

**EVANS SCHOLARS FOUNDATION
AND WESTERN GOLF ASSOCIATION
GOLF, ILLINOIS**

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



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AND WESTERN GOLF ASSOCIATION
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INDEPENDENT AUDITORS' REPORT

Trustees and Board of Governors
Evans Scholars Foundation and
Western Golf Association
Golf, Illinois

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Evans Scholars Foundation (ESF) and Western Golf Association (WGA), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Trustees and Board of Governors
Evans Scholars Foundation and
Western Golf Association

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ESF and WGA as of December 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated statements of financial position summarized by fund, consolidated statements of activities summarized by fund, schedules of tournament revenue and expenses, schedule of functional expenses, schedule of property, buildings, and equipment, and statements of changes in net assets are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



CliftonLarsonAllen LLP

Oak Brook, Illinois
May 23, 2018

**EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016**

	2017	2016
ASSETS		
Cash and Cash Equivalents	\$ 6,431,963	\$ 7,933,152
Accounts and Pledges Receivable, Net	24,756,722	12,506,156
Prepaid Expenses and Deposits	2,786,336	2,413,061
Investments	99,667,487	74,529,036
Property, Buildings, and Equipment, Net	42,812,398	40,358,172
Funds Held for Deferred Compensation	562,159	487,704
	\$ 177,017,065	\$ 138,227,281
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 2,517,337	\$ 2,698,837
Deferred Revenue	5,305,297	5,063,155
Deferred Compensation	562,159	487,704
Total Liabilities	8,384,793	8,249,696
NET ASSETS		
Unrestricted:		
Operating Fund	21,335,486	10,503,869
Property Fund	42,812,399	40,358,172
McGuigan Endowment Fund	86,284,070	68,852,722
Total Unrestricted	150,431,955	119,714,763
Temporarily Restricted:		
McGuigan Endowment Fund - Pledges Time Restricted	1,290,221	1,468,009
Charitable Remainder Trust	848,569	492,627
Operating Fund - Pledges Time Restricted	12,162,303	2,877,438
Souder Caddie Academy	375,982	640,698
Capital Campaign - Miami Ohio Scholarship House	506,402	899,080
Capital Campaign - Colorado Scholarship House	1,145,019	1,651,784
Western Amateur Tournament	67,821	105,686
Capital Campaign - Washington Scholarship House	104,000	427,500
Total Temporarily Restricted	16,500,317	8,562,822
Permanently Restricted:		
McGuigan Endowment Fund - Named Scholarships	1,500,000	1,500,000
Kummer Endowment Fund	200,000	200,000
Total Permanently Restricted	1,700,000	1,700,000
Total Net Assets	168,632,272	129,977,585
Total Liabilities and Net Assets	\$ 177,017,065	\$ 138,227,281

See accompanying Notes to Consolidated Financial Statements.

**EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Contributions:				
Par Club	\$ 16,564,830	\$ -	\$ -	\$ 16,564,830
Leadership Gifts	9,796,409	13,200,377	-	22,996,786
Bag Tag, Events and Other	8,074,480	3,751,161	-	11,825,641
Tournament Revenue	21,908,640	-	-	21,908,640
Membership Dues	17,050	-	-	17,050
Other Income, Net	99,773	-	-	99,773
Net Assets Released from Restrictions	7,484,317	(7,484,317)	-	-
Total Revenues and Other Support	<u>63,945,499</u>	<u>9,467,221</u>	<u>-</u>	<u>73,412,720</u>
EXPENSES				
Program Expenses:				
Scholars' Expenses:				
Tuition, Housing, and Other Direct				
Scholars' Expenses	15,955,098	-	-	15,955,098
Related Administrative Expenses	1,991,489	-	-	1,991,489
House Depreciation	1,979,919	-	-	1,979,919
Tournament Expenses	19,506,786	-	-	19,506,786
Caddie Services	427,623	-	-	427,623
Supporting Services:				
Fundraising	4,559,666	-	-	4,559,666
General and Administrative	2,233,938	-	-	2,233,938
Headquarters Depreciation	116,244	-	-	116,244
Total Expenses	<u>46,770,763</u>	<u>-</u>	<u>-</u>	<u>46,770,763</u>
REVENUE OVER EXPENSES	17,174,736	9,467,221	-	26,641,957
NONOPERATING INCOME (EXPENSE)				
Contributions - Scholarship Houses	871,158	230,412	-	1,101,570
Loss on Sale of Scholarship House	(66,379)	-	-	(66,379)
Investment Income	1,354,288	3,722	-	1,358,010
Realized Gain on Sale of				
Investments, Net	3,188,278	-	-	3,188,278
Unrealized Gain on Investments, Net	6,404,886	26,365	-	6,431,251
Net Assets Released from Restrictions	1,790,225	(1,790,225)	-	-
CHANGE IN NET ASSETS	30,717,192	7,937,495	-	38,654,687
Net Assets - Beginning of Year	<u>119,714,763</u>	<u>8,562,822</u>	<u>1,700,000</u>	<u>129,977,585</u>
NET ASSETS - END OF YEAR	<u>\$ 150,431,955</u>	<u>\$ 16,500,317</u>	<u>\$ 1,700,000</u>	<u>\$ 168,632,272</u>

See accompanying Notes to Consolidated Financial Statements.

**EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Contributions:				
Par Club	\$ 15,260,849	\$ -	\$ -	\$ 15,260,849
Leadership Gifts	2,793,679	3,324,778	-	6,118,457
Bag Tag, Events and Other	5,031,981	1,374,898	-	6,406,879
Tournament Revenue	22,719,561	-	-	22,719,561
Membership Dues	18,180	-	-	18,180
Other Expense, Net	65,934	-	-	65,934
Net Assets Released from Restrictions	3,571,076	(3,571,076)	-	-
Total Revenues and Other Support	49,461,260	1,128,600	-	50,589,860
EXPENSES				
Program Expenses:				
Scholars' Expenses:				
Tuition, Housing, and Other Direct				
Scholars' Expenses	14,585,617	-	-	14,585,617
Related Administrative Expenses	1,809,729	-	-	1,809,729
House Depreciation	1,955,008	-	-	1,955,008
Tournament Expenses	20,057,320	-	-	20,057,320
Caddie Services	338,412	-	-	338,412
Supporting Services:				
Fundraising	4,094,501	-	-	4,094,501
General and Administrative	2,270,737	-	-	2,270,737
Headquarters Depreciation	124,523	-	-	124,523
Total Expenses	45,235,847	-	-	45,235,847
REVENUE OVER EXPENSES	4,225,413	1,128,600	-	5,354,013
NONOPERATING INCOME (EXPENSE)				
Contributions - Scholarship Houses	332,226	830,785	-	1,163,011
Gain on Sale of Scholarship House	981,763			981,763
Investment Income	1,170,245	5,188	-	1,175,433
Realized Loss on Sale of				
Investments, Net	(235,432)	-	-	(235,432)
Unrealized Gain on Investments, Net	3,540,241	14,651	-	3,554,892
Net Assets Released from Restrictions	741,568	(741,568)	-	-
CHANGE IN NET ASSETS	10,756,024	1,237,656	-	11,993,680
Net Assets - Beginning of Year	108,958,739	7,325,166	1,700,000	117,983,905
NET ASSETS - END OF YEAR	<u>\$ 119,714,763</u>	<u>\$ 8,562,822</u>	<u>\$ 1,700,000</u>	<u>\$ 129,977,585</u>

See accompanying Notes to Consolidated Financial Statements.

**EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 38,654,687	\$ 11,993,680
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	2,096,163	2,079,531
Provision for Uncollectible Pledges, Net	20,646	5,028
Change in Discount on Pledges Receivable	1,565,390	58,442
Realized (Gain) Loss on Sale of Investments, Net	(3,188,278)	235,432
Unrealized Gain on Investments, Net	(6,431,251)	(3,554,892)
Change in Cash Surrender Value of Donor Life Insurance	39,252	16,084
(Gain) Loss on Sale of Property, Buildings, and Equipment	66,379	(981,763)
Effects of Changes in Operating Assets and Liabilities:		
Accounts and Pledges Receivable	(13,875,854)	(677,159)
Prepaid Expenses and Deposits	(373,275)	(798,086)
Accounts Payable and Accrued Expenses	(181,500)	(409,079)
Deferred Revenue	242,142	(618,060)
Net Cash Provided by Operating Activities	18,634,501	7,349,158
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	90,021,171	9,203,802
Purchases of Investments	(105,540,093)	(13,924,502)
Purchases of Property, Buildings, and Equipment	(5,157,761)	(739,968)
Proceeds from Sale of Property, Buildings, and Equipment	540,993	997,000
Net Cash Used by Investing Activities	(20,135,690)	(4,463,668)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,501,189)	2,885,489
Cash and Cash Equivalents - Beginning of Year	7,933,152	5,047,663
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 6,431,963	\$ 7,933,152

See accompanying Notes to Consolidated Financial Statements.

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Evans Scholars Foundation (ESF) is a charitable trust created to receive and use the net income and principal of the trust estate in order to provide scholarships and other educational opportunities for caddies. Western Golf Association (WGA) was formed to promote and supervise any and all matters and activities pertaining to or for the benefit of caddies, to promote and provide means and facilities for the education of caddies, and to generally promote the interests of golf. WGA annually sponsors the BMW Championship. WGA is affiliated with ESF by management agreement and in practice, acts as the administrator of ESF, and has the power to appoint the trustees of ESF.

ESF is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is also exempt from state income taxes. In addition, ESF qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). WGA is exempt from federal income taxes under Section 501(c)(4) of the IRC, and is also exempt from state income taxes.

The federal and state tax returns of ESF and WGA for 2014, 2015, and 2016 are subject to examination by the Internal Revenue Service (IRS) and state taxing authorities, generally for three years after they were filed. ESF and WGA have determined that it is not necessary to record a liability for uncertain tax positions as of December 31, 2017.

ESF's and WGA's fiscal year ends on December 31. Significant accounting policies followed by ESF and WGA (hereinafter referred to as the Organization) are presented below.

Use of Estimates in Preparing Consolidated Financial Statements

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Consolidated Financial Statement Presentation

The accompanying consolidated financial statements include the accounts of ESF and WGA. All significant transactions between ESF and WGA have been eliminated in consolidation. Consolidated financial statement presentation follows accounting principles generally accepted in the United States of America for nonprofit organizations which require the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Basis of Accounting

The consolidated financial statements have been prepared using the accrual basis of accounting.

**EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Public Support and Revenue

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions other than cash are recorded at estimated fair value.

Public support and revenue are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law. When a restriction expires or has been met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as "Net Assets Released from Restriction."

Public support and revenue principally consist of the following:

Par Club, Leadership, and Other Contributions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Other contributions consist of bag tag, event revenues, endowment contributions, nonrecurring bequests, legacies, and other contributions from donors.

Other contribution revenue consisted of the following at December 31:

	<u>2017</u>	<u>2016</u>
Bag Tag	\$ 936,764	\$ 879,716
Events	1,581,465	1,680,460
Endowment Contributions	7,031,180	2,421,804
Legacies and Bequests	436,178	407,993
Other	1,840,054	1,016,906
Total	<u>\$ 11,825,641</u>	<u>\$ 6,406,879</u>

Tournament Revenue

Income and expenses associated with tournaments are recognized during the year in which the tournament is held. Income received and expenses incurred for future tournaments are deferred until the year that tournament takes place.

Donated Services and In-Kind Contributions

The trustees of ESF and the officers and directors of WGA have donated significant amounts of their time and related out-of-pocket expenses on behalf of ESF. The consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Functional Allocation of Costs

The expenses of the Organization have been presented on a functional basis in the consolidated financial statements. Expenses, which are common in more than one functional area (program, fundraising, etc.), are allocated to each applicable area based upon estimates made by the Organization's management.

**EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets

All financial transactions have been recorded in the net asset categories as follows:

Unrestricted Net Assets – Represents net assets that are not subject to donor-imposed restrictions. Unrestricted net assets consist of the following:

- *Operating Fund* – represents the accumulation of operating surpluses.
- *Property Fund* – represents the net investment in property, buildings, and equipment.
- *McGuigan Endowment Fund* – represents unrestricted contributions and investment earnings as well as unrestricted operating surpluses not otherwise included in the Operating and Property Funds.

