



Certified Public Accountants

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April 27, 2007

To The Board of Directors
Professional Disc Golf Association
Wildwood Park
3841 Dogwood Lane
Appling, GA 30802-3004

We have prepared the Professional Disc Golf Association's (the Association) Financial Statements for the year ended December 31, 2006. The financial statement shows an increase of net assets of \$39,414.

As auditors for the Association, we would be remiss in our duties to you if we did not express to you our observations, concerns and suggestions regarding the financial operations of the Association. Our observations, concerns and suggestions are as follows:

CREDIT RISK

Within the United States each financial institution is required to insure each depositor up to \$100,000 through the Federal Deposit Insurance Corporation (FDIC) in the event of unforeseen circumstances. The Association risks a potential loss of any deposit which exceeds the \$100,000 insurance coverage limit at any single financial institution. At the year ended December 31, 2006, the Association had a total bank balance of \$162,726 at Georgia Bank & Trust. The credit risk loss potential is \$62,726.

We recommend that Management and the Board of Directors periodically review bank balances at each financial institution. Any deposit which exceeds the \$100,000 insurance coverage limit for a single financial institution should be deposited or transferred into another financial institution that has not exceeded the FDIC insurance coverage limit.

SEGREGATION OF DUTIES

Segregation of conflicting duties within accounting functions is a basic internal control. Because the Association has a small office staff, segregation of all conflicting duties may not always be possible. However, we believe that certain steps can be taken to overcome the lack of segregation of duties within the Association.

We recommend that Management and the Board of Directors perform certain accounting review and monitoring functions over the financial operation of the Association. The accounting review and monitoring functions could reduce the risk that account errors could occur without being detected, or that detected errors could be concealed. None of these risks were observed in the current audit period.

DONATED EQUIPMENT

Most non-profit organizations receive noncash donations from various businesses, members and other donees. The Association received a donation of 18 disc golf baskets from a business during the year ended December 31, 2006 . The fair market value of the baskets was \$5,400.

We recommend that Management and the Board of Directors be mindful, that any donation of noncash supplies, materials, equipment, facilities, or services which may materially affect the financial statements should be recorded at cost or fair market value.

FIDELITY BOND

Even if the Association had an internal auditing system which makes embezzlement difficult, the danger of collusion still exists. A fidelity bond would enable the Association to protect itself from employee dishonesty. Bonding is the process by which an employer can be indemnified for the loss of money or other property sustained through dishonest acts of a "bonded employee". The fidelity bond could also cover many types of acts including larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, willful misapplication, or other fraudulent or dishonest acts committed by an employee, alone or in collusion with others.

We recommend that Management and the Board of Directors consider bonding employees associated with the accounting functions of the Association.

CAPITALIZATION OF FIXED ASSETS

Fixed assets are tangible assets of a durable nature with a useful life in excess of one year. Fixed assets may include property, plant, equipment, furniture or fixtures. Each organization should adopt a capitalization policy in accordance with generally accepted accounting principles.

We recommend that Management and the Board of Directors consider capitalizing acquisitions of fixed asset in excess of \$500.



Board of Directors
Professional Disc Golf Association
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This report is intended solely for the information and use of management, directors and others of the Association and should not be used by anyone other than these specified parties.

Berry & Associates P.C.



PROFESSIONAL DISC GOLF ASSOCIATION
APPLING, GEORGIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2006



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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Professional Disc Golf Association
Appling, Georgia

We have audited the accompanying financial statements of the Professional Disc Golf Association of Appling, Georgia, as of and for the year ended December 31, 2006. These financial statements are the responsibility of the Professional Disc Golf Association of Appling, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the Statement of Financial Position, the Statement of Activities, and the Statement of Cash Flows presentation. We believe that our audit provides a reasonable basis for our opinion.

We were unable to observe the Association's beginning of the year inventory of goods or the inventory of goods at December 31, 2006. Therefore, it was not practicable for us to extend our tests of our audit beyond the amount recorded at December 31, 2006.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Professional Disc Golf Association
Appling, Georgia
Independent Auditor's Report
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In our opinion, except for the observance of inventory, the financial statements referred to above present fairly, in all material respects, the financial position of the Professional Disc Golf Association of Appling, Georgia, as of December 31, 2006, and the respective changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Berry + Associates P.C.

