

**EVANS SCHOLARS FOUNDATION
AND WESTERN GOLF ASSOCIATION**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2021 AND 2020



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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
Glenview, Illinois

Report on the Audit of the Consolidated Financial Statements

Opinion

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, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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, 2021 and 2020, 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.

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 Consolidated Financial Statements section of our report. We are required to be independent of ESF and WGA 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 Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 ESF's and WGA'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ESF's and WGA'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.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, consolidating statements of activities, schedules of tournament revenue and expenses, and schedule of property, buildings, and equipment 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oak Brook, Illinois
May 26, 2022

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 21,640,634	\$ 30,549,690
Accounts and Pledges Receivable, Net	35,767,813	26,002,309
Prepaid Expenses and Deposits	2,148,472	2,332,525
Investments	157,370,910	111,363,177
Property, Buildings, and Equipment, Net	61,846,365	61,721,976
Funds Held for Deferred Compensation	1,032,725	912,807
Total Assets	\$ 279,806,919	\$ 232,882,484
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 1,625,955	\$ 984,644
Paycheck Protection Program Loan	-	1,136,300
Deferred Revenue	5,620,645	6,640,489
Deferred Compensation	1,032,725	912,807
Total Liabilities	8,279,325	9,674,240
NET ASSETS		
Without Donor Restrictions	234,827,925	195,263,639
With Donor Restrictions	36,699,669	27,944,605
Total Net Assets	271,527,594	223,208,244
Total Liabilities and Net Assets	\$ 279,806,919	\$ 232,882,484

See accompanying Notes to Consolidated Financial Statements.

**EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Contributions:			
Par Club	\$ 22,479,915	\$ -	\$ 22,479,915
Leadership Gifts	692,027	9,897,133	10,589,160
Bag Tag, Events, and Other	11,048,075	8,184,125	19,232,200
Tournament Revenue	25,558,585	-	25,558,585
Membership Dues	16,500	-	16,500
Other Income, Net	3,397,888	-	3,397,888
Net Assets Released from Restrictions	<u>9,810,821</u>	<u>(9,810,821)</u>	<u>-</u>
Total Revenues and Other Support	73,003,811	8,270,437	81,274,248
EXPENSES			
Program Expenses:			
Scholars' Expenses:			
Tuition, Housing, and Other Direct			
Scholars' Expenses	19,662,631	-	19,662,631
Related Administrative Expenses	2,608,985	-	2,608,985
House Depreciation	2,453,482	-	2,453,482
Tournament Expenses	20,049,132	-	20,049,132
Caddie Academy and Services	1,322,286	-	1,322,286
Supporting Services:			
Fundraising	5,666,021	-	5,666,021
General and Administrative	3,315,651	-	3,315,651
Headquarters Depreciation	<u>663,683</u>	<u>-</u>	<u>663,683</u>
Total Expenses	<u>55,741,871</u>	<u>-</u>	<u>55,741,871</u>
EXCESS REVENUE OVER EXPENSES	17,261,940	8,270,437	25,532,377
NONOPERATING REVENUES			
Contributions - Scholarship Houses	128,255	2,260,932	2,389,187
Investment Income, Net	3,864,260	73,831	3,938,091
Realized Gain on Sale of Investments, Net	21,411,757	-	21,411,757
Unrealized Gain (Loss) on Investments, Net	(5,246,597)	294,535	(4,952,062)
Net Assets Released from Restrictions	<u>2,144,671</u>	<u>(2,144,671)</u>	<u>-</u>
CHANGE IN NET ASSETS	39,564,286	8,755,064	48,319,350
Net Assets - Beginning of Year	<u>195,263,639</u>	<u>27,944,605</u>	<u>223,208,244</u>
NET ASSETS - END OF YEAR	<u>\$ 234,827,925</u>	<u>\$ 36,699,669</u>	<u>\$ 271,527,594</u>

See accompanying Notes to Consolidated Financial Statements.

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions:			
Par Club	\$ 20,222,483	\$ -	\$ 20,222,483
Leadership Gifts	2,320,747	6,635,783	8,956,530
Bag Tag, Events, and Other	6,773,667	1,995,181	8,768,848
Tournament Revenue	5,429,851	-	5,429,851
Membership Dues	14,400	-	14,400
Other Income, Net	135,189	-	135,189
Net Assets Released from Restrictions	8,309,150	(8,309,150)	-
Total Revenues and Other Support	43,205,487	321,814	43,527,301
EXPENSES			
Program Expenses:			
Scholars' Expenses:			
Tuition, Housing, and Other Direct			
Scholars' Expenses	17,565,677	-	17,565,677
Related Administrative Expenses	2,115,077	-	2,115,077
House Depreciation	2,439,321	-	2,439,321
Tournament Expenses	5,118,614	-	5,118,614
Caddie Academy and Services	513,852	-	513,852
Supporting Services:			
Fundraising	4,560,342	-	4,560,342
General and Administrative	2,794,887	-	2,794,887
Headquarters Depreciation	659,202	-	659,202
Total Expenses	35,766,972	-	35,766,972
EXCESS REVENUE OVER EXPENSES	7,438,515	321,814	7,760,329
NONOPERATING REVENUES			
Contributions - Scholarship Houses	148,323	1,027,925	1,176,248
Investment Income, Net	1,682,575	37,299	1,719,874
Realized Gain on Sale of Investments, Net	1,746,489	-	1,746,489
Unrealized Gain on Investments, Net	6,801,892	188,945	6,990,837
Net Assets Released from Restrictions	1,054,761	(1,054,761)	-
CHANGE IN NET ASSETS	18,872,555	521,222	19,393,777
Net Assets - Beginning of Year	176,391,084	27,423,383	203,814,467
NET ASSETS - END OF YEAR	\$ 195,263,639	\$ 27,944,605	\$ 223,208,244

See accompanying Notes to Consolidated Financial Statements.

**EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	Program Expenses				Supporting Expenses			Total Expenses
	Scholars' Direct Expenses	Scholars' Administrative Expenses	Tournament Expenses	Caddie Academy and Services Expenses	Total Program Expenses	Fundraising Expenses	General and Administrative	
Tuition	\$ 15,507,985	\$ -	\$ -	\$ -	\$ 15,507,985	\$ -	\$ -	\$ 15,507,985
Lodging	682,888	-	-	-	682,888	-	-	682,888
Graduate Resident Advisers	83,028	-	-	-	83,028	-	-	83,028
Maintenance	1,778,623	-	-	-	1,778,623	-	214,690	1,993,313
Insurance	428,318	-	-	-	428,318	22,191	45,639	496,148
Scholars' Awards	15,447	-	-	-	15,447	-	-	15,447
Scholars' Activities	24,747	-	-	-	24,747	-	-	24,747
Other	133,117	(374)	-	608,953	741,696	123,271	583,474	1,448,441
Honorariums	-	91,529	-	-	91,529	-	-	91,529
Selection Meetings	-	22,282	-	-	22,282	-	-	22,282
Postage	-	10,370	-	354	10,724	171,530	15,180	197,434
Payroll and Related Expenses	-	2,122,166	2,746,333	686,862	5,555,361	3,201,716	1,948,329	10,705,406
Par Club Premiums	-	-	-	-	-	315,786	-	315,786
Utilities	1,008,478	9,967	-	-	1,018,445	15,319	12,825	1,046,589
Travel	-	126,126	-	26,117	152,243	466,977	82,561	701,781
Printing and Stationery	-	1,546	-	-	1,546	214,685	405	216,636
Supplies	-	17,773	-	-	17,773	-	49,241	67,014
Bag Tag	-	-	-	-	-	161,300	-	161,300
Computer	-	-	-	-	-	132,300	-	132,300
Professional Services	-	20,227	-	-	20,227	256,838	363,307	640,372
Endowment Fund	-	-	-	-	-	584,108	-	584,108
Alumni Association	-	187,373	-	-	187,373	-	-	187,373
Scholarship House Depreciation	2,453,482	-	-	-	2,453,482	-	-	2,453,482
Headquarters Depreciation	-	-	-	-	-	-	663,683	663,683
Tournament	-	-	17,302,799	-	17,302,799	-	-	17,302,799
Total Functional Expenses	\$ 22,116,113	\$ 2,608,985	\$ 20,049,132	\$ 1,322,286	\$ 46,096,516	\$ 5,666,021	\$ 3,979,334	\$ 55,741,871
PERCENT OF TOTAL EXPENSES					82.7%	10.2%	7.1%	100%

See accompanying Notes to Consolidated Financial Statements.

**EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	Program Expenses				Supporting Expenses			Total Expenses
	Scholars' Direct Expenses	Scholars' Administrative Expenses	Tournament Expenses	Caddie Academy and Services Expenses	Total Program Expenses	Fundraising Expenses	General and Administrative	
Tuition	\$ 14,514,485	\$ -	\$ -	\$ -	\$ 14,514,485	\$ -	\$ -	\$ 14,514,485
Lodging	663,829	-	-	-	663,829	-	-	663,829
Graduate Resident Advisers	67,632	-	-	-	67,632	-	-	67,632
Maintenance	947,177	-	-	-	947,177	-	152,538	1,099,715
Insurance	386,460	-	-	-	386,460	36,299	52,251	475,010
Scholars' Awards	874	-	-	-	874	-	-	874
Scholars' Activities	115,301	-	-	-	115,301	-	-	115,301
Other	75,129	8,167	-	126,179	209,475	106,532	446,879	762,886
Honorariums	-	90,000	-	-	90,000	-	-	90,000
Selection Meetings	-	54,731	-	-	54,731	-	-	54,731
Postage	-	11,340	-	903	12,243	251,173	11,250	274,666
Payroll and Related Expenses	-	1,674,636	2,102,784	382,707	4,160,127	2,259,204	1,641,133	8,060,464
Par Club Premiums	-	-	-	-	-	229,257	-	229,257
Utilities	794,790	9,345	-	-	804,135	15,523	9,927	829,585
Travel	-	74,784	-	4,063	78,847	252,924	57,952	389,723
Printing and Stationery	-	774	-	-	774	346,686	383	347,843
Supplies	-	15,634	-	-	15,634	-	46,301	61,935
Bag Tag	-	-	-	-	-	83,115	-	83,115
Computer	-	-	-	-	-	120,010	-	120,010
Professional Services	-	25,860	-	-	25,860	349,799	376,273	751,932
Endowment Fund	-	-	-	-	-	509,820	-	509,820
Alumni Association	-	149,806	-	-	149,806	-	-	149,806
Scholarship House Depreciation	2,439,321	-	-	-	2,439,321	-	-	2,439,321
Headquarters Depreciation	-	-	-	-	-	-	659,202	659,202
Tournament	-	-	3,015,830	-	3,015,830	-	-	3,015,830
Total Functional Expenses	\$ 20,004,998	\$ 2,115,077	\$ 5,118,614	\$ 513,852	\$ 27,752,541	\$ 4,560,342	\$ 3,454,089	\$ 35,766,972
PERCENT OF TOTAL EXPENSES					77.6%	12.8%	9.7%	100%

See accompanying Notes to Consolidated Financial Statements.

**EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 48,319,350	\$ 19,393,777
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	3,117,165	3,098,523
Provision for Uncollectible Pledges, Net	398,096	200,297
Change in Discount on Pledges Receivable	47,024	(417,696)
Realized Gain on Sale of Investments, Net	(21,411,757)	(1,746,489)
Forgiveness of Debt	(2,263,330)	-
Unrealized (Gain) Loss on Investments, Net	4,952,062	(6,990,837)
Change in Cash Surrender Value of Donor Life Insurance	102,101	285,415
Effects of Changes in Operating Assets and Liabilities:		
Accounts and Pledges Receivable	(10,312,725)	2,361,086
Prepaid Expenses and Deposits	184,053	(802,873)
Accounts Payable and Accrued Expenses	641,311	(855,637)
Deferred Revenue	(1,019,844)	2,282,389
Net Cash Provided by Operating Activities	22,753,506	16,807,955
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	138,474,901	17,656,194
Purchases of Investments	(168,022,939)	(23,641,621)
Purchases of Property, Buildings, and Equipment	(3,241,554)	(261,668)
Net Cash Used by Investing Activities	(32,789,592)	(6,247,095)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Loan	1,127,030	1,136,300
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,909,056)	11,697,160
Cash and Cash Equivalents - Beginning of Year	30,549,690	18,852,530
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 21,640,634	\$ 30,549,690

See accompanying Notes to Consolidated Financial Statements.

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Evans Scholars Foundation – Trust (ESFT) 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. Evans Scholars Foundation – Corporation (ESFC) is a nonprofit corporation established to hold the excess cash and investments of ESFT. Both ESFT and ESFC are collectively referred to as “Evans Scholars Foundation” (ESF). 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 2018, 2019, and 2020 are subject to examination by the Internal Revenue Service 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, 2021.

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.

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

These consolidated financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions classified according to the existence or absence of donor-imposed restrictions. This has been accomplished by classifying transactions into two classes of net assets – net assets without donor restrictions and net assets with donor restrictions. Furthermore, the Organization distinguishes net assets without donor restrictions between several funds of net assets (operating, property and McGuigan endowment). Descriptions of the two net asset categories are as follows:

Net Assets Without Donor Restrictions –

- *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.

Net Assets With Donor Restrictions – include assets whose use is limited by donor-imposed time and/or purpose restrictions.

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 net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or law. When a restriction expires or has been met, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 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.

**EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Public Support and Revenue (Continued)

Par Club, Leadership, and Other Contributions (Continued)

Other contribution revenue consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Bag Tag	\$ 954,229	\$ 822,515
Events	1,911,374	1,249,416
Endowment Contributions	12,296,470	3,998,322
Legacies and Bequests	553,560	522,862
Other	<u>3,516,567</u>	<u>2,175,733</u>
Total	<u>\$ 19,232,200</u>	<u>\$ 8,768,848</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 accounting principles generally accepted in the United States of America.

Functional Allocation of Costs

The consolidated statements of functional expenses report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated based on the estimated time spent on various activities, depreciation, and occupancy costs.

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, 2021 AND 2020

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 \$96,996,000 and \$84,615,000 at December 31, 2021 and 2020, respectively. These amounts have not cleared probate court, as such they are not recorded in the consolidated financial statements.

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 1.6% and 0.6% at December 31, 2021 and 2020, respectively, and is included with accounts and pledges receivable, net on the accompanying consolidated statements of financial position. 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 and alternatives at their 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.

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.

**EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Buildings, and Equipment (Continued)

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 to 15 Years
Buildings	20 to 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.

Liquidity

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$15,000,000 upon which it could draw. Additionally, the Organization has board-designated net assets without donor restrictions that, while the Organization does not intend to spend, the amounts could be made available for current operations, if necessary.

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 21,640,634	\$ 30,549,690
Marketable Investments	157,370,910	111,363,177
Accounts and Pledges Receivable	35,767,813	26,002,309
Total Financial Revenues Available Within One Year	214,779,357	167,915,176
Less Amounts Unavailable for General Expenditures Within One Year Due to: Restricted by Donors With Proper Restrictions	<u>36,699,669</u>	<u>27,944,605</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 178,079,688</u>	<u>\$ 139,970,571</u>

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 is effective for the Organization for the year ending December 31, 2022.

Subsequent Events

Management evaluated subsequent events through May 26, 2022, the date the consolidated financial statements were available to be issued. Events or transactions occurring after December 31, 2021, but prior to May 26, 2022, that provided additional evidence about conditions that existed at December 31, 2021, have been recognized in the consolidated financial statements for the year ended December 31, 2021. Events or transactions that provided evidence about conditions that did not exist at December 31, 2021, 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, 2021.

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.

**EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

	2021			
	Fair Value	Level 1	Level 2	Level 3
Investments:				
Fixed Income Bonds	\$ 18,427,429	\$ -	\$ 18,427,429	\$ -
Alternatives	18,435,540	-	-	18,435,540
Mutual Funds - Equities	91,857,126	91,857,126	-	-
Mutual Funds - Fixed Income and Other	21,676,208	21,676,208	-	-
Money Market Funds	6,974,607	6,974,607	-	-
Investments Total	<u>157,370,910</u>	<u>120,507,941</u>	<u>18,427,429</u>	<u>18,435,540</u>
Mutual Funds Held for				
Deferred Compensation	915,046	915,046	-	-
Charitable Remainder Trust	<u>1,853,356</u>	<u>-</u>	<u>-</u>	<u>1,853,356</u>
Total Assets	<u>\$ 160,139,312</u>	<u>\$ 121,422,987</u>	<u>\$ 18,427,429</u>	<u>\$ 20,288,896</u>
	2020			
	Fair Value	Level 1	Level 2	Level 3
Investments:				
Fixed Income Bonds	\$ 5,763,379	\$ -	\$ 5,763,379	\$ -
Mutual Funds - Equities	74,667,863	74,667,863	-	-
Mutual Funds - Fixed Income and Other	27,324,199	27,324,199	-	-
Money Market Funds	<u>3,607,736</u>	<u>3,607,736</u>	<u>-</u>	<u>-</u>
Investments Total	111,363,177	105,599,798	5,763,379	-
Mutual Funds Held for				
Deferred Compensation	795,128	795,128	-	-
Charitable Remainder Trust	<u>1,198,163</u>	<u>-</u>	<u>-</u>	<u>1,198,163</u>
Total Assets	<u>\$ 113,356,468</u>	<u>\$ 106,394,926</u>	<u>\$ 5,763,379</u>	<u>\$ 1,198,163</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. Fair value of Level 3 alternative investments is determined by the funds' custodians based on the net asset value of ESFC's ownership interest, as quoted market prices are not available.

