The Professional Golfers' Association of America

Combined Financial Statements
June 30, 2017 and 2016

The Professional Golfers' Association of America
Index
June 30, 2017 and 2016

Report of Independent Certified Public Accountants

To the Board of Directors of the Professional Golfers' Association of America

We have audited the accompanying combined financial statements of the Professional Golfers' Association of America (the "Association"), which comprise the combined statements of financial position as of June 30, 2017 and 2016, and the related combined statements of activities, changes in unrestricted net assets and cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Certified Public Accountants' Responsibility

Our responsibility is to express an opinion on the combined financial statements based on our audits. We conducted our audits 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Association's preparation and fair presentation of the combined financial statements 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 Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Association as of June 30, 2017 and 2016, and the changes in its unrestricted net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

September 29, 2017

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The Professional Golfers' Association of America
Combined Statements of Financial Position
June 30, 2017 and 2016 (000's Omitted)

	2017	2016
Assets		
Current assets		
Cash and cash equivalents	$ 16,334	$ 78,678
Short-term investments	1,818	1,814
Accounts receivable, net	8,880	13,051
Inventories	738	1,450
Prepaid expenses and other current assets	25,287	27,575
Total current assets	53,057	122,568
Designated investments	226,231	209,280
Property and equipment, net	6,272	7,053
Golf course property and equipment, net	31,076	30,607
Golf course property held for sale	3,335	-
Deferred tax assets, net	17,125	17,749
Other assets	9,333	8,528
Total assets	$ 346,429	$ 395,785
Current liabilities		
Accounts payable and accrued expenses	$ 32,572	$ 35,519
Dues payable to Sections	1,890	1,857
Current portion of deferred revenues	60,191	134,586
Loans payable to Sections	3,496	4,242
Total current liabilities	98,149	176,204
Deferred revenues	15,738	23,035
Deferred compensation	9,239	8,863
Other liabilities	6,417	4,980
Total liabilities	129,543	213,082
Unrestricted net assets		
Undesignated	1,706	(13,640)
Designated		
Reserve fund	205,928	182,518
Capital reserve fund	-	5,596
Disaster relief fund	1,014	1,004
Charitable funds	8,238	7,225
Total designated	215,180	196,343
Total unrestricted net assets	216,886	182,703
Total liabilities and unrestricted net assets	$ 346,429	$ 395,785

The accompanying notes are an integral part of these combined financial statements.

The Professional Golfers' Association of America
Combined Statements of Activities
Years Ended June 30, 2017 and 2016 (000's Omitted)

	2017			2016		
	Revenue	Expense	Increase (Decrease)	Revenue	Expense	Increase (Decrease)
Revenue Producing Activities						
Championships	$ 245,290	$ 165,410	$ 79,880	$ 99,635	$ 71,105	$ 28,530
Partnership development	19,617	11,626	7,991	22,488	8,935	13,553
Member dues	2,404	49	2,355	2,352	65	2,287
Golf course operations	18,734	26,137	(7,403)	17,155	23,119	(5,964)
Total revenue producing activities	286,045	203,222		141,630	103,224	
Unrestricted net assets available for support			82,823			38,406
General and Administrative Costs						
Corporate services	68	30,534	(30,466)	124	29,724	(29,600)
Board, officers, past presidents	-	1,997	(1,997)	-	1,423	(1,423)
Depreciation	-	862	(862)	-	855	(855)
Total general and administrative costs	68	33,393		124	32,002	
	286,113	236,615		141,754	135,226	
Unrestricted net assets available for program support			49,498			6,528
Program Activities						
Marketing and communications	113	16,852	(16,739)	83	13,935	(13,852)
Global	1,645	1,635	10	-	1,872	(1,872)
Education	7,703	7,063	640	7,615	6,317	1,298
Awards	-	816	(816)	-	809	(809)
Member benefit programs	10,843	8,598	2,245	9,009	8,039	970
Membership meetings	-	3,485	(3,485)	-	2,283	(2,283)
Membership program administration	843	1,410	(567)	879	1,292	(413)
Member communications	100	394	(294)	100	327	(227)
Career services	43	2,137	(2,095)	50	1,666	(1,616)
Section affairs	878	10,058	(9,181)	828	9,505	(8,677)
Member championships	5,092	4,613	479	4,420	5,235	(815)
Amateur tournaments	713	1,058	(345)	713	750	(37)
Player development	(94)	3,464	(3,558)	112	4,022	(3,910)
PGA REACH	5,040	6,594	(1,553)	4,361	4,386	(25)
Total program activities	32,919	68,177		28,170	60,438	
Income tax provision	-	3,631	(3,631)	-	1,705	(1,705)
	319,032	308,423		169,924	197,369	
Increase (decrease) in net assets before investments			10,608			(27,445)
Investment income (loss)	24,617	1,042	23,575	(5,707)	915	(6,622)
	343,649	309,465		164,217	198,284	
Increase (decrease) in unrestricted net assets			$ 34,183			$ (34,067)

