first tee
greater richmond

Financial Statements

December 31, 2021 and 2020

Keiter
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RICHMOND FIRST TEE

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Keiter
Your Opportunity Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Richmond First Tee
Richmond, Virginia

Opinion

We have audited the accompanying financial statements of Richmond First Tee (the "Organization"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Richmond First Tee as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Keiter

June 9, 2022
Glen Allen, Virginia

RICHMOND FIRST TEE

Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	$ 360,109	$ 1,285,334
Pledges receivable	213,444	323,002
Inventory	45,258	34,883
Total current assets	618,811	1,643,219
Pledges receivable - long term, net	393,602	549,145
Property and equipment, net	9,023,783	7,687,525
Total assets	$ 10,036,196	$ 9,879,889
Liabilities and Net Assets		
Current liabilities:		
Capital lease obligations, current maturities	$ 191,181	$ 60,769
Accounts payable and accrued expenses	67,247	349,103
Paycheck Protection Program loan (see Note 7)	240,000	-
Payroll liabilities	52,214	58,571
Unearned revenue	82,142	5,028
Total current liabilities	632,784	473,471
Capital lease obligations, less current maturities	557,656	128,600
Total liabilities	1,190,440	602,071
Net assets:		
Net assets without donor restrictions	8,238,710	2,859,829
Net assets with donor restrictions	607,046	6,417,989
Total net assets	8,845,756	9,277,818
Total liabilities and net assets	$ 10,036,196	$ 9,879,889

See accompanying notes to financial statements.

RICHMOND FIRST TEE

Statement of Activities
Year Ended December 31, 2021 with Comparative Totals for 2020

	2021			2020
	Without Donor Restrictions	With Donor Restictions	Total	Total
Revenue and support:				
General contributions	$ 606,712	$ 525,500	$ 1,132,212	$ 6,721,514
Grants	25,000	-	25,000	120,000
In-kind contributions	32,381	27,000	59,381	-
Paycheck Protection Program grant (see Note 7)	-	-	-	197,400
Program revenue:				
Green fees	1,054,648	-	1,054,648	381,488
Golf tournaments	187,899	-	187,899	229,319
Driving range	400,556	-	400,556	261,256
Pro shop	247,656	-	247,656	119,244
Cart rental	212,639	-	212,639	91,829
Certification programs	139,628	-	139,628	65,495
Membership income	106,050	-	106,050	-
Miscellaneous income	69,688	-	69,688	59,165
Total revenue and support	3,082,857	552,500	3,635,357	8,246,710
Net assets released from restriction	6,363,443	(6,363,443)	-	-
Expenses:				
Program services	3,192,647	-	3,192,647	1,834,558
Management and general	649,931	-	649,931	491,786
Fundraising	224,841	-	224,841	139,555
Total expenses	4,067,419	-	4,067,419	2,465,899
Change in net assets	5,378,881	(5,810,943)	(432,062)	5,780,811
Net assets, beginning of year	2,859,829	6,417,989	9,277,818	3,497,007
Net assets, end of year	$ 8,238,710	$ 607,046	$ 8,845,756	$ 9,277,818

See accompanying notes to financial statements.

RICHMOND FIRST TEE

Statement of Activities
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restictions	Total
Revenue and support:			
General contributions	$ 617,114	$ 6,104,400	$ 6,721,514
Grants	20,000	100,000	120,000
Paycheck Protection Program grant (see Note 7)	197,400		197,400
Program revenue:			
Green fees	381,488	-	381,488
Golf tournaments	229,319	-	229,319
Driving range	261,256	-	261,256
Pro shop	119,244	-	119,244
Cart rental	91,829	-	91,829
Certification programs	65,495	-	65,495
Miscellaneous income	59,165	-	59,165
Total revenue and support	2,042,310	6,204,400	8,246,710
Net assets released from restriction	821,792	(821,792)	-
Expenses:			
Program services	1,834,558	-	1,834,558
Management and general	491,786	-	491,786
Fundraising	139,555	-	139,555
Total expenses	2,465,899	-	2,465,899
Change in net assets	398,203	5,382,608	5,780,811
Net assets, beginning of year	2,461,626	1,035,381	3,497,007
Net assets, end of year	$ 2,859,829	$ 6,417,989	$ 9,277,818

See accompanying notes to financial statements.

