The Professional Golfers' Association of America

Combined Financial Statements
March 31, 2020

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Report of Independent Auditors

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 statement of financial position as of March 31, 2020, and the related combined statements of activities, of changes in net assets and of cash flows for the year then ended.

Management's Responsibility for the Combined 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.

Auditors' 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 Professional Golfers' Association of America as of March 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the combined financial statements, the Association changed the manner in which it accounts for revenue in 2020. Our opinion is not modified with respect to this matter.

PricewaterhouseCoopers LLP

August 14, 2020

The Professional Golfers' Association of America
Combined Statement of Financial Position
March 31, 2020 (000's Omitted)

Assets		
Current assets		
Cash and cash equivalents	$	15,525
Short-term investments		514
Accounts receivable, net		19,247
Inventories		787
Prepaid expenses and other current assets		32,348
Total current assets		68,421
Designated investments		184,514
Property and equipment, net		5,193
Golf course property and equipment, net		26,629
Deferred tax assets, net		11,447
Goodwill		9,411
Other assets		11,422
Total assets	$	317,037
Current Liabilities		
Accounts payable and accrued expenses	$	37,698
Dues payable to sections		13
Current portion of deferred revenues		55,255
Loans payable to sections		1,720
Line of credit		15,000
Total current liabilities		109,686
Deferred revenues		61,747
Deferred compensation		8,558
Other liabilities		3,139
Total liabilities		183,130
Commitments and contingencies (Note 19)		
Net assets without donor restrictions		
Undesignated		(40,820)
Designated		
Reserve fund		169,637
Disaster relief fund		648
Charitable funds		4,442
Total designated		174,727
Total net assets without donor restrictions		133,907
Total liabilities and net assets without donor restrictions	$	317,037

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

The Professional Golfers' Association of America
Combined Statement of Activities
Year Ended March 31, 2020 (000's Omitted)

	Revenue	Expense	Increase (Decrease)
Revenue producing activities			
Championships	$ 123,722	$ 97,624	$ 26,098
Partnership development	24,417	14,041	10,376
Member dues	2,348	81	2,267
Golf course operations	19,826	19,147	679
Total revenue producing activities	170,313	130,893	
Net assets without donor restrictions available for support			39,420
General and administrative costs			
Corporate services	-	44,078	(44,078)
Board, officers, past presidents	-	1,928	(1,928)
Depreciation	-	802	(802)
Loss on sale of golf course property and equipment	-	156	(156)
Total general and administrative costs	-	46,964	
	170,313	177,857	
Net assets without donor restrictions available for program support			(7,544)
Program activities			
Marketing and communications	52	11,533	(11,481)
PGA.com	50	1,820	(1,770)
Global	608	1,491	(883)
Education	6,043	6,125	(82)
Awards	-	1,031	(1,031)
Member benefit programs	9,701	9,079	622
Membership meetings	-	1,864	(1,864)
Membership program administration	557	1,396	(839)
Member communications	100	448	(348)
Career services	159	3,617	(3,458)
Section affairs	1,071	11,916	(10,845)
Member championships	5,402	5,638	(236)
Amateur tournaments	-	603	(603)
Nextgengolf	1,611	2,031	(420)
Player development	6	3,733	(3,727)
PGA REACH	9,227	10,545	(1,318)
Total program activities	34,587	72,870	
Income tax provision	-	2,336	(2,336)
	204,900	253,063	
Decrease in net assets before investments			(48,163)
Investment loss	(10,453)	1,874	(12,327)
	$ 194,447	$ 254,937	
Decrease in net assets without donor restrictions			$ (60,490)

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

The Professional Golfers' Association of America
Combined Statement of Changes in Net Assets
Year Ended March 31, 2020 (000's Omitted)

	Designated	Undesignated
Net assets without donor restrictions - beginning of year	$ 206,333	$ (11,936)
Decrease in net assets without donor restrictions		(60,490)
Designated fund activities		
Reserve fund	(30,659)	30,659
Disaster relief fund	21	(21)
Charitable funds	(968)	968
Change in net assets without donor restrictions	(31,606)	(28,884)
Net assets without donor restrictions - end of year	$ 174,727	$ (40,820)

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

The Professional Golfers' Association of America
Combined Statement of Cash Flows
Year Ended March 31, 2020 (000's Omitted)

