The Professional Golfers' Association of America

Combined Financial Statements
June 30, 2018 and 2017

The Professional Golfers' Association of America
Index
June 30, 2018 and 2017

pwc

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 statements of financial position as of June 30, 2018 and 2017, and the related combined statements of activities, of changes in unrestricted net assets and of cash flows for the years 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 Association as of June 30, 2018 and 2017, 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

Certified Public Accountants
October 5, 2018

PricewaterhouseCoopers LLP, 4040 West Boy Scout Boulevard, Suite 1000, Tampa, FL 33607
T: (813) 229 0221, F: (813) 229 3646, www.pwc.com/us

The Professional Golfers' Association of America
Combined Statements of Financial Position
June 30, 2018 and 2017 (000's Omitted)

	2018	2017
Assets		
Current assets		
Cash and cash equivalents	$ 7,832	$ 16,334
Short-term investments	829	1,818
Accounts receivable, net	7,854	8,880
Inventories	811	738
Prepaid expenses and other current assets	26,220	25,287
Total current assets	43,546	53,057
Designated investments	233,823	226,231
Property and equipment, net	5,437	6,272
Golf course property and equipment, net	29,085	31,076
Golf course property held for sale	2,135	3,335
Deferred tax assets, net	9,933	17,125
Other assets	7,782	9,333
Total assets	$ 331,741	$ 346,429
Current liabilities		
Accounts payable and accrued expenses	$ 35,250	$ 32,572
Dues payable to Sections	1,851	1,890
Current portion of deferred revenues	74,460	60,191
Loans payable to Sections	2,928	3,496
Other liabilities	1,500	-
Total current liabilities	115,989	98,149
Deferred revenues	6,631	15,738
Deferred compensation	9,174	9,239
Other liabilities	2,704	6,417
Total liabilities	134,498	129,543
Unrestricted net assets		
Undesignated	(31,861)	1,706
Designated		
Reserve fund	221,580	205,928
Disaster relief fund	632	1,014
Charitable funds	6,892	8,238
Total designated	229,104	215,180
Total unrestricted net assets	197,243	216,886
Total liabilities and unrestricted net assets	$ 331,741	$ 346,429

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, 2018 and 2017 (000's Omitted)

	2018			2017		
	Revenue	Expense	Increase (Decrease)	Revenue	Expense	Increase (Decrease)
Revenue Producing Activities						
Championships	$ 126,856	$ 89,674	$ 37,182	$ 245,290	$ 165,410	$ 79,880
Partnership development	18,106	8,565	9,541	19,617	11,626	7,991
Member dues	2,380	64	2,316	2,404	49	2,355
Golf course operations	18,318	22,420	(4,102)	18,734	26,137	(7,403)
Total revenue producing activities	165,660	120,723		286,045	203,222	
Unrestricted net assets available for support			44,937			82,823
General and Administrative Costs						
Corporate services	55	33,898	(33,843)	68	30,534	(30,466)
Board, officers, past presidents	-	1,681	(1,681)	-	1,997	(1,997)
Depreciation	-	785	(785)	-	862	(862)
Total general and administrative costs	55	36,364		68	33,393	
	165,715	157,087		286,113	236,615	
Unrestricted net assets available for program support			8,628			49,498
Program Activities						
Marketing and communications	53	12,701	(12,648)	113	16,852	(16,739)
Global	282	1,521	(1,239)	1,645	1,635	10
Education	7,047	6,243	804	7,703	7,063	640
Awards	-	1,008	(1,008)	-	816	(816)
Member benefit programs	9,051	8,754	297	10,843	8,598	2,245
Membership meetings	-	2,416	(2,416)	-	3,485	(3,485)
Membership program administration	764	1,364	(600)	843	1,410	(567)
Member communications	100	417	(317)	100	394	(294)
Career services	88	3,162	(3,074)	43	2,137	(2,094)
Section affairs	861	11,136	(10,275)	878	10,058	(9,180)
Member championships	4,898	5,112	(214)	5,092	4,613	479
Amateur tournaments	-	713	(713)	713	1,058	(345)
Player development	274	4,116	(3,842)	(94)	3,464	(3,558)
PGA REACH	6,549	7,749	(1,200)	5,040	6,595	(1,555)
Total program activities	29,967	66,412		32,919	68,178	
Income tax provision	-	8,339	(8,339)	-	3,631	(3,631)
	195,682	231,838		319,032	308,424	
(Decrease) increase in net assets before investments			(36,156)			10,608
Investment income	17,669	1,156	16,513	24,617	1,042	23,575
	213,351	232,994		343,649	309,466	
(Decrease) increase in unrestricted net assets			$ (19,643)			$ 34,183