Temporarily Restricted Net Assets – Represents net assets that are subject to donor-imposed restrictions that may or will be met, either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets – Represents net assets subject to donor-imposed restrictions requiring them to be maintained permanently by the Organization. Investment losses due to market value declines are reported as decreases in unrestricted net assets. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for unrestricted general or specific purposes. Permanently restricted net assets consist of the following:

- *Gordon Kummer Memorial Chapter House Fund (Kummer Endowment Fund)* – Earnings generated by the Kummer Endowment Fund is used to finance certain chapter house expenses and to provide loans to chapter houses.
- *Endowed Named Scholarships* – Earnings generated by Endowed Named Scholarship funds are used to fund scholarships as directed by the donors.

Cash and Cash Equivalents

The Organization considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents. Such instruments purchased with endowment funds are classified as “Investments” in the consolidated statements of financial position.

The Organization maintains its cash accounts primarily with banks located in Chicago, Illinois. Balances in all accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor per bank.

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts and Pledges Receivable

Accounts and pledges receivable primarily consist of Par Club contributions or special event proceeds collected by country clubs or associations on the Organization's behalf and not yet remitted to the Organization as of December 31, and unconditional promises to give from individuals for the Operating Fund, capital fundraising campaigns, and the McGuigan Endowment Fund. Unconditional promises to give are recognized as revenue or other support in the period that the promise is made. Conditional promises to give, which primarily consist of bequests, are not recorded until the related estate clears probate. Known bequests totaled approximately \$59,017,000 and \$28,037,000 at December 31, 2017 and 2016, respectively.

Charitable remainder trusts are contributions from which the Organization will receive a percentage of the remaining assets upon the death of the initial beneficiaries. A receivable has been recorded for the present value of the expected future cash flows using published life expectancy tables and a discount rate of 2.6% and 1.8% at December 31, 2017 and 2016, respectively. The fair value of the receivable is updated annually and the change in value and amortization of the present value discounts are included in contribution revenue.

The carrying amount of unconditional promises to give is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for uncollectible amounts is based on management's assessment of the collectability of specific promises to give. If actual defaults are higher than the historical experience, management's estimates of the recoverability of amount due the Organization could be adversely affected.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and investments in debt securities at the fair values in the consolidated statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities.

Donated securities are recorded at market value on the date received, or at a nominal value determined by management when the market value is not readily determinable. Donated securities are sold as soon as practical after donation.

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Buildings, and Equipment

Property, buildings, and equipment are presented in the consolidated statements of financial position at cost less accumulated depreciation. Equipment purchases in excess of \$25,000 per item are capitalized. Building and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. The following estimated useful lives have been assigned to capitalized assets:

Automobiles	3 Years
Furniture, Fixtures, and Equipment	5 Years
Building and Leasehold Improvements	10 - 15 Years
Buildings	20 - 40 Years

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell. Management has determined that there has been no significant impairment of long-lived assets.

Advertising

The Organization incurs advertising expense in conjunction with hosting the annual BMW Championship. Advertising expenses incurred for each tournament are recognized during the year in which the tournament is held.

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the Organization for its fiscal year ending December 31, 2019. Management is evaluating the impact of the amended revenue guidance on the Organization's consolidated financial statements.

Leases

In February 2016, FASB issued ASU 2016-02 *Leases* (Topic 842). This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for the Organization as of December 31, 2020.

Financial Statements of Nonprofit Entities

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14 *Not-For-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*. This standard was issued to improve the information presented in financial statements and notes about a nonprofit entity's liquidity, financial performance, and cash flows. ASU 2016-14 is effective for the Organization's fiscal year ending December 31, 2018.

Subsequent Events

Management evaluated subsequent events through May 23, 2018 the date the consolidated financial statements were available to be issued. Events or transactions occurring after December 31, 2017, but prior to May 23, 2018, that provided additional evidence about conditions that existed at December 31, 2017, have been recognized in the consolidated financial statements for the year ended December 31, 2017. Events or transactions that provided evidence about conditions that did not exist at December 31, 2017, but arose before the consolidated financial statements were available to be issued have not been recognized in the consolidated financial statements for the year ended December 31, 2017.

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS

In determining fair value, the Organization uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

A hierarchy has been established for inputs used in measuring fair value that maximizes the use of observable inputs and minimizing the use of unobservable inputs by requiring that the most observable inputs be used when available. Levels within the hierarchy are based on the reliability of inputs as follows:

- *Level 1* – Valuations based on adjusted quoted prices for identical assets or liabilities in active markets;
- *Level 2* – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- *Level 3* – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

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

	2017			
	Fair Value	Level 1	Level 2	Level 3
Investments:				
Fixed Income Bonds	\$ 26,061,490	\$ -	\$ 26,061,490	\$ -
Mutual Funds - Equities	54,731,922	54,731,922	-	-
Mutual Funds - Fixed Income	18,725,764	18,725,764	-	-
Money Market Funds	98,101	98,101	-	-
Certificate of Deposit	50,210	50,210	-	-
Investments Total	<u>99,667,487</u>	<u>73,605,997</u>	<u>26,061,490</u>	<u>-</u>
Mutual Funds Held for				
Deferred Compensation	441,895	441,895	-	-
Charitable Remainder Trust	848,569	-	-	848,569
Total Assets	<u>\$ 100,957,951</u>	<u>\$ 74,047,892</u>	<u>\$ 26,061,490</u>	<u>\$ 848,569</u>

**EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	2016			
	Fair Value	Level 1	Level 2	Level 3
Investments:				
Fixed Income Bonds	\$ 13,206,354	\$ -	\$ 13,206,354	\$ -
Mutual Funds - Equities	42,097,350	42,097,350	-	-
Mutual Funds - Fixed Income	16,270,654	16,270,654	-	-
Money Market Funds	2,903,697	2,903,697	-	-
Certificate of Deposit	50,981	50,981	-	-
Investments Total	<u>74,529,036</u>	<u>61,322,682</u>	<u>13,206,354</u>	<u>-</u>
Mutual Funds Held for				
Deferred Compensation	314,296	314,296	-	-
Charitable Remainder Trust	<u>492,627</u>	<u>-</u>	<u>-</u>	<u>492,627</u>
Total Assets	<u>\$ 75,335,959</u>	<u>\$ 61,636,978</u>	<u>\$ 13,206,354</u>	<u>\$ 492,627</u>

Fair value for Level 1 investments is determined by reference to quoted market transactions. Fair value of Level 2 investments are determined by reference to quoted market transactions in a less active market for assets similar to those held to support the underlying assets. Fair value of Level 3 charitable remainder trust is determined by calculating the present value of the future payments to be received, using published life expectancy tables.

