

MIDNIGHT GOLF PROGRAM

FINANCIAL STATEMENTS

AUGUST 31, 2023

(WITH COMPARATIVE TOTALS FOR 2022)



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
MIDNIGHT GOLF PROGRAM
Detroit, MI

Opinion

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, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Midnight Golf Program, as of August 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Midnight Golf Program and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Midnight Golf Program's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Midnight Golf Program's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



SHERRI C. CARTER & COMPANY, PLLC
Certified Public Accountants

December 12, 2023

MIDNIGHT GOLF PROGRAM
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

ASSETS

	<u>2023</u>	<u>2022</u>
Current Assets		
Cash (Note 3)	\$ 623,076	\$ 826,181
Prepaid Expense	-	8,995
Related Party Receivable (Note 4)	<u>1,487,165</u>	<u>99,519</u>
Total Current Assets	2,110,241	934,695
Investments (Note 5)	909,336	1,031,059
Property and Equipment, Net of Accumulated Depreciation (Note 6)	1,595	5,573
Leased Property (Note 7)	<u>44,760</u>	<u>41,927</u>
Total Assets	<u>\$ 3,065,932</u>	<u>\$ 2,013,254</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 200,402	\$ -
Accrued Expense	<u>19,881</u>	<u>10,079</u>
Total Current Liabilities	<u>220,283</u>	<u>10,079</u>
Long Term Liabilities		
Leases Payable (Note 6)	44,760	41,927
Line of Credit (Note 7)	<u>1,188,037</u>	<u>-</u>
Total Long Term Liabilities	<u>1,232,797</u>	<u>41,927</u>
Total Liabilities	<u>1,453,080</u>	<u>52,006</u>
Net Assets		
Net Assets Without Donor Restrictions	<u>1,612,852</u>	<u>1,961,248</u>
Total Net Assets	<u>1,612,852</u>	<u>1,961,248</u>
Total Liabilities and Net Assets	<u>\$ 3,065,932</u>	<u>\$ 2,013,254</u>

The accompanying notes are an integral part of these statements.

**MIDNIGHT GOLF PROGRAM
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	Without Donor Restrictions	Net Assets With Donor Restrictions	<u>Total 2023</u>	Without Donor Restrictions	Net Assets With Donor Restrictions
SUPPORT AND REVENUE					
Contributions and Grant	\$ 1,676,196	\$ -	\$ 1,676,196	\$ 1,571,046	\$ 73,116
Interest Income	22	-	22	1,700	-
Fundraising	1,139,304	-	1,139,304	1,008,468	-
Miscellaneous	1,684	-	1,684	-	-
Capital Campaign	25,500	-	25,500	-	-
Unrealized Gain (Loss)	(121,723)	-	(121,723)	5,459	-
Stock Contributions	-	-	-	25,804	-
Net Assets With Donor Restrictions Released due to satisfaction of program restrictions (Note 9)	-	-	-	136,494	(136,494)
Total Support and Revenue	<u>2,720,983</u>	<u>-</u>	<u>2,720,983</u>	<u>2,748,971</u>	<u>(63,378)</u>
EXPENSES					
Lifeskills & Mentoring	833,552	-	833,552	736,742	-
Road Trip to Success	397,880	-	397,880	323,452	-
Making Graduation Possible	473,341	-	473,341	397,626	-
Total Program Expenses	<u>1,704,773</u>	<u>-</u>	<u>1,704,773</u>	<u>1,457,820</u>	<u>-</u>
Management and General	923,581	-	923,581	849,844	-
Fundraising	441,025	-	441,025	295,264	-
Total Support Expenses	<u>1,364,606</u>	<u>-</u>	<u>1,364,606</u>	<u>1,145,108</u>	<u>-</u>
Total Expenses	<u>3,069,379</u>	<u>-</u>	<u>3,069,379</u>	<u>2,602,928</u>	<u>-</u>
Change in Net Assets	(348,396)	-	(348,396)	146,043	(63,378)
NET ASSETS, Beginning of Year	<u>1,961,248</u>	<u>-</u>	<u>1,961,248</u>	<u>1,815,205</u>	<u>63,378</u>
NET ASSETS, End of Year	<u>\$ 1,612,852</u>	<u>\$ -</u>	<u>\$ 1,612,852</u>	<u>\$ 1,961,248</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