RICHMOND FIRST TEE

Statement of Functional Expenses
Year Ended December 31, 2021 with Comparative Totals for 2020

	2021				2020
		Supporting Services			
	Program Services	Management and General	Fundraising	Total Expenses	Total Expenses
Advertising and marketing	$ -	$ -	$ 115,544	$ 115,544	$ 37,485
Bank service fees	58,419	4,147	-	62,566	30,915
Cart lease	55,262	-	-	55,262	25,494
Educational programming	37,278	-	-	37,278	18,906
Golf course maintenance	365,121	-	-	365,121	251,121
Insurance	71,670	73,620	1,236	146,526	109,137
Interest expense	37,297	-	-	37,297	12,806
Miscellaneous	35	12,286	-	12,321	558
Office buildout	-	100,000	-	100,000	-
Office rent	-	2,740	-	2,740	39,942
Professional fees	-	110,594	-	110,594	71,642
Professional fees - in-kind	-	32,381	-	32,381	-
Property taxes	25,167	-	-	25,167	-
Pro shop purchases	175,881	-	-	175,881	93,269
Salaries, wages, taxes and benefits	1,593,864	215,353	79,995	1,889,212	1,301,087
Supplies	82,739	5,662	-	88,401	44,563
Tournaments	-	-	28,066	28,066	26,927
Travel	33,317	732	-	34,049	17,348
Utilities	194,349	3,476	-	197,825	109,794
Total expenses before depreciation	2,730,399	560,991	224,841	3,516,231	2,190,994
Depreciation of property and equipment	462,248	88,940	-	551,188	274,905
Total expenses	$ 3,192,647	$ 649,931	$ 224,841	$ 4,067,419	$ 2,465,899

See accompanying notes to financial statements.

RICHMOND FIRST TEE

Statement of Functional Expenses
Year Ended December 31, 2020

		Supporting Services		
	Program Services	Management and General	Fundraising	Total Expenses
Advertising and marketing	$ -	$ -	$ 37,485	$ 37,485
Bank service fees	26,005	4,910	-	30,915
Cart lease	25,494	-	-	25,494
Educational programming	18,906	-	-	18,906
Golf course maintenance	251,121	-	-	251,121
Insurance	48,243	60,209	685	109,137
Interest expense	12,806	-	-	12,806
Miscellaneous	35	523	-	558
Office rent	-	39,942	-	39,942
Professional fees	-	71,642	-	71,642
Pro shop purchases	93,269	-	-	93,269
Salaries, wages and benefits	998,534	228,095	74,458	1,301,087
Supplies	38,370	6,193	-	44,563
Tournaments	-	-	26,927	26,927
Travel	16,322	1,026	-	17,348
Utilities	102,575	7,219	-	109,794
Total expenses before depreciation	1,631,680	419,759	139,555	2,190,994
Depreciation of property and equipment	202,878	72,027	-	274,905
Total expenses	$ 1,834,558	$ 491,786	$ 139,555	$ 2,465,899

See accompanying notes to financial statements.

RICHMOND FIRST TEE

Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ (432,062)	$ 5,780,811
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	551,188	274,905
Paycheck Protection Program grant	-	(197,400)
Change in assets and liabilities:		
Pledges receivable, net	265,101	(320,024)
Inventory	(10,375)	(19,309)
Accounts payable and accrued liabilities	(281,856)	314,863
Payroll liabilities	(6,357)	(10,093)
Unearned revenue	77,114	(7,327)
Net cash provided by operating activities	162,753	5,816,426
Cash flows used in investing activities:		
Purchases of property and equipment	(1,191,414)	(5,477,380)
Cash flows from financing activities:		
Payments on capital lease obligations	(136,564)	(61,861)
Proceeds from Paycheck Protection Program Loan	240,000	197,400
Net cash provided by financing activities	103,436	135,539
Net (decrease) increase in cash and cash equivalents	(925,225)	474,585
Cash and cash equivalents, beginning of year	1,285,334	810,749
Cash and cash equivalents, end of year	$ 360,109	$ 1,285,334
Supplemental information:		
Cash paid for interest	$ 37,297	$ 12,806
Property and equipment acquired through capital leases	$ 696,032	$ -

See accompanying 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, County of Henrico 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. Richmond First Tee serves a unique role in the community; it is a golf organization that serves thousands of patrons annually, promotes sport and sportsmanship throughout the region, and is a leader in advancing the game of golf. However, the Organization's primary business is developing all young people to reach their full potential. Each dollar spent at facilities directly impacts the mission of the Organization and ensures ongoing programs for youth.

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 includes use of 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.

Cash and Cash Equivalents: For purposes of the statements 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.

Pledges Receivable: Contributions pledged are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

The Organization's management evaluates each of its promises to give and accounts receivable individually, and provides a charge to expense when, in the opinion of management, a probable credit loss has occurred. No allowance for uncollectible pledges was deemed necessary by management at December 31, 2021 and 2020.

