

TEE IT UP FOR THE TROOPS, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 11



*Certified Public Accountants & Consultants
Meuwissen, Flygare, Kadrlík & 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, 2023 and 2022, 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, 2023 and 2022, 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.

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.

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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.

*Melvinissen Flygare
Kadrlik & Associates, P.A.*

Eden Prairie, Minnesota

July 22, 2024

TEE IT UP FOR THE TROOPS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Cash	\$ 1,256,669	\$ 1,400,645
Accounts receivable	71,701	124,436
Prepaid expenses	43,960	49,988
Notes receivable	187,935	190,000
Equipment, net of accumulated depreciation	4,455	1,992
Right-of-use assets, operating leases	7,368	24,171
Total assets	\$ 1,572,088	\$ 1,791,232
LIABILITIES AND NET ASSETS		
Donations payable	\$ 119,857	\$ 194,782
Deferred event fees	194,553	132,158
Operating lease liabilities	8,331	27,449
Other liabilities	48,277	38,181
Total liabilities	371,018	392,570
Net assets:		
With donor restrictions	127,555	153,942
Without donor restrictions	1,073,515	1,244,720
Total net assets	1,201,070	1,398,662
Total liabilities and net assets	\$ 1,572,088	\$ 1,791,232

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, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and gains						
Event income	\$ 2,887,932	\$ -	\$2,887,932	\$2,632,350	\$ -	\$2,632,350
Contributions of cash and other financial assets	209,526	-	209,526	213,272	-	213,272
Contributions of non-financial assets	112,391	-	112,391	171,107	-	171,107
Other income	7,813	-	7,813	4,287	-	4,287
Net assets released from restrictions	26,387	(26,387)	-	26,650	(26,650)	-
Total revenues and gains	3,244,049	(26,387)	3,217,662	3,047,666	(26,650)	3,021,016
Less direct event expenses	(85,096)	-	(85,096)	(77,368)	-	(77,368)
Total revenues and gains, net	3,158,953	(26,387)	3,132,566	2,970,298	(26,650)	2,943,648
Expenses						
Program services	2,939,119	-	2,939,119	2,333,987	-	2,333,987
General and administrative	128,061	-	128,061	114,079	-	114,079
Fundraising	262,978	-	262,978	248,980	-	248,980
Total expenses	3,330,158	-	3,330,158	2,697,046	-	2,697,046
Increase (decrease) in net assets	(171,205)	(26,387)	(197,592)	273,252	(26,650)	246,602
Net assets, beginning of year	1,244,720	153,942	1,398,662	971,468	180,592	1,152,060
Net assets, end of year	\$ 1,073,515	\$ 127,555	\$1,201,070	\$1,244,720	\$ 153,942	\$1,398,662

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, 2023 AND 2022

	2023			2022				
	Program services	Support Services		Total	Program services	Support Services		Total
		General and administrative	Fundraising			General and administrative	Fundraising	
Donations	\$ 1,895,354	\$ -	\$ -	\$1,895,354	\$ 1,371,717	\$ -	\$ -	\$1,371,717
Indirect event expenses	836,996	54,062	14,768	905,826	771,171	46,923	23,881	841,975
Salaries and wages	127,403	46,985	215,347	389,735	119,071	42,734	192,302	354,107
Travel	25,350	950	2,481	28,781	21,531	806	2,102	24,439
Rent	9,400	3,418	15,667	28,485	9,270	3,871	17,421	30,562
Marketing	17,016	638	1,665	19,319	16,248	609	1,586	18,443
Professional services	2,194	13,081	538	15,813	1,382	14,279	453	16,114
Office expense	8,737	666	2,998	12,401	9,531	646	2,853	13,030
Utilities	4,033	1,467	6,722	12,222	3,744	1,322	5,947	11,013
Insurance	8,200	685	2,622	11,507	7,937	604	2,224	10,765
Miscellaneous	1,389	5,391	37	6,817	1,028	1,562	79	2,669
Licenses and Permits	1,691	-	-	1,691	-	-	-	-
Repairs and maintenance	1,356	51	133	1,540	1,357	51	132	1,540
Depreciation	-	667	-	667	-	672	-	672
Total expenses	<u>\$ 2,939,119</u>	<u>\$ 128,061</u>	<u>\$ 262,978</u>	<u>\$3,330,158</u>	<u>\$ 2,333,987</u>	<u>\$ 114,079</u>	<u>\$ 248,980</u>	<u>\$2,697,046</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, 2023 AND 2022