**MIDNIGHT GOLF PROGRAM
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2023**

	<u>LIFESKILLS & MENTORING</u>	<u>ROAD TRIP FOR SUCCESS</u>	<u>MAKING GRADUATION POSSIBLE</u>	<u>TOTAL PROGRAMS</u>	<u>GENERAL & ADMINISTRATION</u>	<u>FUNDRAISING</u>	<u>TOTAL SUPPORT</u>	<u>TOTAL EXPENSES</u>
Salaries and Fringes	\$ -	\$ -	\$ 296,774	\$ 296,774	\$ 704,035	\$ -	\$ 704,035	\$ 1,000,809
Interns	-	-	4,958	4,958	-	-	-	4,958
Program Leader Stipends	18,000	-	-	18,000	-	-	-	18,000
Training & Instructors	138,812	-	4,622	143,434	980	-	980	144,414
Teaching Materials	13,121	-	-	13,121	-	-	-	13,121
Clothing & Golf Clubs	76,755	108,485	-	185,240	-	-	-	185,240
Golf Course Access	9,004	-	-	9,004	-	-	-	9,004
Food	142,431	-	-	142,431	-	-	-	142,431
Mentor Appreciation/Gifts	2,606	-	450	3,056	8,163	-	8,163	11,219
Marketing & Materials	-	14,366	-	14,366	-	-	-	14,366
Student Support	12,231	-	87,989	100,220	-	-	-	100,220
Transportation & Lodging	7,514	198,573	44,346	250,433	-	-	-	250,433
Travel & Meals	-	54,936	-	54,936	-	12,649	12,649	67,585
Events & Entertainment	50,089	21,520	20,611	92,220	-	12,601	12,601	104,821
Scholarship	274,692	-	-	274,692	-	-	-	274,692
Professional Services	-	-	2,350	2,350	8,000	-	8,000	10,350
Insurance	-	-	-	-	14,616	-	14,616	14,616
Auto Expense & Mileage	-	-	-	-	9,374	-	9,374	9,374
Office Supplies	-	-	-	-	9,095	-	9,095	9,095
Communications	-	-	6,500	6,500	30,244	-	30,244	36,744
Bank Service Fees	-	-	-	-	28,364	-	28,364	28,364
Incentives & Stipends	52,000	-	-	52,000	-	-	-	52,000
Membership & Subscriptions	-	-	-	-	9,611	-	9,611	9,611
Printing	-	-	-	-	47	-	47	47
Postage	-	-	-	-	5,949	-	5,949	5,949
Website	-	-	-	-	14,179	-	14,179	14,179
Rent	36,297	-	-	36,297	45,700	-	45,700	81,997
Equipment	-	-	4,741	4,741	15,755	-	15,755	20,496
Seminars and Conferences	-	-	-	-	6,291	-	6,291	6,291
Programs	-	-	-	-	-	285,134	285,134	285,134
Grant Writing	-	-	-	-	-	38,765	38,765	38,765
Promotions	-	-	-	-	-	7,813	7,813	7,813
Program Evaluation	-	-	-	-	9,200	-	9,200	9,200
Capital Campaign	-	-	-	-	-	84,063	84,063	84,063
Depreciation	-	-	-	-	3,978	-	3,978	3,978
Total Expense	\$ 833,552	\$ 397,880	\$ 473,341	\$ 1,704,773	\$ 923,581	\$ 441,025	\$ 1,364,606	\$ 3,069,379

The accompanying notes are an integral part of these statements.