2. Summary of Significant Accounting Policies, Continued:

Pledges Receivable, Continued: Pledges receivable that are due in the next year are recorded at their net realizable value. Pledges receivable that are due in subsequent years are reported at the estimated present value using a risk free rate.

Inventory: Inventory is stated at the lower of cost or net realizable value, 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 3 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 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, 2021 and 2020.

Paycheck Protection Program Loan: The Organization's policy is to account for Paycheck Protection Program Loans (see Note 7) as debt until either (1) the loan is partially or entirely forgiven and the debt has been legally released, at which point the amount forgiven would be recorded into income as Paycheck Protection Program grant, or (2) the Organization pays off the loan.

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.

The Organization recognizes course, pro-shop and tournament revenues at a point in time when services are utilized at the courses, merchandise is purchased or tournaments occur. Membership revenue is recognized ratably over the term of the membership which is one year and fees are collected at the start of the membership. There are no initiation fees or other upfront charges for membership. Unearned revenues relate to tournament prepayments, gift cards, and deferred membership revenue and approximate contract liabilities as of December 31, 2021 and 2020 on the statements of financial position.

2. Summary of Significant Accounting Policies, Continued:

Net Assets: The Organization classifies its net assets into two categories: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions include funds that have no donor-imposed restrictions on the Organization as to their use, purpose, or timing. The funds are currently available, at the discretion of the Board of Directors, for use in the Organization’s operations. There were no Board designated net assets as of December 31, 2021 and 2020.

Net assets with donor restrictions include funds that are limited by donor or grant-imposed time and/or purpose restrictions. When a restriction expires, the assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Advertising: The Organization charges the cost of advertising to expense as incurred. The Organization incurred $104,331 and $30,201 in advertising expenses in 2021 and 2020.

Functional Allocation of Expenses: The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. A portion of general and administrative costs that benefit multiple functional areas have been allocated across programs and other supporting services based on time and effort incurred.

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.

2. Summary of Significant Accounting Policies, Continued:

In-Kind Contributions: The Organization receives non-monetary contributions in the course of conducting its programs, including volunteer services. To qualify as in-kind contributions, contributed services must either (a) create or enhance a nonfinancial asset or (b) require specialized skills, be provided by individuals possessing those skills, and would typically have been purchased if not contributed. The Organization received in-kind contributions of $59,381 in 2021. This amount is recorded on the accompanying statement of activities for the year ended December 31, 2021. No in-kind contributions were recorded for the year ended December 31, 2020.

Concentrations and Credit Risk: Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and pledges receivable. The Organization places its cash and cash equivalents with two financial institutions. At times, this balance is in excess of the FDIC insurance limit.

Contributions and grants are from individuals, corporations, government organizations and foundations. The Organization believes its credit risk related to these contributions and grants is limited due to the nature of its donors. At December 31, 2021, two contributors accounted for 78% of pledges receivable, net. During 2021, one contributor accounted for 47% of contribution revenue. At December 31, 2020, three contributors accounted for 66% of pledges receivable, net. During 2020, two contributors accounted for 78% of contribution revenue. During 2021 and 2020, two contributors accounted for 100% of grant revenue.

Reclassifications: Certain prior year balances have been reclassified to conform to the current year presentation.

Subsequent Events: Management has evaluated subsequent events through June 9, 2022, the date the financial statements were available to be issued and has determined that there are no subsequent events to be reported in the accompanying financial statements.

3. Pledges Receivable:

Pledges receivable are summarized as follows as of December 31, 2021 and 2020:

	2021	2020
Restricted for future periods	$ 625,444	$ 887,446
Less discount for present value of 1.5% for 2021 and 0.6% for 2020	(18,398)	(15,299)
Pledges receivable, net	$ 607,046	$ 872,147
Amounts due in:		
Less than one year	$ 213,444	$ 323,002
One to five years	393,602	549,145
Pledges receivable, net	$ 607,046	$ 872,147

4. Liquidity and Availability of Resources:

The following table reflects the Organization's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or when restricted by a donor for a time or purpose.

	2021	2020
Financial assets:		
Cash and cash equivalents	$ 360,109	$ 1,285,334
Pledges receivable, current	213,444	323,002
Total financial assets	573,553	1,608,336
Less those unavailable for general expenditure within one year due to:		
Cash and pledges receivable designated for the Belmont golf course, not yet used or received	310,946	943,614
Donor imposed restrictions on funds to only be used for specific purposes or programs	248,000	130,000
Financial assets available to meet cash needs for general expenditures within one year	$ 14,607	$ 534,722

4. Liquidity and Availability of Resources, Continued:

The Organization has a policy to structure its financial assets as its general expenditures, liabilities, and other obligations come due. The Organization also has lines of credit, which could be drawn upon in the event of an unanticipated liquidity need (see Note 6).