The following is a reconciliation of the beginning and ending balances of assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) during the years ended December 31, 2017 and 2016:

Charitable Remainder Trust:	
Balance as of December 31, 2015	\$ 475,229
Change in Present Value	<u>17,398</u>
Balance as of December 31, 2016	492,627
Change in Present Value	<u>355,942</u>
Balance as of December 31, 2017	<u>\$ 848,569</u>

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 3 INVESTMENTS

Investments at December 31 are comprised of the following:

	2017		
	Cost	Fair Value	Unrealized Gain (Loss)
Certificate of Deposit	\$ 50,015	\$ 50,210	\$ 195
Mutual Funds	66,265,280	73,457,686	7,192,406
Fixed Income	26,299,442	26,061,490	(237,952)
Money Market Funds	98,101	98,101	-
Total Investments	<u>\$ 92,712,838</u>	<u>\$ 99,667,487</u>	<u>\$ 6,954,649</u>
	2016		
	Cost	Fair Value	Unrealized Gain (Loss)
Certificate of Deposit	\$ 50,015	\$ 50,981	\$ 966
Mutual Funds	57,753,604	58,368,004	614,400
Fixed Income	13,298,322	13,206,354	(91,968)
Money Market Funds	2,903,697	2,903,697	-
Total Investments	<u>\$ 74,005,638</u>	<u>\$ 74,529,036</u>	<u>\$ 523,398</u>

NOTE 4 ACCOUNTS AND PLEDGES RECEIVABLE

Accounts and pledges receivable at December 31 are comprised of the following:

	2017	2016
Receivable in Less than One Year:		
Accounts Receivable (Including Accrued Interest)	\$ 5,864,507	\$ 4,037,292
Pledges Receivable	<u>5,510,595</u>	<u>3,131,964</u>
	11,375,102	7,169,256
Receivable in One to Five Years:		
Pledges Receivable	11,686,523	3,945,899
Receivable in Future Years:		
Pledges Receivable in More than Five Years	3,865,375	1,751,624
Charitable Remainder Trust	848,569	492,627
Cash Surrender Value of Donor Life Insurance Policies	<u>717,139</u>	<u>677,887</u>
Total Accounts and Pledges Receivable	28,492,708	14,037,293
Less: Allowance for Uncollectible Pledges	(1,239,959)	(600,500)
Less: Unamortized Discount	<u>(2,496,027)</u>	<u>(930,637)</u>
Net Accounts and Pledges Receivable	<u>\$ 24,756,722</u>	<u>\$ 12,506,156</u>
Current Portion	\$ 11,375,102	\$ 7,169,256
Long-Term Portion	<u>13,381,620</u>	<u>5,336,900</u>
Net Accounts and Pledges Receivable	<u>\$ 24,756,722</u>	<u>\$ 12,506,156</u>

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 4 ACCOUNTS AND PLEDGES RECEIVABLE (CONTINUED)

Long-term pledges receivable are discounted based upon payment terms using a 5% discount factor at both December 31, 2017 and 2016.

NOTE 5 PROPERTY, BUILDINGS, AND EQUIPMENT

Property, buildings, and equipment at December 31 are comprised of the following:

	2017			2016
	Cost	Accumulated Depreciation	Net	Net
Scholarship Houses	\$ 61,293,937	\$ 21,607,115	\$ 39,686,822	\$ 39,501,437
Construction in Progress	417,645	-	417,645	80,424
Total Scholarship Houses	61,711,582	21,607,115	40,104,467	39,581,861
Headquarters - Golf, Illinois:				
Land	3,431	-	3,431	3,431
Building	912,616	522,449	390,167	411,095
Post Office Addition	30,892	30,892	-	-
Furniture and Furnishings	229,602	208,318	21,284	26,912
Office Equipment	603,916	479,345	124,571	180,935
Other:				
Automobiles	99,966	68,549	31,417	64,741
Tournament Equipment	52,115	52,115	-	-
Trophies	135,732	-	135,732	89,197
Glenview, Illinois Land	2,001,329	-	2,001,329	-
Total Property, Buildings, and Equipment	<u>\$ 65,781,181</u>	<u>\$ 22,968,783</u>	<u>\$ 42,812,398</u>	<u>\$ 40,358,172</u>

Accumulated depreciation as of December 31, 2016 was \$21,372,982.

The scholarship houses cost of \$61,293,937 and \$59,628,995 as of December 31, 2017 and 2016, respectively, includes approximately \$3,500,000 of land that is nondepreciable.

NOTE 6 LINE OF CREDIT

The Organization has a revolving line of credit for \$15,000,000, subject to a limit of 75% of the then current market value of certain of the Organization's investments, which have been pledged as collateral. The note bears interest at the prime rate plus 0.50% (3.75% and 3.00% at December 31, 2017 and 2016, respectively). The revolving line of credit has an expiration date of December 22, 2019. The line of credit was not utilized in 2017 and 2016.

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 7 DEFERRED COMPENSATION PLAN

The Organization maintains a tax deferred 457 retirement plan for five employees. Total contributions to the plan were \$59,000 and \$70,000 for the years ended December 31, 2017 and 2016, respectively.

