BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

THE ENVIRONMENTAL INSTITUTE FOR GOLF

FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

THE ENVIRONMENTAL INSTITUTE FOR GOLF

FINANCIAL STATEMENTS

Years Ended December 31, 2018 and 2017

TABLE OF CONTENTS

BT&Co.
BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Environmental Institute for Golf
Lawrence, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of The Environmental Institute for Golf (the Institute), which comprise the statements of financial position as of December 31, 2018 and 2017 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

3630 SW Burlingame Road Topeka, Kansas 66611 | t:785.234.3427 | toll-free: 800.530.5526 | f: 785.233.1768 | w: btandcocpa.com

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute as of December 31, 2018 and 2017, and results of changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, on January 1, 2018, the Institute adopted ASU No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements for Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Berberich Trahan + Co., P.A.

May 28, 2019
Topeka, Kansas

THE ENVIRONMENTAL INSTITUTE FOR GOLF

STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

	2018	2017
ASSETS		
Cash	$ 189	$ 164,950
Accounts receivable, net	86,638	22,706
Prepaid expenses	16,602	23,452
Pledges receivable, net	225,472	365,900
Investments	8,723,568	8,735,003
Intangible assets, net	26,250	33,750
Total assets	$ 9,078,719	$ 9,345,761
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	$ 75,470	$ 74,848
Due to related parties	17,999	16,500
Deferred revenue	29,585	-
Total liabilities	123,054	91,348
Net assets without donor restrictions - board designated	8,730,193	8,888,513
Net assets with donor restrictions	225,472	365,900
Total net assets	8,955,665	9,254,413
Total liabilities and net assets	$ 9,078,719	$ 9,345,761

See accompanying notes to financial statements.

THE ENVIRONMENTAL INSTITUTE FOR GOLF

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2018 and 2017

	2018	2017
Net assets without donor restrictions - board designated:		
Revenues:		
Individual contributions	$ 190,002	$ 151,661
Facility and chapter contributions	54,950	59,760
Industry contributions	79,678	88,823
Silent auction income	109,660	103,094
Scholarship and grant contributions	83,850	88,450
Online auction	393,493	291,377
Disaster relief	20,231	124,177
Investment income (loss)	(711,434)	1,581,672
Net assets released from restrictions - time	142,828	124,850
Total revenues	363,258	2,613,864
Expenses:		
Program services:		
Program activities	1,626,599	1,390,985
Supporting services:		
Management and general	42,483	38,523
Fundraising	207,612	192,878
Total expenses	1,876,694	1,622,386
Change in net assets without donor restrictions	(1,513,436)	991,478
Net assets with donor restrictions:		
Restricted contributions - major gifts	1,357,516	508,878
Net assets released from restrictions - time	(142,828)	(124,850)
Change in net assets with donor restrictions	1,214,688	384,028
Change in net assets	(298,748)	1,375,506
Net assets, beginning of year	9,254,413	7,878,907
Net assets, end of year	$ 8,955,665	$ 9,254,413

See accompanying notes to financial statements.

THE ENVIRONMENTAL INSTITUTE FOR GOLF

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2018 and 2017

	2018			
	Program Activities	Management and General	Fundraising	Total Expenses
Salaries, benefits and related expenses	$ 37,134	$ 37,134	$ 74,268	$ 148,536
Research	135,000	-	-	135,000
Education	371,198	-	-	371,198
Environmental programs	350,000	-	-	350,000
Advocacy	325,000	-	-	325,000
Board of trustees and other support	4,843	4,843	25,704	35,390
Travel	2,421	506	1,012	3,939
Marketing and promotion	-	-	24,025	24,025
Silent auction	-	-	19,047	19,047
Online auction	241,164	-	63,556	304,720
Disaster relief	20,231	-	-	20,231
Scholarships	139,608	-	-	139,608
Total	$ 1,626,599	$ 42,483	$ 207,612	$ 1,876,694

	2017			
	Program Activities	Management and General	Fundraising	Total Expenses
Salaries, benefits and related expenses	$ 34,520	$ 34,520	$ 69,043	$ 138,083
Research	130,000	-	-	130,000
Education	144,720	-	-	144,720
Environmental programs	347,000	-	-	347,000
Advocacy	300,000	-	-	300,000
Board of trustees and other support	3,616	3,616	27,770	35,002
Travel	1,816	387	775	2,978
Marketing and promotion	-	-	27,819	27,819
Silent auction	-	-	15,547	15,547
Online auction	168,888	-	51,924	220,812
Disaster relief	124,177	-	-	124,177
Scholarships	136,248	-	-	136,248
Total	$ 1,390,985	$ 38,523	$ 192,878	$ 1,622,386

See accompanying notes to financial statements.