	2023	2022
Cash flows used in operating activities		
Increase (decrease) in net assets	\$ (197,592)	\$ 246,602
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	667	672
Loss on disposal of asset	105	-
Change in assets and liabilities:		
Accounts receivable	52,735	(94,182)
Prepaid expenses	6,028	(21,329)
Right-of-use assets, operating leases	16,803	(24,171)
Deferred revenue	62,395	69,608
Donations payable	(74,925)	74,798
Operating lease liabilities	(19,118)	27,449
Other liabilities	10,096	(3,719)
Net cash provided by (used in) operating activities	(142,806)	275,728
Cash flows from investing activities		
Purchase of equipment	(3,235)	(1,093)
Issuance of notes receivable	-	(65,000)
Payments on notes receivable	2,065	-
Net cash used in investing activities	(1,170)	(66,093)
Net change in cash	(143,976)	209,635
Cash, beginning of year	1,400,645	1,191,010
Cash, end of year	\$ 1,256,669	\$ 1,400,645

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

TEE IT UP FOR THE TROOPS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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, 2023 and 2022, Tee it Up for the Troops, Inc. had assets with donor restrictions of \$127,555 and \$153,942, 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, 2023 and 2022.

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, 2023 and 2022.

TEE IT UP FOR THE TROOPS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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.

In-Kind Contributions

Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of donation. For the years ended December 31, contributed nonfinancial assets recognized within the statements of activities and changes in net assets consist of:

	2023	2022
Golf balls and bags	\$ 49,524	\$ 80,818
Flights	24,354	42,803
Services	24,134	20,740
Other goods	12,429	9,430
Food	1,950	17,316
	\$ 112,391	\$ 171,107

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.

TEE IT UP FOR THE TROOPS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

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, 2023 and 2022, the Organization received more than 21,000 and 19,000 volunteer hours, respectively, 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.

Reclassification

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

Date of Management Review

Management has evaluated subsequent events through July 22, 2024, 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 2023 and 2022, including operating expenses was \$28,485 and \$20,872, respectively. A discount rate of 4.75% and 7.00% was used, respectively, for the two leases, and were management's estimate of their incremental borrowing rate.

The following summarizes the current and long-term portions of the operating lease liability at December 31, 2023:

Current portion of operating lease liability	\$ 8,331
Operating lease liability, net of current portion	<u>-</u>
Total operating lease liability	<u><u>\$ 8,331</u></u>

TEE IT UP FOR THE TROOPS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 3 - Lease Commitments (Continued)

The following is the total remaining minimum lease payments for the operating leases:

<u>Year Ending December 31,</u>	
2024	\$ 8,435
Total lease payments	8,435
Less: interest	(104)
Present value of operating lease liability	<u>\$ 8,331</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 2023, 2022, 2021, and 2020 are subject to examination by the IRS, generally for three years after they were filed.

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, 2023 and 2022, there was one active loan recipients. The note is payable over 60 months at an interest rate of three percent, with maturity in July 2028. The recipient's note receivable balance at December 31, 2023 and 2022 was \$187,935 and \$190,000, respectively.

Note 6 - Property and Equipment

Property and equipment consist of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 16,060	\$ 15,087
Tenant improvements	8,090	8,090
	<u>24,150</u>	<u>23,177</u>
Accumulated depreciation	(19,695)	(21,185)
Equipment, net	<u>\$ 4,455</u>	<u>\$ 1,992</u>

Total depreciation expense for the years ended December 31, 2023 and 2022 was \$667 and \$672, respectively.

TEE IT UP FOR THE TROOPS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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 8 - Fundraising Expense

Total fundraising expense for the years ended December 31, 2023 and 2022, was \$262,978 and \$248,980, respectively. This amounted to 8.2% of the total revenue in each year. The ratio of expenses to amounts raised is computed using actual expenses and related contributions on an accrual basis.

Note 9 - Liquidity and Availability of Financial Assets

The Organization has \$1,200,815 of financial assets available within one year of the statement of financial position date, December 31, 2023, to meet cash needs for general operating expenditures, consisting of cash and cash equivalents of \$1,256,669 and accounts receivable of \$71,701, less assets with donor-imposed restrictions of \$127,555. At December 31, 2022, the Organization had \$1,371,139 of financial assets available within one year, to meet cash needs for general operating expenditures, consisting of cash and cash equivalents of \$1,400,645 and accounts receivable of \$124,436, less assets with donor-imposed restrictions of \$153,942.

The following reflects the Organization's financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date.

	2023	2022
Financial assets, at year end	\$ 1,328,370	\$ 1,525,081
Less those unavailable for general expenditures within one year due to:		
Donor-imposed restrictions	(127,555)	(153,942)
Financial assets available, at year end	\$ 1,200,815	\$ 1,371,139