ESFC invested \$8,003,332 during 2021 in the Partners Group Private Equity II (TEI) – Class A, LLC (PGPE). The market value of this investment was \$8,571,507 as of December 31, 2021. Currently, ESFC is not eligible to redeem the investment in PGPE until 36 months following the date of acquisition. Further, there is a one year notice period to redeem the investment. There are no unfunded commitments.

**EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

ESFC invested \$9,088,758 during 2021 in the Prime Property Fund, LLC (PPF). The market value of this investment was \$9,864,033 as of December 31, 2021. ESFC is eligible to redeem its investment on a quarterly basis with a 90 day notice. There are no unfunded commitments.

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, 2021 and 2020:

Charitable Remainder Trust:	
Balance as of December 31, 2019	\$ 968,740
Change in Present Value	<u>229,423</u>
Balance as of December 31, 2020	1,198,163
Contribution	336,444
Change in Present Value	<u>318,749</u>
Balance as of December 31, 2021	<u><u>\$ 1,853,356</u></u>

NOTE 3 INVESTMENTS

Investments at December 31 are comprised of the following:

	2021		
	Cost	Fair Value	Unrealized Gain (Loss)
Mutual Funds	\$ 107,574,731	\$ 113,533,334	\$ 5,958,603
Alternatives	17,092,090	18,435,540	1,343,450
Fixed Income	18,673,638	18,427,429	(246,209)
Money Market Funds	6,974,607	6,974,607	-
Total Investments	<u><u>\$ 150,315,066</u></u>	<u><u>\$ 157,370,910</u></u>	<u><u>\$ 7,055,844</u></u>
	2020		
	Cost	Fair Value	Unrealized Gain (Loss)
Mutual Funds	\$ 89,981,211	\$ 101,992,062	\$ 12,010,851
Fixed Income	5,766,324	5,763,379	(2,945)
Money Market Funds	3,607,736	3,607,736	-
Total Investments	<u><u>\$ 99,355,271</u></u>	<u><u>\$ 111,363,177</u></u>	<u><u>\$ 12,007,906</u></u>

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 3 INVESTMENTS (CONTINUED)

Total investment income for the years ended December 31 is as follows:

	<u>2021</u>	<u>2020</u>
Investment Income	\$ 4,266,223	\$ 2,135,254
Investment Fees	(328,132)	(415,380)
Total Investment Income, Net	<u>\$ 3,938,091</u>	<u>\$ 1,719,874</u>

NOTE 4 ACCOUNTS AND PLEDGES RECEIVABLE

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

	<u>2021</u>	<u>2020</u>
Receivable in Less than One Year:		
Accounts Receivable (Including Accrued Interest)	\$ 3,739,222	\$ 2,622,991
Pledges Receivable	<u>12,981,892</u>	<u>6,827,422</u>
Total	16,721,114	9,450,413
Receivable in One to Five Years:		
Pledges Receivable	17,890,812	14,738,521
Receivable in Future Years:		
Pledges Receivable in More than Five Years	2,850,000	3,915,000
Charitable Remainder Trust	1,853,356	1,198,163
Cash Surrender Value of Donor Life Insurance Policies	<u>1,146,561</u>	<u>1,044,460</u>
Total Accounts and Pledges Receivable	40,461,843	30,346,557
Less: Allowance for Uncollectible Pledges	(1,927,428)	(1,624,670)
Less: Unamortized Discount	<u>(2,766,602)</u>	<u>(2,719,578)</u>
Net Accounts and Pledges Receivable	<u>\$ 35,767,813</u>	<u>\$ 26,002,309</u>
Current Portion	\$ 16,721,114	\$ 9,450,413
Long-Term Portion	<u>19,046,699</u>	<u>16,551,896</u>
Net Accounts and Pledges Receivable	<u>\$ 35,767,813</u>	<u>\$ 26,002,309</u>

Long-term pledges receivable are discounted based upon payment terms using a 5% discount factor at both December 31, 2021 and 2020.

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 5 PROPERTY, BUILDINGS, AND EQUIPMENT

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

	2021			2020
	Cost	Accumulated Depreciation	Net	Net
Scholarship Houses	\$ 77,914,498	\$ 30,812,158	\$ 47,102,340	\$ 46,398,748
Headquarters - Golf, Illinois:				
Land	3,431	-	3,431	3,431
Building	912,615	606,144	306,471	327,400
Furniture and Furnishings	214,294	214,294	-	15,307
Computer Equipment	603,916	603,916	-	-
Headquarters - Glenview, Illinois:				
Land	2,340,232	-	2,340,232	2,340,232
Building	11,757,548	978,878	10,778,670	11,170,626
Furniture and Furnishings	972,149	232,880	739,269	786,402
Computer Equipment	641,520	316,937	324,583	454,411
Other:				
Automobiles	209,192	159,094	50,098	24,148
Tournament Equipment	52,115	52,115	-	-
Trophies	201,271	-	201,271	201,271
Total Property, Buildings, and Equipment	<u>\$ 95,822,781</u>	<u>\$ 33,976,416</u>	<u>\$ 61,846,365</u>	<u>\$ 61,721,976</u>

Accumulated depreciation as of December 31, 2020 was \$30,859,252.

