

TEE IT UP FOR THE TROOPS, INC.  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020

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*Certified Public Accountants & Consultants  
Meuwissen, Flygare, Kadrlik & Associates, P.A.*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Tee it Up for the Troops, Inc.  
Burnsville, Minnesota

**Opinion**

We have audited the accompanying financial statements of Tee it Up for the Troops, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 Tee it Up for the Troops, Inc. as of December 31, 2021 and 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.

**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 Tee it Up for the Troops, Inc. 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.

**Correction of Error**

As discussed in Note 12 of the financial statements, certain errors resulting in understatement of amounts previously reported for cash and overstatement of amounts previously reported for expenses as of December 31, 2020, were discovered by management of the Organization during the current year. Accordingly, amounts reported for cash and expense have been restated in the 2020 financial statements now presented, and an adjustment has been made to retained earnings as of December 31, 2020, to correct the error. Our opinion is not modified with respect to that matter.

**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 Tee it Up for the Troops, Inc.'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 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 Tee it Up for the Troops, Inc.'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 Tee it Up for the Troops, Inc.'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.

*Meuwissen Flygare*  
*Kadrlik & Associates, P.A.*  
Eden Prairie, Minnesota  
November 10, 2022

TEE IT UP FOR THE TROOPS, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020

	2021	2020 As Restated
<b>ASSETS</b>		
Cash	\$ 1,191,010	\$ 934,272
Accounts receivable	102,496	25,631
Prepaid expenses	28,659	2,873
Notes receivable	125,000	138,595
Equipment, net of accumulated depreciation	<u>1,571</u>	<u>2,476</u>
Total assets	<u><u>\$ 1,448,736</u></u>	<u><u>\$ 1,103,847</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Donations payable	\$ 119,984	\$ 35,553
Deferred event fees	62,550	39,539
Other liabilities	41,900	11,123
Paycheck protection loan	<u>-</u>	<u>62,182</u>
Total liabilities	224,434	148,397
Net assets:		
With donor restrictions	180,592	200,000
Without donor restrictions	<u>1,043,710</u>	<u>755,450</u>
Total net assets	<u>1,224,302</u>	<u>955,450</u>
Total liabilities and net assets	<u><u>\$ 1,448,736</u></u>	<u><u>\$ 1,103,847</u></u>

See accompanying notes to financial statements and independent auditor's report.

TEE IT UP FOR THE TROOPS, INC.  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020 As Restated		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and gains						
Event income	\$ 2,322,865	\$ -	\$2,322,865	\$1,295,555	\$ -	\$1,295,555
Contributions	218,740	-	218,740	271,685	200,000	471,685
PPP loan forgiveness	127,312	-	127,312	-	-	-
Other income	7,659	-	7,659	2,327	-	2,327
Net assets released from restrictions	19,408	(19,408)	-	250,000	(250,000)	-
Total revenues and gains	2,695,984	(19,408)	2,676,576	1,819,567	(50,000)	1,769,567
Less direct event expenses	(61,849)	-	(61,849)	(315,216)	-	(315,216)
Total revenues and gains, net	2,634,135	(19,408)	2,614,727	1,504,351	(50,000)	1,454,351
Expenses						
Program services	2,037,095	-	2,037,095	700,038	-	700,038
General and administrative	133,977	-	133,977	75,651	-	75,651
Fundraising	174,803	-	174,803	261,363	-	261,363
Total expenses	2,345,875	-	2,345,875	1,037,052	-	1,037,052
Increase in net assets	288,260	(19,408)	268,852	467,299	(50,000)	417,299
Net assets, beginning of year	755,450	200,000	955,450	288,151	250,000	538,151
Net assets, end of year	<u>\$ 1,043,710</u>	<u>\$ 180,592</u>	<u>\$1,224,302</u>	<u>\$ 755,450</u>	<u>\$ 200,000</u>	<u>\$ 955,450</u>

See accompanying notes to financial statements and independent auditor's report.

TEE IT UP FOR THE TROOPS, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021				2020 As Restated			
	Program services	Support Services		Total	Program services	Support Services		Total
		General and administrative	Fundraising			General and administrative	Fundraising	
Donations	\$ 1,224,483	\$ -	\$ -	\$1,224,483	\$ 481,822	\$ -	\$ -	\$ 481,822
Salaries and wages	127,670	69,601	132,574	329,845	93,062	40,572	202,861	336,495
Indirect event expenses	619,340	39,046	22,014	680,400	85,724	14,169	18,002	117,895
Rent	8,140	4,383	8,349	20,872	8,362	3,584	17,918	29,864
Marketing	22,303	835	2,177	25,315	13,006	239	6,672	19,917
Professional services	4,302	11,895	208	16,405	747	12,248	829	13,824
Insurance	6,199	812	1,679	8,690	5,646	444	4,249	10,339
Office expense	5,287	1,175	2,258	8,720	4,461	593	3,198	8,252
Travel	10,978	411	1,072	12,461	4,498	83	2,308	6,889
Telephone/internet/cable	1,984	1,068	2,035	5,087	1,325	568	2,840	4,733
Utilities	1,973	1,062	2,023	5,058	1,150	493	2,464	4,107
Repairs and maintenance	1,273	48	124	1,445	959	18	492	1,469
Depreciation	-	810	-	810	-	874	-	874
Miscellaneous	3,163	2,831	290	6,284	(724)	1,766	(470)	572
Total expenses	<u>\$ 2,037,095</u>	<u>\$ 133,977</u>	<u>\$ 174,803</u>	<u>\$2,345,875</u>	<u>\$ 700,038</u>	<u>\$ 75,651</u>	<u>\$ 261,363</u>	<u>\$1,037,052</u>

See accompanying notes to financial statements and independent auditor's report.

