



VICE PRESIDENT'S REPORT

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Kentucky PGA Financial Summary

Fiscal Year 2016 | As of September 30, 2016

FINANCIAL POSITION

The total operations cash on September 30 was 222,118 as compared to 215,627 on June 30. Specifically the account balances on September 30 were 171,817 (Operations Account) and 50,301 (Reserve Account). The Investment Account (Vanguard) was 660,969. As of September 30 there were Accounts Receivable of 31,729 and primarily made up of fees collected by the Kentucky Golf Foundation for the Middle School Championship and outstanding sponsors. Accounts Payable as of September 30 were 52,195 and primarily made up of three items: expenses for tournaments that have been invoiced but not due, remaining audit fees, and KGA-PGA Inc. Pledge (17,533). As a reminder, as of January 1, 2016 tournament revenues and expenses are recognized at the time they occur versus when they are received and invoiced. As a result there are Pre-Paid Expenses and Deferred Revenue variances when compared with previous year.

| ASSETS | 30-Sep-16 | 30-Jun-16 | 30-Sep-15 | \$ Change | Notes |
|---------------------------------------|-------------------|-------------------|--|------------------|-------------------------------|
| Operations Acct | 171,817 | 165,358 | 180,734 | 6,459 | Business Checking |
| Reserve Acct | 50,301 | 50,269 | 50,173 | 31 | Reserve Savings |
| Investment Acct | 660,969 | 638,408 | 567,005 | 22,561 | Brokerage Acct - Vanguard |
| Accounts Receivable | 31,729 | 16,938 | 14,750 | 14,791 | See A/R Summary |
| Pre Paid Tournament Expenses | - | 468 | - | (468) | |
| Fixed Assets | - | - | - | - | |
| TOTAL ASSETS | \$ 914,815 | \$ 871,440 | \$ 812,662 | \$ 43,375 | |
| LIABILITIES & EQUITY | 30-Sep-16 | 30-Jun-16 | 30-Sep-15 | \$ Change | Notes |
| Accounts Payable | 52,195 | 56,971 | 3,777 | (4,776) | Payables invoiced but not due |
| KGA-PGA Contribution Payable | - | - | - | - | |
| Deferred Education Fees | - | - | - | - | |
| Deferred Tournament Revenues | 24,430 | 98,715 | - | (74,285) | |
| Equity | 838,190 | 715,754 | 808,885 | 122,436 | |
| TOTAL LIABILITIES & EQUITY | \$ 914,815 | \$ 871,440 | \$ 812,662 | \$ 43,375 | |
| A/R AGING SUMMARY | 30-Sep-16 | 30-Jun-16 | Note | | |
| Current | - | 9,406 | | | |
| 31-60 Days | - | 5,032 | | | |
| 61-90 Days | 4,000 | - | | | |
| 91-120 Days | - | - | | | |
| 120+ Days | 2,500 | 2,500 | Outstanding sponsorship; a payment plan is setup | | |
| TOTAL | \$ 6,500 | \$ 16,938 | | | |



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STATEMENT OF ACTIVITIES

Net Income

Third Quarter Net Ordinary Income was 103,107 as compared with the budget of 105,245 for an unfavorable variance of 2,138. Other Income for the Third Quarter was 19,329 making the Net Income for the Third Quarter 122,436. Year-to-Date Net Ordinary Income was 35,978 compared with the budget of 37,830 for an unfavorable variance of 1,856. Other Income Year-to-Date was 27,515 making the Net Income for Year-to-Date 63,489.

Revenue

Third Quarter Ordinary Revenues were 338,442 as compared with the budget of 317,371 for a favorable variance of 21,071. Year-to-Date Ordinary Revenues were 508,954 as compared with the budget of 500,736 for a favorable variance of 8,218. Year-to-Date key variances are summarized in the Variance of Activities section. Significant variances include: 4400 Player Development Revenue was 18,517 higher due to high participation than forecasted for the Middle School Championship - higher revenue is offset by higher expenses - see acct 6700. 4500 Investment Income/Dividends was 10,038 less due to the market performing below the forecast. The forecast was based on a 5% growth for the year and the total (27,500) was allocated equally for each quarter. The Finance Committee is looking into how this can be forecasted differently for future fiscal years.

Expenses

Third Quarter Ordinary Expenses were 235,335 as compared with the budget of 212,127 for an unfavorable variance of 23,208. Year-to-Date Ordinary Expenses were 472,980 as compared with the budget of 462,906 for an unfavorable variance of 10,074. Year-to-Date key variances are summarized in the Variance of Activities section. Significant variances include: 6500 Member Education Expenses were 2,674 less due to lower cost of speakers and food cost. 6700 Player Development was 14,416 higher due to higher participation at the Middle School Championship (offset by higher revenue - see acct 4400).

| INCOME/EXPENSES (YTD) | YTD Actual | YTD Budget | Var to Bdgt | YTD PY Actual |
|----------------------------|---------------|---------------|----------------|----------------|
| Ordinary Income | 508,954 | 500,736 | 8,218 | 496,042 |
| Ordinary Expenses | 472,980 | 462,906 | 10,074 | 389,068 |
| Net Ordinary Income | 35,974 | 37,830 | (1,856) | 106,974 |
| Net Other Income | 27,515 | - | - | 7,611 |
| Net Income | 63,490 | 37,830 | (1,856) | 114,585 |

| Net Summary of Activities | YTD Actual | YTD Budget | Var to Bdgt | Notes |
|---------------------------------|-------------|-------------|-------------|-------|
| General & Administration | \$ (30,568) | \$ (26,929) | (3,639) | |
| Membership | \$ 30,005 | \$ 28,552 | 1,453 | |
| Education & Membership Meetings | \$ (4,437) | \$ (7,708) | 3,271 | |
| Tournaments | \$ 28,887 | \$ 25,932 | 2,955 | |
| Player Development | \$ 1,347 | \$ (2,755) | 4,101 | |
| Investments | \$ 10,741 | \$ 20,738 | (9,997) | |
| Net Ordinary Income | \$ 35,974 | \$ 37,830 | (1,856) | |



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| VARIANCE OF ACTIVITIES | +/- Budget | Explanation for Variance |
|----------------------------------|-------------------|---|
| 4400 Player Development Revenue | 18,517 | |
| 4500 Investment Income/Dividends | (10,038) | Market under performed forecast |
| 4620 PGA Meetings Reimbursement | (2,583) | Cost related to Leadership regionals less than forecasted |
| Other Income accounts | 2,322 | |
| Income Variance Total | \$ 8,218 | Favorable |
| 6500 Member Education Expenses | (2,674) | Lower speaker costs and lower food costs |
| 6700 Player Development | 14,416 | Middle School Championship higher participation |
| Other expense accounts | (1,668) | |
| Expense Variance Total | \$ 10,074 | Favorable |
| Variance to Budget | \$ (1,856) | unfavorable |

COMMENTARY

As a reminder there were several key procedures and reporting changes for 2016. 1) As mentioned in the financial position explanation, tournament revenues and expenses are being recognized at that time of the event instead of when received for invoiced. As such this creates variances between the current and previous year and it is important to analyze deferred revenue and pre paid expense for tournaments. 2) The net summary of activities has been added to provide a consolidated net view of the key lines of business. 3) Account 6430 Member Business Meeting Expense has been made a stand alone line item instead of a sub account of 6400 Committee & Meetings. This was done to provide the board with a better understanding of costs related to member meetings allowing for a big picture view of net consolidated costs related to member meetings and education.