The scholarship houses cost of \$77,914,498 and \$74,757,424 as of December 31, 2021 and 2020, respectively, includes approximately \$2,400,000 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 (3.25% at December 31, 2021 and 2020) plus 0.50%. The revolving line of credit has an expiration date of July 31, 2022. The line of credit was not utilized in 2021 and 2020.

NOTE 7 DEFERRED COMPENSATION PLAN

The Organization maintains a tax deferred 457 retirement plan for five employees. Total contributions to the plan were \$52,000 and \$36,000 for the years ended December 31, 2021 and 2020, respectively.

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 7 DEFERRED COMPENSATION PLAN (CONTINUED)

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

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 117,679	\$ 117,679
Mutual Funds	915,046	795,128
Total Deferred Compensation Investments	<u>\$ 1,032,725</u>	<u>\$ 912,807</u>

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes and periods as of December 31:

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specific Purpose:		
Souder Caddie Academy	\$ 1,503,514	\$ 1,530,935
Miami Ohio Scholarship House	35,034	56,884
Maryland Scholarship House	2,090,000	950,000
Colorado Scholarship House	407,041	558,371
Rutgers Scholarship House	475,000	-
Washington Scholarship House	3,486	15,010
Wisconsin Scholarship House	291,650	650,885
Western Amateur Tournament	94,601	98,015
Total	<u>4,900,326</u>	<u>3,860,100</u>
Subject to Passage of Time:		
McGuigan Endowment Fund	8,412,106	3,376,593
Charitable Remainder Trust	1,853,356	1,198,163
Operating Fund	19,833,881	17,809,749
Total	<u>30,099,343</u>	<u>22,384,505</u>
Not Subject to Appropriation or Expenditure:		
McGuigan Endowment Fund - Named Scholarships	1,500,000	1,500,000
Kummer Endowment Fund	200,000	200,000
Total	<u>1,700,000</u>	<u>1,700,000</u>
Total Net Assets with Donor Restrictions	<u>\$ 36,699,669</u>	<u>\$ 27,944,605</u>

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 9 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets with donor restrictions were released from restrictions for the following purposes:

	<u>2021</u>	<u>2020</u>
Endowment Pledges - Time Restricted	\$ 2,833,045	\$ 2,198,769
Investment Income - Endowed Named Scholars	368,366	226,244
Operating Fund - Pledges Time Restricted	6,977,776	6,110,381
Souder Caddie Academy	464,417	77,237
Capital Campaign - Miami Ohio House	23,816	34,525
Capital Campaign - Colorado Scholarship House	173,645	127,286
Capital Campaign - Maryland Scholarship House	562,308	-
Capital Campaign - Washington Scholarship House	11,524	32,919
Capital Campaign - Wisconsin Scholarship House	418,578	480,333
Western Amateur Tournament	<u>122,017</u>	<u>76,217</u>
Total	<u>\$ 11,955,492</u>	<u>\$ 9,363,911</u>

NOTE 10 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.

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, 2021 and 2020. 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 10 years) is that which equals or exceeds the assumed spending rate plus the rate of inflation.

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 10 RESTRICTED ENDOWMENTS (CONTINUED)

The changes in endowment net assets for the fiscal years ended December 31, 2021 and 2020 are as follows:

Endowment Net Assets, January 1, 2020	\$ 1,700,000
Investment Income:	
Investment Income	37,299
Net Appreciation	188,945
Total Investment Return	<u>226,244</u>
Appropriation of Endowment Assets for Expenditure	<u>(226,244)</u>
Endowment Net Assets, December 31, 2020	1,700,000
Investment Income:	
Investment Income	73,831
Net Appreciation	294,535
Total Investment Return	<u>368,366</u>
Appropriation of Endowment Assets for Expenditure	<u>(368,366)</u>
Endowment Net Assets, December 31, 2021	<u><u>\$ 1,700,000</u></u>

NOTE 11 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, 2021 and 2020. The Organization contributed approximately \$735,000 and \$389,000 to the plan for the years ended December 31, 2021 and 2020, respectively.

NOTE 12 REVENUE AND DEFERRED REVENUE

The following table shows the Organization's revenue disaggregated according to the timing of transfer of goods or services:

	<u>2021</u>	<u>2020</u>
Revenue Recognized at a Point in Time:		
Tournament Revenue	\$ 22,858,835	\$ 3,767,142
Other Income, Net	<u>3,397,004</u>	<u>134,363</u>
Total	26,255,839	3,901,505
Revenue Recognized over Time:		
Membership Dues	16,500	14,400
Revenue Subject to Grants and Contributions Guidance:		
Tournament Revenue	2,699,750	1,662,709
Par Club	22,479,915	20,222,483
Leadership Gifts	10,589,160	8,956,530
Bag Tag, Events, and Other	19,232,200	8,768,848
Contributions - Scholarship Houses	<u>2,389,187</u>	<u>1,176,248</u>
Total	<u>57,390,212</u>	<u>40,786,818</u>
Total Revenues and Other Support	<u><u>\$ 83,662,551</u></u>	<u><u>\$ 44,702,723</u></u>

**EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 12 REVENUE AND DEFERRED REVENUE (CONTINUED)

As of December 31, deferred revenue consisted of the following amounts:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tournament Revenue	\$ 5,053,221	\$ 5,893,215	\$ 3,387,889
Events	476,000	590,000	80,000
Chapter Utility Fees	7,284	101,908	878,310
Other	84,140	55,366	11,901
Total	<u>\$ 5,620,645</u>	<u>\$ 6,640,489</u>	<u>\$ 4,358,100</u>

NOTE 13 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 is to operate the tournament through 2027. 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, 2021 and 2020 totaled approximately \$428,000 and \$110,000, respectively.