Cash flows from operating activities		
Decrease in net assets without donor restrictions	$	(60,490)
Adjustments to reconcile decrease in net assets without donor restrictions to net cash used in operating activities		
Depreciation and amortization		3,674
Loss on disposal of property and equipment		198
Loss on inventory write-off		29
Net unrealized loss on investments		20,968
Deferred income taxes		(674)
Changes in net assets		
Increase in accounts receivable		(11,254)
Decrease in inventories		123
Increase in prepaid expenses and other assets		(8,634)
Increase in accounts payable and accrued expenses		5,290
Decrease in dues payable to sections		(5)
Increase in deferred revenues		43,199
Increase in other liabilities		1,520
Decrease in deferred compensation		(457)
Net cash used in operating activities		(6,513)
Cash flows from investing activities		
Proceeds from sales of short-term investments		139
Purchases of short-term investments		(502)
Proceeds from sales of designated investments		51,607
Purchases of designated investments		(39,324)
Acquisition of business		(3,801)
Proceeds from sales of property and equipment		5,110
Additions to property and equipment		(3,822)
Additions to golf course property and equipment		(1,271)
Net cash provided by investing activities		8,136
Cash flows from financing activities		
Loan proceeds received from sections		236
Repayment of loans payable to sections		(1,164)
Loan proceeds received from line of credit		90,700
Repayment of line of credit		(77,200)
Net cash provided by financing activities		12,572
Net increase in cash and cash equivalents		14,195
Cash and cash equivalents		
Beginning of year		1,330
End of year	$	15,525
Supplemental disclosure of cash flow information		
Interest paid	$	641
Taxes paid		8,873

The accompanying notes are an integral part of these 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 the following affiliates: PGA Foundation, Inc., PGA Financial Assistance Fund, Inc. and PGA Disaster Relief Fund, Inc. All 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 its 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
In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASC 606"). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. ASC 606 eliminates industry-specific guidance and provides a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of ASC 606 is that a reporting entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the reporting entity expects to be entitled in exchange for those goods or services. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Association adopted the new standard effective April 1, 2019 using the modified retrospective approach. The financial statements reflect the application of ASC 606 guidance beginning in the current period. The transition to ASC 606 represents a change in accounting principle. Analysis of various provisions of this standard resulted in no significant changes in the way the Association recognizes revenue, and therefore no cumulative effect adjustment was required. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

The Association recognizes revenue when, or as, performance obligations under the terms of a contract are satisfied, which generally occurs when, or as, control of promised goods or services are transferred to customers. Revenue is measured as the amount that reflects the consideration the Association expects to be entitled to in exchange for those goods or services ("transaction price"). To the extent the transaction price includes variable consideration, the Association estimates the amount of variable consideration that should be included in the transaction price utilizing the most likely amount to which the Association expects to be entitled. Variable consideration is included in the transaction price if, in the Association's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. Estimates of variable consideration and the determination of whether to include such estimated amounts in the transaction price are based largely on an assessment of the Association's anticipated performance and all information that is reasonably available. The Association accounts for taxes collected from customers and remitted to governmental authorities on a net basis and excludes these amounts from revenues. In addition, the Association defers certain costs to fulfill the Association's contracts with customers to the extent such costs relate directly to the contracts, are expected to generate resources that will be used to satisfy the Association's performance obligations under the contracts and are expected to be recovered through revenue generated under the contracts. Contract fulfillment costs are expensed as the Association satisfies the related performance obligations.

The timing of revenue recognition for each performance obligation is dependent upon the facts and circumstances surrounding the Association's satisfaction of its respective performance obligation. The Association allocates the transaction price for such arrangements to each performance obligation within the arrangement based on the estimated relative standalone selling price of the performance obligation. The Association's process for determining its estimated standalone selling prices involves management's judgment and considers multiple factors including market specific factors that may vary depending upon the unique facts and circumstances related to each performance obligation. Key factors considered by the Association in developing an estimated standalone selling price for its performance obligations include, but are not limited to, prices charged for similar performance obligations, the Association's ongoing pricing strategy and policies, and consideration of pricing of similar performance obligations sold in other arrangements with multiple performance obligations.

The Association may incur costs such as commissions to obtain its multi-year licensing or broadcasting agreements. The Association assesses such costs for capitalization on a contract by contract basis. To the extent costs are capitalized, the Association estimates the useful life of the related contract asset which may be the underlying contract term or the estimated customer life depending on the facts and circumstances surrounding the contract. The contract asset is amortized over the estimated useful life.

The Association derives its revenues primarily from the following sources: Event broadcasting, hospitality sales, merchandise sales, admission sales, registration revenue, licensing rights to use proprietary trademarks, and membership dues and private golf memberships.