The accompanying notes are an integral part of these combined financial statements.

The Professional Golfers' Association of America
Combined Statements of Changes in Unrestricted Net Assets
Years Ended June 30, 2017 and 2016 (000's Omitted)

	2017		2016	
	Designated	Undesignated	Designated	Undesignated
Unrestricted net assets - beginning of year	$ 196,343	$ (13,640)	$ 204,184	$ 12,586
Increase (decrease) in unrestricted net assets		34,183		(34,067)
Designated Fund Activities				
Reserve fund	23,410	(23,410)	(6,743)	6,743
Capital reserve fund	(5,596)	5,596	(820)	820
Disaster relief fund	10	(10)	86	(86)
Charitable funds	1,013	(1,013)	(364)	364
Change in unrestricted net assets	18,837	15,346	(7,841)	(26,226)
Unrestricted net assets - end of year	$ 215,180	$ 1,706	$ 196,343	$ (13,640)

The accompanying notes are an integral part of these combined financial statements.

The Professional Golfers’ Association of America
Combined Statements of Cash Flows
Years Ended June 30, 2017 and 2016 (000’s Omitted)

	2017	2016
Cash Flows From Operating Activities		
Increase (decrease) in unrestricted net assets	$ 34,183	$ (34,067)
Adjustments to reconcile increase (decrease) in unrestricted net assets to net cash (used in) provided by operating activities		
Depreciation and amortization	4,343	4,244
Loss on inventory write off	26	-
Gain on sales of property and equipment	-	33
Loss on disposal of property and equipment	673	(4)
Loss on investment write-off	255	300
Impairment of long lived assets held for sale	1,033	-
Net unrealized (gain) loss on investments	(20,127)	7,111
Deferred income taxes	624	(903)
Changes in net assets		
Decrease (increase) in accounts receivable	4,171	(158)
Decrease (increase) in inventories	686	(235)
Decrease (increase) in prepaid expenses and other assets	818	(17,858)
(Decrease) increase in accounts payable and accrued expenses	(2,947)	5,011
Increase (decrease) in dues payable to Sections	33	(162)
(Decrease) increase in deferred revenues	(81,692)	66,241
Increase (decrease) in other liabilities	1,437	(569)
Increase (decrease) in deferred compensation	376	(932)
Net cash (used in) provided by operating activities	(56,108)	28,052
Cash Flows From Investing Activities		
Proceeds from sales of short-term investments	123	137
Purchases of short-term investments	(127)	(541)
Proceeds from sales of designated investments	54,206	45,812
Purchases of designated investments	(51,030)	(42,491)
Additions to property and equipment	(369)	(1,457)
Additions to golf course property and equipment	(8,293)	(1,607)
Net cash used in investing activities	(5,490)	(147)
Cash Flows From Financing Activities		
Loan proceeds received from Sections	394	664
Repayment of loans payable to Sections	(1,140)	(2,279)
Repayment of debt	-	(25,408)
Net cash used in financing activities	(746)	(27,023)
Net (decrease) increase in cash and cash equivalents	(62,344)	882
Cash and Cash Equivalents		
Beginning of year	78,678	77,796
End of year	$ 16,334	$ 78,678
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 15	$ 275
Taxes paid	$ 5,791	$ 3,612

The accompanying notes are an integral part of these combined financial statements.

1. Significant Accounting Policies

Principles of Consolidation and Combination, and Basis of Presentation

The combined financial statements include the financial statements of The Professional Golfers' Association of America (the "PGA of America"), a 501(c)(6) tax-exempt organization, and its wholly-owned for-profit subsidiaries, partnerships, and affiliated entities (PGA Foundation, Inc., PGA Financial Assistance Fund, Inc. and PGA Disaster Relief Fund, Inc.) All significant intercompany transactions and balances have been eliminated.