NOTE 14 SCHOLARSHIP PROGRAM

The Organization annually grants over 300 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 1,066 students per year depending on continuing candidate eligibility and attrition rates. During 2021 and 2020, the Organization incurred approximately \$26,047,000 and \$22,634,000, respectively, for direct scholar expenses, of which approximately \$15,508,000 and \$14,514,000, 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>
2022	\$ 29,001,063
2023	31,701,438
2024	34,728,891
2025	38,409,601
2026	40,298,537
Total	<u>\$ 174,139,530</u>

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 15 LEASE AGREEMENTS

The Organization leases a portion of its former headquarters building to the United States Post Office under a lease agreement that expires on March 31, 2025. Future minimum rental payments under the lease are approximately \$34,000 annually. Rental income was \$30,741 and \$33,902 for the years ended December 31, 2021 and 2020, respectively.

The Organization leases a scholarship house at the University of Kansas under a lease agreement with an expiration date of July 31, 2028. The lease calls for annual rent payments of \$100,000.

The Organization leases a scholarship house at Penn State University under a lease agreement with an expiration date of May 31, 2028. The lease calls for monthly rent payments ranging from \$7,225 to \$8,465.

NOTE 16 CASH FLOW DISCLOSURES

There was no cash paid for interest for the years ended December 31, 2021 and 2020.

There were no noncash investing or financing transactions during the years ended December 31, 2021 and 2020.

NOTE 17 PAYCHECK PROTECTION PROGRAM

The Organization received a loan in the amount of \$1,136,300 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the federal Paycheck Protection Program (PPP). This amount was included in the accompanying consolidated statements of financial position as of December 31, 2020 as debt. This amount was forgiven by the Small Business Administration (SBA) on February 24, 2021. The revenue from this matter is included in the accompanying consolidated statements of activities as other income.

The Organization received a Second Draw PPP Loan in the amount of \$1,127,030 on March 23, 2021 as part of the PPP. This amount was forgiven by the SBA on September 15, 2021. The revenue from this matter is included in the accompanying consolidated statements of activities as other income.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 18 RISKS AND UNCERTAINTIES

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may have continuing impacts on various parts of its operations and financial results including, but not limited to, investment performance and loss of revenue due to reductions in certain revenue streams. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Evans Scholars Foundation - Trust	Evans Scholars Foundation - Corporation	Western Golf Association	Eliminations	Total
ASSETS					
Cash and Cash Equivalents	\$ 2,547,680	\$ 9,309,482	\$ 9,783,472	\$ -	\$ 21,640,634
Accounts and Pledges Receivable, Net	35,206,425	-	561,388	-	35,767,813
Due from Related Entities	151,357	-	-	(151,357)	-
Prepaid Expenses and Deposits	1,248,610	-	899,862	-	2,148,472
Investments	-	157,370,910	-	-	157,370,910
Property, Buildings, and Equipment, Net	61,686,290	-	160,075	-	61,846,365
Funds Held for Deferred Compensation	1,032,725	-	-	-	1,032,725
	<u>\$ 101,873,087</u>	<u>\$ 166,680,392</u>	<u>\$ 11,404,797</u>	<u>\$ (151,357)</u>	<u>\$ 279,806,919</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts Payable and Accrued Expenses	\$ 1,374,228	\$ -	\$ 251,727	\$ -	\$ 1,625,955
Deferred Revenue	1,096,293	-	4,524,352	-	5,620,645
Deferred Compensation	1,032,725	-	-	-	1,032,725
Due to Related Entities	-	-	151,357	(151,357)	-
Total Liabilities	<u>3,503,246</u>	<u>-</u>	<u>4,927,436</u>	<u>(151,357)</u>	<u>8,279,325</u>
NET ASSETS					
Without Donor Restrictions	63,370,172	164,980,392	6,477,361	-	234,827,925
With Donor Restrictions	34,999,669	1,700,000	-	-	36,699,669
Total Net Assets	<u>98,369,841</u>	<u>166,680,392</u>	<u>6,477,361</u>	<u>-</u>	<u>271,527,594</u>
Total Liabilities and Net Assets	<u>\$ 101,873,087</u>	<u>\$ 166,680,392</u>	<u>\$ 11,404,797</u>	<u>\$ (151,357)</u>	<u>\$ 279,806,919</u>

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Evans Scholars Foundation - Trust	Evans Scholars Foundation - Corporation	Western Golf Association	Eliminations	Total
ASSETS					
Cash and Cash Equivalents	\$ 5,226,020	\$ 19,004,298	\$ 6,319,372	\$ -	\$ 30,549,690
Accounts and Pledges Receivable, Net	24,486,879	-	1,515,430	-	26,002,309
Due from Related Entities	-	-	379,344	(379,344)	-
Prepaid Expenses and Deposits	1,237,799	-	1,094,726	-	2,332,525
Investments	-	111,363,177	-	-	111,363,177
Property, Buildings, and Equipment, Net	61,561,901	-	160,075	-	61,721,976
Funds Held for Deferred Compensation	912,807	-	-	-	912,807
	<u>\$ 93,425,406</u>	<u>\$ 130,367,475</u>	<u>\$ 9,468,947</u>	<u>\$ (379,344)</u>	<u>\$ 232,882,484</u>
Total Assets					
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts Payable and Accrued Expenses	\$ 803,954	\$ -	\$ 180,690	\$ -	\$ 984,644
Paycheck Protection Program Loan	1,136,300	-	-	-	1,136,300
Deferred Revenue	2,418,955	-	4,221,534	-	6,640,489
Deferred Compensation	912,807	-	-	-	912,807
Due to Related Entities	379,344	-	-	(379,344)	-
Total Liabilities	<u>5,651,360</u>	<u>-</u>	<u>4,402,224</u>	<u>(379,344)</u>	<u>9,674,240</u>
NET ASSETS					
Without Donor Restrictions	61,529,441	128,667,475	5,066,723	-	195,263,639
With Donor Restrictions	26,244,605	1,700,000	-	-	27,944,605
Total Net Assets	<u>87,774,046</u>	<u>130,367,475</u>	<u>5,066,723</u>	<u>-</u>	<u>223,208,244</u>
	<u>\$ 93,425,406</u>	<u>\$ 130,367,475</u>	<u>\$ 9,468,947</u>	<u>\$ (379,344)</u>	<u>\$ 232,882,484</u>
Total Liabilities and Net Assets					

