

PROFESSIONAL DISC GOLF ASSOCIATION

APPLING, GEORGIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2008

**PROFESSIONAL DISC GOLF ASSOCIATION
APPLING, GEORGIA
DECEMBER 31, 2008**

C O N T E N T S

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	2 – 3
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	6
Notes to Financial Statements	7 – 10
SUPPLEMENTARY INFORMATION	
Schedules of Functional Expenses	11





Certified Public Accountants

130 North Belair Road • Evans, Georgia 30809
(706) 863-5906 • FAX: (706) 863-6872

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, 2008 and 2007. 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, 2008. Therefore, it was not practicable for us to extend our tests of our audit beyond the amount recorded at December 31, 2008. The same exception was noted for the year ended December 31, 2007.

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 11 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information had 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
Page Two

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, 2008 and 2007, 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.
June 25, 2009

**PROFESSIONAL DISC GOLF ASSOCIATION
APPLING, GEORGIA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 170,340	\$ 153,649
Endowment funds (Note IV)	4,695	10,233
International receivable (Note II)	713	1,759
Accounts receivable, net (Note III)	108,742	36,792
Inventories	38,813	27,230
Prepaid expenses	<u>16,665</u>	<u>12,126</u>
Total Current Assets	<u>339,968</u>	<u>241,789</u>
Property and equipment, net (Note V)	<u>41,005</u>	<u>47,498</u>
Total Assets	<u>\$ 380,973</u>	<u>\$ 289,287</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable	\$ 19,884	\$ 21,740
Deferred revenue	<u>147,633</u>	<u>147,159</u>
Total Current Liabilities	<u>167,517</u>	<u>168,899</u>
Total Liabilities	<u>167,517</u>	<u>168,899</u>
Net Assets		
Unrestricted net assets	<u>213,456</u>	<u>120,388</u>
Total Liabilities and Net Assets	<u>\$ 380,973</u>	<u>\$ 289,287</u>

The Notes to Financial Statements are an integral part of this statement.

**PROFESSIONAL DISC GOLF ASSOCIATION
APPLING, GEORGIA
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Unrestricted Revenues		
Dues and membership fees	\$ 578,713	\$ 560,279
Tournament events	363,519	298,655
Merchandise	121,538	111,030
Sponsors	41,705	36,527
Interest	2,514	5,256
Donation of noncash assets	-	16,747
Other income	8,698	47,266
	<u>1,116,687</u>	<u>1,075,760</u>
Expenses		
Program services	813,608	829,267
Management and general	210,011	209,831
	<u>1,023,619</u>	<u>1,039,098</u>
Increase in unrestricted net assets	93,068	36,662
Unrestricted net assets, beginning of year	<u>120,388</u>	<u>83,726</u>
Unrestricted net assets, end of year	<u>\$ 213,456</u>	<u>\$ 120,388</u>

The Notes to Financial Statements are an integral part of this statement.

**PROFESSIONAL DISC GOLF ASSOCIATION
APPLING, GEORGIA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Increase in net assets	\$ 93,068	\$ 36,662
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	13,296	10,470
Decrease (increase) in accounts receivable	(71,950)	22,388
Decrease (increase) in international receivable	1,046	31
Decrease (increase) in inventories	(11,583)	(6,564)
Decrease (increase) in prepaid expenses	(4,539)	5,574
(Decrease) increase in accounts payable	(1,856)	(7,700)
(Decrease) increase in deferred revenue	474	(1,867)
Total adjustments	<u>(75,112)</u>	<u>22,332</u>
Net cash provided by operating activities	<u>17,956</u>	<u>58,994</u>
Cash flows used by investing activities:		
Donation of noncash asset	-	(16,747)
Purchase of property and equipment	<u>(6,803)</u>	<u>(21,760)</u>
Net cash (used) in investing activities	<u>(6,803)</u>	<u>(38,507)</u>
Cash flows from financing activities:		
Decrease (increase) to endowment funds	<u>5,538</u>	<u>(6,995)</u>
Net cash (used) by financing activities	<u>5,538</u>	<u>(6,995)</u>
Net increase in cash for the year	16,691	13,492
Cash at beginning of the year	153,649	140,157
Cash at end of the year	<u>\$ 170,340</u>	<u>\$ 153,649</u>

The Notes to Financial Statements are an integral part of this statement.

**PROFESSIONAL DISC GOLF ASSOCIATION
APPLING, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE I – 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 2008.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that effect 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.

Investments

Investments are stated at cost or amortized cost, which approximates the market. As of December 31, 2008, the Association did not have any investments.

