

MIDNIGHT GOLF PROGRAM

FINANCIAL STATEMENTS

AUGUST 31, 2017

(WITH COMPARATIVE TOTALS FOR 2016)

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AUGUST 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
MIDNIGHT GOLF PROGRAM  
Detroit, MI

We have audited the accompanying financial statements of Midnight Golf Program (a nonprofit organization), which comprise the statement of financial position as of August 31, 2017, and the related statements of activities 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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.

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 Midnight Golf Program as August 31, 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Sherri C. Carter". The signature is fluid and cursive, with a large initial "S" and "C".

SHERRI C. CARTER & COMPANY, PLLC  
Certified Public Accountants

January 3, 2018

MIDNIGHT GOLF PROGRAM  
STATEMENT OF FINANCIAL POSITION  
AUGUST 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)

ASSETS

	<u>2017</u>	<u>2016</u>
Current Assets		
Cash (Note 3)	\$ 913,557	\$ 352,136
Accounts Receivable (Note 4)	-	88,647
Prepaid Expense	-	4,984
Total Current Assets	<u>913,557</u>	<u>445,767</u>
Property and Equipment, Net of Accumulated Depreciation (Note 5)	<u>28,383</u>	<u>2,711</u>
Total Assets	<u>\$ 941,940</u>	<u>\$ 448,478</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ -	\$ 21,217
Accrued Expense	<u>28,564</u>	<u>23,009</u>
Total Current Liabilities	<u>28,564</u>	<u>44,226</u>
Net Assets		
Unrestricted	863,376	404,252
Restricted	<u>50,000</u>	<u>-</u>
Total Net Assets	<u>913,376</u>	<u>404,252</u>
Total Liabilities and Net Assets	<u>\$ 941,940</u>	<u>\$ 448,478</u>

The accompany notes are an integral part of these statements.

MIDNIGHT GOLF PROGRAM  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)

SUPPORT AND REVENUE	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2017</u>	<u>Total 2016</u>
Contributions and Grant	\$ -	\$ 1,194,541	\$ 1,194,541	\$ 1,216,506
Interest Income	19	-	19	12
Fundraising	812,326	-	812,326	435,962
Miscellaneous	23,520	-	23,520	-
Net Assets Released from Restrictions due to satisfaction of program restrictions	<u>1,144,541</u>	<u>(1,144,541)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>1,980,406</u>	<u>50,000</u>	<u>2,030,406</u>	<u>1,652,480</u>
 EXPENSES				
Lifeskills & Mentoring	698,014	-	698,014	739,321
Road Trip to Success	<u>256,186</u>	<u>-</u>	<u>256,186</u>	<u>250,661</u>
Total Program Expenses	954,200	-	954,200	989,982
Management and General	261,111	-	261,111	241,416
Fundraising	<u>305,971</u>	<u>-</u>	<u>305,971</u>	<u>202,024</u>
Total Support Expenses	567,082	-	567,082	443,440
Total Expenses	<u>1,521,282</u>	<u>-</u>	<u>1,521,282</u>	<u>1,433,422</u>
Change in Net Assets	459,124	50,000	509,124	219,058
NET ASSETS, Beginning of Year	<u>404,252</u>	<u>-</u>	<u>404,252</u>	<u>185,194</u>
NET ASSETS, End of Year	<u>\$ 863,376</u>	<u>\$ 50,000</u>	<u>\$ 913,376</u>	<u>\$ 404,252</u>

The accompany notes are an integral part of these statements.

