

MIDNIGHT GOLF PROGRAM

FINANCIAL STATEMENTS

AUGUST 31, 2020

(WITH COMPARATIVE TOTALS FOR 2019)

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(WITH COMPARATIVE TOTALS FOR 2019)

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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, 2020, 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**

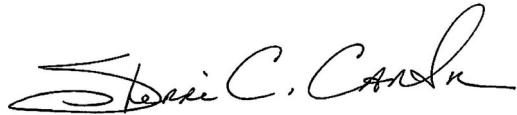
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2020, 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

November 4, 2020

MIDNIGHT GOLF PROGRAM  
STATEMENT OF FINANCIAL POSITION  
AUGUST 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

ASSETS

	<u>2020</u>	<u>2019</u>
Current Assets		
Cash (Note 3)	\$ 917,352	\$ 866,754
Prepaid Expense	<u>3,387</u>	<u>20,384</u>
Total Current Assets	920,739	887,138
Investments	3,393	-
Property and Equipment, Net of Accumulated Depreciation (Note 4)	<u>13,529</u>	<u>17,507</u>
Total Assets	<u>\$ 937,661</u>	<u>\$ 904,645</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 72,483	\$ 3,989
Accrued Expense	<u>26,783</u>	<u>40,493</u>
Total Current Liabilities	<u>99,266</u>	<u>44,482</u>
Notes Payable (Note 5)	<u>113,000</u>	<u>-</u>
Total Long Term Liabilities	<u>113,000</u>	<u>-</u>
Total Liabilities	<u>212,266</u>	<u>44,482</u>
Net Assets		
Net Assets Without Donor Restrictions	484,415	656,823
Net Assets With Donor Restrictions (Note 6)	<u>240,980</u>	<u>203,340</u>
Total Net Assets	<u>725,395</u>	<u>860,163</u>
Total Liabilities and Net Assets	<u>\$ 937,661</u>	<u>\$ 904,645</u>

The accompany notes are an integral part of these statements.

MIDNIGHT GOLF PROGRAM  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	Net Assets			Net Assets	
	Without Donor Restrictions	Net Assets With Donor Restrictions	Total 2020	Without Donor Restrictions	Net Assets With Donor Restrictions
<b>SUPPORT AND REVENUE</b>					
Contributions and Grant	\$ 389,054	\$ 240,980	\$ 630,034	\$ 887,510	\$ 213,500
Interest Income	125	-	125	209	-
Fundraising	1,283,326	-	1,283,326	834,839	-
Miscellaneous	25,000	-	25,000	9,118	-
Unrealized Gain	393	-	393	-	-
Net Assets With Donor Restrictions Released due to satisfaction of program restrictions (Note 7)	<u>203,340</u>	<u>(203,340)</u>	<u>-</u>	<u>186,488</u>	<u>(186,488)</u>
Total Support and Revenue	<u>1,901,238</u>	<u>37,640</u>	<u>1,938,878</u>	<u>1,918,164</u>	<u>27,012</u>
<b>EXPENSES</b>					
Lifeskills & Mentoring	913,697	-	913,697	841,517	-
Road Trip to Success	91,857	-	91,857	314,522	-
Making Graduation Possible	<u>315,372</u>	<u>-</u>	<u>315,372</u>	<u>287,963</u>	<u>-</u>
Total Program Expenses	1,320,926	-	1,320,926	1,444,002	-
Management and General	387,255	-	387,255	421,950	-
Fundraising	<u>365,465</u>	<u>-</u>	<u>365,465</u>	<u>377,827</u>	<u>-</u>
Total Support Expenses	752,720	-	752,720	799,777	-
Total Expenses	<u>2,073,646</u>	<u>-</u>	<u>2,073,646</u>	<u>2,243,779</u>	<u>-</u>
Change in Net Assets	(172,408)	37,640	(134,768)	(325,615)	27,012
NET ASSETS, Beginning of Year	<u>656,823</u>	<u>203,340</u>	<u>860,163</u>	<u>982,438</u>	<u>176,328</u>
NET ASSETS, End of Year	<u>\$ 484,415</u>	<u>\$ 240,980</u>	<u>\$ 725,395</u>	<u>\$ 656,823</u>	<u>\$ 203,340</u>

The accompany notes are an integral part of these statements.