PGA Foundation, Inc., PGA Financial Assistance Fund, Inc. and PGA Disaster Relief Fund, Inc., together with the PGA of America and subsidiaries, which are affiliated through common boards of directors' representation, management or otherwise, are collectively referred to as the "Association." The Association conducts activities and programs to promote the golf profession and participation in the game of golf.

Forty-one entities, or Sections, represent the Association in different geographic areas of the United States. These Sections, which are chartered by the Board of Directors of the Association, have adopted a constitution and bylaws that are consistent with the mission of the Association, its rules, regulations and policies. At the same time, the Sections are independent legal entities that have elected their own Boards of Directors to govern and direct the affairs and finances of their respective Sections. Accordingly, the financial statements of the Sections are not included in the accompanying combined financial statements.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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.

Revenue Recognition

Revenue from tournaments is recognized upon the completion of the event. Revenue from member dues is recognized during the year to which it relates. Revenue from private golf club memberships is recognized over the average expected life of the membership. Revenue from all other activities is recognized at the time the goods or services are provided.

The Association entered into a significant agreement to license the exhibition rights of the Ryder Cup, Senior PGA Championship, and the PGA Championship to a customer. The agreement also extended the existing terms of the customer's Golf Channel agreement as well as granted access rights to the PGA Film Library. The term of the agreement is January 1, 2015 through December 31, 2030. The deliverables identified in the agreement were accounted for as separate units of accounting, and arrangement consideration was allocated based on relative selling price.

The amount allocable to a delivered unit is limited to that amount that is not contingent upon the delivery of additional units or meeting other specified performance conditions. The revenue recognized in the period from each deliverable is the lessor of the revenue allocated based on the relative selling price or the cash received, in aggregate. Event revenue is recognized upon completion of the event. Broadcast revenue related to the Golf Channel agreement is recognized on a straight-line basis over the term of the agreement. Revenue from access to the PGA film library was recognized upon execution of the agreement. For the years ended June 30, 2017 and 2016, total revenues recognized from the agreement were $44,473 and $7,377, respectively.

Cash, Cash Equivalents and Short-term Investments
Cash and cash equivalents include cash on hand and on deposit. The Association deposits cash and cash equivalents with financial institutions which management believes are of high credit quality.

The Association considers investments purchased with a maturity, when acquired, of three months or less to be cash equivalents. Investments purchased with a maturity of more than three months, but less than twelve months are classified as short-term. Short-term investments of the Association consist principally of certificates of deposit and money market accounts. Short-term investments are stated at their estimated fair value.

Accounts Receivable
The Association records receivables for licensing and sponsorship agreements, broadcasting rights fees, member dues and initiation fees, corporate merchandise sales, hospitality sales, event entry fees and Junior League team registrations. Accounts receivable are carried at the original invoice amount less an allowance for doubtful accounts based upon the Association's assessment of various factors, including historical experience and other factors that may affect the customers' ability to pay. Accounts receivable are written off when deemed uncollectible and recoveries of accounts receivable previously written off are recorded when received. As of June 30, 2017 and 2016, the reserve for bad debt was $157 and $71, respectively.

Inventories
Inventories consist of materials used in the Association's education programs, uniforms for Junior League Golf participants and items held for resale in the Association's golf shops. Inventories are valued at the lower of cost or market, with cost determined on a first-in, first-out basis.

Designated Investments
Designated investments consist of investments from the Reserve Fund; the Section Loan program; the PGA Foundation, Inc.; the PGA Financial Assistance Fund, Inc.; and various deferred compensation plans. The investments are segregated in custodial accounts managed by independent money managers. The monies associated with these investments may only be used in accordance with the individual guidelines for the specific investments. Investments are stated at fair value.

June 30, 2017 and 2016 (000's Omitted)

The Association utilizes a practical expedient to categorize fair value of investments for which fair value is measured using the Net Asset Value ("NAV") per share.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation of property and equipment is recorded using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	30-40 years
Furniture, fixtures and equipment	5-15 years
Computer equipment	3-5 years

The costs of significant renewals and betterments are capitalized, whereas expenditures for maintenance and repairs which do not extend the lives of assets are charged to operations as incurred. The Association reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be fully recoverable from future cash flows.

