

Financial Statements and
Supplementary Information, Together
with Independent Auditors Report, and
Report on State of Florida Financial
Assistance in Accordance with State of
Florida Rules of the Auditor General

World Golf Foundation, Inc.

December 31, 2020 and 2019

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
World Golf Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of World Golf Foundation, Inc. (the "Foundation") which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the 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 Foundation'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 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 financial statements referred to above present fairly, in all material respects, the financial position of World Golf Foundation, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of State of Florida Financial Assistance for the year ended December 31, 2020, as required by Florida Single Audit Act, *Audits of Non-Profit and For-Profit Organizations*, Chapter 10.656(3)(d)1, Rules of the Auditor General, is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated May 7, 2021, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



Arlington, Virginia
May 7, 2021

World Golf Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 3,048,805	\$ 3,296,430
Investments	1,410,646	1,152,366
Accounts receivable	67,769	92,854
Property and equipment, net	11,069,930	11,917,740
Other assets	165,250	366,353
Assets of First Tee (Note 13)	-	71,789,178
	\$ 15,762,400	\$ 88,614,921
Total assets	\$ 15,762,400	\$ 88,614,921
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,497,268	\$ 1,585,872
Due to related party	468,672	447,040
Interest payable	38,423	51,609
Accrued pension cost	-	150,813
Deferred revenue	54,414	487,121
Debt	4,647,907	11,660,784
Liabilities of First Tee (Note 13)	-	3,617,965
	6,706,684	18,001,204
Total liabilities	6,706,684	18,001,204
NET ASSETS		
Without donor restrictions	8,666,531	32,741,993
With donor restrictions	389,185	37,871,724
	9,055,716	70,613,717
Total net assets	9,055,716	70,613,717
Total liabilities and net assets	\$ 15,762,400	\$ 88,614,921

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

World Golf Foundation, Inc.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years ended December 31, 2020 and 2019

	2020	2019
Changes in net assets without donor restrictions:		
Operating revenues, gains and other support:		
Contributions	\$ 3,808,996	\$ 9,971,013
Forgiveness of debt from related party	5,417,727	-
Net assets released from restrictions	2,739,421	1,512,757
Royalty, license and other fees	2,919,968	2,956,373
Admissions and special functions	690,127	2,188,276
Investment return, net	138,706	133,984
Other revenues	301,365	491,476
	16,016,310	17,253,879
Operating expenses:		
Program and supporting services:		
Hall of Fame	7,357,961	8,587,910
We Are Golf	1,229,214	1,512,757
Marketing and promotions:		
Hall of Fame	1,117,098	5,744,693
	9,704,273	15,845,360
Total operating expenses		
	9,704,273	15,845,360
Total change in net assets without donor restrictions from current operations	6,312,037	1,408,519
Other changes:		
Pension-related changes other than net periodic costs	237,274	131,167
Change in net assets without donor restrictions of First Tee (Note 13)	-	7,461,652
Transfer of assets and liabilities to related party, net (Note 13)	(30,590,876)	-
	(30,353,602)	7,592,819
Change in net assets without donor restrictions	(24,041,565)	9,001,338
Changes in net assets with donor restrictions:		
Contributions	2,803,322	1,384,225
Net assets released from restrictions	(2,739,421)	(1,512,757)
Change in net assets with donor restrictions of First Tee (Note 13)	-	5,315,723
Transfer of assets and liabilities to related party, net (Note 13)	(37,580,337)	-
	(37,516,436)	5,187,191
Change in net assets with donor restrictions		
	(37,516,436)	5,187,191
CHANGE IN NET ASSETS	(61,558,001)	14,188,529
Net assets, beginning of year	70,613,717	56,425,188
Net assets, end of year	\$ 9,055,716	\$ 70,613,717

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

World Golf Foundation, Inc.

STATEMENTS OF CASH FLOWS

Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ (61,558,001)	\$ 14,188,529
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in net assets of First Tee	-	(12,777,375)
Depreciation	846,730	926,367
Transfer of assets and liabilities to related party	68,171,213	-
Gain on forgiveness of debt	(5,417,727)	-
Loss on disposal of fixed assets	1,080	20,966
Net unrealized gains on investments	(207,311)	(63,190)
Net realized (gains) losses on investments	(1,134)	1,167
Pension-related changes other than net periodic pension cost	(237,274)	(131,167)
Change in certain operating assets and liabilities:		
Accounts receivable	25,085	47,593
Other assets	201,103	86,480
Accounts payable and accrued expenses	(88,604)	344,285
Due to related party	21,632	447,040
Interest payable	(13,186)	(12,875)
Accrued pension cost	86,461	(68,226)
Deferred revenue	(432,707)	(188,213)
Net cash flows from operating activities of First Tee (Note 13)	<u>-</u>	<u>6,593,778</u>
Net cash provided by operating activities	<u>1,397,360</u>	<u>9,415,159</u>
Cash flows from investing activities:		
Purchases of property and equipment	-	(65,296)
Purchases of investments	(61,700)	(43,100)
Proceeds on the sale of investments	11,865	65,044
Net cash flows from investing activities of First Tee (Note 13)	<u>-</u>	<u>(4,788,106)</u>
Net cash used in investing activities	<u>(49,835)</u>	<u>(4,831,458)</u>
Cash flows from financing activities:		
Payments on long-term debt	<u>(1,595,150)</u>	<u>(1,557,369)</u>
Net cash used in financing activities	<u>(1,595,150)</u>	<u>(1,557,369)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(247,625)</u>	<u>3,026,332</u>
Cash and cash equivalents, beginning of year	3,296,430	5,521,144
Cash and cash equivalents of First Tee, end of year (Note 13)	<u>-</u>	<u>(5,251,046)</u>
Cash and cash equivalents, end of year	<u>\$ 3,048,805</u>	<u>\$ 3,296,430</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 145,037</u>	<u>\$ 183,930</u>