Investments held related to the deferred compensation plan at December 31 are comprised of the following:

	2017	2016
Cash and Cash Equivalents	\$ 120,264	\$ 150,033
Mutual Funds	441,895	314,296
Total Deferred Compensation Investments	<u>\$ 562,159</u>	<u>\$ 487,704</u>

NOTE 8 NET ASSETS RELEASED FROM RESTRICTIONS

Temporarily restricted net assets were released from restrictions for the following purposes:

	2017	2016
Endowment Pledges - Time Restricted	\$ 3,573,007	\$ 1,228,226
Investment Income - Endowed Named Scholars	30,088	19,839
Operating Fund - Pledges Time Restricted	3,911,310	2,342,850
Souder Caddie Academy	264,716	207,690
Capital Campaign - Miami Ohio House	426,556	307,623
Capital Campaign - Colorado Scholarship House	558,444	187,217
Capital Campaign - Washington Scholarship House	468,354	-
Western Amateur Tournament	42,067	19,199
Total	<u>\$ 9,274,542</u>	<u>\$ 4,312,644</u>

NOTE 9 PERMANENTLY RESTRICTED ENDOWMENTS

The Organization's endowment consists of funds established to support the Organization's purpose to provide scholarships and other educational opportunities for caddies. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization's interpretation of the laws governing restrictions on net appreciation of donor-restricted endowments is based on UPMIFA. Consequently, net appreciation is temporarily restricted if investment income is temporarily restricted; permanently restricted if investment income is permanently restricted; and unrestricted if investment income is unrestricted.

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 9 PERMANENTLY RESTRICTED ENDOWMENTS (CONTINUED)

Donor funds received for endowment are invested in a pool of investments managed by an independent investment management firm. See Note 3 for investments held as of December 31, 2017 and 2016. The Organization has adopted policies for endowment assets, which strive for both long-term growth and generate a reasonable current return for programs supported by its endowment. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The minimum acceptable rate of return over a full market cycle (approximately ten years) is that which equals or exceeds the assumed spending rate plus the rate of inflation.

The changes in endowment net assets for the fiscal years ended December 31, 2017 and 2016 are as follows:

	Temporarily Restricted	Permanently Restricted
Endowment Net Assets, January 1, 2016	\$ -	\$ 1,700,000
Contributions	-	-
Investment Income:		
Investment Income	5,188	-
Net Appreciation	14,651	-
Total Investment Return	<u>19,839</u>	-
Appropriation of Endowment Assets for Expenditure	<u>(19,839)</u>	-
Endowment Net Assets, December 31, 2016	-	1,700,000
Contributions	-	-
Investment Income:		
Investment Income	3,722	-
Net Appreciation	26,365	-
Total Investment Return	<u>30,087</u>	-
Appropriation of Endowment Assets for Expenditure	<u>(30,087)</u>	-
Endowment Net Assets, December 31, 2017	<u>\$ -</u>	<u>\$ 1,700,000</u>

NOTE 10 EMPLOYEE RETIREMENT PLAN

The Organization offers its eligible employees a contributory 403(b) retirement plan. The Organization made annual contributions to the plan equal to 10% of a participant's salary for the years ended December 31, 2017 and 2016. The Organization contributed approximately \$554,000 and \$458,000 to the plan for the years ended December 31, 2017 and 2016, respectively.

**EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 11 BMW CHAMPIONSHIP

The BMW Championship is operated by staff and volunteers for the primary purpose of promoting the game of golf with all of the excess revenues over expenses distributed to the ESF. The BMW Championship is promoted and operated by the WGA as an authorized Professional Golf Association (PGA) Tour tournament event under an agreement with the PGA Tour and BMW Professional Golf of North America, LLC (BMW). The contract with the PGA Tour and BMW is to operate the tournament through 2019. The annual tournament will be held at various golf facilities throughout the term of the agreement.

Advertising expenses related to the BMW Championship for the years ended December 31, 2017 and 2016 totaled approximately \$501,000 and \$438,000, respectively.

NOTE 12 SCHOLARSHIP PROGRAM

The Organization annually grants over 270 renewable scholarships to eligible candidates. The scholarships are renewable on an annual basis for up to four years contingent upon the students maintaining certain academic standards. The Organization maintains an average enrollment in the scholarship program of approximately 965 students per year depending on continuing candidate eligibility and attrition rates. During 2017 and 2016, the Organization incurred approximately \$20,354,000 and \$18,689,000, respectively, for direct scholar expenses, of which approximately \$12,915,000 and \$12,045,000, respectively, related to tuition.

Estimated future direct scholar expenses to be incurred under this program over the next five years are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 23,147,998
2019	25,013,487
2020	26,495,174
2021	28,068,851
2022	30,051,249
Total	<u>\$ 132,776,759</u>

NOTE 13 LEASE AGREEMENTS

The Organization leases a portion of its headquarters building to the United States Post Office under a lease agreement that expires on March 31, 2020. Future minimum rental payments under the lease beginning April 1, 2015 are \$35,000 annually. Rental income was \$35,000 and \$37,917 for the years ended December 31, 2017 and 2016, respectively.

**EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 13 LEASE AGREEMENTS (CONTINUED)

The Organization leases office space in Oak Brook, Illinois under a lease agreement with an expiration date of May 31, 2019. Future minimum lease payments for this lease for the years ended December 31 2018 and 2019 are \$43,035 and \$18,214, respectively.

The Organization leases office space in Chicago, Illinois under a lease agreement with an expiration date of August 31, 2019. Future minimum lease payments for this lease for the years ended December 31, 2018 and 2019 are \$120,193 and \$44,543 respectively.

NOTE 14 RECLASSIFICATIONS MADE TO PRIOR YEAR

Certain reclassifications have been made in the 2016 consolidated financial statements to conform to the presentation of the 2017 financial statements. Such reclassifications have had no effect on total assets, liabilities, net assets, or changes in net assets previously reported.

NOTE 15 CASH FLOW DISCLOSURES

There was no cash paid for interest for the years ended December 31, 2017 and 2016.

There were no noncash investing or financing transactions during the years ended December 31, 2017 and 2016.