MIDNIGHT GOLF PROGRAM  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2020

	<u>LIFESKILLS &amp; MENTORING</u>	<u>ROAD TRIP FOR SUCCESS</u>	<u>MAKING GRADUATION POSSIBLE</u>	<u>TOTAL PROGRAMS</u>	<u>GENERAL &amp; ADMINISTRATION</u>	<u>FUNDRAISING</u>	<u>TOTAL SUPPORT</u>	<u>TOTAL EXPENSES</u>
Salaries and Fringes	\$ 259,455	\$ -	\$ 215,690	\$ 475,145	\$ 172,971	\$ 144,142	\$ 317,113	\$ 792,258
Training & Instructors	48,964	-	811	49,775	20,261	-	20,261	70,036
Teaching Materials	16,898	-	-	16,898	-	-	-	16,898
Clothing	-	62,219	-	62,219	4,528	-	4,528	66,747
Golf Course Access	69,033	3,257	-	72,290	-	-	-	72,290
Food	75,097	-	-	75,097	-	12,838	12,838	87,935
Mentor Appreciation	51,124	-	-	51,124	-	-	-	51,124
Marketing and Materials	-	12,536	-	12,536	-	41,134	41,134	53,670
Student Support	12,462	-	68,809	81,271	-	-	-	81,271
Transportation/Lodging	10,668	12,276	14,040	36,984	56	12,691	12,747	49,731
Meals	-	1,410	1,101	2,511	-	-	-	2,511
Events/Entertainment	17,376	159	2,804	20,339	-	154,660	154,660	174,999
Scholarship	268,648	-	-	268,648	-	-	-	268,648
Professional Services	-	-	5,928	5,928	5,000	-	5,000	10,928
Conferences & Seminars	-	-	-	-	3,796	-	3,796	3,796
Insurance	-	-	-	-	19,986	-	19,986	19,986
Auto Expense/Mileage	-	-	-	-	4,675	-	4,675	4,675
Office Supplies	-	-	-	-	36,837	-	36,837	36,837
Telephone	-	-	3,292	3,292	11,865	-	11,865	15,157
Bank Service Fees	-	-	-	-	14,679	-	14,679	14,679
Incentives	12,600	-	-	12,600	-	-	-	12,600
Membership/Subscriptions	-	-	-	-	4,959	-	4,959	4,959
Postage	-	-	-	-	2,399	-	2,399	2,399
Website	-	-	-	-	7,064	-	7,064	7,064
Rent/Storage	30,800	-	-	30,800	35,600	-	35,600	66,400
Equipment	-	-	2,897	2,897	31,993	-	31,993	34,890
Sponsor Support	-	-	-	-	6,608	-	6,608	6,608
TEST Coaching	40,572	-	-	40,572	-	-	-	40,572
Depreciation	-	-	-	-	3,978	-	3,978	3,978
<b>Total Expense</b>	<b>\$ 913,697</b>	<b>\$ 91,857</b>	<b>\$ 315,372</b>	<b>\$ 1,320,926</b>	<b>\$ 387,255</b>	<b>\$ 365,465</b>	<b>\$ 752,720</b>	<b>\$ 2,073,646</b>

The accompanying notes are an integral part of these statements.

MIDNIGHT GOLF PROGRAM  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2019

	<u>LIFESKILLS &amp; MENTORING</u>	<u>ROAD TRIP FOR SUCCESS</u>	<u>MAKING GRADUATION POSSIBLE</u>	<u>TOTAL PROGRAMS</u>	<u>GENERAL &amp; ADMINISTRATION</u>	<u>FUNDRAISING</u>	<u>TOTAL SUPPORT</u>	<u>TOTAL EXPENSES</u>
Salaries and Fringes	\$ 225,981	\$ -	\$ 207,149	\$ 433,130	\$ 208,217	\$ 127,800	\$ 336,017	\$ 769,147
Training & Instructors	58,699	-	1,604	60,303	30,693	-	30,693	90,996
Teaching Materials	20,492	-	-	20,492	-	-	-	20,492
Clothing	393	50,618	-	51,011	-	-	-	51,011
Golf Course Access	1,600	32,340	-	33,940	-	-	-	33,940
Food	88,744	-	-	88,744	-	-	-	88,744
Mentor Appreciation	53,537	-	-	53,537	-	-	-	53,537
Golf Clubs and Bags	47,242	-	-	47,242	-	-	-	47,242
Program Expenses	19,500	-	-	19,500	-	174,984	174,984	194,484
Student Support	16,841	-	-	16,841	-	-	-	16,841
Transportation/Lodging	8,644	156,762	6,556	171,962	-	13,844	13,844	185,806
Meals	-	22,688	-	22,688	-	-	-	22,688
Events/Entertainment	31,373	24,461	13,595	69,429	-	-	-	69,429
Scholarship	247,725	-	-	247,725	-	-	-	247,725
Fellowship	-	-	-	-	27,189	-	27,189	27,189
Professional Services	-	-	11,698	11,698	6,968	65	7,033	18,731
Marketing/Branding/Promotion	10,746	27,653	-	38,399	4,401	61,134	65,535	103,934
Insurance	-	-	-	-	15,642	-	15,642	15,642
Auto Expense/Mileage	-	-	-	-	6,367	-	6,367	6,367
Office Supplies	-	-	-	-	14,502	-	14,502	14,502
Telephone	-	-	2,267	2,267	8,557	-	8,557	10,824
Bank Service Fees/Discounts	-	-	-	-	19,267	-	19,267	19,267
Incentives	-	-	45,094	45,094	2,508	-	2,508	47,602
Membership/Subscriptions	-	-	-	-	10,382	-	10,382	10,382
Conferences/Seminars	-	-	-	-	2,609	-	2,609	2,609
Postage	-	-	-	-	3,597	-	3,597	3,597
Printing	-	-	-	-	73	-	73	73
Website	-	-	-	-	11,089	-	11,089	11,089
Rent/Storage	10,000	-	-	10,000	39,546	-	39,546	49,546
Equipment	-	-	-	-	4,905	-	4,905	4,905
Depreciation	-	-	-	-	5,438	-	5,438	5,438
Total Expense	<u>\$ 841,517</u>	<u>\$ 314,522</u>	<u>\$ 287,963</u>	<u>\$ 1,444,002</u>	<u>\$ 421,950</u>	<u>\$ 377,827</u>	<u>\$ 799,777</u>	<u>\$ 2,243,779</u>

