BT&Co. P.A.

Certified Public Accountants

GCSAA FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

GCSAA FOUNDATION
FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022

TABLE OF CONTENTS

BT&Co. P.A.

Certified Public Accountants

4301 SW Huntoon Street, Topeka, KS 66604 | t: 785.234.3427 | toll-free: 800.530.5526 | f: 785.233.1768 | w: btandcocpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
GCSAA Foundation
Lawrence, Kansas

Opinion

We have audited the financial statements of GCSAA Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2023 and 2022, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

BT + Co., P.A.

June 3, 2024
Topeka, Kansas

GCSAA FOUNDATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash	$ 13,413	$ 10,794
Accounts receivable, net	161,146	26,703
Due from related parties	8,495	838
Prepaid expenses	60,287	79,361
Pledges receivable, net	309,612	441,439
Investments	11,849,224	11,133,962
Total assets	$ 12,402,177	$ 11,693,097
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	$ 139,853	$ 138,304
Due to related parties	190,762	112,355
Deferred revenue	55,000	8,220
Line of credit	-	500,000
Total liabilities	385,615	758,879
Net assets without donor restrictions - board designated	11,706,950	10,492,779
Net assets with donor restrictions	309,612	441,439
Total net assets	12,016,562	10,934,218
Total liabilities and net assets	$ 12,402,177	$ 11,693,097

See accompanying notes to financial statements.

GCSAA FOUNDATION
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2023 and 2022

	2023	2022
Net assets without donor restrictions - board designated:		
Revenues:		
Individual contributions	$ 195,918	$ 190,721
Facility and chapter contributions	35,105	32,001
Industry contributions	173,531	134,447
Silent auction income	183,834	149,428
Scholarship and grant contributions	364,270	233,008
Online auction	626,413	571,678
Disaster relief	5,072	14,424
Investment income (loss)	1,747,263	(1,784,801)
Net assets released from restrictions - time	131,827	369,310
Total revenues	3,463,233	(89,784)
Expenses:		
Program services:		
Program activities	2,005,142	1,799,839
Supporting services:		
Management and general	60,677	118,531
Fundraising	183,243	305,916
Total expenses	2,249,062	2,224,286
Change in net assets without donor restrictions	1,214,171	(2,314,070)
Net assets with donor restrictions:		
Restricted contributions - major gifts	-	257,500
Net assets released from restrictions - time	(131,827)	(369,310)
Change in net assets with donor restrictions	(131,827)	(111,810)
Change in net assets	1,082,344	(2,425,880)
Net assets, beginning of year	10,934,218	13,360,098
Net assets, end of year	$ 12,016,562	$ 10,934,218

See accompanying notes to financial statements.

GCSAA FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2023 and 2022

	2023			
	Program Activities	Management and General	Fundraising	Total Expenses
Salaries, benefits and related expenses	$ 46,927	$ 46,927	$ 93,853	$ 187,707
Research	290,000	-	-	290,000
Education	463,540	-	-	463,540
Environmental programs	195,000	-	-	195,000
Advocacy	400,000	-	-	400,000
Board of trustees and other support	3,021	11,291	26,887	41,199
Travel	2,459	2,459	4,917	9,835
Marketing and promotion	-	-	24,983	24,983
Silent auction	-	-	13,309	13,309
Online auction	492,027	-	19,294	511,321
Disaster relief	5,072	-	-	5,072
Scholarships	107,096	-	-	107,096
Total	$ 2,005,142	$ 60,677	$ 183,243	$ 2,249,062

	2022			
	Program Activities	Management and General	Fundraising	Total Expenses
Salaries, benefits and related expenses	$ 97,517	$ 97,517	$ 195,035	$ 390,069
Research	200,000	-	-	200,000
Education	402,019	-	-	402,019
Environmental programs	250,000	-	-	250,000
Advocacy	275,000	-	-	275,000
Board of trustees and other support	3,444	16,452	29,541	49,437
Travel	4,562	4,562	9,122	18,246
Marketing and promotion	-	-	33,904	33,904
Silent auction	-	-	16,831	16,831
Online auction	450,026	-	21,483	471,509
Disaster relief	14,424	-	-	14,424
Scholarships	102,847	-	-	102,847
Total	$ 1,799,839	$ 118,531	$ 305,916	$ 2,224,286

See accompanying notes to financial statements.