**PROFESSIONAL DISC GOLF ASSOCIATION
APPLING, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. On January 3, 2008, each financial institution was required to insure each depositor up to \$250,000 until December 31, 2009.

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.

Donated Equipment

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

	2008	2007
Donated equipment	\$ -	\$ 16,747



**PROFESSIONAL DISC GOLF ASSOCIATION
APPLING, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE II – INTERNATIONAL RECEIVABLE

The Association has revenue due from international tour events and competitions in the amount of \$713 United States dollars. Management expects this entire amount to be collectible.

During the international tour events and competitions, the Association collected from its members a player registration fee which is sent to the appropriate tour event or competition. For the year ended December 31, 2008, the Association received \$152,606 in player registration fees and paid \$152,606 in registration fees. The Association received a handling fee income in the amount of \$9,630 for processing the player registration fees for the year ended December 31, 2008.

NOTE III – ACCOUNT RECEIVABLES

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

	<u>2008</u>	<u>2007</u>
Accounts receivable	\$ 111,742	\$ 39,792
Less allowance	<u>3,000</u>	<u>3,000</u>
Accounts receivable, net	<u>\$ 108,742</u>	<u>\$ 36,792</u>

NOTE IV – 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 to the Association as of December 31, 2008 and 2007 were \$4,695 and \$10,233 respectively.

NOTE V – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2008</u>	<u>2007</u>
Furniture, fixtures & equipment	\$ 81,215	\$ 74,412
Less accumulated depreciation	<u>40,210</u>	<u>26,914</u>
Furniture, fixtures, & equipment, net	<u>\$ 41,005</u>	<u>\$ 47,498</u>

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



**PROFESSIONAL DISC GOLF ASSOCIATION
APPLING, GEORGIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE V – PROPERTY AND EQUIPMENT (CONTINUED)

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 & equipment	3 – 10 years
---------------------------------	--------------

Depreciation expense for the years ended December 31, 2008 and 2007 were \$13,296 and \$10,470 respectively.

NOTE VI – LEASE AGREEMENT

On May 1, 2007, the Association entered into a lease agreement with Columbia County, Georgia. The lease agreement permits the Association 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. The lease agreement was renewable on April 1, 2009.

As of June 25, 2009, Columbia County, Georgia had not submitted a new lease agreement. However, the Association continues to lease the use of the facility for \$600 monthly with no future lease obligations. For the years ended December 31, 2008 and 2007, the Association had a total rent expense of \$7,200 and \$6,000 respectively.

NOTE VII – 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, 2008. Management believes that the coverage is adequate preclude any significant uninsured risk exposure.

NOTE VIII – REVENUE AGREEMENT WITH COLUMBIA COUNTY

Under an agreement dated September 12, 2006, the Association operates the 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, 2008 AND 2007**

	<u>2008</u>		<u>2007</u>	
	<u>Program Services</u>	<u>Management and General</u>	<u>Program Services</u>	<u>Management and General</u>
Salaries	\$ 100,832	\$ 100,833	\$ 103,920	\$ 104,794
Employee benefits and payroll taxes	25,005	25,004	27,098	28,204
Legal and professional fees	-	8,587	-	10,016
Postage and shipping	1,506	167	1,660	185
Office supplies	1,121	4,485	6,540	1,635
Telephone and communications	7,369	7,368	6,889	6,890
Rent and utilities	2,858	11,431	100	10,000
Conferences, conventions and meetings	12,505	12,504	16,171	16,171
Depreciation	-	13,296	-	10,470
Contract Labor	73,900	-	53,134	2,552
Course design & installation	7,122	-	37,192	-
Internet Technology	15,585	15,585	4,525	4,525
Marketing and promotional	69,407	-	69,462	-
Member supplies and mailings	135,708	-	135,027	-
Merchandise and member service	234,521	-	222,564	-
Insurance	10,175	3,211	10,789	3,211
Training	-	893	-	157
Travel	7,586	1,968	5,669	730
Repairs and maintenance	-	-	-	3,395
PDGA Tournaments and events	108,408	-	128,480	-
Charitable Donations	-	1,297	-	823
Dues and subscriptions	-	230	-	3,300
Provision for bad debt	-	-	-	-
Miscellaneous expenses	-	3,152	47	2,773
	<u>\$ 813,608</u>	<u>\$ 210,011</u>	<u>\$ 829,267</u>	<u>\$ 209,831</u>

The Notes to Financial Statements are an integral part of this statement.