

TEE IT UP FOR THE TROOPS, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

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

INDEPENDENT AUDITOR'S REPORT

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, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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.



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Opinion

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, 2020 and 2019, 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.

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

Eden Prairie, Minnesota
November 15, 2021

TEE IT UP FOR THE TROOPS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Cash	\$ 872,090	\$ 419,291
Restricted cash	-	181,945
Total cash	872,090	601,236
Accounts receivable	25,631	29,481
Prepaid expenses	2,873	91,038
Notes receivable	138,595	105,454
Equipment, net of accumulated depreciation	2,476	3,350
Total assets	\$ 1,041,665	\$ 830,559
LIABILITIES AND NET ASSETS		
Donations payable	\$ 35,553	\$ 169,536
Deferred event fees	39,539	85,446
Other liabilities	11,123	37,426
Paycheck protection loan	62,182	-
Total liabilities	148,397	292,408
Net assets:		
With donor restrictions	200,000	250,000
Without donor restrictions	693,268	288,151
Total net assets	893,268	538,151
Total liabilities and net assets	\$ 1,041,665	\$ 830,559

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, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
NET ASSETS						
Revenues and gains						
Event income	\$ 1,295,555	\$ -	\$1,295,555	\$2,017,518	\$ -	\$2,017,518
Contributions	271,685	200,000	471,685	149,811	-	149,811
Other income	2,327	-	2,327	5,693	-	5,693
Net assets released from restrictions	250,000	(250,000)	-	-	-	-
Total revenues and gains	1,819,567	(50,000)	1,769,567	2,173,022	-	2,173,022
Less direct event expenses	(374,600)	-	(374,600)	(612,963)	-	(612,963)
Total revenues and gains, net	1,444,967	(50,000)	1,394,967	1,560,059	-	1,560,059
Expenses						
Program services	701,437	-	701,437	1,096,381	-	1,096,381
General and administrative	77,050	-	77,050	90,890	-	90,890
Fundraising	261,363	-	261,363	253,936	-	253,936
Total expenses	1,039,850	-	1,039,850	1,441,207	-	1,441,207
Increase in net assets	405,117	(50,000)	355,117	118,852	-	118,852
Net assets, beginning of year	288,151	250,000	538,151	169,299	250,000	419,299
Net assets, end of year	<u>\$ 693,268</u>	<u>\$ 200,000</u>	<u>\$ 893,268</u>	<u>\$ 288,151</u>	<u>\$ 250,000</u>	<u>\$ 538,151</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, 2020 AND 2019

	2020				2019			
	Program services	Support Services		Total	Program services	Support Services		Total
		General and administrative	Fundraising			General and administrative	Fundraising	
Donations	\$ 481,822	\$ -	\$ -	\$ 481,822	\$ 880,249	\$ -	\$ -	\$ 880,249
Salaries and wages	93,062	40,572	202,861	336,495	81,066	47,669	187,499	316,234
Indirect event expenses	87,123	15,568	18,002	120,693	81,693	20,116	14,718	116,527
Rent	8,362	3,584	17,918	29,864	7,894	4,554	17,913	30,361
Marketing	13,006	239	6,672	19,917	11,753	216	6,029	17,998
Professional services	747	12,248	829	13,824	759	10,809	774	12,342
Insurance	5,646	444	4,249	10,339	5,858	706	4,888	11,452
Office expense	4,461	593	3,198	8,252	5,481	1,256	5,352	12,089
Travel	4,498	83	2,308	6,889	15,524	285	7,964	23,773
Telephone/internet/cable	1,325	568	2,840	4,733	1,843	1,063	4,182	7,088
Utilities	1,150	493	2,464	4,107	1,422	820	3,227	5,469
Repairs and maintenance	959	18	492	1,469	1,597	29	819	2,445
Depreciation	-	874	-	874	-	946	-	946
Miscellaneous	(724)	1,766	(470)	572	1,242	2,421	571	4,234
Total expenses	<u>\$ 701,437</u>	<u>\$ 77,050</u>	<u>\$ 261,363</u>	<u>\$1,039,850</u>	<u>\$ 1,096,381</u>	<u>\$ 90,890</u>	<u>\$ 253,936</u>	<u>\$1,441,207</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, 2020 AND 2019