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

World Golf Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 1 - THE COMPANY AND ITS OPERATIONS

World Golf Foundation, Inc. (the "Foundation") was established in 1989 as a non-profit corporation with the purpose of constructing and operating the World Golf Hall of Fame® ("Hall of Fame & Museum") and World Golf Hall of Fame IMAX Theater® in northeast Florida.

The Hall of Fame & Museum, which opened in May 1998, honors the history of golf and the achievements of its greatest players through educational and entertaining exhibits designed for the enjoyment of the general public and is the centerpiece of a resort called World Golf Village (the "Resort").

The We Are Golf division's mission is to unite and activate the golf industry around key strategic initiatives that increase participation and retention of participants, inspire involvement and interest in the game, and promote sustainable best practices for golf facilities.

The First Tee focuses on charitable activities to develop chapters to give young people of all backgrounds the opportunity to build character education and instill life-enhancing values through the game of golf. As of January 1, 2020, the Foundation transferred the assets and liabilities of its First Tee division to a separate 501(c)(3) organization, PGA TOUR First Tee Foundation, Inc. ("PGATFT") (See Note 13).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with Accounting Standards Codification ("ASC") No. 958, *Not-for-Profit Entities* ("ASC 958"). ASC 958 requires not-for-profit organizations to distinguish between contributions received that increase net assets without donor restrictions and net assets with donor restrictions. Contributions received are required to be recognized as revenue in the period an unconditional promise to give is received. ASC 958 also requires recognition of the expiration of donor-imposed restrictions in the period in which the restrictions expire. In addition, ASC 958 requires presentation of the financial statements based on the concept of net assets. Net assets are identified as without donor restrictions and with donor restrictions.

Net assets and changes in net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets are classified and reported as follows:

- ***Net Assets Without Donor Restrictions***

Represent net assets which are not subject to donor-imposed stipulations and are fully available to be utilized in any of the Foundation's programs or supporting services.

- ***Net Assets With Donor Restrictions***

Represent net assets which are subject to donor-imposed stipulations whose use is restricted by time and/or purpose.

Measure of Operations

The Foundation reports as part of operations all activities except for pension-related changes other than net periodic pension cost, and other items, if any, which are unusual or nonrecurring in nature (See Note 13).

World Golf Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments with original maturities of three months or less when purchased.

Investments

The Foundation invests in bond funds, equity funds, other investments and United States government sponsored securities. Investments are carried at fair value, based generally on quoted market prices or net asset value ("NAV") as of the reporting date. Changes in the fair value of investments are reported within investment return in the statement of activities. The cost of securities sold is based on the specific identification method. Dividends are accrued based on the ex-dividend date. Interest is recognized as earned.

Property and Equipment, Net

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which ranged from three to 40 years.

Other Assets

Other assets consist of prepaid insurance and other expenses as well as inventories. Inventories, which consist primarily of gift shop merchandise, are stated at the lower of cost (first-in, first-out) or net realizable value. The Foundation did not record an inventory valuation allowance at December 31, 2020 and 2019.

Royalty and License Fees

The Foundation receives royalty and license fees for trademarks incorporating the Foundation logo and other services marks. For agreements which include fixed fee consideration, revenue is recognized ratably over the term of the agreement. For agreements which include variable consideration that are sales-based or usage-based, revenue is recognized when the underlying sale or usage occurs. Accounts receivable related to contracts with customers for royalty fees totaled \$34,740 and \$34,900 at December 31, 2020 and 2019, respectively.

Admissions Revenue

Hall of Fame & Museum and World Golf Hall of Fame IMAX Theater® revenues are recognized at the point in time when goods and services are transferred to customers. In particular, revenue is recognized upon admission into the Hall of Fame & Museum, when a film is exhibited to a customer, or when a customer takes possession of food and beverage offerings. Accounts receivable related to contracts with customers for admission totaled \$1,136 and \$3,550 at December 31, 2020 and 2019, respectively.