**MIDNIGHT GOLF PROGRAM  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)**

	<u>LIFESKILLS &amp; MENTORING</u>	<u>ROAD TRIP FOR SUCCESS</u>	<u>TOTAL PROGRAMS</u>	<u>GENERAL &amp; ADMINISTRATION</u>	<u>FUNDRAISING</u>	<u>TOTAL SUPPORT</u>	<u>2017 TOTAL EXPENSES</u>	<u>2016 EXPENSES</u>
Salaries and Fringes	\$ 157,188	-	\$ 157,188	\$ 127,808	-	\$ 127,808	\$ 284,996	\$ 420,474
Interns	21,110	-	21,110	-	-	-	21,110	-
Training & Instructors	48,575	-	48,575	1,875	-	1,875	50,450	66,462
Teaching Materials	7,962	-	7,962	-	-	-	7,962	2,965
Clothing	-	39,660	39,660	-	-	-	39,660	58,048
Golf Course Access	-	20,982	20,982	-	-	-	20,982	40,836
Food	97,442	-	97,442	-	-	-	97,442	70,764
Mentor Appreciation	44,863	-	44,863	-	-	-	44,863	41,850
Golf Clubs and Bags	45,526	-	45,526	-	-	-	45,526	45,325
Program Expenses	-	-	-	-	184,222	184,222	184,222	202,408
Student Support	54,012	-	54,012	4,744	-	4,744	58,756	43,492
Transportation/Lodging	7,675	172,154	179,829	5,241	34,760	40,001	219,830	153,805
Meals	-	22,396	22,396	-	14,210	14,210	36,606	33,609
Events/Entertainment	29,692	-	29,692	-	-	-	29,692	34,131
Scholarship	149,155	-	149,155	-	-	-	149,155	67,161
Professional Services	-	-	-	18,463	72,779	91,242	91,242	12,549
Program Evaluation	-	-	-	16,500	-	16,500	16,500	8,000
Insurance	8,915	-	8,915	2,972	-	2,972	11,887	12,716
Auto Expense/Mileage	3,191	-	3,191	2,611	-	2,611	5,802	4,032
Office Supplies	5,108	-	5,108	7,662	-	7,662	12,770	35,820
Telephone	-	-	-	-	-	-	-	7,069
Bank Service Fees	-	-	-	19,197	-	19,197	19,197	7,644
Incentives	7,000	-	7,000	1,433	-	1,433	8,433	-
Membership/Subscriptions	-	-	-	2,813	-	2,813	2,813	3,536
Printing	-	-	-	910	-	910	910	1,455
Postage	-	-	-	3,736	-	3,736	3,736	4,987
Website	-	-	-	11,493	-	11,493	11,493	323
Rent/Storage	10,600	-	10,600	23,582	-	23,582	34,182	39,277
Miscellaneous	-	994	994	5,242	-	5,242	6,236	14,405
Interest	-	-	-	-	-	-	-	6
Equipment	-	-	-	4,557	-	4,557	4,557	-
Depreciation	-	-	-	272	-	272	272	273
<b>Total Expense</b>	<b>\$ 698,014</b>	<b>\$ 256,186</b>	<b>\$ 954,200</b>	<b>\$ 261,111</b>	<b>\$ 305,971</b>	<b>\$ 567,082</b>	<b>\$ 1,521,282</b>	<b>\$ 1,433,422</b>

The accompanying notes are an integral part of these statements.

MIDNIGHT GOLF PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 509,124	\$ 219,058
Adjustments to Reconcile Change in Net Assets to Cash Used in Operating Activities		
Depreciation/Amortization	272	25,272
Change in Grants Receivable	88,647	(40,685)
Change in Prepaid Expenses	4,984	(3,000)
Change in Accounts Payable	(21,217)	(1,670)
Change in Payroll Taxes Payable	5,555	14,211
Net Cash Provided by (Used for) by Operating Activities	<u>587,365</u>	<u>213,186</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	<u>(25,944)</u>	<u>(1,523)</u>
Net Cash Used for Investing Activities	<u>(25,944)</u>	<u>(1,523)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash Provided by Line of Credit	<u>-</u>	<u>(1,535)</u>
Net Cash Used for Financing Activities	<u>-</u>	<u>(1,535)</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>561,421</u>	<u>210,128</u>
CASH AND CASH EQUIVALENTS, Beginning of year	<u>352,136</u>	<u>142,008</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 913,557</u>	<u>\$ 352,136</u>
Supplemental Information		
Interest Expense	<u>\$ -</u>	<u>\$ 6</u>

The accompanying notes are an integral part of these statements.



MIDNIGHT GOLF PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2017

1. ORGANIZATION

The Midnight Golf Program is a Michigan non-profit community based organization. The mission of the organization is to improve under-served young adults' personal development, education preparedness, and appreciation of the game of golf.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of The Midnight Golf Program have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

The financial statements are presented in accordance with Financial Accounting Standards Board in its Accounting Standards Codification, "Financial Standards for Not-for-Profits Organizations". Under this standard, the Midnight Golf Program is required report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, The Midnight Golf Program considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contributions

In accordance with "Accounting for Contributions Receivable and Contributions Made", contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted revenue at the time the time the promise to give is obtained, depending on the existence and/or nature of any donor restrictions.

THE MIDNIGHT GOLF PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2017  
(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services and Property

Donated facilities are recorded as support and expenses at fair market value when determinable. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reporting in the Statement of Activities as net assets released from restrictions.

Property

The carrying amount of building, furniture, equipment and automobiles is based upon cost or, if donated, the market value at date of donation, less accumulated depreciation. The provision for depreciation is computed by the straight-line method over the estimated useful lives of the related assets. The Organization's capitalization policy is \$1,000

Use of Estimates

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

Tax Status

The Organization is described in Internal Revenue Code (IRS) Section 501 (c)(3) and as such is exempt from taxation under IRS Section 501 (a).

THE MIDNIGHT GOLF PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2017  
(Continued)

3. CONCENTRATION OF RISK

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash, cash equivalents, and contributions receivable.

