

MIDNIGHT GOLF PROGRAM

FINANCIAL STATEMENTS

AUGUST 31, 2018

(WITH COMPARATIVE TOTALS FOR 2017)

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(WITH COMPARATIVE TOTALS FOR 2017)

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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, 2018, 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, 2018, 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.

SHERRI C. CARTER & COMPANY, PLLC
Certified Public Accountants

November XX, 2018

MIDNIGHT GOLF PROGRAM
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

ASSETS

	<u>2018</u>	<u>2017</u>
Current Assets		
Cash (Note 3)	\$ 1,129,510	\$ 913,557
Pledges Receivable (Note 4)	<u>69,500</u>	<u>-</u>
Total Current Assets	1,199,010	913,557
Investments (Note 5)	10,447	-
Property and Equipment, Net of Accumulated Depreciation (Note 6)	<u>22,945</u>	<u>28,383</u>
Total Assets	<u>\$ 1,232,402</u>	<u>\$ 941,940</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 23,966	\$ -
Accrued Expense	<u>49,670</u>	<u>28,564</u>
Total Current Liabilities	<u>73,636</u>	<u>28,564</u>
Net Assets		
Unrestricted	982,438	863,376
Temporarily Restricted (Note 7)	<u>176,328</u>	<u>50,000</u>
Total Net Assets	<u>1,158,766</u>	<u>913,376</u>
Total Liabilities and Net Assets	<u>\$ 1,232,402</u>	<u>\$ 941,940</u>

The accompany notes are an integral part of these statements.

MIDNIGHT GOLF PROGRAM
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

SUPPORT AND REVENUE	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u> 2018	<u>Total</u> 2017
Contributions and Grant	\$ 947,089	\$ 200,000	\$ 1,147,089	\$ 1,194,541
Interest Income	116	-	116	19
Fundraising	902,024	137,579	1,039,603	812,326
Miscellaneous	5,435	-	5,435	23,520
Net Assets Released from Restrictions due to satisfaction of program restrictions (Note 7)	<u>211,251</u>	<u>(211,251)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>2,065,915</u>	<u>126,328</u>	<u>2,192,243</u>	<u>2,030,406</u>
 EXPENSES				
Lifeskills & Mentoring	755,633		755,633	502,502
Road Trip to Success	<u>295,200</u>	<u>-</u>	<u>295,200</u>	<u>256,186</u>
Total Program Expenses	1,050,833	-	1,050,833	758,688
Management and General	425,948		425,948	456,623
Fundraising	<u>470,072</u>	<u>-</u>	<u>470,072</u>	<u>305,971</u>
Total Support Expenses	896,020	-	896,020	762,594
Total Expenses	<u>1,946,853</u>	<u>-</u>	<u>1,946,853</u>	<u>1,521,282</u>
Change in Net Assets	119,062	126,328	245,390	509,124
NET ASSETS, Beginning of Year	<u>863,376</u>	<u>50,000</u>	<u>913,376</u>	<u>404,252</u>
NET ASSETS, End of Year	<u>\$ 982,438</u>	<u>\$ 176,328</u>	<u>\$ 1,158,766</u>	<u>\$ 913,376</u>

The accompany notes are an integral part of these statements.

**MIDNIGHT GOLF PROGRAM
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)**

	<u>LIFESKILLS & MENTORING</u>	<u>ROAD TRIP FOR SUCCESS</u>	<u>TOTAL PROGRAMS</u>	<u>GENERAL & ADMINISTRATION</u>	<u>FUNDRAISING</u>	<u>TOTAL SUPPORT</u>	<u>2018 TOTAL EXPENSES</u>	<u>2017 EXPENSES</u>
Salaries and Fringes	\$ 225,981	-	\$ 225,981	\$ 239,575	\$ 127,800	\$ 367,375	\$ 593,356	\$ 284,996
Interns	-	-	-	5,220	-	5,220	5,220	21,110
Training & Instructors	-	-	-	18,510	-	18,510	18,510	50,450
Teaching Materials	8,402	-	8,402	-	-	-	8,402	7,962
Clothing	-	46,693	46,693	-	-	-	46,693	39,660
Golf Course Access	42,050	26,779	68,829	-	-	-	68,829	20,982
Food	88,311	-	88,311	-	-	-	88,311	97,442
Mentor Appreciation	49,012	-	49,012	-	-	-	49,012	44,863
Golf Clubs and Bags	52,743	-	52,743	-	-	-	52,743	45,526
Program Expenses	-	-	-	-	231,571	231,571	231,571	184,222
Student Support	57,925	-	57,925	5,176	-	5,176	63,101	58,756
Transportation/Lodging	9,835	169,861	179,696	-	23,861	23,861	203,557	219,830
Meals	-	36,741	36,741	-	-	-	36,741	36,606
Events/Entertainment	23,992	12,503	36,495	-	16,455	16,455	52,950	29,692
Scholarship	143,025	-	143,025	-	-	-	143,025	149,155
College Persistence Program	23,762	-	23,762	-	-	-	23,762	-
Professional Services	-	-	-	7,213	70,385	77,598	77,598	91,242
Program Evaluation	-	-	-	-	-	-	-	16,500
Insurance	-	-	-	17,123	-	17,123	17,123	11,887
Auto Expense/Mileage	-	-	-	2,826	-	2,826	2,826	5,802
Office Supplies	-	-	-	24,709	-	24,709	24,709	12,770
Telephone	-	-	-	9,232	-	9,232	9,232	-
Bank Service Fees	-	-	-	17,130	-	17,130	17,130	19,197
Incentives	24,000	-	24,000	837	-	837	24,837	8,433
Membership/Subscriptions	-	-	-	8,231	-	8,231	8,231	2,813
Printing	-	-	-	-	-	-	-	910
Postage	-	-	-	2,181	-	2,181	2,181	3,736
Website	-	-	-	4,590	-	4,590	4,590	11,493
Rent/Storage	6,595	-	6,595	39,362	-	39,362	45,957	34,182
Miscellaneous	-	2,623	2,623	7,702	-	7,702	10,325	6,236
Equipment	-	-	-	10,893	-	10,893	10,893	4,557
Depreciation	-	-	-	5,438	-	5,438	5,438	272
Total Expense	\$ 755,633	\$ 295,200	\$ 1,050,833	\$ 425,948	\$ 470,072	\$ 896,020	\$ 1,946,853	\$ 1,521,282

