The First Tee® Greater Richmond

Financial Statements

December 31, 2015

Keiter
Your Opportunity Advisors

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RICHMOND FIRST TEE

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of Richmond First Tee:

We have reviewed the accompanying financial statements of Richmond First Tee (the "Organization"), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. 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's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States; 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

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.

Keiter

September 1, 2016
Glen Allen, Virginia

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RICHMOND FIRST TEE

Statement of Financial Position
December 31, 2015

Assets	
Current assets:	
Cash and cash equivalents	$ 334,605
Promises to give, net	424,669
Inventory	15,030
Prepaid expenses	5,125
Total current assets	779,429
Promises to give - long term, net	997,802
Property and equipment, net	1,889,849
Total assets	$ 3,667,080
Liabilities and Net Assets	
Current liabilities:	
Capital lease obligations, current maturities	$ 15,132
Accounts payable and accrued liabilities	34,099
Unearned revenue	13,614
Total current liabilities	62,845
Capital lease obligations, less current maturities	1,190
Total liabilities	64,035
Net assets:	
Unrestricted net assets	2,180,574
Temporarily restricted net assets	1,422,471
Total net assets	3,603,045
Total liabilities and net assets	$ 3,667,080

See report of independent accountants and accompanying notes to financial statements.

RICHMOND FIRST TEE

Statement of Activities
For The Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
General contributions	$ 496,055	$ 894,225	$ 1,390,280
Grants	91,021	-	91,021
Program revenue:			
Green fees	314,497	-	314,497
Cart rental	120,435	-	120,435
Pro shop	48,792	-	48,792
Golf tournament	158,629	-	158,629
Driving range	172,167	-	172,167
Certification programs	61,268	-	61,268
Miscellaneous income	13,236	-	13,236
Total revenue and support	1,476,100	894,225	2,370,325
Net assets released from restriction	191,152	(191,152)	-
Expenses:			
Program services	1,280,828	-	1,280,828
Management and general	262,407	-	262,407
Fundraising	176,413	-	176,413
Total expenses	1,719,648	-	1,719,648
Change in net assets	(52,396)	703,073	650,677
Net assets, beginning of year	2,232,970	719,398	2,952,368
Net assets, end of year	$ 2,180,574	$ 1,422,471	$ 3,603,045

See report of independent accountants and accompanying notes to financial statements.

RICHMOND FIRST TEE

Statement of Functional Expenses
For The Year Ended December 31, 2015

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total Expenses
Advertising & marketing	$ -	$ -	$ 28,594	$ 28,594
Bank service fees	14,269	-	-	14,269
Cart lease	33,992	-	-	33,992
Educational programming	77,066	-	-	77,066
Golf course maintenance	83,425	-	-	83,425
Insurance	35,167	40,578	-	75,745
Interest expense	1,205	5,206	-	6,411
Professional fees	-	43,418	-	43,418
Miscellaneous	-	6,239	-	6,239
Office rent	-	20,547	-	20,547
Tournament	-	-	45,265	45,265
Pro shop purchases	34,159	-	-	34,159
Salaries, wages and benefits	596,908	78,820	91,571	767,299
Payroll taxes	45,557	8,782	7,479	61,818
Retirement plan contributions	21,025	4,672	3,504	29,201
Supplies	7,159	2,030	-	9,189
Travel	16,420	10,218	-	26,638
Utilities	83,072	5,561	-	88,633
Total expenses before depreciation	1,049,424	226,071	176,413	1,451,908
Depreciation of property and equipment	231,404	36,336	-	267,740
Total expenses	$ 1,280,828	$ 262,407	$ 176,413	$ 1,719,648

See report of independent accountants and accompanying notes to financial statements.

RICHMOND FIRST TEE

Statement of Cash Flows
For The Year Ended December 31, 2015

Cash flows from operating activities:	
Change in net assets	$ 650,677
Adjustments to reconcile to net cash from operating activities:	
Depreciation	267,740
Change in assets and liabilities:	
Promises to give, net	(768,073)
Inventory	2,321
Prepaid expenses	(5,125)
Other assets	1,897
Accounts payable and accrued liabilities	9,796
Unearned revenue	3,697
Net cash provided by operating activities	162,930
Cash flows used in investing activities:	
Purchases of property and equipment	(124,884)
Cash flows used in financing activities:	
Net payments on capital lease obligations	(14,395)
Net increase in cash	23,651
Cash and cash equivalents, beginning of year	310,954
Cash and cash equivalents, end of year	$ 334,605
Supplemental information:	
Cash paid for interest	$ 6,411

See report of independent accountants and accompanying notes to financial statements.