April 27, 2007

PROFESSIONAL DISC GOLF ASSOCIATION
 APPLING, GEORGIA
 STATEMENT OF FINANACIAL POSITION
 DECEMBER 31, 2006

<u>Assets</u>	
Current Assets	
Cash and cash equivalents	\$ 140,157
Endowment funds	3,238
EuroTour receivable	1,790
Accounts receivable (net of allowance for doubtful accounts)	59,180
Inventories	20,666
Prepaid expenses	<u>17,700</u>
Total Current Assets	<u>242,731</u>
Property and equipment, net	<u>19,461</u>
Total Assets	<u><u>\$ 262,192</u></u>
<u>Liabilities and Net Assets</u>	
Current Liabilities	
Accounts payable	\$ 29,440
Deferred revenue	<u>149,026</u>
Total Current Liabilities	<u>178,466</u>
Total Liabilities	<u>178,466</u>
Net Assets	
Unrestricted net assets	<u>83,726</u>
Total Liabilities and Net Assets	<u><u>\$ 262,192</u></u>

See notes to financial statement.



PROFESSIONAL DISC GOLF ASSOCIATION
 APPLING, GEORGIA
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2006

Unrestricted Revenues		\$ 473,776
Ducs and membership fees		237,432
Tournament events		102,309
Merchandise		33,576
Sponsors		4,057
Interest		5,400
Donation of noncash assets		35,874
Other income		<u>35,874</u>
Total unrestricted revenue		<u>892,424</u>
Expenses		
Program services		718,497
Management and general		<u>134,513</u>
Total expenses		<u>853,010</u>
Increase in unrestricted net assets		39,414
Unrestricted net assets, beginning of year		<u>44,312</u>
Unrestricted net assets, end of year		<u>\$ 83,726</u>

See notes to financial statement.

PROFESSIONAL DISC GOLF ASSOCIATION
 APPLING, GEORGIA
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2006

Cash flows from operating activities:	
Increase in net assets	<u>\$ 39,414</u>
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Depreciation	4,362
Decrease (increase) in accounts receivable	(22,596)
Decrease (increase) in EuroTour receivable	(1,790)
Decrease (increase) in inventories	(3,551)
Decrease (increase) in prepaid expenses	(4,373)
(Decrease) increase in accounts payable	7,834
(Decrease) increase in deferred revenue	<u>33,669</u>
Total adjustments	<u>13,555</u>
Net cash provided by operating activities	<u>52,969</u>
Cash flows used by investing activities:	
Donation of noncash asset	(5,400)
Purchase of property and equipment	<u>(9,145)</u>
Net cash (used) in investing activities	<u>(14,545)</u>
Cash flows from financing activities:	
Additions to endowment funds	<u>(3,238)</u>
Net cash (used) by financing activities	<u>(3,238)</u>
Net increase in cash for the year	35,186
Cash at beginning of the year	<u>104,971</u>
Cash at end of the year	<u><u>\$ 140,157</u></u>

See notes to financial statement.



PROFESSIONAL DISC GOLF ASSOCIATION
APPLING, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature and Membership of Association

The Professional Disc Golf Association (the Association) has been incorporated since 2000 in Colorado. The Association was formed to promote the development of disc golf as a sport for all ages. Standard Rules of Play are issued from the Association to guide officials in tournament formats, rules, equipment and other aspects of disc golf. The members are eligible to compete in national and international professional and amateur disc golf tournaments and competitions throughout the United States of America and around the world. The Association generates revenues primarily through membership dues, tournament events and merchandise sales.

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Association 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. The Association had only unrestricted net assets in 2006.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are demand deposits and bank certificates of deposits with original maturities of three months or less.

PROFESSIONAL DISC GOLF ASSOCIATION
APPLING, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

Investments

Investments are stated at cost or amortized cost, which approximates the market. As of December 31, 2006, the Association did not have any investments.

Concentration of Credit Risk

Within the United States each financial institution is required to insure each depositor up to \$100,000 through the Federal Deposit Corporation (FDIC) in the event of unforeseen circumstances. The Association risks a potential loss of any deposit which exceeds this insurance coverage limit at any single financial institution. The financial instruments which potentially subject the Association concentration of credit risk, consist primarily of cash and cash equivalent accounts in financial institutions in which from time to time exceeded the FDIC coverage limit.

Prepaid Expenses

Prepaid expenses for insurance and other similar items are recorded at cost amortized to year-end.