Revenues from event broadcasting, hospitality sales, merchandise sales, admission sales, and registration revenue are recognized at the time of the event occurrence as the performance obligation is satisfied at that point in time, in an amount that reflects the consideration the Association expects to receive in an amount that represents the stand-alone selling price of those good and services.

Licensing rights to use proprietary trademarks, or symbolic IP, are recognized over the life of the contract as the satisfaction of the single performance obligation is fulfilled over time in an amount that represents the stand-alone selling price of the symbolic IP.

Membership dues are recognized over the membership period which is generally one year. Revenue from private golf club memberships is recognized over the average expected life of the membership. The performance obligation consists of providing members continuous access to member benefits, golf course and common areas. These services are highly interrelated and are therefore not considered to be individually distinct. As such, they are accounted for as a single performance obligation, which is satisfied by providing these rights over the term of the respective membership period or average expected life of the membership, respectively.

The Association entered into a significant agreement to license the exhibition rights of the Ryder Cup and Senior 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 performance obligations identified in the agreement were accounted for as separate performance obligations, and consideration was allocated based on the stand-alone selling price.

The amount allocable to a performance obligation is limited to that amount that is not contingent upon the delivery of additional performance obligations. The revenue recognized in the period from each performance obligation is the lesser of the revenue allocated based on the stand-alone selling price or the cash received, in aggregate. Event revenue is recognized upon completion of each event. Broadcast revenue related to the Golf Channel agreement is recognized on a straight-line basis over the term of the agreement, subject to the contingent revenue cap. For the year ended March 31, 2020, total revenue recognized from the agreement was $8,015.

Current accounting standards require that companies disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. The Association has included its revenues and support disaggregated in its statement of activities to satisfy this requirement.

Additionally, in June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), a revised standard on accounting for contributions, which became effective for the Association on April 1, 2019 and was applied prospectively. The amendments in this Update clarify the scope and accounting guidance for contributions, as distinguishing between contributions and exchange transactions determines which guidance is applied. For contributions, an entity should follow the guidance in Subtopic 958-605, whereas for exchange transactions, an entity should follow other guidance (for example, ASC 606).

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

March 31, 2020 (000's Omitted)

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 March 31, 2020, the allowance for doubtful accounts was $267.

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 net realizable value, 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.

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.

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.

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 during fiscal year 2015, and Nextgengolf, Inc. during the current fiscal year. The Association performed an impairment test at March 31, 2020, 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 compete 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.

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. Revenues received and costs incurred for events that are scheduled to occur after March 31, 2021 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 period in deferred tax assets and liabilities recorded by the Corporation.

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 statement of financial position in other assets.

New Accounting Pronouncements
In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), a revised standard on lease accounting. Lessees will need to recognize virtually all of their leases on the balance sheet, by recording a right-of-use asset and lease liability. The revised standard requires additional analysis of the components of a transaction to determine if a right-to-use asset is embedded in the transaction that needs to be treated as a lease. Substantial additional disclosures are also required by the revised standard. On June 3, the FASB issued ASU 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities, which deferred the effective date of adoption by one year. As a result, nonpublic companies are required to apply the new leasing standard for fiscal years beginning after December 15, 2021. The revised standard should be applied on a modified retrospective approach or through the use of a practical expedient, with early adoption permitted. The Association is evaluating the impact of this revised standard.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326), a revised standard on accounting for financial instruments. The amendments in this Update require a financial asset, including trade receivables, measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. The amendments in this Update are effective for nonpublic companies with fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. The Association does not believe this revised standard will have a significant impact on the combined financial statements.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820), a revised standard on the disclosure requirements for fair value measurements. The amendments in this Update remove, modify and add various disclosure requirements. None of the additional disclosure requirements are applicable for nonpublic entities. The amendments in this Update are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Association is evaluating the impact of this revised standard.

In May 2019, the FASB issued ASU 2019-06, Intangibles—Goodwill and Other (Topic 350), Business Combinations (Topic 805), and Not-for-Profit Entities (Topic 958). The amendments in this Update extend the Private Company Accounting Alternatives on goodwill and certain identifiable intangible assets to not-for-profit entities. The amendments in this Update are effective upon issuance. The Association has elected not to apply the alternatives in this Update.

2. Fair Value of Financial Instruments

The Association 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.

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.

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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 March 31, 2020.