Deferred Revenue

The Foundation collects certain royalty and license fees in advance of the periods to which they relate. Such amounts are included as deferred revenue and are recognized into income over the term of the respective agreements. Deferred revenues related to contracts with customers totaled \$54,414 and \$320,885 at December 31, 2020 and 2019, respectively.

World Golf Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Contributions

The Foundation recognizes contributions received, including unconditional promises to give, as assets and revenue in the period the contribution or unconditional promise is received, at fair value. All contributions are considered to be available for use without donor restrictions, unless specifically restricted by the donor as to purpose or time. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The Foundation reports gifts of land, buildings and equipment at fair value as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. In addition to the amounts recorded within deferred revenue, the Foundation has received conditional promises to give of \$4,978,877 and \$4,964,406 as of December 31, 2020 and 2019, respectively, that have not been recognized as assets or revenue in the accompanying financial statements. Future receipts of such amounts are conditioned upon numerous significant factors, including annual reviews by the donating organization and annual approval by each of their executive committees.

Collections

The Foundation has received certain loaned and donated artifact collections from other golf organizations and individuals for exhibition in the Hall of Fame & Museum. The Foundation's policy on collections is to not capitalize the value of these collections as they are held for public exhibition, education, or research and not for financial gain. These items are protected and preserved. Ancillary costs of collection items purchased by the Foundation totaled \$22,692 and \$38,073 in 2020 and 2019, respectively, and are included in program and supporting services, Hall of Fame, in the accompanying statements of activities and changes in net assets. There were no proceeds from the sale of collection items or insurance recoveries from lost or destroyed collection items owned by the Foundation in 2020 or 2019.

Donated Services

PGA TOUR Golf Course Properties, Inc. has contributed the time and services of certain of its professional employees to the Foundation. The value of such contributed time and service is reflected in the statements of activities and changes in net assets as a contribution and corresponding expense of the Foundation at fair value of \$355,627 and \$540,115 during 2020 and 2019, respectively. PGA TOUR, Inc. ("TOUR") has contributed advertising for the Foundation related to the Hall of Fame & Museum, World Golf Village, northeast Florida and the State of Florida. The value of such contributed advertising is reflected in the statements of activities and changes in net assets as a contribution and corresponding expense of the Foundation at the fair value of \$934,804 and \$5,428,378 during 2020 and 2019, respectively.

Widespread exposure from network television advertising and magazine publications were received from donors in 2019. The value of such contributed advertising is reflected in the statement of activities and changes in net assets as a contribution and corresponding expense of the Foundation at the fair value of \$50,000 during 2019. There were no such contributions during 2020.

Income Taxes

The Foundation is exempt from federal income tax under Internal Revenue Code ("IRC") Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the IRC. The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated business income, to determine its filing and tax obligations in jurisdictions for which it has nexus, and to identify and evaluate other matters that may be considered tax positions. The Foundation has determined that there are no material uncertain tax positions

World Golf Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

that require recognition or disclosure in its financial statements. In addition, the Foundation has not recorded a provision for income taxes, as it has no material tax liability from unrelated business income activities.

Financial Instruments

The Foundation's financial instruments that are exposed to concentrations of credit risk consist primarily of its cash equivalents, investments, contribution receivables and accounts receivable. The Foundation's cash equivalents and investments are primarily invested in high-quality securities placed with institutions with high credit ratings. Contribution and accounts receivable reflect the Foundation's diversified sources of funding and are dispersed among a broad base. The Foundation routinely assesses the financial strength of its donors and customers. These policies limit the Foundation's exposure to concentrations of credit risk. The Foundation places its temporary cash investments in what management believes to be high quality financial institutions. At times, such amounts may be in excess of the Federal Deposit Insurance Corporation insurance limit.

COVID-19 Impact

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which has impacted the Foundation's operations, specifically admissions and ticket sales, through the date the financial statements were available to be issued. The spread of COVID-19 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies. The Foundation cannot reasonably estimate the length or severity of this pandemic, but it currently anticipates a continued adverse impact to its operations.

NOTE 3 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, follow:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 3,048,805	\$ 3,296,430
Accounts receivable (due within one year)	67,769	92,854
Investments	<u>1,410,646</u>	<u>1,152,366</u>
Total financial assets available within one year	4,527,220	4,541,650
Less: Restricted by donors as to purpose	<u>(389,185)</u>	<u>(291,387)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,138,035</u>	<u>\$ 4,250,263</u>

The Foundation maintains cash balances at a level designed to ensure short-term liquidity. In addition, a suitable proportion of the Foundation's investment balances are held in instruments that can readily be converted to cash, if needed. The Foundation prepares and monitors a 12-month rolling cash flow forecast in order to identify and address any threats to short-term liquidity.