Golf Course Property and Equipment

Golf course property and equipment consists of the Association's ownership of golf and country clubs. Golf course property and equipment are stated at cost, less accumulated depreciation. Depreciation of golf course property and equipment is recorded using the straight-line or double-declining balance method over the estimated useful lives of the assets as follows:

Land improvements	7-39 years
Buildings	30-40 years
Furniture, fixtures and equipment	5-15 years
Computer equipment	3-5 years

The costs of significant renewals and betterments are capitalized, and expenditures for maintenance and repairs that do not extend the lives of assets are charged to operations as incurred. The Association reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be fully recoverable from future cash flows.

Goodwill

Goodwill represents the excess of consideration transferred over the fair value of tangible net assets and identifiable intangible assets of businesses acquired. Goodwill is not amortized, but is subject to impairment testing annually, or whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. This testing compares the assets' carrying values to fair values and, when appropriate, the carrying value of these assets is reduced to their fair value. The Association recorded goodwill following its acquisition of League Golf LLC. The Association performed impairment tests at June 30, 2017 and 2016, and no impairment charges were recorded.

Intangible Assets

Intangible assets are stated at cost less accumulated amortization. Amortization of intangible assets is recorded using the straight-line method over the estimated useful lives of the assets. The Association recorded identified intangible assets following its acquisition of League Golf LLC. Intangible assets with determinable lives consist of customer relationships and a covenant not to compete. The estimated useful lives of customer relationships and the covenant not to complete are 8 years and 7 years, respectively.

Impairment of long-lived assets
Long-lived assets, such as property and equipment, golf course property and equipment, and intangible assets with determinable lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset in conjunction with other assets at the lowest level of separately identifiable cash flows. If the carrying amount of an asset or asset group exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset or asset group exceeds its fair value. Assets to be disposed of are separately presented in the statement of financial position and reported at the lower of the carrying amount or fair value less costs to dispose, and are no longer depreciated.

Deferred Revenue and Prepaid Expenses
Revenue received in advance is deferred until such time as the event takes place or services are rendered. Costs incurred relating to such events are similarly recorded as prepaid expenses and later recognized with the related revenues. Costs incurred for events that are scheduled to occur after June 30, 2018 are classified as noncurrent.

Income Taxes
The PGA of America, PGA Foundation, Inc. and PGA Financial Assistance Fund, Inc. are exempt from federal and state income tax for activities related to their respective tax-exempt purposes. Provision for unrelated business income tax, when applicable, is made for income that is unrelated to the stated tax-exempt purposes of the entities.

PGA Corporation (the "Corporation"), a wholly owned subsidiary of PGA of America, owns the Association's for-profit legal entities. The Corporation and its subsidiaries file consolidated federal and state income tax returns.

The Corporation records deferred income taxes using the liability method. Under the liability method, deferred tax assets and liabilities are recognized for the expected future tax consequences, using statutory federal and state income tax rates, of temporary differences between the financial statement and income tax bases of the Corporation's assets and liabilities. An allowance is recorded, based upon currently available information, when it is more likely than not that any or all of a deferred tax asset will not be realized. The provision for income taxes includes taxes currently payable, if any, plus the net change during the year in deferred tax assets and liabilities recorded by the Corporation.

In November 2015, the FASB issued Accounting Standards Update (ASU) No. 2015-17, Balance Sheet Classification of Deferred Taxes ("Update"). Current GAAP requires an entity to separate deferred income tax liabilities and assets into current and noncurrent amounts in a classified balance sheet. To simplify the presentation of deferred income taxes, the amendments in this Update require that deferred tax liabilities and assets be classified as noncurrent in a classified balance sheet. The amendments in this Update may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. For non-public entities, the amendments in this Update are effective for financial statements issued for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Earlier application is permitted for all entities as of the beginning of an interim or annual reporting period. The Company adopted this ASU retrospectively in the year ended June 30, 2017, resulting in a reclassification of $5,518 from net current deferred tax assets to net non-current deferred tax assets as of June 30, 2016. The adoption of this guidance only affected the presentation of deferred income taxes in the Association's combined statements of financial position.