Inventories

Inventories of disc golf related goods are stated at the lower of cost or market using first-in, first-out (FIFO) method.

Membership Dues

Membership dues are recognized as revenue in the applicable membership period. Any unearned amounts are included in the deferred revenue at the end of each accounting period.

Income Taxes

The Association is exempt from income taxes under Section 501 (c) of the Internal Revenue Code and a similar provision of state law. However, the Association is subject to federal income taxes on any unrelated business taxable income.

PROFESSIONAL DISC GOLF ASSOCIATION
APPLING, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

Donated Equipment

The Association recognizes donated equipment at fair market value. At December 31, 2006, the Association had a total \$5,400 in donated equipment.

NOTE 2 - EURO TOUR RECEIVABLE

The Association has revenue due from international tour events and competitions in the amount of 1,388 Euros. At December 31, 2006, this amount was converted to \$1,790 United States dollars. Management expects this entire amount to be collectible.

During the international tour events and competitions, the Association collects from its members player registration fees which is sent to the appropriate tour event or competition. For the year ended December 31, 2006, the Association received \$154,583 in player registration fees and paid \$154,583 in registration fees. The Association received a handling fee income in the amount of \$4,280 for processing the player registration fees for the year ended December 31, 2006.

NOTE 3 - ACCOUNT RECEIVABLES

Account receivables at December 31, 2006 was \$62,180 less an allowance for doubtful accounts of \$3,000. For the year ended December 31, 2006, bad debt expense was \$3,000 to establish an allowance for doubtful accounts.

NOTE 4 - ENDOWMENT FUNDS

Charitable contributions are submitted from various individuals and organizations to the endowment fund. These funds are unrestricted and may be requested at any time. The amount of endowment funds due the Association as of December 31, 2006 was \$3,238.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2006, consists of the following:

Furniture, fixtures and equipment	\$ 35,905
Less accumulated depreciation	<u>16,444</u>
	<u>\$ 19,461</u>

PROFESSIONAL DISC GOLF ASSOCIATION
APPLING, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

Beginning January 1, 2006, the Association capitalizes acquisitions of property and equipment in excess of \$250.

Depreciation has been provided over the useful lives using the modified accelerated cost recovery system (MACRS) method of depreciation. The estimated useful lives for each major class of depreciable capital assets are as follows:

Furniture, fixtures and equipment	3 - 10 years
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Depreciation expense for the year ended December 31, 2006 was \$3,590.

NOTE 6 - LEASE AGREEMENT

On September 12, 2006, the Association entered into a lease agreement with Columbia County, Georgia. The lease agreement permits the Association use of a facility for \$300 monthly until April 30, 2007. At the beginning of May 1, 2007 the lease agreement permits the use of a facility for \$600 monthly which may be renewed every two years beginning in April 1 of the year in which the renewal occurs. For the year ended December 31, 2006, the Association had a total of \$3,600 in rent expense.

NOTE 7 - RISK MANAGEMENT

The Association is exposed to certain risk of loss, to theft of, damage to and destruction of assets; errors and omissions; natural disaster; and injuries to employees. The Association maintains commercial insurance coverage to cover each of the above risks. The Association has not diminished its coverage during the year ended December 31, 2006. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure.



PROFESSIONAL DISC GOLF ASSOCIATION
 APPLING, GEORGIA
 SCHEDULE OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Program Services</u>	<u>Management and General</u>
Salaries	\$ 95,214	\$ 69,436
Employee benefits and payroll taxes	22,581	9,677
Legal and professional fees	-	7,457
Postage and shipping	1,899	211
Office supplies	2,566	642
Telephone and communications	5,164	5,165
Rent	-	3,600
Conferences, conventions and meetings	13,930	13,931
Depreciation	-	4,362
Contract Labor	27,838	2,805
Course design & installation	26,804	-
Internet Technology	1,762	1,763
Marketing and promotional	59,513	-
Member supplies and mailings	121,419	-
Merchandise and member service	213,325	-
Insurance	8,419	5,429
Training	-	185
Travel	6,965	1,929
PDGA Tournaments and events	108,098	-
Charitable Donations	-	3,264
Dues and subscriptions	-	3,395
Provision for bad debt	3,000	-
Miscellaneous expenses	-	1,262
	<u>\$ 718,497</u>	<u>\$ 134,513</u>

See notes to financial statement.