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, 2018 and 2017 (000's Omitted)

	2018		2017	
	Designated	**Undesignated**	**Designated**	**Undesignated**
Unrestricted net assets - beginning of year	$ 215,180	$ 1,706	$ 196,343	$ (13,640)
(Decrease) increase in unrestricted net assets		(19,643)		34,183
Designated Fund Activities				
Reserve fund	15,652	(15,652)	23,410	(23,410)
Capital reserve fund	-	-	(5,596)	5,596
Disaster relief fund	(382)	382	10	(10)
Charitable funds	(1,346)	1,346	1,013	(1,013)
Change in unrestricted net assets	13,924	(33,567)	18,837	15,346
Unrestricted net assets - end of year	$ 229,104	$ (31,861)	$ 215,180	$ 1,706

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, 2018 and 2017 (000's Omitted)

	2018	2017
Cash Flows From Operating Activities		
(Decrease) increase in unrestricted net assets	$ (19,643)	$ 34,183
Adjustments to reconcile (decrease) increase in unrestricted net assets to net cash used in operating activities		
Depreciation and amortization	3,989	4,343
Loss on inventory write off	24	26
Gain on sales of property and equipment	(180)	-
Proceeds from sales of property and equipment	(3)	
Loss on disposal of property and equipment	14	673
Loss on investment write-off	-	255
Impairment of long lived assets held for sale	-	1,033
Net unrealized gain on investments	(9,468)	(20,127)
Deferred income taxes	7,192	624
Changes in net assets		
Decrease in accounts receivable	1,026	4,171
(Increase) decrease in inventories	(97)	686
(Increase) decrease in prepaid expenses and other assets	208	818
Increase (decrease) in accounts payable and accrued expenses	2,678	(2,947)
(Decrease) increase in dues payable to Sections	(39)	33
Increase (decrease) in deferred revenues	5,162	(81,692)
(Decrease) increase in other liabilities	(1,213)	1,437
(Decrease) increase in deferred compensation	(65)	376
Net cash used in operating activities	(10,415)	(56,108)
Cash Flows From Investing Activities		
Proceeds from sales of short-term investments	1,120	123
Purchases of short-term investments	(131)	(127)
Proceeds from sales of designated investments	54,405	54,206
Purchases of designated investments	(52,529)	(51,030)
Additions to property and equipment	(244)	(369)
Additions to golf course property and equipment	(520)	(8,293)
Proceeds from sale of St Lucie Trail Golf Club	1,380	-
Net cash provided by (used in) investing activities	3,481	(5,490)
Cash Flows From Financing Activities		
Loan proceeds received from Sections	495	394
Repayment of loans payable to Sections	(1,063)	(1,140)
Payment of contingent consideration	(1,000)	-
Net cash used in financing activities	(1,568)	(746)
Net decrease in cash and cash equivalents	(8,502)	(62,344)
Cash and Cash Equivalents		
Beginning of year	16,334	78,678
End of year	$ 7,832	$ 16,334
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 13	$ 15
Taxes paid	197	5,791

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 over the term of the event. The Women's PGA Championship is an exception, however. Due to the timing of the event crossing fiscal years, the Women's event is recognized as contested. 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 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 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 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 contingent revenue cap. For the years ended June 30, 2018 and 2017, total revenues recognized from the agreement were $9,504 and $44,473, 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, 2018 and 2017, the reserve for bad debt was $147 and $157, 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.

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.

June 30, 2018 and 2017 (000's Omitted)

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. The Association performed impairment tests at June 30, 2018 and 2017, 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. 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. Revenues received and costs incurred for events that are scheduled to occur after June 30, 2019 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.

On December 22, 2017, the "Tax Cuts and Jobs Act" ("TCJA") was enacted into law with an effective date of January 1, 2018. The TCJA significantly reforms the Internal Revenue Code of 1986, as amended. The TCJA, among other things, includes a reduction in U.S. federal tax rate, and allows for the expensing of certain capital expenditures. As a result of the newly enacted legislation, the Association is required to revalue the net deferred tax assets and liabilities at the new federal corporate rate and recognized the impact in tax expense in the year of enactment.

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.

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.

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.

June 30, 2018 and 2017 (000's Omitted)

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, 2018 and June 30, 2017.