General and Administrative Expenses
The Association allocates a portion of its general and administrative costs to the various program services using allocation methodologies that reasonably estimate the actual costs incurred by each program service. All unallocated costs are reflected in the accompanying financial statements as general and administrative costs.

Artifacts
Artifacts consisting of golf clubs, pictures, paintings and assorted memorabilia that have been donated to the Association are included in the accompanying statements of financial position in other assets.

Reclassification
Certain amounts included in the accompanying financial statements for the year ended June 30, 2016 have been reclassified to conform to the current-year presentation.

2. Fair Value of Financial Instruments

The PGA of America records certain assets and liabilities at their estimated fair value. Fair value is defined as the exchange price that would be received for an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. A hierarchical framework has been established that classifies assets, based on the market observability of the inputs used to determine fair value, into the following three categories:

Level 1 – Quoted prices for identical instruments in active markets to which the Association has access at the date of measurement.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar assets in markets that are not active; and model-derived valuations in which all significant inputs are directly or indirectly observable.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the instrument. Level 3 valuations are typically performed using pricing models, discounted cash flow methodologies, or similar techniques, which incorporate management's own estimates of assumptions that market participants would use in pricing the instrument or valuations that require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques for determining fair value and may include price information, market transaction data, investment liquidity and other factors. An investment's level within the fair value hierarchy is based on the lowest level input that is significant to the fair value. Transfers between levels are recognized on the date they occur.

June 30, 2017 and 2016 (000's Omitted)

Mutual Funds
Investments in mutual funds are valued at the net asset value of each fund determined as of the close of the New York Stock Exchange on the valuation date. These investments are considered Level 1 investments due to readily available, quotable prices.

Portfolio Securities
Listed equity investments valued using observable inputs that reflect quoted prices (unadjusted) in active markets are categorized as Level 1.

Money Market Mutual Funds
Money market mutual funds are valued as net asset value per share. These investments are considered Level 1 investments.

Hedge Funds and Commingled Funds
Investments in hedge funds are generally valued using the capital balance reported by the Underlying Fund's manager as the primary input; however, adjustments to the reported capital balance may be made based on various factors, including, but not limited to, the attributes of the interest held, including the rights and obligations and any restrictions or illiquidity on such interest, and the fair value of such fund's investment portfolio or other assets and liabilities.

Commingled Funds consist of assets from multiple accounts that are pooled together to create economies of scale.

Private Equity Funds
The capital balance reported by the Underlying Fund's manager is used as the primary input to its valuation; however, adjustments to the reported capital balance may be made based on various factors, including, but not limited to, the attributes of the interest held, including the rights and obligations, and any restrictions or illiquidity on such interests, and the fair value of such fund's investment portfolio or other assets and liabilities.

The following tables set forth the Association's investments by level within the fair value hierarchy as of June 30, 2017 and June 30, 2016.

Assets at Fair Value as of June 30, 2017

	Level 1	Level 2	Level 3	Total
Investments, at Fair Value				
Certificates of Deposit	$ 1,818	$ -	$ -	$ 1,818
Common Stocks	30,198			30,198
Mutual Funds	48,384			48,384
Money Market Mutual Funds	33,474			33,474
Total Investments, at Fair Value	$ 113,874	$ -	$ -	$ 113,874

June 30, 2017 and 2016 (000's Omitted)

Management has used NAV as a practical expedient to measure the fair value of $45,145 of underlying hedge funds, $8,265 of underling private equity funds, and $69,646 of underlying commingled funds, which are not included in the table above.

Assets at Fair Value as of June 30, 2016

	Level 1	Level 2	Level 3	Total
Investments, at Fair Value				
Certificates of Deposit	$ 1,814	$ -	$ -	$ 1,814
Common Stocks	26,580	-	-	26,580
Mutual Funds	56,774	-	-	56,774
Money Market Mutual Funds	73,675	-	-	73,675
Total Investments, at Fair Value	$ 158,843	$ -	$ -	$ 158,843

Management has used NAV as a practical expedient to measure the fair value of $47,815 of underlying hedge funds, $4,935 of underly2ing private equity funds, and $55,898 of underlying commingled funds, which are not included in the table above.