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Investments, at fair value				
Certificates of deposit	$ 514	$ -	$ -	$ 514
Common stocks	20,778			20,778
Mutual funds	42,280			42,280
Money market mutual funds	6,008			6,008
Total investments, at fair value	$ 69,580	$ -	$ -	$ 69,580

Of the amounts included in the table above, certificates of deposits in the amount of $514 are classified as short-term investments, money mark mutual funds in the amount of $1,354 are classified as cash and cash equivalents, and the remainder are classified as designated investments in the combined statement of financial position. Management has used NAV as a practical expedient to measure the fair value of $35,298 of underlying hedge funds, $25,803 of underling private equity funds, and $55,536 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 as of March 31, 2020:

PGA Championships	$ 12,969
Ryder Cup Matches	7,574
Prepaid income taxes	6,274
Advance payment of ADP to Sections	3,600
Junior League Golf	3,296
Womens PGA Championships	2,076
Prepaid broadcasting consulting services	1,625
PGA Professional Championships	1,570
Intangible assets, net, acquired with League Golf purchase	1,195
Prepaid licenses, maintenance and services	931
PGA Senior Championships	543
Prepaid Insurance	386
Other	1,731
	43,770
Less: Current portion	(32,348)
Long-term portion	$ 11,422

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4. Property and Equipment

Property and equipment consists of the following as of March 31, 2020:

Land	$	555
Buildings		6,269
Furniture, fixtures and equipment		9,622
Computer equipment		3,085
Software development		3,238
		22,769
Less: Accumulated depreciation		(17,576)
	$	5,193

Depreciation expense related to these assets for the year ended March 31, 2020 was $830.

5. Golf Course Property and Equipment

Golf course property and equipment consists of the following as of March 31, 2020:

PGA Golf Club	$	10,392
Valhalla Golf Club		16,237
	$	26,629

In total, these funds have been invested in the following asset categories as of March 31, 2020:

Golf courses, land and land improvements	$	28,323
Buildings		13,247
Furniture, fixtures and equipment		5,311
Leased equipment under capital lease		3,385
Construction in progress		82
		50,348
Less: Accumulated depreciation		(23,719)
	$	26,629

Depreciation expense related to these assets for the year ended March 31, 2020 was $2,385.

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6. Disposal of long-lived assets

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. The St. Lucie Trail Golf Club sold on March 30, 2018. In October 2019, a purchase and sale agreement was executed for the PGA Center for Golf Learning and Performance along with the adjacent property housing the PGA Education Center and PGA Museum, as well as the undeveloped commercial land held by PGA Golf Development, Inc. The transaction closed on March 25, 2020. The net loss on the sale was $156 which is reported in Loss on sale of golf course property and equipment in the combined statement of activities.

Property included in the disposal consisted of the following:

Property and equipment, net		
PGA Education Center	$	2,042
PGA Museum		883
Golf course property and equipment, net		
PGA Center for Learning and Performance		1,970
PGA Golf Development commercial land		327
	$	5,222

The disposal group consisted of the following assets:

Golf courses, land and land improvements	$	2,076
Buildings		3,096
Furniture, fixtures and equipment		35
Leased equipment under capital lease		15
	$	5,222

7. Intangible Assets

Intangible assets, which are recorded in other assets on the combined statement of financial position, consist of the following as of March 31, 2020:

Subject to amortization		
Golf facilities relationships	$	3,270
Covenant not-to-compete		10
		3,280
Less: Accumulated amortization		(2,085)
	$	1,195

Amortization expense of $459 was recorded in the combined statement of activities for the year ended March 31, 2020.

March 31, 2020 (000's Omitted)

The future estimated aggregate amortization expense on the intangible assets as of March 31, 2020 is as follows:

2021	$	410
2022		410
2023		375
	$	1,195

8. Goodwill

On April 1, 2019, PGA Corporation acquired all of the assets and shareholders' equity of Nextgengolf, Inc. for a purchase price of $6,672, which is comprised of cash consideration of $5,068 and contingent consideration of $1,604. Included in the cash consideration is an indemnification holdback amount of $445 that is scheduled to be paid in fiscal year ended March 31, 2021 if all requirements are satisfied.