	Assets at Fair Value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Investments, at Fair Value				
Certificates of Deposit	$ 829	$ -	$ -	$ 829
Common Stocks	31,436	-	-	31,436
Mutual Funds	43,381	-	-	43,381
Money Market Mutual Funds	14,839	-	-	14,839
Total Investments, at Fair Value	$ 90,485	$ -	$ -	$ 90,485

Management has used NAV as a practical expedient to measure the fair value of $45,191 of underlying hedge funds, $13,758 of underling private equity funds, and $74,882 of underlying commingled funds, which are not included in the table above.

	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, 2018 and 2017 (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 underlying private equity funds, and $69,646 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, 2018	June 30, 2017
PGA Championships	$ 16,006	$ 18,239
Ryder Cup Matches	4,187	1,365
Goodwill acquired with League Golf purchase	3,415	3,415
Intangible assets, net, acquired with League Golf purchase	1,913	2,323
Womens PGA Championships	1,868	2,600
PGA Senior Championships	684	468
Prepaid income taxes	2,082	3,535
Junior League Golf uniform deposit	1,073	764
Junior League Golf Championship	511	-
Prepaid licenses, maintenance and services	652	593
Other	1,611	1,318
	34,002	34,620
Less: Current portion	(26,220)	(25,287)
Long-term portion	$ 7,782	$ 9,333

4. Property and Equipment

Property and equipment consists of the following:

	June 30, 2018	June 30, 2017
Land	$ 470	$ 470
Buildings	11,444	11,449
Furniture, fixtures and equipment	4,497	4,478
Computer equipment	8,627	8,398
	25,038	24,795
Less: Accumulated depreciation	(19,601)	(18,523)
	$ 5,437	$ 6,272

Depreciation expense related to these assets for the years ended June 30, 2018 and 2017 was $1,078 and $1,150, respectively.

June 30, 2018 and 2017 (000's Omitted)

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, 2018 and 2017:

	June 30, 2018	June 30, 2017
Subject to Amortization		
Golf facilities relationships	$ 3,270	$ 3,270
Covenant not-to-compete	10	10
	3,280	3,280
Less: Accumulated amortization	(1,367)	(957)
	$ 1,913	$ 2,323

Amortization expense of $410 and $410 was recorded in the combined statements of activities for the year ended June 30, 2018 and 2017, respectively.

The future estimated aggregate amortization expense on the intangible assets as of June 30, 2018 is as follows:

2019	$ 410
2020	410
2021	410
2022	410
2023	273
	$ 1,913

6. Golf Course Property and Equipment

Golf course property and equipment consists of the following:

	June 30, 2018	June 30, 2017
PGA Golf Club	$ 10,885	$ 11,700
Valhalla Golf Club	17,885	19,061
PGA Golf Development	315	315
	$ 29,085	$ 31,076

June 30, 2018 and 2017 (000's Omitted)

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

	June 30, 2018	June 30, 2017
Golf courses, land and land improvements	$ 28,856	$ 28,668
Buildings	13,053	12,958
Furniture, fixtures and equipment	6,636	6,797
Leased equipment under capital lease	2,799	2,799
Construction in progress	228	179
	51,572	51,401
Less: Accumulated depreciation	(22,487)	(20,325)
	$ 29,085	$ 31,076

Depreciation expense related to these assets for the years ended June 30, 2018 and 2017 was $2,499 and $2,783, respectively.

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. St. Lucie Trail Golf Club sold on March 30, 2018. The PGA Center for Golf Learning and Performance is still being actively marketed for sale, and, accordingly, is presented separately as an asset group held for sale on the combined statements of financial position.

During 2018 and 2017, the Association evaluated the golf course properties held for sale for impairment. In 2018, the Association did not record an impairment charge based on its assessment of the fair value of the PGA Center for Golf Learning and Performance based on offers received in in relation to its carrying value. For 2017, the offers received for 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, 2018	June 30, 2017
St. Lucie Trail Golf Course	$ -	$ 1,200
PGA Center for Golf Learning and Performance	2,135	2,135
	$ 2,135	$ 3,335

June 30, 2018 and 2017 (000's Omitted)

At June 30, 2018, the group is comprised of the following assets:

	June 30, 2018	June 30, 2017
Golf courses, land and land improvements	$ 1,435	$ 2,475
Buildings	628	252
Furniture, fixtures and equipment	20	213
Leased equipment under capital lease	52	395
	$ 2,135	$ 3,335

8. Deferred Revenues

Deferred revenues consist of the following:

	June 30, 2018	June 30, 2017
Championships		
PGA Championships	$ 46,028	$ 57,572
Ryder Cup Matches	15,748	-
Womens PGA Championship	987	1,520
Senior PGA Championship	512	221
Licensing	6,051	4,996
Golf course operations		
Golf course licensing	2,780	2,840
Golf course membership dues	1,199	1,143
Golf course initiation fees	3,091	2,836
Membership activities		
Association member dues	1,874	1,930
Member championships	483	565
Professional liability program	1,595	1,523
Other	743	783
	81,091	75,929
Less: Current portion	(74,460)	(60,191)
Long-term portion	$ 6,631	$ 15,738

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.