3. Prepaid Expenses and Other Assets

Prepaid expenses and other assets include the following:

	June 30, 2017	June 30, 2016
PGA Championships	$ 18,239	$ 12,443
Ryder Cup Matches	1,365	13,833
Goodwill acquired with League Golf purchase	3,415	3,415
Intangible assets, net, acquired with League Golf purchase	2,323	2,733
Womens PGA Championships	2,600	296
PGA Senior Championships	468	385
Prepaid income taxes	3,535	807
Junior League Golf uniform deposit	764	-
Prepaid licenses, maintenance and services	593	207
Other	1,318	1,984
	34,620	36,103
Less: current portion	(25,287)	(27,575)
Long-term portion	$ 9,333	$ 8,528

June 30, 2017 and 2016 (000's Omitted)

4. Property and Equipment

Property and equipment consists of the following:

	June 30, 2017	June 30, 2016
Land	$ 470	$ 470
Buildings	11,449	11,427
Furniture, fixtures and equipment	4,478	4,354
Computer equipment	8,398	9,680
	24,795	25,931
Less: accumulated depreciation	(18,523)	(18,878)
	$ 6,272	$ 7,053

Depreciation expense related to these assets for the years ended June 30, 2017 and 2016 was $1,150 and $1,062, respectively.

5. Intangible assets

Intangible assets, which are recorded in other assets on the statements of financial position, consist of the following as of June 30, 2017 and 2016:

	June 30, 2017	June 30, 2016
Subject to Amortization		
Golf facilities relationships	$ 3,270	$ 3,270
Covenant not-to-compete	10	10
	3,280	3,280
Less: accumulated amortization	(957)	(547)
	$ 2,323	$ 2,733

Amortization expense of $410 and $410 was recorded in the combined statements of activities for the year ended June 30, 2017 and 2016, respectively.

June 30, 2017 and 2016 (000's Omitted)

The future estimated aggregate amortization expense on the intangible assets as of June 30, 2017 is as follows:

2018	$	410
2019		410
2020		410
2021		410
2022		410
2023		273
	$	2,323

6. Golf Course Property and Equipment

Golf course property and equipment consists of the following:

	June 30, 2017	June 30, 2016
PGA Golf Club	$ 11,700	$ 10,817
Valhalla Golf Club	19,061	15,341
St. Lucie Trail Golf Course	-	2,003
PGA Center for Golf Learning and Performance	-	2,125
PGA Golf Development	315	321
	$ 31,076	$ 30,607

In total, these funds have been invested in the following asset categories:

	June 30, 2017	June 30, 2016
Golf courses, land and land improvements	$ 28,668	$ 33,549
Buildings	12,958	13,371
Furniture, fixtures and equipment	6,797	8,660
Leased equipment under capital lease	2,799	1,973
Construction in progress	179	165
	51,401	57,718
Less: accumulated depreciation	(20,325)	(27,111)
	$ 31,076	$ 30,607

Depreciation expense related to these assets for the years ended June 30, 2017 and 2016 was $2,783 and $2,773, respectively.

June 30, 2017 and 2016 (000's Omitted)

7. Golf Course Property Held for Sale

In April 2017, the Association committed to a plan to divest both the St. Lucie Trail Golf Club and the PGA Center for Golf Learning and Performance from the golf properties portfolio located in Port St. Lucie, Florida. Accordingly, a part of these facilities is presented as an asset group held for sale, and presented separately on the combined statements of financial position. Efforts to sell the properties have started and a sale is expected within one year.

During 2017, the Association evaluated the golf course properties held for sale for impairment. The offers received to date on the St Lucie Trail Golf Course created a triggering event requiring impairment analysis. Based upon the Association's evaluation, it was determined that the total of the expected sales price less selling cost was less than the carrying value of the asset. An impairment charge of $1,033 was recorded, representing the difference between the fair value of the golf course land, building and equipment held for sale and their carrying values. The impairment charge is reflected in the combined statement of activities.