GCSAA FOUNDATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ 1,082,344	$ (2,425,880)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Amortization expense	-	3,750
Unrealized/realized (gain) loss on investments	(1,492,210)	1,884,361
Change in allowance for uncollectible contributions	(9,042)	(8,394)
Change in unamortized discount	(9,831)	(19,696)
Changes in assets and liabilities:		
Accounts receivable	(142,100)	(26,536)
Pledges receivable	150,700	139,900
Prepaid expenses	19,074	(22,149)
Due to related parties	78,407	69,632
Accounts payable and accrued expenses	1,549	31,288
Deferred revenue	46,780	(47,850)
Net cash from operating activities	(274,329)	(421,574)
Cash flows from investing activities:		
Purchase of investments	(1,372,285)	(1,669,406)
Proceeds from sale of investments	2,149,233	1,569,846
Net cash from investing activities	776,948	(99,560)
Cash flows from financing activities:		
Proceeds on line of credit	-	650,000
Payments on line of credit	(500,000)	(150,000)
Net cash from financing activities	(500,000)	500,000
Net change in cash	2,619	(21,134)
Cash, beginning of year	10,794	31,928
Cash, end of year	$ 13,413	$ 10,794
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	$ 8,270	$ 13,008

See accompanying notes to financial statements.

1 - Organization and Summary of Significant Accounting Policies

Organization

GCSAA Foundation (the Foundation) focuses on securing funding and support to strengthen advocacy, education and research that advances the work of golf course management professionals. As part of its focus on education, the Foundation also funds a collegiate scholarship program. The Foundation is supported primarily through contributions from organizations and individual donors.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents consists of checking accounts.

Concentrations of Credit Risk

The Foundation manages deposit concentration risk by placing cash with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Foundation has not experienced losses in any of these accounts.

Accounts Receivable

Accounts receivable are stated at the amounts billed to customers. The majority of the Foundation's accounts receivable are due from corporate sponsors for activities related to the Foundation's mission.

For accounts receivable, the Foundation records an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information, existing economic conditions, and reasonable and supportable forecasts. Accounts receivable are written off when management believes all collection efforts have been exhausted. No material amounts were considered uncollectible based on past collectability experience for the years ended December 31, 2023 and 2022.

Pledges Receivable

Pledges receivable are for receivables that are generally due within one to three years of the date of the pledge. Pledges receivable are stated at the pledged amount. The carrying amount of pledges receivable is reduced by the amount of the unamortized discount related to promises to give that are to be collected over a period longer than one year.

For pledges receivable, management has established a valuation allowance that reflects management's best estimate of amounts that will not be collected based on specific donors' pledges and the aging of pledges receivable. All pledges or portions thereof deemed to be uncollectible are written off to the allowance for uncollectible pledges. Management has established an allowance of $ 20,760 and $ 29,802 as of December 31, 2023 and 2022.

Investments

The Foundation's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation invests in mutual funds, corporate bonds, agency mortgage-backed securities and exchange traded funds.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities as net assets without donor restrictions or net assets with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Deferred Revenue

Deferred revenue represents amounts received which have not been earned at the end of the year.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions-Board Designated

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. For the Foundation, all net assets without donor restrictions have been designated by the Board. All amounts are included as a board designated endowment.

Included in the net assets without donor restrictions-board designated funds are the Robert Trent Jones Fund, the Investing in the Beauty of Golf Fund, the Scotts Company Fund, the Michael Hurdzan Fund, the R.A. Moore Fund, the Melrose endowments (3), the O.J. Noer Fund and the Williams Leadership Fund. These funds have been designated by the Board of Trustees for environmental programs including education, research, and related activities.

Net Assets With Donor Restrictions

Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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 has no net assets that are perpetual in nature or must be maintained in perpetuity.

As of December 31, 2023 and 2022, the Foundation had $ 309,612 and $ 441,439, respectively, in net assets with donor restriction due to time. Time restricted net assets of $ 131,827 and $ 369,310, respectively, were released from restrictions during 2023 and 2022 for fulfillment of time.

Revenue Recognition Policy

The Foundation recognizes revenue from auction sales when the products are transferred, and the services are provided. The Foundation records auction revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. Significant judgments are made in determining the value of the exchange and contribution element of the auction.

The Foundation recognizes contributions when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as increases in net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as increases in net assets with donor restrictions.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the interest method and is reported as contribution revenue.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

Income Taxes

The Foundation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the Code), is exempt from federal income taxes pursuant to Section 501(a) of the Code and has not been classified as a private foundation under Section 509(a) of the Code.

The Foundation’s policy is to evaluate uncertain tax positions annually. Management has evaluated the Foundation’s tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the financial statements.

Form 990 filed by the Foundation is subject to examination by the Internal Revenue Service up to three years from the extended due date of each return. Forms 990 filed by the Foundation are no longer subject to examination for the fiscal years ended December 31, 2019 and prior.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on management's estimates. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Certain prior year amounts have been reallocated to conform to the current year presentation. These reallocations had no effect on the reported results of operations.

Risks and Uncertainties

The Foundation maintains a significant portion of its total assets in open-end mutual funds, closed-end mutual funds, corporate bonds, agency mortgage-backed securities and exchange traded funds. Investment securities are exposed to various risks, such as interest rate, market fluctuation and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect investments and the amounts reported in the statement of financial position.