The accompanying notes are an integral part of these statements.



MIDNIGHT GOLF PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (134,768)	\$ (298,603)
Adjustments to Reconcile Change in Net Assets to Cash Used in Operating Activities		
Depreciation/Amortization	3,978	5,438
Change in Pledges Receivable	-	69,500
Change in Prepaid Expenses	16,997	(20,384)
Change in Accounts Payable	68,494	(19,977)
Change in Payroll Taxes Payable	<u>(13,710)</u>	<u>(9,177)</u>
Net Cash Used for/Provided by Operating Activities	<u>(59,009)</u>	<u>(273,203)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Investment in Stock	(3,393)	10,447
Loan Payable	<u>113,000</u>	<u>-</u>
Net Cash Provided by/Used for Financing Activities	<u>109,607</u>	<u>10,447</u>
Decrease/Increase in Cash and Cash Equivalents	<u>50,598</u>	<u>(262,756)</u>
CASH AND CASH EQUIVALENTS, Beginning of year	<u>866,754</u>	<u>1,129,510</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 917,352</u>	<u>\$ 866,754</u>

The accompanying notes are an integral part of these statements.

MIDNIGHT GOLF PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2020

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 of 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.

**Making Graduation Possible/College Persistence Program** is where students are guided through the college selection and application process and are provided support throughout their post-secondary experience through a series of checkpoints facilitated by the college success team,

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 to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

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, 2020  
(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services and Property

Donated services 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.

Contributions

In accordance with ASU 2016-14, Topic 958, *Presentation of Financial Statements of Not-for-Profit Entities*, net assets and changes in net assets will be reported for two classes: net assets with donor restrictions and net assets without donor 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

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, 2020  
(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, 2020 was \$999,430 bank of which \$749,430 was uninsured at August 31, 2020.

4. 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>(25,965)</u>	<u>(3,978)</u>	<u>-</u>	<u>(29,943)</u>
Net Fixed Assets	<u>\$ 17,507</u>	<u>\$ 3,978</u>	<u>\$ -</u>	<u>\$ 13,529</u>

5. LOANS PAYABLE

On April 24, 2020, the Midnight Golf Program received loan proceeds in the amount of \$113,000 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. Midnight Golf Program intends to use the proceeds for purposes consistent with the PPP. While Midnight Golf Program currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, the unforgiven portion is unknown at year end.

THE MIDNIGHT GOLF PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2020  
(Continued)

6. NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with donor restrictions as of August 31, 2020 were as follows:

James and Denise Jacoby Family Foundation	Making Graduation Possible	\$ 200,000
The Gregg Orley Family Foundation	ACT/SAT Test Training	23,880
McGregor Fund		16,600
James & Carolyn Bellinson Fund		<u>500</u>
	Total	<u><u>\$ 240,980</u></u>

7. NET ASSETS WITH DONOR RESTRICTIONS RELEASED

Net assets with donor restrictions were released during the year ended August 31, 2020 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the grantors are as follows:

James and Denise Jacoby Family Foundation	College Persistence Program	\$ 200,000
The Gregg Orley Family Foundation	ACT/SAT Test Training	<u>3,340</u>
Total		<u><u>\$ 203,340</u></u>

8. 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:

2021	\$ 40,641
2022	<u>40,641</u>
Total Lease Payments	<u><u>\$ 81,281</u></u>

9. LINE OF CREDIT

At August 31, 2020, the Midnight Golf Program has a Fifth Third Bank line of credit with a zero balance.

THE MIDNIGHT GOLF PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2020  
(Continued)

10. 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. Midnight Golf Program's management has not determined the impact on its financial statements as a result of implementing ASU 2014-09. This updated will become effective August 31, 2020.

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, 2020, with earlier implementation permitted.

Organization's management has not determined the impact on its financial statements as a result of implementing ASU 2016-02.

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 4, 2020, 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.