5. Property and Equipment:

Property and equipment, net of depreciation, as of December 31, 2021 and 2020 is as follows:

	2021	2020
Land improvements	$ 9,880,552	$ 4,407,150
Buildings	2,915,789	2,541,474
Furniture and equipment	2,391,908	1,499,639
Vehicles	55,785	55,785
Construction in progress	-	4,852,540
	15,244,034	13,356,588
Less accumulated depreciation	6,220,251	5,669,063
Property and equipment, net	$ 9,023,783	$ 7,687,525

Construction in progress as of December 31, 2020 consisted of renovation costs for one facility that was completed during 2021. Depreciation of the assets begins when the projects are completed and placed in service. Depreciation expense totaled $551,188 and $274,905 during 2021 and 2020. Under FASB guidance, contributions with donor restrictions related to construction in progress are held in net assets with restrictions until placed in service.

6. Lines of Credit:

The Organization had a line of credit with a bank for maximum borrowings of $100,000 with interest due monthly at the prime rate plus 0.25% until its maturity in May 2021. The Organization renewed the line of credit during 2021 for maximum borrowings of $200,000 with interest due monthly at the prime rate plus 0.25% until its maturity in May 2023 (3.75% and 3.50% at December 31, 2021 and 2020, respectively). As of December 31, 2021 and 2020, there was no outstanding balance. The line of credit is secured by all the Organization’s assets.

The Organization has an ongoing line of credit with a second bank for maximum borrowings of $60,000 with interest due monthly at 5.25% at December 31, 2021 and 2020. As of December 31, 2021 and 2020, there was no outstanding balance on this line of credit.

7. Paycheck Protection Program:

In response to the economic instability caused by COVID-19, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was passed by Congress and signed into law by the President on March 7, 2020. The Paycheck Protection Program was a component of the CARES Act and provided for a loan ("PPP Loan") to provide a direct incentive for employers to keep their employees on the payroll. A PPP Loan is eligible for full or partial forgiveness if the funds are used for certain qualifying costs defined in the CARES Act.

The Organization applied for and was approved for a PPP Loan in the amount of $197,400 in 2020. The Loan was funded on April 13, 2020, with an interest rate of 1.0%. The Organization is eligible for forgiveness of up to 100% the loan upon meeting certain requirements. The loan was uncollateralized and was fully guaranteed by the Federal government. As the Organization used the loan proceeds for qualifying costs during 2020, the Organization applied for and was approved for loan forgiveness as of December 7, 2020. The forgiveness of the full loan is recognized as Paycheck Protection Program grant on the accompanying 2020 statement of activities.

The Organization applied for and was approved for a PPP Loan in the amount of $240,000 in 2021. The Loan was funded on February 3, 2021, with an interest rate of 1.0%. The Organization is eligible for forgiveness of up to 100% the loan upon meeting certain requirements. The loan was uncollateralized and was fully guaranteed by the Federal government. The Organization believes it is eligible but has not yet applied for forgiveness on the loan. The full balance of the loan is recorded on the accompanying statements of financial position.

8. Donor Restricted Net Assets:

Net assets with donor restrictions consisted of the following at December 31:

	2021	2020
Belmont golf course renovation and operations, including $200,000 and $408,558 of pledges receivable as of December 31, 2021 and 2020, respectively	$ 260,500	$ 5,854,400
New administrative space in 2021	-	100,000
Designated event, program or position	248,000	250,000
Time restrictions - no restricted purpose	98,546	213,589
Total net assets with donor or time restrictions	$ 607,046	$ 6,417,989

8. Donor Restricted Net Assets, Continued:

Net assets were released during 2021 and 2020 due to the following:

	2021	2020
Completion of Belmont renovation	$ 6,094,400	$ -
Completion of Chesterfield facility renovation	-	638,258
Expenditures for designated event, program or position	129,000	35,000
Receipt of pledge payments, fulfilling time restriction	140,043	148,534
	$ 6,363,443	$ 821,792

9. Memorandum of Understanding:

The Organization has a Memorandum of Understanding through April 23, 2023, with an option to extend the agreement through April 30, 2033, with Virginia Commonwealth University (“VCU”) in which VCU will reimburse the Organization twice a year for 50% of actual, documented maintenance and utility costs related to turf maintenance for the Richmond location in exchange for use of a portion of the land leased from the City of Richmond (see Note 10). In addition, VCU will bear up to $435,959 in improvement costs on the courses and practice facilities located on the land. The Organization received $101,471 and $110,464 in maintenance cost reimbursements during 2021 and 2020, respectively, which is included in general contributions on the statements of activities.