Midnight Golf Program maintains its cash balances with three banks that insure cash balances up to \$250,000 with the Federal Deposit Insurance Corporation (FDIC). The carrying amount of cash at August 31, 2017 was \$1,028,764 bank of which \$778,764 was uninsured at August 31, 2017.

4. PROPERTY

Property owned by The Midnight Golf Program is as follows:

	Beginning of Year	Additions	Disposals	End of Year
Leasehold Improvements	\$ 17,103	\$ 13,840	\$ -	\$ 30,943
Furniture and Equipment	15,917	-	-	15,917
Transportation Equipment	<u>43,969</u>	<u>-</u>	<u>-</u>	<u>43,969</u>
Subtotal	76,989	13,840	-	90,829
Less: Accumulated Depreciation	<u>(49,737)</u>	<u>-</u>	<u>-</u>	<u>(49,737)</u>
Net Fixed Assets	<u>\$ 27,252</u>	<u>\$ 13,840</u>	<u>\$ -</u>	<u>\$ 41,092</u>

5. OPERATING LEASE

Effective September 1, 2016, Midnight Golf Program entered a three year lease with a monthly payment of \$1,944 with the following future minimum payment due:

2018	<u>\$ 23,333</u>
Total Lease Payments	<u>\$ 23,333</u>

6. LINE OF CREDIT

At August 31, 2017, the Midnight Golf Program has a line of credit with a zero balance with Fifth Third Bank with a varying rate of interest.

THE MIDNIGHT GOLF PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2017  
(Continued)

7. 2016 FINANCIAL DATA

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Midnight Golf Program's financial statements for the year ended August 31, 2016.

8. NEW ACCOUNTING PRONOUNCEMENTS

The FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, in May 2014. The objectives of this ASU are to improve upon revenue recognition requirements by providing a single comprehensive model to determine the measurement of revenue and timing of recognition. The core principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. This ASU also requires expanded qualitative and quantitative disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2014-09 applies to financials for years ending after December 15, 2019 and is to be applied retrospectively. Early adoption is not permitted. Black Caucus Foundation's management has not determined the impact on its financial statements as a result of implementing ASU 2014-09.

The FASB issued ASU 2016-02, *Leases (topic 842)*, in February 2016. ASU 2016-02 requires the recognition by lessees of assets and liabilities that arise from all lease transactions, except for leases with a lease term of 12 months or less. The lessee accounting model under ASU 2016-02 retains two types of leases: finance leases and operating leases. However, ASU 2016-02 requires both types of leases to be recognized on the Statement of Financial Position or Balance Sheet. The lessor accounting model under ASU 2016-02 is largely unchanged from the existing accounting for leases by lessors, but some technical changes have been made to conform to the updated revenue recognition guidance as a result of ASU 2014-09. ASU 2016-02 also requires expanded qualitative and quantitative disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 applies to financial statements for years beginning after December 15, 2019, with earlier implementation permitted. Black Caucus Foundation's management has not determined the impact on its financial statements as a result of implementing ASU 2016-02.

THE MIDNIGHT GOLF PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2017  
(Continued)

8. NEW ACCOUNTING PRONOUNCEMENTS (Continued)

The FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, in August 2016. ASU 2016-14 modifies the requirements related to financial statement presentation for non-profit organizations. The major provisions of ASU 2016-14 are as follows:

- Information about net assets and changes in net assets will be reported for two classes if net assets: *net assets with donor restrictions* and *net assets without donor restrictions*.
- Reporting of expenses by both function and nature in one location will be required for all non-profit organizations.
- Either the direct method or the indirect method for presenting operating cash flows may continue to be used, but the requirement for those entities using the direct method to prepare reconciliation with the indirect method will be eliminated.
- Quantitative information that communicates the availability of the organization's financial assets as of the statement of financial position date to meet cash needs for general expenditures within one year will be required to be presented on the face of the financial statements or in the notes to the financial statements.
- Qualitative information on how the organization manages its liquid available resources and liquidity risks will be required to be disclosed in the notes to the financial statements.
- Reporting of the "underwater" amounts of donor-restricted endowment funds in net assets with donor restrictions and enhanced disclosures about "underwater" endowments will be required.
- Other enhanced disclosures regarding board designations and appropriations, the nature of net assets with donor restrictions, and functional expense allocation methods will also be required.

ASU 2016-14 applies to financial statements for years beginning after December 15, 2017, with earlier implementation permitted, and is to be applied retrospectively, with certain disclosure exceptions in the year of implementation. Black Caucus Foundation's management has not determined the impact on its financial statements as a result of implementing ASU 2016-14.

THE MIDNIGHT GOLF PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2017  
(Continued)

9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 3, 2018, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.