TEE IT UP FOR THE TROOPS, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020 As Restated
Cash flows used in operating activities		
Increase in net assets	\$ 268,852	\$ 417,299
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	810	874
PPP loan forgiveness	(127,312)	-
Loss on disposal of asset	95	-
Change in assets and liabilities:		
Accounts receivable	(76,865)	3,850
Prepaid expenses	(25,786)	88,165
Deferred revenue	23,011	(45,907)
Donations payable	84,431	(133,983)
Other liabilities	30,777	(26,303)
Net cash provided by operating activities	178,013	303,995
Cash flows from investing activities		
Purchase of equipment	-	-
Issuance of notes receivable	(26,881)	(98,119)
Payments on notes receivable	40,476	64,978
Net cash provided by (used in) investing activities	13,595	(33,141)
Cash flows from financing activities		
Proceeds from paycheck protection loan	65,130	62,182
Net cash provided by financing activities	65,130	62,182
Net change in cash	256,738	333,036
Cash, beginning of year	934,272	601,236
Cash, end of year	<u>\$ 1,191,010</u>	<u>\$ 934,272</u>

See accompanying notes to financial statements and independent auditor's report.

TEE IT UP FOR THE TROOPS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

**Note 1 - Organization and Summary of Significant Accounting Policies**

*Organization and Nature of Activities*

Tee it Up for the Troops, Inc. (the Organization) is a nonprofit corporation, incorporated in 2005. The Organization was established to help support the fallen and disabled members of our armed forces and their families.

*Basis of Accounting*

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

*Financial Statement Presentation*

The Organization is required to report information regarding its financial position and activities according to two net asset classes, net assets without donor restrictions and net assets with donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Net assets without donor restrictions are the net assets of the Organization that are not restricted by donors.
- Net assets with donor restrictions are subject to donor-imposed stipulations that may or may not be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the statements of activities as net assets released from donor restrictions.

At December 31, 2021 and 2020, Tee it Up for the Troops, Inc. had assets with donor restrictions of \$180,592 and \$200,000, respectively.

*Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. The Organization had no cash equivalents at December 31, 2021 and 2020.

*Accounts Receivable*

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. There was no allowance deemed necessary at December 31, 2021 and 2020.

TEE IT UP FOR THE TROOPS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

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

*Contributions*

Contributions are considered available for unrestricted use unless specifically restricted by the donor. Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and nature of any donor restrictions. Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received, less an allowance for promises estimated to be uncollectible. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

*Donated Assets*

Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of donation.

*Property and Equipment and Depreciation*

Purchased equipment is stated at cost. The Organization capitalizes all acquisitions of property and equipment in excess of \$500. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis ranging from five to fifteen years. Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

*Donated Services*

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific events, campaign solicitations, and various assignments, but these services do not meet the criteria for recognition as contributed services. During the years ended December 31, 2021 and 2020, the Organization received more than 14,000 volunteer hours, but these services do not meet the criteria for recognition as contributed revenue.

*Deferred Event Fees*

Event fees received for events that occur in the next fiscal year are deferred and recognized in the periods to which the events relate.

TEE IT UP FOR THE TROOPS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

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

*Date of Management Review*

Management has evaluated subsequent events through November 10, 2022, the date the financial statements were available to be issued.

**Note 2 - Concentration of Credit Risk**

The Organization maintains cash balances with various financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, such balances may be in excess of the FDIC limit. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

**Note 3 - Lease Commitments**

*Operating Lease*

The Organization leases office space under an operating lease that expires in May 2024. The Organization also leases office equipment under an operating lease that expires in July 2024. Rent expense for 2021 and 2020, including operating expenses was \$20,872 and \$29,863, respectively. The following is a schedule by year of future minimum lease payments at December 31, 2021:

<u>Year Ending December 31,</u>	
2022	\$ 20,032
2023	20,032
2024	8,435
Total future minimum lease payments	<u>\$ 48,499</u>

**Note 4 - Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization is classified as a public charity. The Organization is also exempt from state income tax. The Organization assesses whether it is more likely than not that a tax position will be sustained upon examination of the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of the tax position is not recognized in the financial statements.

The Organization recorded no assets or liabilities for uncertain tax positions or unrecognized benefits. The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2021, 2020, 2019, and 2018 are subject to examination by the IRS, generally for three years after they were filed.