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION SUMMARIZED BY FUND
DECEMBER 31, 2017
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	Operating Fund	Endowment Fund	Total
Cash and Cash Equivalents	\$ 6,431,963	\$ -	\$ 6,431,963
Accounts and Pledges Receivable, Net	19,790,030	4,966,692	24,756,722
Due from (to) Other Funds	14,511,319	(14,511,319)	-
Prepaid Expenses and Deposits	2,786,336	-	2,786,336
Investments	-	99,667,487	99,667,487
Property, Buildings, and Equipment, Net	42,812,398	-	42,812,398
Funds Held for Deferred Compensation	562,159	-	562,159
Total Assets	<u>\$ 86,894,205</u>	<u>\$ 90,122,860</u>	<u>\$ 177,017,065</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 2,517,337	\$ -	\$ 2,517,337
Deferred Revenue	5,305,297	-	5,305,297
Deferred Compensation	562,159	-	562,159
Total Liabilities	<u>8,384,793</u>	<u>-</u>	<u>8,384,793</u>
NET ASSETS			
Unrestricted:			
Operating Fund	21,335,486	-	21,335,486
Property Fund	42,812,399	-	42,812,399
McGuigan Endowment Fund	-	86,284,070	86,284,070
Total Unrestricted	<u>64,147,885</u>	<u>86,284,070</u>	<u>150,431,955</u>
Temporarily Restricted:			
McGuigan Endowment Fund - Pledges			
Time Restricted	-	1,290,221	1,290,221
Charitable Remainder Trust	-	848,569	848,569
Operating Fund - Pledges Time Restricted	12,162,303	-	12,162,303
Souder Caddie Academy	375,982	-	375,982
Capital Campaign - Miami Ohio Scholarship House	506,402	-	506,402
Capital Campaign - W. Amateur	67,821	-	67,821
Capital Campaign - Colorado	1,145,019	-	1,145,019
Capital Campaign - Washington	104,000	-	104,000
Total Temporarily Restricted	<u>14,361,527</u>	<u>2,138,790</u>	<u>16,500,317</u>
Permanently Restricted:			
McGuigan Endowment Fund - Named Scholarships	-	1,500,000	1,500,000
Kummer Endowment Fund	-	200,000	200,000
Total Permanently Restricted	<u>-</u>	<u>1,700,000</u>	<u>1,700,000</u>
Total Net Assets	<u>78,509,412</u>	<u>90,122,860</u>	<u>168,632,272</u>
Total Liabilities and Net Assets	<u>\$ 86,894,205</u>	<u>\$ 90,122,860</u>	<u>\$ 177,017,065</u>

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION SUMMARIZED BY FUND
DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT)

	Operating Fund	Endowment Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 7,933,152	\$ -	\$ 7,933,152
Accounts and Pledges Receivable, Net	9,760,706	2,745,450	12,506,156
Due from (to) Other Funds	4,761,128	(4,761,128)	-
Prepaid Expenses and Deposits	2,413,061	-	2,413,061
Investments	-	74,529,036	74,529,036
Property, Buildings, and Equipment, Net	40,358,172	-	40,358,172
Funds Held for Deferred Compensation	487,704	-	487,704
	<u>\$ 65,713,923</u>	<u>\$ 72,513,358</u>	<u>\$ 138,227,281</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 2,698,837	\$ -	\$ 2,698,837
Deferred Revenue	5,063,155	-	5,063,155
Deferred Compensation	487,704	-	487,704
Total Liabilities	<u>8,249,696</u>	<u>-</u>	<u>8,249,696</u>
NET ASSETS			
Unrestricted:			
Operating Fund	10,503,869	-	10,503,869
Property Fund	40,358,172	-	40,358,172
McGuigan Endowment Fund	-	68,852,722	68,852,722
Total Unrestricted	<u>50,862,041</u>	<u>68,852,722</u>	<u>119,714,763</u>
Temporarily Restricted:			
McGuigan Endowment Fund - Pledges			
Time Restricted	-	1,468,009	1,468,009
Charitable Remainder Trust	-	492,627	492,627
Operating Fund - Pledges Time Restricted	2,877,438	-	2,877,438
Souder Caddie Academy	640,698	-	640,698
Capital Campaign - Miami Ohio Scholarship House	899,080	-	899,080
Capital Campaign - W. Amateur	105,686	-	105,686
Capital Campaign - Colorado	1,651,784	-	1,651,784
Total Temporarily Restricted	<u>427,500</u>	<u>-</u>	<u>427,500</u>
	6,602,186	1,960,636	8,562,822
Permanently Restricted:			
McGuigan Endowment Fund - Named Scholarships			
Kummer Endowment Fund	-	1,500,000	1,500,000
Total Permanently Restricted	<u>-</u>	<u>200,000</u>	<u>200,000</u>
	<u>-</u>	<u>1,700,000</u>	<u>1,700,000</u>
Total Net Assets	<u>57,464,227</u>	<u>72,513,358</u>	<u>129,977,585</u>
Total Liabilities and Net Assets	<u>\$ 65,713,923</u>	<u>\$ 72,513,358</u>	<u>\$ 138,227,281</u>

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
CONSOLIDATED STATEMENT OF ACTIVITIES SUMMARIZED BY FUND
YEAR ENDED DECEMBER 31, 2017
(SEE INDEPENDENT AUDITORS' REPORT)

	Operating Fund	Endowment Fund	Total
REVENUES AND OTHER SUPPORT			
Contributions:			
Par Club	\$ 16,564,830	\$ -	\$ 16,564,830
Leadership Gifts	22,996,786	-	22,996,786
Bag Tag, Events and Other	4,794,461	7,031,180	11,825,641
Tournament Revenue	21,908,640	-	21,908,640
Membership Dues	17,050	-	17,050
Other Income, Net	99,773	-	99,773
Total Revenues and Other Support	66,381,540	7,031,180	73,412,720
EXPENSES			
Program Expenses:			
Scholars' Expenses:			
Tuition, Housing and Other Direct			
Scholars' Expenses	15,955,098	-	15,955,098
Related Administrative Expenses	1,991,489	-	1,991,489
House Depreciation	1,979,919	-	1,979,919
Tournament Expenses	19,506,786	-	19,506,786
Caddie Services	427,623	-	427,623
Supporting Services:			
Fundraising	4,160,449	399,217	4,559,666
General and Administrative	2,233,938	-	2,233,938
Headquarters Depreciation	116,244	-	116,244
Total Expenses	46,371,546	399,217	46,770,763
EXCESS REVENUE OVER EXPENSES	20,009,994	6,631,963	26,641,957
NONOPERATING INCOME (EXPENSE)			
Contributions - Scholarship Houses	1,101,570	-	1,101,570
Loss on Sale of Scholarship House	(66,379)	-	(66,379)
Investment Income	-	1,358,010	1,358,010
Realized Gain on Sale of Investments, Net	-	3,188,278	3,188,278
Unrealized Gain on Investments, Net	-	6,431,251	6,431,251
CHANGE IN NET ASSETS	21,045,185	17,609,502	38,654,687
Net Assets - Beginning of Year	57,464,227	72,513,358	129,977,585
NET ASSETS - END OF YEAR	\$ 78,509,412	\$ 90,122,860	\$ 168,632,272