Golf course property held for sale consists of the following:

	June 30, 2017
St. Lucie Trail Golf Course	$ 1,199
PGA Center for Golf Learning and Performance	2,136
	$ 3,335

At June 30, 2017, the group is comprised of the following assets:

	June 30, 2017
Golf courses, land and land improvements	$ 2,475
Buildings	252
Furniture, fixtures and equipment	213
Leased equipment under capital lease	395
	$ 3,335

June 30, 2017 and 2016 (000's Omitted)

8. Deferred Revenues

Deferred revenues consist of the following:

	June 30, 2017	June 30, 2016
Championships		
PGA Championships	$ 57,572	$ 57,720
Ryder Cup Matches	-	55,366
Womens PGA Championship	1,520	-
Senior PGA Championship	221	285
Television broadcasting rights	-	21,673
Licensing	4,996	9,927
Golf course operations		
Golf course licensing	2,840	2,900
Golf course membership dues	3,556	3,625
Golf course initiation fees	750	715
Membership activities		
Association member dues	1,930	2,408
Member championships	565	1,008
Professional liability program	1,877	1,877
Other	102	117
	75,929	157,621
Less: current portion	(60,191)	(134,586)
Long-term portion	$ 15,738	$ 23,035

The deferred revenue balances for PGA Championships and Ryder Cup Matches primarily consist of ticket revenue, hospitality revenue and television rights fees collected in advance of future events. In conjunction with the fifteen year extension of the cable broadcast rights agreement for the Ryder Cup, the Association received the remaining upfront payment of 50% of the signing bonus in fiscal year 2016.

9. Deferred Compensation

The Association has four deferred compensation plans. Three of the plans were implemented in fiscal year 1995 for senior management. The fourth plan was implemented in fiscal year 1997 for individuals employed by host clubs of the Association's tournaments. These plans provide selected individuals with deferred compensation benefits payable in the future provided the individuals meet varying service requirements. The total liability under these plans was $9,239 at June 30, 2017 and $8,863 at June 30, 2016. The PGA terminated contributions to these plans effective July 1, 2014. Investments in support of these liabilities are classified as designated investments at June 30, 2017 and 2016.

10. Loans Payable to Sections

The Association has borrowed funds from various Sections on a short-term basis. Interest on these loans accrues at a fixed rate that is adjusted quarterly by the Association (0.4% at June 30, 2017 and 0.5% at June 30, 2016). The loans can be called in whole or in part by the Sections on the first day of each calendar quarter. At June 30, 2017 and June 30, 2016, the Association's outstanding obligations under these loans totaled $3,496 and $4,242, respectively. During fiscal years 2017 and 2016, total interest expense incurred on these loans was $15 and $22, respectively.

The Association has invested the funds borrowed in fixed income securities and money market funds, which are recorded as designated investments in the statements of financial position. The spread between the interest rate paid to the Sections and the returns earned on invested funds can vary and all risk of this spread is borne by the Association.

11. Retirement and Savings Programs

The Association has a defined contribution retirement savings plan under Section 401(k) of the Internal Revenue Code (the "IRC") for which all employees are eligible to participate. An employee may elect to contribute up to seventy-five percent of his or her compensation to a trust established under this plan subject to IRC maximum limitations. This plan also provides for the Association to contribute an amount equal to the employee's contributions up to five percent of his or her compensation for all employees meeting minimum age and service requirements. Employer contributions become vested to employees immediately. Contributions to this plan are not taxable to the participants until such amounts are withdrawn from the plan. Contributions to this plan by the Association amounted to $1,120 and $1,120 for the years ended June 30, 2017 and 2016, respectively.

Effective January 1, 1994, the Association implemented a tax qualified money purchase plan for all employees meeting minimum age and service requirements. The Association contributes five percent of eligible participants' annual compensation to this plan, provided the employee is employed by the Association on December 31 of the given year. Employer contributions become vested after three years of service. Contributions to this plan are not taxable to the participants until such amounts are withdrawn from the plan. Contributions to this plan by the Association amounted to $1,346 and $1,252 for the years ended June 30, 2017 and 2016, respectively.

12. Contingent Consideration

During fiscal year 2016, the Association adjusted the contingent consideration liability to reflect the maximum contingent liability consideration, $2,500. The liability was adjusted based on the results of the past two seasons and the expected outcome through 2017 and 2018 seasons. As of June 30, 2017 and 2016, the contingent consideration liability is presented at a present value amount of $2,336 and $2,038, respectively, and is being adjusted monthly to accrue $2,500 by the end of December 2017. The Association recorded interest expense in the amounts of $297 and $302 for the years ended June 30, 2017 and 2016, respectively.