World Golf Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE 4 - FAIR VALUE MEASUREMENTS

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering assumptions, the guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 - Observable inputs such as quoted prices in active markets;

Level 2 - Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3 - Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets and liabilities measured at fair value are based on one or more of three valuation techniques noted in the guidance. The three valuation techniques are as follows:

Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;

Cost approach - Amount that would be required to replace the service capacity of an asset (i.e. replacement cost); and

Income approach - Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

Financial assets that measured at fair value on a recurring basis as of December 31, 2020 are as follows:

	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets Level 1</u>	<u>Valuation Technique ⁽²⁾</u>
Investments			
Money market funds ⁽¹⁾	\$ 357,662	\$ 357,662	M
Bond mutual funds	566,706	566,706	M
Equity mutual funds	<u>486,278</u>	<u>486,278</u>	M
Total investments	<u>\$ 1,410,646</u>	<u>\$ 1,410,646</u>	

World Golf Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Financial assets measured at fair value on a recurring basis as of December 31, 2019 are as follows:

	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Valuation Technique ⁽²⁾
Investments			
Money market funds ⁽¹⁾	\$ 355,619	\$ 355,619	M
Bond mutual funds	441,537	441,537	M
Equity mutual funds	355,210	355,210	M
Total investments	\$ 1,152,366	\$ 1,152,366	

(1) Money market funds are held as collateral on the Foundation's line of credit (Note 7).

(2) As discussed above, the guidance identifies three valuation techniques: market approach (M), cost approach (C), and income approach (I).

NOTE 5 - PROPERTY AND EQUIPMENT, NET

As of December 31, property and equipment, net consisted of the following:

	2020	2019
Land	\$ 33,701	\$ 33,701
Building and improvements	35,556,020	35,566,547
Exhibits, furniture and equipment	15,667,407	15,751,487
	51,257,128	51,351,735
Less:		
Accumulated depreciation	(40,187,198)	(39,433,995)
	\$ 11,069,930	\$ 11,917,740

Depreciation expense totaled \$846,730 and \$926,367 during 2020 and 2019, respectively.

NOTE 6 - LEASES

The Foundation leases certain land from St. Johns County under noncancelable lease arrangements. The Foundation pays rent in the amount of \$0.50 per paid admission to the Hall of Fame & Museum from May 19, 1998 (the opening date) through May 19, 2028 (the 30th anniversary of the opening date), and \$1 per year thereafter. The lease contains certain covenants relating to adequate insurance and other items. The Foundation was in compliance with these covenants at December 31, 2020 and 2019.

Including the above lease, the Foundation recorded a total lease expense of \$143,982 and \$171,189 during 2020 and 2019, respectively.

World Golf Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE 7 - DEBT

As of December 31, debt consisted of the following:

	2020	2019
Bonds payable - PNC	\$ 4,647,907	\$ 6,243,057
Note payable - PGA TOUR Management Services, Inc.	-	5,417,727
	\$ 4,647,907	\$ 11,660,784

Industrial Revenue Bonds 2012A and 2012B

In connection with the redemption of the 1997A and 2001 Bonds, St. Johns County Industrial Authority (the "Authority") as Issuer, entered into a financing agreement dated October 24, 2012 with the World Golf Foundation, Inc. as borrower and PNC Bank ("PNC") as lender. The Authority issued revenue bonds, Series 2012A in the amount of \$8,536,086 and Series 2012B in the amount of \$16,068,385, to PNC Bank for the purpose of obtaining funds to loan to the Foundation pursuant to the financing agreement to finance in part the costs of refunding related to the 1997A and 2001 Bonds. The Series 2012A Bonds were redeemed in their entirety on March 1, 2017.

The Series 2012B Bonds are issued to PNC and are payable from and secured by the Foundation as stated in the financing agreement. The Foundation is required to pay annual debt service directly to PNC for the account of the Authority, on or before the dates required under the Bonds and under the financing agreement.

Principal and interest, at a rate of 2.48%, on the outstanding Series 2012B Bonds are payable to PNC annually commencing on March 1, 2013 through September 1, 2023.

This bond is a general obligation of the Foundation and is collateralized by a first lien on mortgaged property, the Foundation's rights and interest to certain payments due to be received pursuant to the Official Designation and Royalty Agreement and the Services Agreement dated as of January 1, 1997 between the Foundation and Shell Oil Company, as amended by an instrument dated November 13, 1997 and the Foundation's rights and interest to certain payments from the State of Florida.

The financing agreement requires compliance with various restrictive covenants, such as minimum debt service coverage ratios. The Foundation was in compliance with the various restrictive covenants at December 31, 2020 and 2019.

Annual aggregate principal repayments of the industrial revenue bonds are as follows:

<u>Years Ending December 31,</u>		
2021	\$	1,633,259
2022		1,675,652
2023		1,338,996
	\$	4,647,907

World Golf Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Note Payable to PGA TOUR Management Services, Inc.