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
CONSOLIDATED STATEMENT OF ACTIVITIES SUMMARIZED BY FUND
YEAR ENDED DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT)

	Operating Fund	Endowment Fund	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUES AND OTHER SUPPORT			
Contributions:			
Par Club	\$ 15,260,849	\$ -	\$ 15,260,849
Leadership Gifts	6,118,457	-	6,118,457
Bag Tag, Events and Other	3,985,075	2,421,804	6,406,879
Tournament Revenue	22,719,561	-	22,719,561
Membership Dues	18,180	-	18,180
Other Expense, Net	65,934	-	65,934
Total Revenues and Other Support	<u>48,168,056</u>	<u>2,421,804</u>	<u>50,589,860</u>
EXPENSES			
Program Expenses:			
Scholars' Expenses:			
Tuition, Housing and Other Direct			
Scholars' Expenses	14,585,617	-	14,585,617
Related Administrative Expenses	1,809,729	-	1,809,729
House Depreciation	1,955,008	-	1,955,008
Tournament Expenses	20,057,320	-	20,057,320
Caddie Services	338,412	-	338,412
Supporting Services:			
Fundraising	3,724,570	369,931	4,094,501
General and Administrative	2,270,737	-	2,270,737
Headquarters Depreciation	124,523	-	124,523
Total Expenses	<u>44,865,916</u>	<u>369,931</u>	<u>45,235,847</u>
EXCESS REVENUE OVER EXPENSES	3,302,140	2,051,873	5,354,013
NONOPERATING INCOME (EXPENSE)			
Contributions - Scholarship Houses	1,163,011	-	1,163,011
Gain on Sale of Scholarship House	981,763	-	981,763
Investment Income	-	1,175,433	1,175,433
Realized Loss on Sale of Investments, Net	-	(235,432)	(235,432)
Unrealized Gain on Investments, Net	-	3,554,892	3,554,892
CHANGE IN NET ASSETS	5,446,914	6,546,766	11,993,680
Net Assets - Beginning of Year	<u>52,017,313</u>	<u>65,966,592</u>	<u>117,983,905</u>
NET ASSETS - END OF YEAR	<u>\$ 57,464,227</u>	<u>\$ 72,513,358</u>	<u>\$ 129,977,585</u>

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
SCHEDULE OF TOURNAMENT REVENUE AND EXPENSES
YEAR ENDED DECEMBER 31, 2017
(SEE INDEPENDENT AUDITORS' REPORT)

	Revenue	Direct Expenses	Excess (Deficiency) of Revenue over Direct Expenses
BMW Championship	\$ 19,939,685	\$ 17,822,275	\$ 2,117,410
Pro-Amateur Tournaments	1,848,950	477,004	1,371,946
Total BMW Championship	21,788,635	18,299,279	3,489,356
Other Tournaments:			
Western Amateur	61,230	109,834	(48,604)
Western Junior	58,775	60,037	(1,262)
Total Other Tournaments	120,005	169,871	(49,866)
Total	\$ 21,908,640	\$ 18,469,150	\$ 3,439,490

Note: In the preparation of the Organization's tax returns, general and administrative expenses totaling \$1,037,636 are allocated to tournament expenses.

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
SCHEDULE OF TOURNAMENT REVENUE AND EXPENSES
YEAR ENDED DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT)

	Revenue	Direct Expenses	Excess (Deficiency) of Revenue over Direct Expenses
BMW Championship	\$ 21,086,001	\$ 18,333,010	\$ 2,752,991
Pro-Amateur Tournaments	1,491,500	379,628	1,111,872
Total BMW Championship	<u>22,577,501</u>	<u>18,712,638</u>	<u>3,864,863</u>
Hotel Fitness Championship	-	(1,797)	1,797
Pro-Amateur Tournaments	-	67	(67)
Total Hotel Fitness Championship	<u>-</u>	<u>(1,730)</u>	<u>1,730</u>
Other Tournaments:			
Western Amateur	78,560	94,326	(15,766)
Western Junior	63,500	63,395	105
Total Other Tournaments	<u>142,060</u>	<u>157,721</u>	<u>(15,661)</u>
 Total	 <u>\$ 22,719,561</u>	 <u>\$ 18,868,629</u>	 <u>\$ 3,850,932</u>

Note: In the preparation of the Organization's tax returns, general and administrative expenses totaling \$1,188,691 are allocated to tournament expenses.

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR 2016)
(SEE INDEPENDENT AUDITORS' REPORT)