Use of Estimates

The preparation of financial statements in conformity 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.

Advertising

The Foundation incurs costs for promoting its programs and activities in various publications and media. These costs are expensed as incurred and amounted to $ 5,682 and $ 19,981 for the years ended December 31, 2023 and 2022, respectively.

2 - Availability and Liquidity

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of December 31, 2023 and 2022 are:

	2023	2022
Financial assets:		
Cash	$ 13,413	$ 10,794
Accounts receivable, net	161,146	26,703
Pledges receivable, net	309,612	441,439
Due from related parties	8,495	838
Investments	11,849,224	11,133,962
Total financial assets	12,341,890	11,613,736
Less financial assets held to meet donor-imposed restrictions:		
Donor-restricted funds (see Note 1)	(309,612)	(441,439)
Less board designated net assets (see Notes 1 and 7)	(11,706,950)	(10,492,779)
Amount available for general expenditures within one year	$ 325,328	$ 679,518

The above table reflects donor-restricted and board-designated endowment funds as unavailable because it is the Foundation's intention to invest those resources for the long-term support of the Foundation. However, in the case of need, the Board of Directors could appropriate resources from the board-designated funds available for general use. Note 7 provides more information about those funds and about the spending policies for all endowment funds.

As part of the Foundation's liquidity management plan, the Foundation has established a promissory note with a local bank that provides a commercial line of credit of up to $ 1,000,000. Additionally, a service agreement is in place with the Golf Course Superintendents Association of America (the Association) to provide a working capital loan when needed. In addition to the working capital loan, any surplus funds over the long-term goals of the endowment can also be utilized as a source of liquidity for the Foundation. Any loan interest due to the Association is based on the available variable interest rate referenced in the promissory note for the Association's commercial line of credit. The Association's promissory note is updated on an annual basis with the bank/lender. Any interest owed to the Association is accrued on a monthly basis and is reconciled with any balance due between the two entities. Cash needs for the Foundation are monitored by staff on a daily basis.

3 - Investments

The fair values of investments were as follows at December 31:

	2023	2022
Cash	$ 28,106	$ 66,372
Open-end mutual funds	1,785,576	2,062,571
Closed-end mutual funds	1,119,824	-
Exchange traded funds	7,352,632	7,525,798
Corporate bonds	1,522,703	1,479,221
Agency mortgage-backed securities	40,383	-
	$ 11,849,224	$ 11,133,962

Investment income consisted of the following for the years ended December 31:

	2023	2022
Interest and dividend income	$ 255,053	$ 99,560
Net realized and unrealized gain (loss)	1,492,210	(1,884,361)
Total investment income (loss)	$ 1,747,263	$ (1,784,801)

4 - Fair Value Measurements

The disclosure provisions of the Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 820) establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 Prices or valuations that require inputs that are both significant to fair value measurement and unobservable.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2023 and 2022.

Open-end mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Company are open-end mutual funds that are registered with the Securities and Exchange Commission. The funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

Closed-end mutual funds: Valued at net asset value (NAV). The funds raise capital through a one-time initial public offering (IPO), during which they issue a fixed number of shares.

Corporate bonds: Valued at the daily closing price reported on the active market on which the individual corporate bonds are traded.

Exchange traded funds: Valued at the daily closing price reported on the active market on which the individual exchange traded fund is traded.

Agency mortgage-backed securities: Valued at the daily closing price reported on the active market on which the individual mortgage-backed securities are traded.

Fair values of assets measured on a recurring basis at December 31, 2023 and 2022 are as follows:

	Year Ended December 31, 2023			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Large blend	$ 852,911	$ -	$ -	$ 852,911
Large cap value	932,665	-	-	932,665
Total mutual funds	1,785,576	-	-	1,785,576
Exchange traded funds:				
Intermediate-term bond	7,851	-	-	7,851
Small cap value	564,171	-	-	564,171
Short-term government	240,963	-	-	240,963
Corporate bond	224,881	-	-	224,881
Large blend	3,691,679	-	-	3,691,679
Foreign large blend	2,623,087	-	-	2,623,087
Total exchange traded funds	7,352,632	-	-	7,352,632
Agency mortgage-backed securities	40,383	-	-	40,383
Corporate bonds	1,522,703	-	-	1,522,703
Total assets in the fair value hierarchy	$ 10,701,294	$ -	$ -	10,701,294
Investments measured at net asset value[a]				1,119,824
Total assets at fair value				$ 11,821,118

[a] In accordance with Subtopic 820-10, certain investments that are measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in Note 3.