**MIDNIGHT GOLF PROGRAM
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2022**

	<u>LIFESKILLS & MENTORING</u>	<u>ROAD TRIP FOR SUCCESS</u>	<u>MAKING GRADUATION POSSIBLE</u>	<u>TOTAL PROGRAMS</u>	<u>GENERAL & ADMINISTRATION</u>	<u>FUNDRAISING</u>	<u>TOTAL SUPPORT</u>	<u>TOTAL EXPENSES</u>
Salaries and Fringes	\$ -	\$ -	\$ 260,068	\$ 260,068	\$ 638,210	\$ -	\$ 638,210	\$ 898,278
Training & Instructors	161,127	-	1,162	162,289	185	-	185	162,474
Teaching Materials	340	-	-	340	-	-	-	340
Clothing & Golf Clubs	69,655	-	-	175,936	-	-	-	175,936
Golf Course Access	9,625	106,281	-	9,625	-	-	-	9,625
Bowl-A-Thon	-	-	-	-	-	-	-	-
MFP Golf Outing	-	-	-	-	-	9,128	9,128	9,128
Ford/BASF Golf Outing	-	-	-	-	-	37,021	37,021	37,021
MGP Birthday and Special Events	-	-	-	-	-	99,555	99,555	99,555
Food	117,575	-	-	117,575	-	93,467	93,467	93,467
Mentor Appreciation	2,206	-	-	2,206	-	-	-	117,575
Marketing & Materials	-	8,787	-	8,787	-	-	-	2,206
Student Support	21,924	-	81,838	103,762	-	37,206	37,206	2,206
Transportation & Lodging	4,050	158,478	32,251	194,779	-	-	-	45,993
Travel & Meals	-	27,374	-	27,374	-	-	-	103,762
Events & Entertainment	-	22,532	10,286	32,818	-	-	-	194,779
Scholarship	241,144	-	-	241,144	-	6,204	6,204	27,374
Awards	-	-	1,827	1,827	-	-	-	39,022
Board Meetings	-	-	-	-	-	-	-	241,144
Program Evaluation	-	-	-	-	7,298	-	7,298	1,827
Professional Services	-	-	-	-	14,200	-	14,200	7,298
Insurance	-	-	-	-	29,175	-	29,175	14,200
Auto Expense & Mileage	-	-	-	-	16,813	-	16,813	29,175
Office Supplies	-	-	-	-	10,560	-	10,560	16,813
Telephone	-	-	-	-	23,780	-	23,780	10,560
Bank Service Fees	-	-	10,194	10,194	13,970	-	13,970	23,780
Incentives & Stipends	61,250	-	-	61,250	21,405	-	21,405	24,164
Membership & Subscriptions	-	-	-	-	-	-	-	21,405
Postage	-	-	-	-	5,946	-	5,946	61,250
Website	-	-	-	-	3,371	-	3,371	5,946
Rent	-	-	-	-	9,722	-	9,722	3,371
Equipment	38,846	-	-	38,846	40,747	-	40,747	9,722
Sponsor Support	-	-	-	-	10,484	-	10,484	40,747
TEST Coaching	9,000	-	-	9,000	-	12,683	12,683	10,484
Depreciation	-	-	-	-	-	-	-	12,683
Total Expense	\$ 736,742	\$ 323,452	\$ 397,626	\$ 1,457,820	\$ 849,844	\$ 295,264	\$ 1,145,108	\$ 2,602,928

The accompanying notes are an integral part of these statements.

MIDNIGHT GOLF PROGRAM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (348,396)	\$ 82,665
Adjustments to Reconcile Change in Net Assets to Cash Used in Operating Activities		
Depreciation/Amortization	3,978	3,978
Stock Contributions	-	(25,084)
Unrealized (Gain) Losses	121,723	(4,637)
Change in Prepaid Expenses	8,995	(6,329)
Change in Accounts Payable	200,402	-
Change in Accrued Expenses	<u>9,802</u>	<u>(26,906)</u>
Net Cash Provided by Operating Activities	<u>(3,496)</u>	<u>23,687</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in Investment Purchase	-	(1,000,000)
Investments Sold	-	10,139
Related Party Transactions	<u>(1,387,646)</u>	<u>(99,519)</u>
Net Cash Used for Investing Activities	<u>(1,387,646)</u>	<u>(1,089,380)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan Payable	<u>1,188,037</u>	<u>-</u>
Net Cash Used for Financing Activities	<u>1,188,037</u>	<u>-</u>
Decrease/Increase in Cash and Cash Equivalents	<u>(203,105)</u>	<u>(1,065,693)</u>
CASH AND CASH EQUIVALENTS, Beginning of year	<u>826,181</u>	<u>1,891,874</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 623,076</u>	<u>\$ 826,181</u>

The accompanying notes are an integral part of these statements.

MIDNIGHT GOLF PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

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, 2023
(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.

Revenue Recognition

In accordance with the Financial Accounting Standards Board in its Accounting Standards Codification, guidance for revenue arising from fees for services are recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Also, in accordance with the Financial Accounting Standards Board issued guidance on recognizing revenue in contracts with customers.

Property and Equipment

The carrying amount of property and equipment is based upon cost or, if donated, the market value at date of donation, less accumulated depreciation. The Midnight Golf Program capitalizes all expenses in excess of \$5,000 and are expensed otherwise. The provision for depreciation is computed by the straight-line method over the estimated useful lives of the related assets.

Leases

FASB issued ASU 2016-02, *Leases (topic 842)*, which 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.