The Foundation entered into a note payable agreement dated November 3, 1996 with PGA TOUR Management Services, Inc., a subsidiary of the TOUR, in the amount of \$6,667,727. Interest is payable quarterly on the unpaid principal balance at a rate equal to the annual rate payable on United States Treasury obligations with a maturity of 10 years as determined on the first business day of each calendar quarter. Interest related to this note payable for the years ended December 31, 2020 and 2019 totaled \$52,588 and \$120,579, respectively, and has been recorded as revenue and expense by the Foundation as it was deemed a contribution by the TOUR. The rate in effect as of December 31, 2020 and 2019 was 0.93% and 1.92%, respectively. The principal balance totaled \$5,417,727 at December 31, 2019. The note was forgiven during 2020.

Lines of Credit

The Foundation has a revolving line of credit with Wells Fargo at \$1 million that was renewed on September 30, 2020. All principal and accrued interest is due and payable on September 30, 2021. The Foundation has an option to increase the line of credit by \$4 million at any time, provided that no event of default exists. The outstanding principal balance of this agreement bears interest at 0.95% over the lender's LIBOR Market Index Rate per annum. At December 31, 2020 and 2019, the interest rate in effect was 1.09% and 2.71%, respectively. The revolving credit agreement is collateralized by the Foundation's cash management account. By restrictive covenant, the line of credit shall not exceed at any time 95% of the fair value of the collateral. At December 31, 2020 and 2019, the amount held as collateral classified in investments was \$357,662 and \$793,579, respectively. Accordingly, the maximum amount available under the line of credit based on this collateral base totaled \$339,779 and \$753,900 at December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, \$0 was drawn on the line of credit.

On January 1, 2021, the Foundation established a revolving line of credit with the TOUR in the principal amount of \$4 million. The line of credit bears interest at the LIBOR Daily Floating Rate and is secured by the Foundation's assets. The Foundation has not drawn on this line of credit.

NOTE 8 - EMPLOYEE RETIREMENT AND SAVINGS PLAN

The Foundation applies the recognition provisions of ASC 958-715, *Not-for-Profit Entities Compensation Retirement Benefits* ("ASC 958-715"), which requires, among other things, the recognition of the funded status of each defined pension benefit plan, retiree health care and other postretirement benefit plans and postemployment benefit plans on the statements of financial position. Each overfunded plan is recognized as an asset and each underfunded plan is recognized as a liability.

Employee Retirement Plan

In 1998, the Foundation established a noncontributory, defined benefit retirement plan covering substantially all employees. The plan is a qualified pension plan funded in accordance with requirements set forth by the Employee Retirement Income Security Act of 1974. Benefits under this plan are based primarily on an employee's years of service and compensation during the years immediately preceding retirement. The Foundation filed to terminate the plan with the Internal Revenue Service and Pension Benefit Guaranty Corporation in 2020 and completed the termination as of December 31, 2020.

World Golf Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

The following tables present the benefit obligation, changes in the benefit obligation and plan assets, the net period pension cost and other plan information as of and for the years ended December 31:

	2020	2019
Benefit obligations at end of year:		
Accumulated benefit obligation	\$ -	\$ 4,671,447
Projected benefit obligation	\$ -	\$ 4,671,447
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$ 4,671,447	\$ 6,643,663
Interest cost	103,142	207,092
Benefits paid	(44,030)	(46,828)
Settlements	(5,251,756)	(3,098,495)
Actuarial loss	521,197	966,015
Projected benefit obligation at end of year		4,671,447
Change in fair value of plan assets:		
Fair value of plan assets beginning of year	4,135,689	5,770,676
Actual return on plan assets	66,462	935,181
Settlements	(5,251,756)	(3,023,340)
Employer contributions	1,093,635	500,000
Benefits paid	(44,030)	(46,828)
Fair value of plan assets at end of year	-	4,135,689
Funded status (accrued pension liability)	\$ -	\$ (535,758)
Net periodic pension cost:		
Interest cost	\$ 103,142	\$ 207,092
Expected return on plan assets	-	(261,389)
Amortization of actuarial loss	26,308	44,893
Settlement loss	1,276,319	640,630
Net periodic pension cost	1,405,769	631,226
Other changes in plan assets and benefit obligations recognized in net assets without donor restrictions		
Net loss	-	217,068
Amortization of net loss	(847,407)	(44,893)
Settlement	-	(640,630)
Total recognized in net assets without donor restrictions	(847,407)	(468,455)
Total recognized in net periodic benefit cost and net assets without donor restrictions	\$ 558,362	\$ 162,771

World Golf Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

	2020	2019
Amounts recognized in net assets without donor restrictions consist of:		
Net loss	\$ -	\$ 847,407

Funded status (accrued pension liability), net periodic pension cost, and pension related changes other than net periodic costs as of and for the year ended December 31, 2019 include amounts relating to the First Tee division totaling \$384,945, \$454,483, and \$(337,288), respectively.