10. Leases:

County of Henrico: The Organization leases the Belmont Golf Course (the “Facility”) from the County of Henrico (“Henrico”) based on an agreement signed in January 2020. The agreement’s term is for 20 years with five-year optional extensions. The lease is conditional upon the Organization maintaining the Facility. If the lease is terminated by Henrico for any reason other than the Organization’s failure to comply with the terms of the agreement, then Henrico is required to compensate the Organization for the costs of certain improvements paid for by the Organization on a pro-rata basis. The Organization and Henrico 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.

10. Leases, Continued:

City of Richmond: The Organization leases land from the City of Richmond (the "City"). During 2016, the Organization executed a five-year extension for the leased property through April 30, 2023 with the option to extend for two additional five year periods. The lease is conditional upon the Organization maintaining the property as a golf course and practice range. If the lease is not extended through April 30, 2033, then the City is required to compensate the Organization for the cost of certain 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 ("Chesterfield") based on an agreement signed in 1998. The agreement's term is for 20 years with two ten-year optional extensions. The agreement was extended in April 2018 for the first ten-year extension, expiring on June 1, 2028. 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 Chesterfield. The Organization and Chesterfield 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 for operating leases was $58,002 and $65,245 for 2021 and 2020, respectively. Minimum future payments under noncancellable operating leases at December 31, 2021 were as follows:

Year	Amount
2022	$ 118,018
2023	116,156
2024	116,828
2025	80,312
2026	34,713
	$ 466,027

10. Leases, Continued:

In 2016 through 2019, the Organization entered into a total of six capital lease agreements for golf course equipment. The leases expire at various points between 2021 and 2024 and contain a bargain purchase option for $1 at the end of the lease terms. In 2019, the Organization entered into a capital lease agreement to finance the purchase of a water pump through 2026. In 2021, the Organization entered into seven capital leases for maintenance equipment. The leases expire at various points between 2023 and 2028 and contain a bargain purchase option for $1 at the end of the lease terms.

The minimum commitments for the capital leases are as follows:

Year	Amount
2022	$ 217,738
2023	203,479
2024	277,491
2025	60,333
Thereafter	46,527
Total minimum lease payments	805,568
Less: amount representing interest	(56,731)
Present value of net minimum lease payments	748,837
Less: current portion	(191,181)
	557,656

The cost of equipment under capital leases, amounts to $1,037,607 with accumulated depreciation of $345,085 and $162,283 as of December 31, 2021 and 2020, respectively.

11. 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 $42,113 and $37,143 to the plan for 2021 and 2020.

12. 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 the City, Chesterfield and Henrico 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, Chesterfield's or Henrico's willful or negligent acts or omissions. The Organization's insurance policies serve to limit its exposure. The Organization believes that the estimated fair value of these indemnification obligations is minimal.

13. Accounting Standards Update:

Disclosures of In-Kind Contributions: In September 2020, the FASB issued new guidance related to contributions of non-financial assets received (ASU 2020-07) which amends previous guidance concerning presentation and disclosure of non-financial assets received. Specifically, the amendments require (1) presentation as a separate line item of contributed non-financial assets and (2) disclosure of information about each category of non-financial assets. The new standard will be effective for periods beginning after June 15, 2021 and will require entities to use a retrospective approach to the earliest period presented. Richmond First Tee is currently evaluating the reporting and economic implications of the new standard.

Leases: In February 2016, the FASB issued new guidance over leases (ASU 2014-09) which requires that all leasing activity with initial terms in excess of twelve months be recognized on the balance sheet with a right of use asset and a lease liability. The standard will require entities to classify leases as either a finance, or operating lease based upon the contractual terms. For finance leases, the right to use asset and lease liability will be calculated based upon the present value of the lease payments. The asset will then be amortized and the interest on the obligation will be recognized separately within the statements of activities. For operating leases, the right to use asset and lease liability will also be calculated based upon the present value of the lease payments. However, the cost of the lease will generally be allocated over the lease term on a straight-line basis and presented as a single expense on the statements of activities. The new standard will be effective for periods beginning after December 15, 2021 and will require entities to use a modified retrospective approach to the earliest period presented. Richmond First Tee is currently evaluating the reporting and economic implications of the new standard.