The accompanying notes are an integral part of these statements.

MIDNIGHT GOLF PROGRAM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 245,390	\$ 509,124
Adjustments to Reconcile Change in Net Assets to Cash Used in Operating Activities		
Depreciation/Amortization	5,438	272
Change in Grants Receivable	-	88,647
Change in Pledges Receivable	(69,500)	
Change in Prepaid Expenses	-	4,984
Change in Accounts Payable	23,966	(21,217)
Change in Payroll Taxes Payable	21,106	5,555
Net Cash Provided by (Used for) by Operating Activities	<u>226,400</u>	<u>587,365</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	<u>-</u>	<u>(25,944)</u>
Net Cash Used for Investing Activities	<u>-</u>	<u>(25,944)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contribution of Stock	<u>(10,447)</u>	<u>-</u>
Net Cash Used for Financing Activities	<u>(10,447)</u>	<u>-</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>215,953</u>	<u>561,421</u>
CASH AND CASH EQUIVALENTS, Beginning of year	<u>913,557</u>	<u>352,136</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,129,510</u>	<u>\$ 913,557</u>

The accompanying notes are an integral part of these statements.

MIDNIGHT GOLF PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018

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 and has the following programs:

Life Skills & Mentoring is where young people gain confidence and life skills in a family-like atmosphere. Mentor-to-student support and peer-to-peer support are important aspects for the 30-week program which provides educational sessions on a wide variety topics of interest to young peoples and of vital importance to their success.

Road Trip to Success is a week-long, out-of-state travel and learning experience for young people in the MGP, combining college visits, cultural exposure, and playing 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.

THE MIDNIGHT GOLF PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018
(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 promise to give is obtained, depending on the existence and/or nature of any donor restrictions.

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 reported 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 \$5,000

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.

THE MIDNIGHT GOLF PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018
(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

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, 2018 was \$1,149,977 bank of which \$899,977 was uninsured at August 31, 2018.

4. PLEDGES RECEIVABLE

At August 31, 2018, Midnight Golf Program had the following pledges receivable:

Gross Pledges Receivable	\$ 69,500
Less: Discount to Net Present Value	<u>(2,057)</u>
Net Pledges Receivable	<u>\$ 67,443</u>
Amounts Due in:	
Less than one year	<u>\$ 69,500</u>
Total Pledges Receivable	<u>\$ 69,500</u>

Pledges receivable has been reduced by 65% subsequent to year end and it is believed 100% if collectible.

5. INVESTMENTS

Investments at August 31, 2018, were as follows:

Investment are reported at fair value and consist of the following at June 30:

	2018	Total	Level 1	Level 2	Level 3
Mutual Funds - equities	\$ 10,447	\$ 10,447	\$ -	\$ -	\$ -
Investments carried at fair value	<u>10,447</u>	<u>10,447</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 10,447</u>	<u>\$ 10,447</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

There were zero earnings on investments as of August 31, 2018.

THE MIDNIGHT GOLF PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018
(Continued)

6. PROPERTY

Property owned by the Midnight Golf Program is as follows:

	Beginning of Year	Additions	Disposals	End of Year
Furniture and Equipment	\$ 43,472	\$ -	\$ -	\$ 43,472
Subtotal	43,472	-	-	43,472
Less: Accumulated Depreciation	<u>(15,089)</u>	<u>(5,438)</u>	<u>-</u>	<u>(20,527)</u>
Net Fixed Assets	<u>\$ 28,383</u>	<u>\$ 5,438</u>	<u>\$ -</u>	<u>\$ 22,945</u>

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of August 31, 2018 were as follows:

Jacob Family Foundation	\$ 176,328
Total	<u>\$ 176,328</u>

8. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions during the year ended August 31, 2018 by incurring expenses by satisfying the restricted purposes or by occurrence of other events specified by the grantors are as follows:

Scholarships	\$ 137,592
McGregor Fund	50,000
Jacob Family Foundation	<u>23,672</u>
Total	<u>\$ 211,264</u>

9. OPERATING LEASE

Effective August 21, 2017, Midnight Golf Program entered a five year lease with a monthly payment of \$3,280 for years one through three and \$3,387 for years four and five with the following future minimum payment due:

2019	\$ 39,362
2020	39,362
2021	40,641
2022	<u>40,641</u>
Total Lease Payments	<u>\$ 160,005</u>

10. LINE OF CREDIT

At August 31, 2018, the Midnight Golf Program has a Fifth Third Bank line of credit with zero owed.

THE MIDNIGHT GOLF PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2018
(Continued)

11. 2017 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, 2017.

12. 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.

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, 2018
(Continued)

13. 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, 2018
(Continued)

14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November XX, 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.