

PROFESSIONAL DISC GOLF ASSOCIATION

APPLING, GEORGIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2007



Certified Public Accountants

130 North Belair Road • Evans, Georgia 30809
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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 years ended December 31, 2007 and 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 Statements of Financial Position, the Statements of Activities, and the Statements 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, 2007. Therefore, it was not practicable for us to extend our tests of our audit beyond the amount recorded at December 31, 2007. The same exception was noted for the year ended December 31, 2006.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of functional expenses on page 12 are 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, 2007 and 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.

Berry & Associates, P.C.
April 28, 2008

PROFESSIONAL DISC GOLF ASSOCIATION
 APPLING, GEORGIA
 STATEMENTS OF FINANACIAL POSITION
 DECEMBER 31, 2007 AND 2006

| | <u>2007</u> | <u>2006</u> |
|---------------------------------------|-------------------|-------------------|
| <u>Assets</u> | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 153,649 | \$ 140,157 |
| Endowment funds | 10,233 | 3,238 |
| International recievable | 1,759 | 1,790 |
| Accounts receivable, net | 36,792 | 59,180 |
| Inventories | 27,230 | 20,666 |
| Prepaid expenses | <u>12,126</u> | <u>17,700</u> |
| Total Current Assets | <u>241,789</u> | <u>242,731</u> |
| Property and equipment, net | <u>47,498</u> | <u>19,461</u> |
| Total Assets | <u>\$ 289,287</u> | <u>\$ 262,192</u> |
| <u>Liabilities and Net Assets</u> | | |
| Current Liabilities | | |
| Accounts payable | \$ 21,740 | \$ 29,440 |
| Deferred revenue | <u>147,159</u> | <u>149,026</u> |
| Total Current Liabilities | <u>168,899</u> | <u>178,466</u> |
| Total Liabilities | <u>168,899</u> | <u>178,466</u> |
| Net Assets | | |
| Unrestricted net assets | <u>120,388</u> | <u>83,726</u> |
| Total Liabilities and Net Assets | <u>\$ 289,287</u> | <u>\$ 262,192</u> |

See notes to financial statement.



PROFESSIONAL DISC GOLF ASSOCIATION
 APPLING, GEORGIA
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED
 DECEMBER 31, 2007 AND 2006

| | <u>2007</u> | <u>2006</u> |
|--|-------------------|------------------|
| Unrestricted Revenues | | |
| Dues and membership fees | \$ 560,279 | \$ 473,776 |
| Tournament events | 298,655 | 237,432 |
| Merchandise | 111,030 | 102,309 |
| Sponsors | 36,527 | 33,576 |
| Interest | 5,256 | 4,057 |
| Donation of noncash assets | 16,747 | 5,400 |
| Other income | 47,266 | 35,874 |
| Total unrestricted revenue | <u>1,075,760</u> | <u>892,424</u> |
| Expenses | | |
| Program services | 829,267 | 718,497 |
| Management and general | 209,831 | 134,513 |
| Total expenses | <u>1,039,098</u> | <u>853,010</u> |
| Increase in unrestricted net assets | 36,662 | 39,414 |
| Unrestricted net assets, beginning of year | <u>83,726</u> | <u>44,312</u> |
| Unrestricted net assets, end of year | <u>\$ 120,388</u> | <u>\$ 83,726</u> |

See notes to financial statement.



PROFESSIONAL DISC GOLF ASSOCIATION
 APPLING, GEORGIA
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED
 DECEMBER 31, 2007 AND 2006

| | <u>2007</u> | <u>2006</u> |
|--|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Increase in net assets | \$ 36,662 | \$ 39,414 |
| Adjustments to reconcile net operating income to net cash provided by operating activities: | | |
| Depreciation | 10,470 | 4,362 |
| Decrease (increase) in accounts receivable | 22,388 | (22,596) |
| Decrease (increase) in international receivable | 31 | (1,790) |
| Decrease (increase) in inventories | (6,564) | (3,551) |
| Decrease (increase) in prepaid expenses | 5,574 | (4,373) |
| (Decrease) increase in accounts payable | (7,700) | 7,834 |
| (Decrease) increase in deferred revenue | (1,867) | 33,669 |
| Total adjustments | <u>22,332</u> | <u>13,555</u> |
| Net cash provided by operating activities | <u>58,994</u> | <u>52,969</u> |
| Cash flows used by investing activities: | | |
| Donation of noncash asset | (16,747) | (5,400) |
| Purchase of property and equipment | <u>(21,760)</u> | <u>(9,145)</u> |
| Net cash (used) in investing activities | <u>(38,507)</u> | <u>(14,545)</u> |
| Cash flows from financing activities: | | |
| Additions to endowment funds | <u>(6,995)</u> | <u>(3,238)</u> |
| Net cash (used) by financing activities | <u>(6,995)</u> | <u>(3,238)</u> |
| Net increase in cash for the year | 13,492 | 35,186 |
| Cash at beginning of the year | <u>140,157</u> | <u>104,971</u> |
| Cash at end of the year | <u>\$ 153,649</u> | <u>\$ 140,157</u> |

See notes to financial statement.