THE ENVIRONMENTAL INSTITUTE FOR GOLF

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	$ (298,748)	$ 1,375,506
Adjustments to reconcile change in net assets to net cash flows provided by (used in) operating activities:		
Amortization expense	7,500	7,500
Unrealized/realized (gain) loss on investments	807,792	(1,499,547)
Changes in assets and liabilities:		
Accounts receivable	(63,947)	(21,063)
Pledges receivable	165,500	(144,600)
Change in allowance for uncollectible contributions	(9,930)	8,676
Change in unamortized discount	(15,142)	11,074
Prepaid expenses	6,850	(9,932)
Accounts payable and accrued expenses	2,136	(22,823)
Refundable advance	-	(142,000)
Deferred revenue	29,585	-
Net cash provided by (used in) operating activities	631,596	(437,209)
Cash flows from investing activities:		
Purchase of investments	(2,071,135)	(15,285,630)
Proceeds from sale of investments	1,274,778	15,526,005
Net cash provided by (used in) investing activities	(796,357)	240,375
Net decrease in cash	(164,761)	(196,834)
Cash and cash equivalents, beginning of year	164,950	361,784
Cash and cash equivalents, end of year	$ 189	$ 164,950

See accompanying notes to financial statements.

1 - Organization and Summary of Significant Accounting Policies

Organization

The Environmental Institute for Golf (the Institute) focuses on providing funding and financial support for programs and services involving information collection, scientific research, education and outreach that communicate the best management practices of environmental stewardship of the golf course. As part of its focus on education, the Institute also funds a collegiate scholarship program. The Institute is supported primarily through contributions from organizations and individual donors.

Cash and Cash Equivalents

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

Deposits

The Institute maintain deposits in banks. These deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $ 250,000 per bank. The Institute's deposits may have occasionally exceeded the FDIC insurance limits during the years ended December 31, 2018 and 2017.

Accounts Receivable

Accounts receivable are stated at the amounts billed to customers. The majority of the Institute's accounts receivable are due from corporate sponsors for research activities related to the Institute's mission. The Institute records an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are written off when management believes all collection efforts have been exhausted. No material amounts were considered uncollectible based on past collectability experience for the years ended December 31, 2018 and 2017.

1 - Organization and Summary of Significant Accounting Policies (Continued)

Pledges Receivable

Pledges receivable are for receivables that are generally due within one to three years of the date of the pledge. Pledges receivable are stated at the pledged amount. The carrying amount of pledges receivable is reduced by the amount of the unamortized discount related to promises to give that are to be collected over a period longer than one year. Management has established a valuation allowance that reflects management's best estimate of amounts that will not be collected based on specific donors' pledges and the aging of pledges receivable. All pledges or portions thereof deemed to be uncollectible are written off to the allowance for uncollectible pledges. Management has established an allowance of $ 15,144 and $ 25,074 as of December 31, 2018 and 2017.

Investments

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

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

Intangible Assets

The intangible asset resulted from the acquisition of the name and program rights for "Rounds 4 Research" during 2012 in the amount of $ 75,000. The agreement allows the Institute to provide a national online auction that solicits and sells donated golf tee times to raise funds on behalf of the Institute in support of the environmental programs for Golf Course Superintendents Association of America (the Association). These costs are being amortized over 10 years using the straight-line method half-year convention.

Deferred Revenue

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

1 - Organization and Summary of Significant Accounting Policies (Continued)

Net Assets

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

Net Assets Without Donor Restrictions-Board Designated

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

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

Net Assets With Donor Restrictions

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

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The Institute has no net assets that are perpetual in nature or must be maintained in perpetuity.