	Program Expenses				Supporting Expenses			2017 Total Expenses	2016 Total Expenses
	Scholars' Direct Expenses	Scholars' Administrative Expenses	Tournament Expenses	Caddie Services Expenses	Total Program Expenses	Fundraising Expenses	General and Administrative		
Tuition	\$ 12,914,885	\$ -	\$ -	\$ -	\$ 12,914,885	\$ -	\$ -	\$ 12,914,885	\$ 12,044,608
Lodging	532,116	-	-	-	532,116	-	-	532,116	298,989
Graduate Resident Advisers	31,900	-	-	-	31,900	-	-	31,900	35,200
Maintenance	1,317,987	-	-	-	1,317,987	-	75,068	1,393,055	1,600,850
Insurance	330,029	-	-	-	330,029	29,490	35,737	395,256	409,483
Scholars' Awards	17,678	-	-	-	17,678	-	-	17,678	6,827
Scholars' Activities	170,275	-	-	-	170,275	-	-	170,275	145,818
Other	18,334	3,805	-	290,444	312,583	184,220	300,796	797,599	746,075
Honorariums	-	58,250	-	-	58,250	-	-	58,250	33,428
Selection Meetings	-	58,456	-	-	58,456	-	-	58,456	68,406
Postage	-	5,329	-	564	5,893	311,975	15,101	332,969	198,863
Payroll and Related Expenses	-	1,483,442	-	122,612	1,606,054	1,888,911	1,504,426	4,999,391	4,805,547
Par Club Premiums	-	-	-	-	-	265,164	-	265,164	262,232
Utilities	621,894	7,708	-	(90)	629,512	18,316	39,236	687,064	222,462
Travel	-	109,959	-	10,619	120,578	238,749	73,533	432,860	462,900
Printing and Stationery	-	3,314	-	3,474	6,788	285,198	13,773	305,759	341,255
Supplies	-	2,010	-	-	2,010	-	21,100	23,110	25,583
Bag Tag	-	-	-	-	-	105,662	-	105,662	161,540
Computer	-	-	-	-	-	185,083	-	185,083	112,033
Professional Services	-	22,462	-	-	22,462	324,364	134,522	481,348	413,278
Capital Campaign	-	-	-	-	-	323,317	-	323,317	120,304
Alumni Association	-	236,754	-	-	236,754	-	-	236,754	208,356
Scholarship House Depreciation	1,979,919	-	-	-	1,979,919	-	-	1,979,919	1,955,008
Headquarters Depreciation	-	-	-	-	-	-	116,244	116,244	124,523
Bad Debts	-	-	-	-	-	-	20,646	20,646	5,028
Tournament	-	-	19,506,786	-	19,506,786	-	-	19,506,786	20,057,320
	17,935,017	1,991,489	19,506,786	427,623	39,860,915	4,160,449	2,350,182	46,371,546	44,865,916
Endowment Fund	-	-	-	-	-	399,217	-	399,217	369,931
TOTAL EXPENSES	\$ 17,935,017	\$ 1,991,489	\$ 19,506,786	\$ 427,623	\$ 39,860,915	\$ 4,559,666	\$ 2,350,182	\$ 46,770,763	\$ 45,235,847
PERCENT OF TOTAL EXPENSES					85.2%	9.7%	5.1%	100%	100%

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
SCHEDULE OF PROPERTY, BUILDINGS, AND EQUIPMENT
YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR 2016)
(SEE INDEPENDENT AUDITORS' REPORT)

Description	2017			2016
	Cost	Accumulated Depreciation	Net	Net
Scholarship Houses:				
General Fund:				
Evans Scholars Houses:				
Marquette University	\$ 3,030,530	\$ 1,487,806	\$ 1,542,724	\$ 1,644,676
Northwestern University	6,456,400	1,613,690	4,842,710	5,057,942
University of Illinois	7,802,300	3,473,675	4,328,625	4,602,357
Northern Illinois University	-	-	-	611,332
Allis-Carrol Fund:				
University of Wisconsin	1,347,112	935,037	412,075	90,424
Eisenhower-Evans Fund:				
University of Colorado	7,123,135	1,199,291	5,923,844	6,150,176
Michigan Fund:				
Michigan State University	3,285,458	1,554,211	1,731,247	1,562,591
University of Michigan	5,232,415	2,150,878	3,081,537	3,265,737
Minnesota Fund:				
University of Minnesota	4,863,797	2,314,848	2,548,949	2,722,661
St. Louis Fund:				
University of Missouri	2,061,213	1,663,262	397,951	49,487
Indiana Fund:				
Purdue University	1,298,684	1,170,120	128,564	168,908
Indiana University	2,378,529	1,315,719	1,062,810	1,154,262
Ohio Fund:				
Ohio State University	9,052,305	2,284,583	6,767,722	7,026,682
Miami University	5,711,501	378,388	5,333,113	5,474,626
Washington Fund:				
University of Washington	2,068,203	65,607	2,002,596	-
Total Scholarship Houses	61,711,582	21,607,115	40,104,467	39,581,861
Headquarters - Golf, Illinois:				
Land	3,431	-	3,431	3,431
Building	912,616	522,449	390,167	411,095
Post Office Addition	30,892	30,892	-	-
Furniture and Furnishings	229,602	208,318	21,284	26,912
Office Equipment	603,916	479,345	124,571	180,935
Other:				
Automobiles	99,966	68,549	31,417	64,741
Tournament Equipment	52,115	52,115	-	-
Trophies	135,732	-	135,732	89,197
Glenview, Illinois Land	2,001,329	-	2,001,329	-
Total Property, Buildings, and Equipment	<u>\$ 65,781,181</u>	<u>\$ 22,968,783</u>	<u>\$ 42,812,398</u>	<u>\$ 40,358,172</u>

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(SEE INDEPENDENT AUDITORS' REPORT)

	Unrestricted Net Assets			Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
	Operating Fund	Property Fund	Endowment Fund			
NET ASSETS - DECEMBER 31, 2015	\$ 4,793,139	\$ 41,712,972	\$ 62,452,628	\$ 7,325,166	\$ 1,700,000	\$ 117,983,905
Surplus	2,139,654	-	1,183,472	-	-	3,323,126
Investment Gains	-	-	4,475,054	19,839	-	4,494,893
Net Fixed Asset Additions	-	724,731	-	-	-	724,731
Depreciation Expense	-	(2,079,531)	-	-	-	(2,079,531)
Restricted Contributions	-	-	-	5,589,068	-	5,589,068
Assets Released from Restriction	3,571,076	-	741,568	(4,312,644)	-	-
Increase in Discount to Net Present Value, Net	-	-	-	(58,607)	-	(58,607)
NET ASSETS - DECEMBER 31, 2016	10,503,869	40,358,172	68,852,722	8,562,822	1,700,000	129,977,585
Surplus	3,347,300	-	4,693,671	-	-	8,040,971
Investment Gains	-	-	10,947,452	30,087	-	10,977,539
Net Fixed Asset Additions	-	4,550,390	-	-	-	4,550,390
Depreciation Expense	-	(2,096,163)	-	-	-	(2,096,163)
Restricted Contributions	-	-	-	16,826,008	-	16,826,008
Assets Released from Restriction	7,484,317	-	1,790,225	(9,274,542)	-	-
Increase in Discount to Net Present Value, Net	-	-	-	355,942	-	355,942
NET ASSETS - DECEMBER 31, 2017	<u>\$ 21,335,486</u>	<u>\$ 42,812,399</u>	<u>\$ 86,284,070</u>	<u>\$ 16,500,317</u>	<u>\$ 1,700,000</u>	<u>\$ 168,632,272</u>



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