Net period pension cost and pension related changes other than net periodic costs as of and for the year ended December 31, 2020 include amounts relating to the PGATFT totaling \$1,012,154, and \$(610,133), respectively, and have not been recognized by the Foundation (see Note 13).

Assumptions used to determine the pension obligation and net periodic pension cost as of and for the years ended December 31 are as follows:

	2020	2019
Weighted-average assumptions used to determine pension obligation:		
Discount rate	N/A	3.21%
Rate of compensation increase	N/A	N/A
Weighted-average assumptions used to determine net periodic pension cost:		
Discount rate	3.21%	4.15%
Rate of compensation increase	N/A	N/A
Expected rate of return of plan assets	N/A	5.50%

Plan Assets

The retirement plan investment options consist of mutual funds, which invest primarily in common stock, corporate debt securities and U.S. Government and Agency obligations. The weighted-average allocation of the Foundation's pension plan assets (by asset category) is 100% mutual funds as of December 31, 2019.

The fair values of plan assets that are measured on a recurring basis as of December 31, 2019 were as follows:

	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Valuation Technique ⁽²⁾
Assets			
Mutual funds ⁽¹⁾	\$ 4,135,689	\$ 4,135,689	M

⁽¹⁾ As discussed above, the guidance identifies three valuation techniques: market approach (M), cost approach (C), and income approach (I).

World Golf Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Employee Savings Plan

The Foundation has a 401(k) savings plan for those eligible employees who elect to participate. Each participant may contribute up to a maximum of 15% of compensation, not to exceed the maximum allowable amount as required under the Economic Growth and Tax Relief Reconciliation Act of 2001. The Foundation contributes a sum equal to 50% of the contributions made to the plan by participants, up to a maximum of 1.5% of each eligible employee's compensation. Employees vest in the Foundation's contributions after three years of continuous employment. The Foundation provides an employer safe harbor contribution to the savings plan in the amount equal to 3% of each eligible employee's compensation. The employee is immediately vested in this contribution, regardless of whether the employee makes an employee salary deferral contribution to the plan. The Foundation's contributions charged to expense in 2020 and 2019 totaled \$56,423 and \$87,391, respectively.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

The nature of net assets with donor restrictions at December 31 are as follows:

	2020	2019
First Tee		
General operations	\$ -	\$ 21,946,539
Grants and programs	-	15,633,798
We Are Golf	389,185	291,387
	<u>389,185</u>	<u>291,387</u>
Total	<u>\$ 389,185</u>	<u>\$ 37,871,724</u>

Refer to Note 13 for the transfer of the First Tee division assets and liabilities to PGATFT during fiscal 2020.

Net assets were released from donor imposed restrictions by incurring expenses satisfying the restricted purposes specified by the donors during the years ended December 31 as follows:

	2020	2019
Hall of Fame	\$ 1,510,207	\$ -
We Are Golf	1,229,214	1,512,757
	<u>2,739,421</u>	<u>1,512,757</u>
Total	<u>\$ 2,739,421</u>	<u>\$ 1,512,757</u>

NOTE 10 - ROYALTIES AND LICENSING FEES

The developers of the various component parts of the Resort have entered into various royalty and license agreements with the Foundation pursuant to which each component will have the right to use the Foundation's name and logo and, in certain cases, the secondary marks in connection with the promotion and operation of the various components in return for certain royalty and license fee payments. The fixed portion royalty and license fees have been deferred and are being recognized over the term of the respective agreement.

Royalties and licensing fees recognized during 2020 and 2019 totaled \$2,919,968 and \$2,956,373, respectively. The Foundation was a party to royalty and licensing agreements with remaining fixed fees of approximately \$10,000 at December 31, 2020. In addition, the agreements contain annual variable fees which range from 0.5% to 5% of the developers' gross revenues. The agreements have terms up to 25 years and renewal options beyond the initial terms and are set to expire during 2021.

World Golf Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE 11 - NATURAL CLASSIFICATION OF EXPENSES

Expenses attributable to more than one program or supporting service are allocated using various cost allocation techniques such as headcount, square footage or time.

Expenses by natural classification for the years ended December 31 consisted of the following:

	2020			
	Program	Supporting Services	Fundraising	Total
Compensation and benefits	\$ 2,057,440	\$ 488,865	\$ 6,104	\$ 2,552,409
Professional services and research	619,740	435,235	248,548	1,303,523
Advertising and marketing	1,117,098	-	-	1,117,098
Induction ceremony	4,203	-	-	4,203
Operational and technology	242,541	28,999	1,024	272,564
Occupancy and office expenses	923,775	212,627	1,542	1,137,944
Depreciation	677,384	169,346	-	846,730
Assessments and fees	288,547	152,224	3,333	444,104
Other	1,879,619	141,545	4,534	2,025,698
	<u>\$ 7,810,347</u>	<u>\$ 1,628,841</u>	<u>\$ 265,085</u>	<u>\$ 9,704,273</u>
	2019			
	Program	Supporting Services	Fundraising	Total
Compensation and benefits	\$ 2,275,179	\$ 608,049	\$ 114,502	\$ 2,997,730
Professional services and research	1,314,584	230,878	154,720	1,700,182
Advertising and marketing	5,744,693	-	-	5,744,693
Induction ceremony	990,182	-	-	990,182
Operational and technology	1,026,299	22,838	128	1,049,265
Occupancy and office expenses	1,007,095	219,249	2,996	1,229,340
Depreciation	741,094	185,273	-	926,367
Assessments and fees	490,463	159,229	672	650,364
Other	451,951	91,497	13,789	557,237
	<u>\$ 14,041,540</u>	<u>\$ 1,517,013</u>	<u>\$ 286,807</u>	<u>\$ 15,845,360</u>

NOTE 12 - COMMITMENTS AND CONTINGENCIES

The Foundation, as party to a Special Assessment Agreement (“SAA”) with St. Johns County dated July 24, 1996, is severally obligated for 22% of any shortfall in certain monies due to St. Johns County. As part of the lease agreement with the TOUR described in Note 13, the TOUR has agreed to pay 3% of the special assessment owed by the Foundation. In addition, the SAA obligation is collateralized by a land lien, and gives the option to amend the stated shortfall obligation percentage. During 2020, the obligation by St. Johns County was paid in full and no SAA obligation was charged to the Foundation. During 2019, the SAA obligation of \$119,251 was charged to the Foundation.

World Golf Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE 13 – RELATED-PARTY TRANSACTIONS

Due to prominence within the game of golf, the Commissioner of the TOUR serves on the Executive Committee of the Foundation's Board of Directors. Although the TOUR does not control the Board since influence of the Foundation by the Commissioner of the TOUR is limited to that of any other Board member, certain activities between the TOUR and the Foundation are reflected herein as related-party transactions.

The Foundation and the TOUR entered into an agreement dated July 24, 1996 which requires the TOUR to provide, at no cost to the Foundation, on an annual basis, a minimum of \$2 million in national and international media promotion for the Hall of Fame & Museum, the State of Florida and Florida tourism commencing on the date the Hall of Fame & Museum was opened to the public and continuing for 25 years. The amount of advertising specific to the Hall of Fame & Museum is determined by the TOUR on an annual basis. The agreement provides for an increase in the amount to \$2.5 million if Hall of Fame & Museum attendance levels or sales tax revenues are not meeting projections required at the time of original state certification. Therefore, for the years ended December 31, 2020 and 2019, the minimum national and international media promotion requirement was \$2.5 million.

Beginning in 2019, the TOUR provides professional services to the Foundation through a management services agreement. Such services totaled \$330,485 and \$447,040 for the years ended December 31, 2020 and 2019, respectively, and are included in due to related party on the statements of financial position. The TOUR also provides donated services as more fully described in Note 2.

Effective January 1, 1997, the Foundation leased a parcel of property to the TOUR. The term of the lease is 30 years and the TOUR has two successive options to renew the lease for 30-year periods. The base rent is \$76,531 per year and this amount is subject to a 10% increase every five years. As part of the lease agreement, the TOUR has agreed to pay a portion of the special assessment owed by the Foundation as described in Note 12.

Certain golf organizations have loaned golf artifacts for exhibition in the Hall of Fame & Museum at no charge. The Foundation is responsible for paying all insurance and storage costs while these artifacts are in its possession and must catalog all artifacts provided by the loaning organizations.

On March 26, 2019, PGATFT filed its articles of incorporation with the Florida Department of State. On November 15, 2019, PGATFT obtained its exemption from federal income tax under IRC Section 501(c)(3). The Foundation and PGATFT maintain common management, as the Chief Executive officer serves both organizations. The Foundation transferred the assets and liabilities of its First Tee division to this new related party as of January 1, 2020. This transaction met the criteria and was accounted for by the Foundation as a discontinued operation.

Assets and liabilities of the First Tee division at December 31, 2019 were as follows:

Assets:	
Cash and cash equivalents	\$ 5,251,046
Investments	53,396,904
Accounts receivable	6,022
Contributions receivable, net	11,611,042
Property and equipment, net	884,960
Other assets	639,204
	<hr/>
Total assets	\$ 71,789,178

World Golf Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Liabilities:	
Accounts payable and accrued expenses	\$ 2,429,790
Accrued pension cost	384,945
Deferred revenue	<u>803,230</u>
 Total liabilities	 <u>\$ 3,617,965</u>

The changes in net assets of the First Tee division for the year ended December 31, 2019 were as follows:

Changes in net assets without donor restrictions:	
Net assets released from restrictions	\$ 23,050,408
Admissions and special functions	1,064,283
Investment return, net	5,939,907
Other revenues	120,174
Operating expenses	(23,050,408)
Pension related changes other than net periodic costs	<u>337,288</u>
 Change in net assets without donor restrictions	 <u>7,461,652</u>
Changes in net assets with donor restrictions:	
Contributions	\$ 27,901,273
Net assets released from restrictions	(23,050,408)
Investment return, net	<u>464,858</u>
 Change in net assets with donor restrictions	 <u>5,315,723</u>
 Change in net assets	 <u>\$ 12,777,375</u>

The Foundation and PGA TOUR First Tee Foundation, Inc. entered into a services agreement dated January 1, 2020, which requires reimbursement of mutually agreed to administrative and special services incurred for the benefit of each organization.