1 - Organization and Summary of Significant Accounting Policies (Continued)

Net Assets (Continued)

As of December 31, 2018 and 2017, the Organization had $ 225,472 and $ 365,900, respectively, in net assets with donor restriction due to time. Time restricted net assets of $ 142,828 and $ 124,850, respectively, were released from restrictions during 2018 and 2017 for fulfillment of time.

Contributions

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

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

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

Income Taxes

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

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

Form 990 filed by the Institute is subject to examination by the Internal Revenue Service up to three years from the extended due date of each return. Forms 990 filed by the Institute are no longer subject to examination for the fiscal years ended December 31, 2014 and prior.

1 - Organization and Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

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

Risks and Uncertainties

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

The Institute incurs costs for promoting its programs and activities in various publications and media. These costs are expensed as incurred and amounted to $ 8,308 and $ 10,505 for the years ended December 31, 2018 and 2017, respectively.

1 - Organization and Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncement

In August 2016, FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which changes presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: net asset classes, investment return, expenses and liquidity and availability of resources. The standard is effective for not-for-profit organizations for periods beginning after December 15, 2017. The Institute has adopted this ASU for these financial statements. The ASU has been applied retrospectively to all periods presented with the exception of the availability and liquidity disclosures as allowed by the standard.

Change in Accounting Principles

The Institute implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions – board designated.
- The financial statements include a disclosure about availability and liquidity of resources (see Note 2).

The changes have the following effect on net assets at December 31, 2017:

Net Asset Class	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	$ 8,888,513	$ -
Temporarily restricted net assets	365,900	-
Net assets without donor restrictions - board designated	-	8,888,513
Net assets with donor restrictions	-	365,900
	$ 9,254,413	$ 9,254,413

1 - Organization and Summary of Significant Accounting Policies (Continued)

Pending Accounting Pronouncements

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which provides a robust framework for addressing revenue recognition issues and replaces most of the existing revenue recognition guidance including industry-specific guidance in current U.S. GAAP. The standard is effective for nonpublic entities for periods beginning after December 15, 2018. Management is currently evaluating the effect that the standard will have on the financial statements.

In August 2018, FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which removes, modifies and adds certain disclosure requirements of ASC Topic 820. The ASU is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. ASU 2018-13 must be applied using a retrospective transition method with early adoption permitted. Management is currently evaluating the impact of the adoption of this guidance on its financial statements.

Reclassification

Certain prior year information was reclassified to conform to the current year presentation.

2 - Availability and Liquidity

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of December 31, 2018 are:

Financial assets:		
Cash	$	189
Accounts receivable, net		86,638
Pledges receivable, net		225,472
Due from related party		110
Investments		8,723,568
Total financial assets		9,035,977
Less financial assets held to meet donor-imposed restrictions:		
Donor-restricted funds (see Note 1)		(225,472)
Less board designated net assets (see Notes 1 and 7)		(8,730,193)
Amount available for general expenditures within one year	$	80,312

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

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

3 - Investments

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

	2018	2017
Cash	$ 9,088	$ 46,529
Mutual funds	1,474,082	1,515,358
Exchange traded funds	5,346,886	5,550,482
Corporate bonds	1,893,512	1,622,634
	$ 8,723,568	$ 8,735,003

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

	2018	2017
Interest and dividend income	$ 96,358	$ 82,125
Net realized and unrealized gains	(807,792)	1,499,547
Total investment income	$ (711,434)	$ 1,581,672

4 - Fair Value Measurements

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

4 - Fair Value Measurements (Continued)

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

Level 1	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
Level 2	Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;
Level 3	Prices or valuations that require inputs that are both significant to fair value measurement and unobservable.

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2018 and 2017.

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

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

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

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Institute believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

4 - Fair Value Measurements (Continued)

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period.