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 $9,174 at June 30, 2018 and $9,239 at June 30, 2017. 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, 2018 and 2017.

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, 2018 and 0.4% at June 30, 2017). The loans can be called in whole or in part by the Sections on the first day of each calendar quarter. At June 30, 2018 and June 30, 2017, the Association's outstanding obligations under these loans totaled $2,928 and $3,496, respectively. During fiscal years 2018 and 2017, total interest expense incurred on these loans was $13 and $15, 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 $1,231 and $1,120 for the years ended June 30, 2018 and 2017, 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 $1,334 and $1,346 for the years ended June 30, 2018 and 2017, respectively.

June 30, 2018 and 2017 (000's Omitted)

12. Contingent Consideration

During fiscal year 2017, the Association amended the agreement to pay contingent consideration based on the greater of the number of program participants in calendar years 2017 and 2018. The Association determined by evaluating the results of the past three seasons that the maximum contingent consideration of $2,500 is the most likely outcome. The contingent consideration liability balance at June 30, 2018 and 2017 was $1,500 and $2,336, respectively. The liability was stated at the present value of $2,500 and was adjusted monthly to achieve $2,500 by the end of December 2017. In January 2018, the Association made a payment of $1,000. Final payment is due in January 2019. The Association recorded interest in the amount of $164 and $297 for the years ended June 30, 2018 and 2017, respectively.

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 $3,076 and $7,980 for the years ended June 30, 2018 and 2017, respectively. This taxable income was offset by general business credits and resulted in income tax provisions summarized below:

	June 30,	
	2018	2017
Current income taxes		
Federal	$ (879)	$ (2,560)
State	(268)	(447)
	(1,147)	(3,007)
Deferred income taxes		
Federal	(7,303)	(555)
State	111	(69)
	(7,192)	(624)
Total tax provision	$ (8,339)	$ (3,631)

The effective income tax rate for the period ended June 30, 2018 differed from the statutory rate due to permanent differences and the impact of TCJA. The Association recorded a net tax expense in the amount of $5,500 related to the re-measurement of its deferred tax assets and liabilities. The effective income tax rate for the period ended June 30, 2017 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 approximately $9,933. 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.

June 30, 2018 and 2017 (000's Omitted)

At June 30, 2018, 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, 2018 and 2017, the Association incurred $10,275 and $9,180 in net Section support costs, respectively.

15. 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 years ended June 30, 2018 and 2017, the Association recorded nonmonetary revenues and expenses valued at approximately $8,874 and $13,669, respectively. The Association records nonmonetary revenues and expenses based on the terms of the underlying agreements. During fiscal 2018 and 2017, nonmonetary revenues and expenses were recorded as follows:

	June 30,			
	2018		2017	
	Revenues	Expenses	Revenues	Expenses
Broadcast television airtime				
Championships	$ 8,236	$ 570	$ 12,271	$ 80
Marketing and communications	-	7,666	-	12,191
	8,236	8,236	12,271	12,271
Products and other services				
Partnership development	517		1,031	-
Championships	121	553	367	1,330
Member awards	-	16	-	10
Board, officers, past presidents	-	16	-	-
Member championships	-	41	-	40
Amateur tournaments	-	12	-	18
	638	638	1,398	1,398
Total trade revenues and expenses	$ 8,874	$ 8,874	$ 13,669	$ 13,669

June 30, 2018 and 2017 (000's Omitted)

16. 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 Association's 2018 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 operations and cash flows.

Leases

The Association leases office and golf course equipment under leases expiring at various dates. Rent expense for the years ended June 30, 2018 and 2017 was $2,304 and $2,055, respectively. Minimum future rental payments on non-cancelable operating leases with remaining terms in excess of one year are as follows:

2019	$ 1,946
2020	1,431
2021	663
2022	-
	$ 4,040

17. Subsequent Events

The Association evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through October 5, 2018, the date the financial statements were available for issuance, and determined that no additional items required disclosure.