THE MIDNIGHT GOLF PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023
(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Expenses

Prepaid expenses are future expenses that are paid in advance and hence recognized initially as an asset. As the benefits of the expenses are recognized, the related asset account is decreased and expensed.

Fair Value Measurement

Financial Accounting Standards Board Statement Accounting Standard Codification (ASC) 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) 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: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the assets or liabilities.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

THE MIDNIGHT GOLF PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023
(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement

The assets 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is the description of the valuation methodologies used for assets measured at fair value:

Money Market Funds- Money market funds are priced, and trades are executed at the published net asset value daily, or the public offering price for accounts trading under rights of accumulation (ROA). The money market funds held by the Company are deemed to be actively traded.

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).

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 one bank that insures cash balances up to \$250,000 with the Federal Deposit Insurance Corporation (FDIC). The carrying amount of cash on August 31, 2023, was \$632,076 and the bank balances were \$706,651 of which \$456,651 was uninsured on August 31, 2023.

THE MIDNIGHT GOLF PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023
(Continued)

4. RELATED PARTY TRANSACTIONS

On June 21, 2023, The Midnight Golf Program created a LLC, 7441 MGP Properties, LLC, (a Limited Liability Company) after receiving a contribution of a building for the Program.

As of August 31, 2023, \$1,487,165 has been invested in acquiring, owning, improving, managing and dealing with the building. (See Loan Payable Footnote 8). Upon completion of the project, the building will be transferred to 7441 MGP Properties, LLC.

5. INVESTMENTS

The Midnight Golf Program investments are as follows on August 31, 2023:

Investment are reported at fair value and consist of the following at August 31:

<u>2023</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds - equities	\$ 909,336	\$ 909,336	\$ -	\$ -
Mutual Funds - fixed income	-	-	-	-
Investments carried at fair value	<u>909,336</u>	<u>909,336</u>	<u>-</u>	<u>-</u>
Money Market Funds*	-	-	-	-
Total Investments	<u>\$ 909,336</u>	<u>\$ 909,336</u>	<u>\$ -</u>	<u>\$ -</u>
<u>2022</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds - equities	\$ 1,031,059	\$ 1,031,059	\$ -	\$ -
Mutual Funds - fixed income	-	-	-	-
Investments carried at fair value	<u>1,031,059</u>	<u>1,031,059</u>	<u>-</u>	<u>-</u>
Money Market Funds*	-	-	-	-
Total Investments	<u>\$ 1,031,059</u>	<u>\$ 1,031,059</u>	<u>\$ -</u>	<u>\$ -</u>

The following is a summary of the earnings from investments for the years ended August 31:

	<u>2023</u>	<u>2022</u>
Unrealized Gains/(Loss)	\$ (121,723)	\$ 5,459
Total Investments	<u>\$ (121,723)</u>	<u>\$ 5,459</u>

THE MIDNIGHT GOLF PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023
(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>(37,899)</u>	<u>(3,978)</u>	<u>-</u>	<u>(41,877)</u>
Net Fixed Assets	<u>\$ 5,573</u>	<u>\$ 3,978</u>	<u>\$ -</u>	<u>\$ 1,595</u>

7. RIGHT-OF-USE (ROU), CAPITAL AND OPERATING LEASES

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. ASU 2016-02 requires both types of leases (finance leases and operating leases) finance leases and operating leases to be recognized on the Statements of Financial Position or Balance Sheets. The total lease amount paid at August 31, 2023 is \$41,927.

It is the intent of The Midnight Golf Program to move its facilities to 7441 Second Avenue upon the completion of its capital improvements. As a result, on August 21, 2023, The Midnight Golf Program has extended its current office lease agreement for a one year to expire August 31, 2024, at a monthly rate of \$3,730 and management has determined the impact on its financial statements as follows:

2024	\$ 44,760
Total Lease Payments	<u>\$ 44,760</u>

8. LOANS PAYABLE

On December 6, 2022, The Midnight Golf Program entered into a \$10 million credit agreement to mature on or before December 15, 2027, at a rate of 3% and not to exceed the maximum interest rate allowed, at which time all principal and accrued interest will be payable. On August 31, 2023, \$1,188.037 was outstanding. (See Footnote 4).

The Midnight Golf Program has a Fifth Third Bank line of credit with an interest rate of 8.5% with a zero-amount due at year end.

THE MIDNIGHT GOLF PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023
(Continued)

9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 12, 2023, 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.