PGA Corporation purchased Nextgengolf, Inc. in order to grow the game of golf for the young adult demographic. The purchase price of $6,672 exceeds the fair value of the net assets acquired. Accordingly, PGA Corporation recognized the excess of the purchase price over the fair value of the net assets of $5,996 as goodwill. The goodwill arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of PGA and Nextgengolf, Inc. The Association determined by evaluating the results of the past three seasons that the maximum contingent consideration of $1,700 is the most likely outcome. The contingent consideration liability is presented at a present value amount of $1,647 at March 31, 2020 and is being adjusted monthly to accrue $1,700 by the end of March 2023. The Association recorded interest expense in the amount of $43 for the year ended March 31, 2020.

The transaction with Nextgengolf, Inc. was accounted for under the acquisition method of accounting, and, accordingly, the combined financial statements include the results of operations of the acquired entity from the date of acquisition.

The following table summarizes the consideration that the Company paid for Nextgengolf, Inc. and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date:

Purchase consideration		
Cash transferred to seller	$	4,623
Indemnity holdback		445
Contingent consideration		1,604
Total purchase price	$	6,672
Assets acquired and liabilities assumed		
Cash	$	822
Other current assets		4
Other current liabilities		(150)
Net assets acquired and liabilities assumed		676
Amount assigned to goodwill		5,996
Total purchase price	$	6,672

March 31, 2020 (000's Omitted)

Goodwill consists of the following as of March 31, 2020:

Acquisiton of League Golf, LLC	$	3,415
Acquisition of Nextgengolf, Inc.		5,996
	$	9,411

9. Deferred Revenues

Deferred revenues consist of the following as of March 31, 2020:

Championships		
PGA Championships	$	30,185
Ryder Cup Matches		58,730
Womens PGA Championship		5,023
Senior PGA Championship		208
Licensing		13,018
Golf course operations		
Golf course licensing		675
Golf course membership dues		2,073
Golf course initiation fees		2,792
Membership activities		
Association member dues		559
Member championships		1,516
Junior League Golf registration fees		1,381
Other		842
		117,002
Less: Current portion		(55,255)
Long-term portion	$	61,747

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.

10. 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 $8,558 at March 31, 2020. The PGA terminated contributions to these plans effective July 1, 2014. Investments in support of these liabilities are classified as designated investments at March 31, 2020.

11. 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 (1.5% at March 31, 2020). The loans can be called in whole or in part by the Sections on the first day of each calendar quarter. At March 31, 2020, the Association's outstanding obligations under these loans totaled $1,720. During the year ended March 31, 2020, the total interest expense incurred on these loans was $53.

The Association has invested the funds borrowed in money market funds, which are recorded as cash and cash equivalents in the combined statement 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.

12. Line of Credit

The Association entered into a revolving line of credit agreement with Bank of America for $10,000 on February 6, 2018. The agreement was amended on November 18, 2018 to increase the line of credit to $20,000, which matured on December 1, 2019. Prior to its maturity, the line bore interest at an interest rate equal to LIBOR plus 1%.

The Association entered into a revolving line of credit agreement with JP Morgan Chase Bank on December 1, 2019. The line bears interest at an interest rate equal to the Daily LIBOR Rate (1.35% at March 31, 2020). Principal and interest payments are due monthly, with the balance of outstanding principal and interest due December 1, 2020. Outstanding borrowings may be increased or decreased at any time in minimum increments of $500 subject to maximum outstanding borrowings of $40,000. The balance on the line of credit as of March 31, 2020 is $15,000.

Under the revolving credit facility, the Association is required to maintain certain financial covenants that restrict, among other things, the Association's ability to incur indebtedness, incur liens, make certain investments, transfer assets, consolidate or merge with another entity or sell, assign, transfer or lease, convey or otherwise dispose of substantially all of the assets of the Association. The revolving credit facility is guaranteed by the Association and its subsidiaries.

During fiscal 2020 interest expense related to the borrowings was $558.

As the Association's line of credit matures on December 1, 2020, the debt is classified as a short term liability at March 31, 2020.

13. 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 $1,268 for the year ended March 31, 2020.

March 31, 2020 (000's Omitted)

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 $1,512 for the year ended March 31, 2020.

14. 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 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 and its subsidiaries (collectively "PGA Corporation"), for-profit taxable entities, had net taxable income of $9,294 for the year ended March 31, 2020. This taxable income was offset by general business credits and resulted in income tax provisions as of March 31, 2020 summarized below:

Current income taxes		
Federal	$	(2,067)
State		(943)
		(3,010)
Deferred income taxes		
Federal		550
State		124
		674
Total tax provision	$	(2,336)

The effective income tax rate for the period ended March 31, 2020 differed from the statutory rate due to permanent differences.

