extensions. Rent is to be paid on April 30 of each year in the amount of $800. The Organization is restricted to use the land for a public golf facility. Upon expiration or termination of the agreement the land and any improvements shall revert to and become the property of the County. The Organization and the County have agreed to other contractual requirements in the agreement. No other consideration is required under the lease. The value of the leased property does not meet the requirements for recognition under generally accepted accounting principles.

Other: The Organization leases office space for management. In December 2009, the Organization entered into a lease for office space for 37 months with payments beginning on December 1, 2009. According to the lease agreement, the lessor will then make contributions to the Organization for half of the monthly expense. The office lease is accounted for as general contributions.

6. Leases, Continued:

Rental expense from operating leases totaled to $49,626 during 2010 and $45,318 during 2009.

Minimum future payments under noncancellable operating leases at December 31, 2010 were as follows:

	Properties	Equipment	Total
2011	$ 18,754	$ 29,574	$ 48,328
2012	18,754	29,574	48,328
2013	800	2,924	3,724
2014	800	-	800
2015	800		800
Thereafter	2,400	-	2,400
	$ 42,308	$ 62,072	$ 104,380

7. Commitments:

The Organization has an operating agreement with a service provider to operate the City of Richmond location with three one-year automatic renewals ending December 31, 2012. The service provider will allow the Organization to use the facilities free of charge. The Organization leases the equipment to the service provider for $1 annually. The Organization and the service provider have agreed to other contractual requirements in the agreement. No other consideration is required under the lease.

8. Indemnification:

The Organization has certain obligations to indemnify its current and former officers and trustees for certain events or occurrences while the officer or trustee is, or was serving, at the Organization's request in such capacities. The maximum liability under these obligations is unlimited; however, the Organization's insurance policies serve to limit its exposure. The Organization believes that the estimated fair value of these indemnification obligations is minimal.

The Organization has agreed to indemnify both the City and County and hold them harmless from and against any claims or damages related to the leased property unless the claims or damages result from the City's or County's willful or negligent acts or omissions. The Organization's insurance policies serve to limit its exposures. The Organization believes that the estimated fair value of these indemnification obligations is minimal.