June 30, 2017 and 2016 (000's Omitted)

13. Income Taxes

As discussed in Note 1, The PGA of America, PGA Foundation, Inc. and the PGA Financial Assistance Fund, Inc. are exempt from federal and state income taxes. PGA Corporation and its subsidiaries, for-profit taxable entities, had net taxable income of $7,594 and $9,570 for the years ended June 30, 2017 and 2016, respectively. This taxable income was offset by net operating loss deductions and resulted in income tax provisions summarized below:

	June 30,	
	2017	**2016**
Current income taxes		
Federal	$ (2,560)	$ (1,865)
State	(447)	(743)
	(3,007)	(2,608)
Deferred income taxes		
Federal	(555)	751
State	(69)	152
	(624)	903
Total tax provision	$ (3,631)	$ (1,705)

The effective income tax rate for the periods ending June 30, 2017 and 2016 differs from the statutory rate of approximately 39% due to permanent differences.

At June 30, 2017, PGA Corporation and its subsidiaries had approximately $14 in Federal net operating loss carryforwards which will expire if not utilized beginning in 2037. These carryforwards result in a gross deferred tax asset of approximately $5.

Various items of income and expense are recognized in different periods for book and tax purposes. These temporary differences generated a net deferred tax asset of approximately $17,125. The primary temporary differences for PGA Corporation and its subsidiaries arise from deferred revenue, expenses recognized for book purposes for accrued expenses, deferred compensation and asset impairment which are not currently deductible for tax purposes and for depreciation expense deducted for tax in excess of book expense.

At June 30, 2017, the PGA has no uncertain tax positions. The PGA Corporation and its subsidiaries reasonably estimate that the uncertain tax position status will not change significantly in the next twelve months.

14. Related Party Transactions

The Association provides financial support to the Sections for operational and developmental initiatives. Section Affairs' expenditures consist primarily of direct monetary support for various activities throughout the year, including Section ADP Funding, Section technology support, Section accounting services, Section staff training, Section communication, annual executive directors' conference, the Section loan program, the Section insurance program and other administrative costs. For the years ended June 30, 2017 and 2016, the Association incurred $9,180 and $8,677 in net Section support costs, respectively.

June 30, 2017 and 2016 (000's Omitted)

15. Nonmonetary Exchanges

The Association has entered into various agreements whereby goods and services (i.e., broadcast television airtime, golf apparel, merchandise, courtesy cars, etc.) are accepted in exchange for granting a third party the right to use the PGA name and logo or to receive tournament admission and hospitality services. The Association records nonmonetary exchanges at the estimated fair value of the goods or services exchanged or received. For the years ended June 30, 2017 and 2016, the Association recorded nonmonetary revenues and expenses valued at approximately $13,669 and $8,463, respectively. The Association records nonmonetary revenues and expenses based on the terms of the underlying agreements. During fiscal 2017 and 2016, nonmonetary revenues and expenses were recorded as follows:

	June 30,			
	2017		2016	
	Revenues	Expenses	Revenues	Expenses
Broadcast television airtime				
Championships	$ 12,271	$ 80	$ 7,372	$ 790
Marketing and communications	-	12,191	-	6,582
	12,271	12,271	7,372	7,372
Products and other services				
Partnership development	1,031	-	867	-
Championships	367	1,330	224	952
Member awards	-	10	-	5
Player development activities	-	-	-	3
Member championships	-	40	-	117
Amateur tournaments	-	18	-	14
	1,398	1,398	1,091	1,091
Total trade revenues and expenses	$ 13,669	$ 13,669	$ 8,463	$ 8,463

16. Commitments and Contingencies

Litigation and Settlements

The Association is involved in litigation from time to time in the ordinary course of its business. In the opinion of management and legal counsel, the ultimate resolution of these matters will not have a material impact on the Association's combined financial position or results of operations and cash flows.

June 30, 2017 and 2016 (000's Omitted)

Leases

The Association leases office and golf course equipment under leases expiring at various dates. Rent expense for the years ended June 30, 2017 and 2016 was $2,055 and $1,493, respectively. Minimum future rental payments on noncancelable operating leases with remaining terms in excess of one year are as follows:

2018	$	2,055
2019		2,108
2020		1,469
2021		623
	$	6,255

17. Subsequent Events

The Association evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through September 29, 2017, the date the financial statements were available for issuance, and determined that no additional items required disclosure.