PROFESSIONAL DISC GOLF ASSOCIATION
APPLING, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

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 2007.

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, 2007

Investments

Investments are stated at cost or amortized cost, which approximates the market. As of December 31, 2007, 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, 2007

Donated Equipment

The Association recognizes donated equipment at fair market value. Donated equipment were as follows:

| | <u>2007</u> | <u>2006</u> |
|-------------------|-------------|-------------|
| Donated equipment | \$ 16,747 | \$ 5,400 |

NOTE 2 - INTERNATIONAL RECEIVABLE

The Association has revenue due from international tour events and competitions in the amount of 1,759 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, 2007, the Association received \$147,215 in player registration fees and paid \$147,215 in registration fees. The Association received a handling fee income in the amount of \$8,590 for processing the player registration fees for the year ended December 31, 2007.

NOTE 3 - ACCOUNT RECEIVABLES

An allowance for doubtful accounts of \$3,000 was established in 2006. The account receivables were as follows:

| | <u>2007</u> | <u>2006</u> |
|--------------------------|------------------|------------------|
| Accounts receivable | \$ 39,792 | \$ 62,180 |
| Less allowance | <u>(3,000)</u> | <u>(3,000)</u> |
| Accounts receivable, net | <u>\$ 36,792</u> | <u>\$ 59,180</u> |

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, 2007 and 2006 were \$10,233 and \$3,238 respectively.



PROFESSIONAL DISC GOLF ASSOCIATION
 APPLING, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2007

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

| | <u>2007</u> | <u>2006</u> |
|--|------------------|------------------|
| Furniture, fixtures and equipment | \$ 74,412 | \$ 35,905 |
| Less accumulated depreciation | <u>26,914</u> | <u>16,444</u> |
| Furniture, fixtures and equipment, net | <u>\$ 47,498</u> | <u>\$ 19,461</u> |

Beginning January 1, 2007, the Association capitalizes acquisitions of property and equipment in excess of \$500.

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 |
|-----------------------------------|--------------|

Depreciation expense for the years ended December 31, 2007 and 2006 were \$10,470 and \$3,590 respectively.

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, 2007, the Association had a total of \$6,000 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, 2007. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure.

PROFESSIONAL DISC GOLF ASSOCIATION
APPLING, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 8 - REVENUE AGREEMENT WITH COLUMBIA COUNTY

Under the lease agreement dated September 12, 2006, the Association operates Disc Golf Center as a public facility available to all individuals. On a monthly basis, Columbia County is to receive 3% of user fees and net revenues from merchandise sales, food sales, other sales, vending machines, lessons, seminars, tournaments and other events held at the Disc Golf Center.

PROFESSIONAL DISC GOLF ASSOCIATION
APPLING, GEORGIA
SCHEDULES OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED
DECEMBER 31, 2007 AND 2006

| | <u>2007</u> | | <u>2006</u> | |
|---------------------------------------|-----------------------------|-----------------------------------|-----------------------------|-----------------------------------|
| | <u>Program Services</u> | <u>Management and General</u> | <u>Program Services</u> | <u>Management and General</u> |
| Salaries | \$ 103,920 | \$ 104,794 | \$ 95,214 | \$ 69,436 |
| Employee benefits and payroll taxes | 27,098 | 28,204 | 22,581 | 9,677 |
| Legal and professional fees | - | 10,016 | - | 7,457 |
| Postage and shipping | 1,660 | 185 | 1,899 | 211 |
| Office supplies | 6,540 | 1,635 | 2,566 | 642 |
| Telephone and communications | 6,889 | 6,890 | 5,164 | 5,165 |
| Rent | 100 | 10,000 | - | 3,600 |
| Conferences, conventions and meetings | 16,171 | 16,171 | 13,930 | 13,931 |
| Depreciation | - | 10,470 | - | 4,362 |
| Contract Labor | 53,134 | 2,552 | 27,838 | 2,805 |
| Course design & installation | 37,192 | - | 26,804 | - |
| Internet Technology | 4,525 | 4,525 | 1,762 | 1,763 |
| Marketing and promotional | 69,462 | - | 59,513 | - |
| Member supplies and mailings | 135,027 | - | 121,419 | - |
| Merchandise and member service | 222,564 | - | 213,325 | - |
| Insurance | 10,789 | 3,211 | 8,419 | 5,429 |
| Training | - | 157 | - | 185 |
| Travel | 5,669 | 730 | 6,965 | 1,929 |
| Repairs and maintainance | - | 3,395 | - | - |
| PDGA Tournaments and events | 128,480 | - | 108,098 | - |
| Charitable Donations | - | 823 | - | 3,264 |
| Dues and subscriptions | - | 3,300 | - | 3,395 |
| Provision for bad debt | - | - | 3,000 | - |
| Miscellaneous expenses | 47 | 2,773 | - | 1,262 |
| | <u>\$ 829,267</u> | <u>\$ 209,831</u> | <u>\$ 718,497</u> | <u>\$ 134,513</u> |

See notes to financial statement.