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Evans Scholars Foundation - Trust	Evans Scholars Foundation - Corporation	Western Golf Association	Eliminations	Total
REVENUES AND OTHER SUPPORT					
Contributions:					
Par Club	\$ 22,479,915	\$ -	\$ -	\$ -	\$ 22,479,915
Leadership Gifts	10,589,160	-	-	-	10,589,160
Bag Tag, Events, and Other	19,232,200	-	-	-	19,232,200
Tournament Revenue	4,478,462	-	21,080,123	-	25,558,585
Membership Dues	-	-	16,500	-	16,500
Other Income, Net	3,397,888	-	-	-	3,397,888
Total Revenues and Other Support	<u>60,177,625</u>	<u>-</u>	<u>21,096,623</u>	<u>-</u>	<u>81,274,248</u>
EXPENSES					
Program Expenses:					
Scholars' Expenses:					
Tuition, Housing and Other Direct					
Scholars' Expenses	19,662,631	-	-	-	19,662,631
Related Administrative Expenses	2,608,985	-	-	-	2,608,985
House Depreciation	2,453,482	-	-	-	2,453,482
Tournament Expenses	492,607	-	19,556,525	-	20,049,132
Caddie Academy and Services	1,322,286	-	-	-	1,322,286
Supporting Services:					
Fundraising	5,666,021	-	-	-	5,666,021
General and Administrative	3,186,191	-	129,460	-	3,315,651
Headquarters Depreciation	663,683	-	-	-	663,683
Total Expenses	<u>36,055,886</u>	<u>-</u>	<u>19,685,985</u>	<u>-</u>	<u>55,741,871</u>
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	24,121,739	-	1,410,638	-	25,532,377
NONOPERATING REVENUES (EXPENSES)					
Contributions - Scholarship Houses	2,389,187	-	-	-	2,389,187
Investment Income, Net	-	3,938,091	-	-	3,938,091
Realized Gain on Sale of Investments, Net	-	21,411,757	-	-	21,411,757
Unrealized Loss on Investments, Net	-	(4,952,062)	-	-	(4,952,062)
Net Assets Transferred (to) from Related Entities	(15,915,131)	15,915,131	-	-	-
CHANGE IN NET ASSETS	10,595,795	36,312,917	1,410,638	-	48,319,350
Net Assets - Beginning of Year	<u>87,774,046</u>	<u>130,367,475</u>	<u>5,066,723</u>	<u>-</u>	<u>223,208,244</u>
NET ASSETS - END OF YEAR	<u>\$ 98,369,841</u>	<u>\$ 166,680,392</u>	<u>\$ 6,477,361</u>	<u>\$ -</u>	<u>\$ 271,527,594</u>

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Evans Scholars Foundation - Trust	Evans Scholars Foundation - Corporation	Western Golf Association	Eliminations	Total
REVENUES AND OTHER SUPPORT					
Contributions:					
Par Club	\$ 20,222,483	\$ -	\$ -	\$ -	\$ 20,222,483
Leadership Gifts	8,956,530	-	-	-	8,956,530
Bag Tag, Events, and Other	8,768,848	-	-	-	8,768,848
Tournament Revenue	1,131,327	-	4,298,524	-	5,429,851
Membership Dues	-	-	14,400	-	14,400
Other Income, Net	125,099	-	10,090	-	135,189
Total Revenues and Other Support	<u>39,204,287</u>	<u>-</u>	<u>4,323,014</u>	<u>-</u>	<u>43,527,301</u>
EXPENSES					
Program Expenses:					
Scholars' Expenses:					
Tuition, Housing and Other Direct					
Scholars' Expenses	17,565,677	-	-	-	17,565,677
Related Administrative Expenses	2,115,077	-	-	-	2,115,077
House Depreciation	2,439,321	-	-	-	2,439,321
Tournament Expenses	71,585	-	5,047,029	-	5,118,614
Caddie Academy and Services	513,852	-	-	-	513,852
Supporting Services:					
Fundraising	4,560,342	-	-	-	4,560,342
General and Administrative	2,720,659	-	74,228	-	2,794,887
Headquarters Depreciation	659,202	-	-	-	659,202
Total Expenses	<u>30,645,715</u>	<u>-</u>	<u>5,121,257</u>	<u>-</u>	<u>35,766,972</u>
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	8,558,572	-	(798,243)	-	7,760,329
NONOPERATING REVENUES (EXPENSES)					
Contributions - Scholarship Houses	1,176,248	-	-	-	1,176,248
Investment Income, Net	-	1,719,874	-	-	1,719,874
Realized Gain on Sale of Investments, Net	-	1,746,489	-	-	1,746,489
Unrealized Gain on Investments, Net	-	6,990,837	-	-	6,990,837
Net Assets Transferred (to) from Related Entities	(15,683,888)	15,683,888	-	-	-
CHANGE IN NET ASSETS	(5,949,068)	26,141,088	(798,243)	-	19,393,777
Net Assets - Beginning of Year	<u>93,723,114</u>	<u>104,226,387</u>	<u>5,864,966</u>	<u>-</u>	<u>203,814,467</u>
NET ASSETS - END OF YEAR	<u>\$ 87,774,046</u>	<u>\$ 130,367,475</u>	<u>\$ 5,066,723</u>	<u>\$ -</u>	<u>\$ 223,208,244</u>