	Year Ended December 31, 2022			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Large blend	$ 916,897	$ -	$ -	$ 916,897
Large cap value	1,145,674	-	-	1,145,674
Total mutual funds	2,062,571	-	-	2,062,571
Exchange traded funds:				
Intermediate-term bond	1,174	-	-	1,174
Small cap value	603,251	-	-	603,251
Short-term government	238,856	-	-	238,856
Corporate bond	79,273	-	-	79,273
Large blend	3,712,739	-	-	3,712,739
Foreign large blend	2,890,505	-	-	2,890,505
Total exchange traded funds	7,525,798	-	-	7,525,798
Corporate bonds	1,479,221	-	-	1,479,221
	$ 11,067,590	$ -	$ -	$ 11,067,590

5 - Investments Measured Using the Net Asset Value Per Share Practical Expedient

The following table summarizes investments measured at fair value based on net asset value (NAV) per share as of December 31, 2023 and 2022:

Investment	Fair Value December 31, 2023	Fair Value December 31, 2022	Commitment	Frequency	Notice Period
Closed-end mutual funds	$ 1,119,824	$ -	None	Daily	30 days

6 - Pledges Receivable, Net

Pledges receivable, net consisted of the following:

	2023	2022
Due within one year	$ 107,125	$ 157,825
Due in one to five years	238,875	338,875
	346,000	496,700
Less:		
Allowance for uncollectible contributions	(20,760)	(29,802)
Unamortized discount	(15,628)	(25,459)
Net pledges receivable	$ 309,612	$ 441,439

The discount rate used in valuing pledges receivable ranged from 2.00% - 5.50% for the years ended December 31, 2023 and 2022, respectively. Pledges receivable are restricted due to a time restriction.

7 - Endowment

The Foundation's endowment consists of ten individual funds established for a variety of purposes. The endowment includes funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's governing body has interpreted the State of Kansas Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original board-designated endowment. The board-designated endowment fund is classified as board-designated until amounts are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Board considers the following factors in making a determination to appropriate for expenditure or accumulate endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Foundation and the board-designated endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Foundation
(7) The investment policies of the Foundation

The composition of net assets without donor restrictions – board designated by type of endowment fund at December 31, 2023 and 2022 was:

	2023	2022
Board-designated endowment funds	$ 11,706,950	$ 10,492,779

Changes in endowment net assets for the years ended December 31, 2023 and 2022 were:

	2023	2022
Endowment net assets, beginning of year	$ 10,492,779	$ 12,806,849
Investment return:		
Interest and dividends	255,053	99,560
Net appreciation (depreciation)	1,492,210	(1,884,361)
Total investment return	1,747,263	(1,784,801)
Contributions	1,700,117	1,695,014
Endowment expenditures	(2,078,979)	(2,041,992)
Appropriation of endowment assets for expenditures	(154,230)	(182,291)
Subtotal	(533,092)	(529,269)
Endowment net assets, end of year	$ 11,706,950	$ 10,492,779

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment. Under the Foundation's policies, the primary investment goal is to maintain the level of initial assets contributed while providing for the generation of investment income to fund programs. The Foundation's investment policy details other guidelines for investment assets. The Foundation expects its endowment funds to provide an average rate of return of approximately 6.7% annually over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a spending policy of appropriating for expenditures each year 4.50% - 5.00% of the funds in the investment portfolio. In establishing this policy, the Foundation considered the long-term expected return on its endowment.

8 - Related Party Transactions

The Foundation is related by common management to the Association. The Foundation paid salaries amounting to approximately \$ 188,000 and \$ 390,000 for the years ended December 31, 2023 and 2022, respectively, for certain services provided by the Association. The Foundation provided grants of \$ 1,122,500 and \$ 887,500 to the Association during the years ended December 31, 2023 and 2022, respectively. The grants were used specifically to fund mission-focused programs including advocacy, education, research, environmental programs, STEM education and technology. The Foundation's scholarship efforts are funded directly through the Foundation. The Association incurs certain indirect costs on behalf of the Foundation. These indirect costs have been recorded within the financial statements as in-kind contributions and expenses.

The Foundation had accounts payable of \$ 190,762 and \$ 112,355 due to the Association at December 31, 2023 and 2022 respectively.

The Foundation is related by common management to Golf Course Superintendents Association of America Communications, Inc. (Communications). The Foundation had accounts receivable of \$ 8,495 and \$ 838 due from Communications at December 31, 2023 and 2022, respectively.

9 - Line of Credit

The Foundation established a line of credit with a bank in 2021 in the amount of \$ 1,000,000. An amount of \$ 500,000 borrowed against the line as of December 31, 2022 and was paid off in 2023. As of December 31, 2023 no amounts were borrowed against the line. The line is secured by investments. The line of credit expires on June 30, 2024.

10 - Subsequent Events

The Foundation has evaluated subsequent events through the date of the independent auditors' report, which is the date that the financial statements are available to be issued.