NOTE 14 - SUBSEQUENT EVENTS

The Foundation evaluated its December 31, 2020 financial statements for subsequent events through May 7, 2021, the date the financial statements were available to be issued.

Subsequent to year end, the Foundation applied for and was approved a \$514,052 loan under the Paycheck Protection Program administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for ten months after the funding of the loan. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

Except as disclosed in Note 7, the Foundation is not aware of any other subsequent events which would require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

World Golf Foundation, Inc.

SCHEDULE OF EXPENDITURES OF STATE OF FLORIDA FINANCIAL ASSISTANCE

Year ended December 31, 2020

<u>Agency</u>	<u>Project Name</u>	<u>CSFA Number</u>	<u>State Expenditures</u>
State of Florida Department of Revenue	Professional Golf Hall of Fame	73.017	\$ <u>2,000,004</u>
Total expenditures of State of Florida financial assistance			\$ <u>2,000,004</u>

See accompanying note to schedule of expenditures of State of Florida financial assistance.

World Golf Foundation, Inc.

NOTE TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying Schedule of Expenditures of State of Florida Financial Assistance (the "Schedule") summarizes the expenditures of World Golf Foundation, Inc. (the "Foundation") under this program for the year ended December 31, 2020 and is presented using the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Chapter 69I-5, Rules of the Florida Department of Financial Services, Florida Administrative Code, Schedule of Expenditures of State Financial Assistance. State financial assistance of \$2,000,004 is included in royalty, license and other fees of \$2,919,968 on the statement of activities and changes in net assets for the year ended December 31, 2020. Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets and cash flows of the Foundation.

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Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

To the Board of Directors
World Golf Foundation, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of World Golf Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 7, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Intended purpose

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

May 7, 2021
Arlington, Virginia

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Report of Independent Certified Public Accountants on Compliance for Each Major State Project and on Internal Control Over Compliance in Accordance with Chapter 10.650, Rules of the Auditor General

To the Board of Directors
World Golf Foundation, Inc.

Report on Compliance for Each Major State Project

We have audited World Golf Foundation, Inc. (the “Foundation”) compliance with the types of compliance requirements described in the *Florida Department of Financial Services’ State Projects Compliance Supplement* that could have a direct and material effect on the Foundation’s major state project for the year ended December 31, 2020. The Foundation’s major state project is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations and the terms and conditions of its state awards applicable to its state project.

Auditors’ Responsibility

Our responsibility is to express an opinion on compliance for the Foundation’s major state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the requirements of the Florida Single Audit Act, *Audits of Non-Profit and For-Profit Organizations*; and the audit requirements of Chapter 10.650, Rules of the Auditor General. Those standards, and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Foundation’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state project. However, our audit does not provide a legal determination of the Foundation’s compliance.

Opinion on Each Major State Project

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on its major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state project and to test and report on internal control over compliance in accordance with the Florida Single Audit Act, *Audits of Non-Profit and For-Profit Organizations*, and Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Florida Single Audit Act, *Audits of Non-Profit and For-Profit Organizations* and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



May 7, 2021
Arlington, Virginia

World Golf Foundation, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2020

Section I: Summary of Auditor's Results

Financial Statement

- 1. Type of auditor's report issued Unmodified

- 2. Internal control over financial reporting
 - a. Material weaknesses identified _____ Yes X No
 - b. Significant deficiency identified not considered to be material weaknesses _____ Yes X None reported

- 3. Noncompliance material to the financial statements noted? _____ Yes X No

State of Florida Financial Assistance

- 1. Internal control over major project:
 - a. Material weaknesses identified? _____ Yes X No
 - b. Significant deficiency identified not considered to be material weaknesses? _____ Yes X None reported

- 2. Type of auditor's report issued on compliance for the major project: Unmodified

- 3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650 Rules of the Auditor General of the State of Florida? _____ Yes X No

Identification of major project CSFA NUMBER
73.017

Name of State of Florida Project
Professional Golf Hall of Fame

- 1. Auditee qualified as a low-risk auditee X Yes _____ No

World Golf Foundation, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year ended December 31, 2020

Section II: Financial Statement Findings

None noted

Section III: State of Florida Financial Assistance Findings and Questioned Costs

None noted

World Golf Foundation, Inc.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended December 31, 2020

There are no findings from prior years.