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
SCHEDULE OF TOURNAMENT REVENUE AND EXPENSES
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Revenue</u>	<u>Direct Expenses</u>	<u>Excess (Deficiency) of Revenue over Direct Expenses</u>
BMW Championship	\$ 22,812,148	\$ 16,814,038	\$ 5,998,110
Pro-Amateur Tournaments	1,469,000	342,616	1,126,384
Total BMW Championship	<u>24,281,148</u>	<u>17,156,654</u>	<u>7,124,494</u>
Evans Scholars Invitational	1,014,011	844,367	169,644
Other Tournaments:			
Western Amateur	114,350	385,274	(270,924)
Western Junior	66,525	70,206	(3,681)
Women's Western Amateur and Junior	82,551	48,143	34,408
Total Other Tournaments	<u>263,426</u>	<u>503,623</u>	<u>(240,197)</u>
Total	<u>\$ 25,558,585</u>	<u>\$ 18,504,644</u>	<u>\$ 7,053,941</u>

Note: In the preparation of the Organization's tax returns, general and administrative expenses totaling \$1,544,488 are allocated to tournament expenses.

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
SCHEDULE OF TOURNAMENT REVENUE AND EXPENSES
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Revenue	Direct Expenses	Excess (Deficiency) of Revenue over Direct Expenses
BMW Championship	\$ 4,465,357	\$ 2,942,265	\$ 1,523,092
Pro-Amateur Tournaments	-	12,254	(12,254)
Total BMW Championship	4,465,357	2,954,519	1,510,838
Evans Scholars Invitational	786,519	650,020	136,499
Other Tournaments:			
Western Amateur	132,414	128,687	3,727
Western Junior	300	5,497	(5,197)
Women's Western Amateur and Junior	45,261	37,026	8,235
Total Other Tournaments	177,975	171,210	6,765
Total	\$ 5,429,851	\$ 3,775,749	\$ 1,654,102

Note: In the preparation of the Organization's tax returns, general and administrative expenses totaling \$1,342,865 are allocated to tournament expenses.

EVANS SCHOLARS FOUNDATION AND WESTERN GOLF ASSOCIATION
SCHEDULE OF PROPERTY, BUILDINGS, AND EQUIPMENT
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)
(SEE INDEPENDENT AUDITORS' REPORT)

Description	2021			2020
	Cost	Accumulated Depreciation	Net	Net
Scholarship Houses:				
General Fund:				
Evans Scholars Houses:				
Marquette University	\$ 3,030,530	\$ 1,895,230	\$ 1,135,300	\$ 1,237,156
Northwestern University	6,456,400	2,474,625	3,981,775	4,197,007
Pennsylvania State University	487,014	101,936	385,078	273,988
University of Illinois	8,443,479	4,625,700	3,817,779	4,037,020
Allis-Carrol Fund:				
University of Wisconsin	8,985,072	1,605,035	7,380,037	7,648,033
Eisenhower-Evans Fund:				
University of Colorado	7,123,135	2,050,091	5,073,044	5,284,448
Maryland Fund:				
University of Maryland	2,918,727	-	2,918,727	-
Michigan Fund:				
Michigan State University	4,157,695	2,138,577	2,019,118	2,165,422
University of Michigan	5,232,415	2,867,326	2,365,089	2,543,481
Minnesota Fund:				
University of Minnesota	4,890,297	3,034,882	1,855,415	2,033,051
St. Louis Fund:				
University of Missouri	2,061,213	1,830,398	230,815	272,599
Indiana Fund:				
Purdue University	1,298,684	1,258,769	39,915	43,863
Indiana University	2,378,529	1,659,204	719,325	804,393
Ohio Fund:				
Ohio State University	9,052,305	3,320,450	5,731,855	5,990,815
Miami University	5,711,501	1,140,148	4,571,353	4,761,793
Oregon Fund:				
University of Oregon	2,862,058	387,101	2,474,957	2,599,457
Washington Fund:				
University of Washington	2,825,444	422,686	2,402,758	2,506,222
Total Scholarship Houses	<u>77,914,498</u>	<u>30,812,158</u>	<u>47,102,340</u>	<u>46,398,748</u>
Headquarters - Golf, Illinois:				
Land	3,431	-	3,431	3,431
Building	912,615	606,144	306,471	327,400
Furniture and Furnishings	214,294	214,294	-	15,307
Computer Equipment	603,916	603,916	-	-
Headquarters - Glenview, Illinois:				
Land	2,340,232	-	2,340,232	2,340,232
Building	11,757,548	978,878	10,778,670	11,170,626
Furniture and Furnishings	972,149	232,880	739,269	786,402
Computer Equipment	641,520	316,937	324,583	454,411
Other:				
Automobiles	209,192	159,094	50,098	24,148
Tournament Equipment	52,115	52,115	-	-
Trophies	201,271	-	201,271	201,271
Total Property, Buildings, and Equipment	<u>\$ 95,822,781</u>	<u>\$ 33,976,416</u>	<u>\$ 61,846,365</u>	<u>\$ 61,721,976</u>

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