TEE IT UP FOR THE TROOPS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

**Note 5 - Notes Receivable**

Beginning in 2015, the Organization began providing loans for the purpose of assisting with initial start-up capital to be used for the development of an Anytime Fitness® franchise. The notes are payable over 48 months at an interest rate of three percent. During the years ended December 31, 2021 and 2020, there were two active loan recipients. The first recipient's not receivable balance at December 31, 2020 was \$40,476, and the recipient paid off their loan in full during the year ended December 31, 2021. The second recipient's not receivable balance at December 31, 2021 and 2020 was \$125,000 and \$98,119, respectively.

**Note 6 - Property and Equipment**

Property and equipment consist of the following as of December 31, 2021 and 2020:

	2021	2020
Equipment	\$ 13,992	\$ 22,368
Tenant improvements	8,090	8,090
	<u>22,082</u>	<u>30,458</u>
Accumulated depreciation	(20,511)	(27,982)
Equipment, net	<u>\$ 1,571</u>	<u>\$ 2,476</u>

Total depreciation expense for the years ended December 31, 2021 and 2020 was \$810 and \$874, respectively.

**Note 7 - Expense Allocation**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to program, supporting services, and fundraising on the basis of periodic time and expense studies. 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 Organization.

**Note 9 - Fundraising Expense**

Total fundraising expense for the years ended December 31, 2021 and 2020, was \$174,803 and \$261,363 or 6.6% and 14.7% of the total revenue, respectively. The ratio of expenses to amounts raised is computed using actual expenses and related contributions on an accrual basis.

**Note 10 - Risks and Uncertainties**

In early March 2020, the COVID-19 virus was declared a global pandemic, and it unfortunately continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. While the Company expects this matter to negatively impact its operating results in the future, the related financial impact and duration cannot be reasonably estimated at this time. No adjustments have been made to these financial statements as a result of this uncertainty.

TEE IT UP FOR THE TROOPS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

**Note 11 - Liquidity and Availability of Financial Assets**

The Organization has \$1,112,914 of financial assets available within one year of the statement of financial position date, December 31, 2021, to meet cash needs for general operating expenditures, consisting of cash and cash equivalents of \$1,191,010 and accounts receivable of \$102,496, less assets with donor-imposed restrictions of \$180,592. At December 31, 2020, the Organization had \$759,903 of financial assets available within one year, to meet cash needs for general operating expenditures, consisting of cash of \$934,272 and accounts receivable of \$25,631, less \$200,000 of assets with donor-imposed restrictions.

The following reflects the Organization's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date.

	2021	2020 As Restated
Financial assets, at year end	\$ 1,293,506	\$ 959,903
Less those unavailable for general expenditures within one year due to:		
Donor-imposed restrictions	(180,592)	(200,000)
Financial assets available, at year end	<u>\$ 1,112,914</u>	<u>\$ 759,903</u>

**Note 12 - Restatement of 2020 Financial Statements**

During 2021, information came to the attention of the Organization's management that led to the discovery of an understatement of cash and overstatement of expenses. The effect on net assets without donor restrictions at December 31, 2020 was an increase of \$62,182, which was corrected during 2021. The effects of the error correction are as follows:

**Statement of Financial Position**

	Originally Reported	Restatement Adjustment	As Restated
As of December 31, 2020			
Cash	\$ 872,090	\$ 62,182	\$ 934,272
Net assets without donor restrictions	693,268	62,182	755,450
Total net assets	893,268	62,182	955,450
Total liabilities and net assets	1,041,665	62,182	1,103,847

TEE IT UP FOR THE TROOPS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

**Note 12 - Restatement of 2020 Financial Statements (Continued)**

**Statement of Activities and Changes in Net Assets**

As of December 31, 2020	Originally Reported	Restatement Adjustment	As Restated
Direct event expenses	\$ 374,600	\$ (59,384)	\$ 315,216
Program services	701,437	(1,399)	700,038
General and administrative	77,050	(1,399)	75,651
Total expenses	1,039,850	(2,798)	1,037,052
Increase in net assets (without donor restrictions)	405,117	62,182	467,299
Increase in net assets	355,117	62,182	417,299
Net assets, end of year (without donor restrictions)	693,268	62,182	755,450
Net assets, end of year	893,268	62,182	955,450

**Statement of Functional Expenses**

As of December 31, 2020	Originally Reported	Restatement Adjustment	As Restated
Indirect event expenses (program services)	\$ 87,123	\$ (1,399)	\$ 85,724
Indirect event expenses (general and administrative)	15,568	(1,399)	14,169
Total expense (program services)	701,437	(1,399)	700,038
Total expense (general and administrative)	77,050	(1,399)	75,651
Total expense	1,039,850	(2,798)	1,037,052

**Statement of Cash Flows**

As of December 31, 2020	Originally Reported	Restatement Adjustment	As Restated
Increase in net assets	\$ 355,117	\$ 62,182	\$ 417,299
Net cash provided by operating activities	241,813	62,182	303,995
Net change in cash	270,854	62,182	333,036
Cash, end of year	872,090	62,182	934,272