Fair values of assets measured on a recurring basis at December 31, 2018 and 2017 are as follows:

	Year Ended December 31, 2018			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Large blend	$ 730,647	$ -	$ -	$ 730,647
Large cap value	743,435	-	-	743,435
Total mutual funds	1,474,082	-	-	1,474,082
Exchange traded funds:				
Small cap value	408,186	-	-	408,186
Large blend	2,896,220	-	-	2,896,220
Foreign blend	2,042,480	-	-	2,042,480
Total exchange traded funds	5,346,886	-	-	5,346,886
Corporate bonds	1,893,512	-	-	1,893,512
	$ 8,714,480	$ -	$ -	$ 8,714,480

	Year Ended December 31, 2017			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Large blend	$ 717,836	$ -	$ -	$ 717,836
Large cap value	797,522	-	-	797,522
Total mutual funds	1,515,358	-	-	1,515,358
Exchange traded funds:				
Short term bond	70,241	-	-	70,241
Small cap value	432,066	-	-	432,066
Large blend	5,048,175	-	-	5,048,175
Total exchange traded funds	5,550,482	-	-	5,550,482
Corporate bonds	1,622,634	-	-	1,622,634
	$ 8,688,474	$ -	$ -	$ 8,688,474

4 - Fair Value Measurements (Continued)

There were no transfers between the levels during the year. The Institute's policy is to only recognize transfers in and out of the levels at the end of the fiscal year; interim changes in the fair value inputs are not recognized.

5 - Pledges Receivable, Net

Pledges receivable, net consisted of the following:

	2018	2017
Due within one year	$ 100,400	$ 167,450
Due in one to five years	152,000	250,450
	252,400	417,900
Less:		
Allowance for uncollectible contributions	(15,144)	(25,074)
Unamortized discount	(11,784)	(26,926)
Net pledges receivable	$ 225,472	$ 365,900

The discount rate used in valuing pledges receivable ranged from 2.25% - 3.50% for the years ended December 31, 2018 and 2017, respectively. Pledges receivable are restricted due to a time restriction.

6 - Intangible Assets

The purchase of the name and program rights to "Rounds 4 Research" as described in Note 1 is being amortized over 10 years using the straight-line method half-year convention.

	2018	2017
"Rounds 4 Research"	$ 75,000	$ 75,000
Accumulated amortization	(48,750)	(41,250)
Net carrying value	$ 26,250	$ 33,750

Amortization expense was $ 7,500 for the years ended December 31, 2018 and 2017 and is expected to be $ 7,500 for each year over the next three years with $ 3,750 in the fourth and final year.

7 - Endowment

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

7 - Endowment (Continued)

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

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

The composition of net assets without donor restrictions – board designated by type of endowment fund at December 31, 2018 and 2017 was:

	2018	2017
Board-designated endowment funds	$ 8,730,193	$ 8,888,513

7 - Endowment (Continued)

Changes in endowment net assets for the years ended December 31, 2018 and 2017 were:

	2018	2017
Endowment net assets, beginning of year	$ 8,888,513	$ 7,637,857
Investment return:		
Interest and dividends	96,358	82,125
Net appreciation (depreciation)	(807,792)	1,499,547
Total investment return (loss)	(711,434)	1,581,672
Contributions	2,429,810	1,291,372
Endowment expenditures	(1,732,673)	(1,482,211)
Appropriation of endowment assets for expenditures	(144,023)	(140,177)
Subtotal	553,114	(331,016)
Endowment net assets, end of year	$ 8,730,193	$ 8,888,513

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

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

7 - Endowment (Continued)

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

8 - Related Party Transactions

The Institute is related by common management to the Association. The Institute paid salaries amounting to approximately $ 148,500 and $ 138,000 for the years ended December 31, 2018 and 2017, respectively, for certain services provided by the Association. The Institute provided grants of $ 1,052,500 and $ 914,500 to the Association during the years ended December 31, 2018 and 2017, respectively. The grants were used specifically to fund environmental programs including research, continuing education, environmental outreach, advocacy, and information collection efforts. The Institute's scholarship efforts are funded directly through the Institute. The Association incurs certain indirect costs on behalf of the Institute. These indirect costs have been recorded within the financial statements as in-kind contributions and expenses.

The Institute had accounts payable of $ 18,109 and $ 16,595 due to the Association at December 31, 2018 and 2017, respectively.

The Institute is related by common management to Golf Course Superintendents Association of America Communications, Inc. (Communications). No amounts were due to Communications at December 31, 2018 and 2017. The Institute had accounts receivable of $ 110 and $ 95 due from Communications at December 31, 2018 and 2017, respectively.

9 - Subsequent Events

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