RICHMOND FIRST TEE

Notes to Financial Statements

1. Organization:

Richmond First Tee (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 educational programs that build character, instill life-enhancing values, and promote healthy choices through the game of golf. The First Tee is an initiative of the World Golf Foundation that granted chapter status to The First Tee – Richmond & Chesterfield 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, 2015.

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 restriction.

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

Allowance for Uncollectible Pledges: The Organization's management evaluates each of its promises to give and accounts receivables individually, and provides a charge to expense when, in the opinion of management, a probable credit loss has occurred. The allowance for uncollectible pledges was $5,000 at December 31, 2015.

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-shops.

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. Expenses for maintenance and repairs are expensed as incurred, while expenses 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, 2015.

Advertising: The Organization charges the cost of advertising to expense as incurred. The Organization incurred $28,594 in advertising expenses in 2015.

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 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 positions 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 is not currently under audit by any tax jurisdiction.

In-Kind Contributions: 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 and 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 one financial institution. At times, this balance is 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 promises to give is limited due to the nature of its donors. At December 31, 2015, three contributors accounted for 89% of the promises to give. One contributor accounted for 68% of general contributions during 2015.

3. Promises to Give:

Promises to give are summarized as follows as of December 31, 2015:

Restricted for future periods	$ 1,506,333
Less discount for present value of 2.0%	(78,862)
Less allowance for uncollectible pledges	(5,000)
Promises to give, net	$ 1,422,471
Amounts due in:	
Less than one year	$ 424,669
One to five years	997,802
Promises to give, net	$ 1,422,471

4. Property and Equipment:

Property and equipment, net of depreciation, as of December 31, 2015 is as follows:

Land improvements	$ 3,806,339
Buildings	1,211,256
Furniture and equipment	919,708
Vehicles	55,785
	5,993,088
Less accumulated depreciation	4,103,239
Property and equipment, net	$ 1,889,849

Depreciation expense totaled $267,740 during 2015.

5. Line of Credit:

The Organization has a line of credit with a bank for maximum borrowings of $60,000 with interest due monthly at 5.25% until its maturity in March 2018. As of December 31, 2015, there was no outstanding balance.

6. Leases:

City of Richmond: The Organization leases land from the City of Richmond (the “City”) based on an agreement that commenced on May 1, 2003 for a period for five years with three five year extensions. During 2013, the Organization executed a five year extension for the leased property through April 30, 2018. 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 and various equipment. Rental expense from operating leases was $54,539 for 2015.

Minimum future payments under noncancellable operating leases at December 31, 2015 were as follows:

	Properties	Equipment	Total
2016	$ 48,384	$ 44,352	$ 92,736
2017	37,353	25,074	62,427
2018	38,449	25,074	63,523
2019	38,779	25,074	63,853
2020	39,942	25,074	65,016
Thereafter	-	5,572	5,572
	$ 202,907	$ 150,220	$ 353,127

6. Leases, Continued:

In 2012, the Organization entered into a capital lease agreement for golf course equipment. This lease expires in 2017 and contains a bargain purchase option for $1 at the end of the lease term.

The approximate minimum commitments for the capital lease are as follows:

Year	Amount
2016	$ 15,601
2017	1,194
Total minimum lease payments	16,795
Less: amount representing interest	(473)
Present value of net minimum lease payments	$ 16,322

The cost of equipment under capital leases, amounted to $68,694 and accumulated depreciation in the amount of $52,665 at December 31, 2015.

7. Retirement Plan Contributions:

The Organization has a defined contribution retirement plan which covers all employees who meet eligibility requirements. The plan enables participants to make contributions, and the Organization may make discretionary contributions. The Organization contributed $29,201 to the plan for 2015.

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 limited under the Code of Virginia. 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.

9. Subsequent Events:

Management has evaluated subsequent events through September 1, 2016, the date the financial statements were available for issuance, and has determined there are no subsequent events to be reported in the accompanying financial statements.