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 $11,447. The primary temporary differences for PGA Corporation arise from deferred revenue, accrued expenses, deferred compensation and asset impairment recognized for book purposes which are not currently deductible for tax purposes, and for depreciation expense deducted for tax in excess of book expense.

At March 31, 2020, the PGA Corporation has no uncertain tax positions. The PGA Corporation reasonably estimates that the uncertain tax position status will not change significantly in the next twelve months.

15. Board-Designated Net Assets

The Association's governing board has designated, from net assets without donor restrictions, net assets for the purposes and amounts described in the statement of financial position. Amounts designated for the Reserve fund are to be utilized for purposes of providing a stable source of liquidity and financial support for the mission of the Association. Amounts designated for the

March 31, 2020 (000's Omitted)

Disaster relief fund are to be utilized for purposes of providing financial assistance to professionals who are faced with temporary financial problems due to serious medical emergencies or the impact of natural disasters. Amounts designated for Charitable funds are to be utilized for purposes of supporting the mission of the PGA Foundation, Inc. as well as providing college scholarships to children and grandchildren of PGA Members based on evidence of academic achievement during high school or college.

16. 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 year ended March 31, 2020, the Association incurred $10,846 in net Section support costs.

17. Nonmonetary Exchanges

The Association has entered into various agreements whereby goods and services (e.g., 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 year ended March 31, 2020, the Association recorded nonmonetary revenues and expenses valued at approximately $7,443. The Association records nonmonetary revenues and expenses based on the terms of the underlying agreements. During the year ended March 31, 2020, nonmonetary revenues and expenses were recorded as follows:

	Revenues	Expenses
Broadcast television airtime		
Championships	$ 6,923	$ -
Marketing and communications	-	6,923
	6,923	6,923
Products and other services		
Partnership development	520	7
Championships	-	376
Golf course ownership	-	1
Member awards	-	16
Member meetings	-	43
Amateur tournaments	-	16
Member championships	-	49
PGA REACH programming	-	12
	520	520
Total trade revenues and expenses	$ 7,443	$ 7,443

March 31, 2020 (000's Omitted)

18. Risks and Uncertainties

Credit Risk

Financial instruments which potentially expose the Association to concentration of credit risk consist primarily of cash, short-term investments and accounts receivable. The Association places its cash and cash equivalents with high quality financial institutions. As scheduled, the unlimited insurance coverage for noninterest-bearing transaction accounts provided under the Dodd-Frank Wall Street Reform and Consumer Protection Act expired on December 31, 2012. Deposits held in noninterest-bearing transaction accounts are now aggregated with any interest-bearing deposits, in the same ownership category, and the combined total insured is $250. As of March 31, 2020, interest and noninterest-bearing accounts exceeded the FDIC or NDCU limit by approximately $19,360.

COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic causing disruptions to global markets. COVID-19 is having an impact on overall economic conditions and its spread has since been identified throughout the rest of the world, including various regions that are important to the Association's operations. Specifically, the Association postponed or cancelled certain events scheduled to occur in 2020, including postponing the 2020 PGA Championship, 2020 Women's PGA Championship, and 2020 Ryder Cup. Due to the current health situation, the 2020 PGA Championship will be contested without spectators. Additionally, the Association cancelled the 2020 PGA Professional Championship. Moreover, a customer feeling the strain of the impact of COVID-19 optioned to defer activation for the calendar year 2020 reducing licensing revenue. The extent to which COVID-19 could have a negative impact on the results of operations, financial condition, cash flows and liquidity of the Association will depend on future developments, which are highly uncertain and difficult to predict, including new information which may emerge concerning the severity of COVID-19 and actions to contain or treat its impact, among others.

19. Commitments and Contingencies

Litigation and Settlements

The Association is involved in litigation from time to time in the ordinary course of its business. Based on information available at the time the Association's 2020 financial statements were issued, 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 activities or cash flows.

Leases

The Association leases office and golf course equipment under leases expiring at various dates. Rent expense for the year ended March 31, 2020 was $1,935. Minimum future rental payments on noncancelable operating leases with remaining terms in excess of one year are as follows as of March 31, 2020:

2021	$ 1,695
2022	615
2023	502
2024	477
Thereafter through 2026	1,241
	$ 4,530

20. Subsequent Events

As described in Note 18, the Association has cancelled or postponed certain events scheduled to be held in 2020 due to the COVID-19 global pandemic. The Association evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through August 14, 2020, the date the financial statements were available for issuance, and determined that no additional items required disclosure.