	2020	2019
Cash flows used in operating activities		
Increase (decrease) in net assets	\$ 355,117	\$ 118,852
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	874	946
Change in assets and liabilities:		
Accounts receivable	3,850	67,720
Prepaid expenses	88,165	(26,128)
Deferred revenue	(45,907)	44,031
Donations payable	(133,983)	18,789
Other liabilities	(26,303)	17,151
Net cash provided by operating activities	241,813	241,361
 Cash flows from investing activities		
Purchase of equipment	-	(718)
Issuance of notes receivable	(98,119)	-
Payments on notes receivable	64,978	39,855
Net cash provided by (used in) investing activities	(33,141)	39,137
 Cash flows from financing activities		
Proceeds from paycheck protection loan	62,182	-
Net cash provided by financing activities	62,182	-
 Net change in cash	270,854	280,498
 Cash, beginning of year	601,236	320,738
 Cash, end of year	\$ 872,090	\$ 601,236

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

TEE IT UP FOR THE TROOPS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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, 2020 and 2019, Tee it Up for the Troops, Inc. had assets with donor restrictions of \$200,000 and \$250,000, 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, 2020 and 2019.

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, 2020 and 2019.

TEE IT UP FOR THE TROOPS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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, 2020 and 2019, the Organization received more than 14,000 and 16,000 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.

TEE IT UP FOR THE TROOPS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

Date of Management Review

Management has evaluated subsequent events through November 15, 2021, the date the financial statements were available to be issued.

Note 2 - Restricted Cash

Cash restricted for grant purposes for the years ended December 31, 2020 and 2019 was \$0 and \$181,945, respectively. Of that, the following is restricted for future loans and grant purposes to recipients of the Anytime Fitness® grant program:

	2020	2019
Future loans	\$ -	\$ 116,025
Grant purposes	-	65,920
	\$ -	\$ 181,945

Note 3 - 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 4 - Lease Commitments

Operating Lease

The Organization leases office space under an operating lease that expires in December 2020. Rent expense for 2020 and 2019, including operating expenses was \$29,863 and \$30,362, respectively. The following is a schedule by year of future minimum lease payments at December 31, 2020:

<u>Year Ending December 31,</u>		
2021	\$	12,128
2022		20,032
2023		20,032
2024		8,435
Total future minimum lease payments	\$	60,627

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Note 5 - 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 2020, 2019, 2018, and 2017 are subject to examination by the IRS, generally for three years after they were filed.

Note 6 - Grant Revenue Concentration, Net Assets with Donor Restrictions, and Notes Receivable

For the year ended December 31, 2020, a \$250,000 grant was donor restricted for grant purposes of opening Anytime Fitness® franchise locations. The donor restricted net assets are to be used in perpetuity to create a loan fund to be used to loan to veterans that meet certain criteria 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. The note receivable balance of the first recipient was fully repaid during 2019. The second recipient's note receivable balance at December 31, 2020 and 2019 was \$40,476 and \$105,454, respectively. The third recipient's note receivable balance at December 31, 2020 and 2019 was \$98,119 and \$0, respectively

During the year ended December 31, 2017, the Organization received a grant from the same 501(c)(3) nonprofit organization for the purpose of opening another Anytime Fitness® franchise location with the third loan recipient in the amount of \$125,000. Such grants are not guaranteed each year. As of December 31, 2020 and 2019 the recipient has spent \$125,000 and \$59,080 of expenses, respectively, and the remaining \$0 and \$65,920 is included in donations payable, respectively.

Note 7 - Property and Equipment

Property and equipment consist of the following as of December 31, 2020 and 2019:

	2019	2018
Equipment	\$ 22,368	\$ 21,650
Tenant improvements	8,090	8,090
	30,458	29,740
Accumulated depreciation	(27,108)	(26,162)
Equipment, net	<u>\$ 3,350</u>	<u>\$ 3,578</u>

Total depreciation expense for the years ended December 31, 2020 and 2019 was \$874 and \$946, respectively.

TEE IT UP FOR THE TROOPS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 8 - Paycheck Protection Loan

The Organization received a loan from Sterling State Bank in the amount of \$62,182 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated April 9, 2020 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The Organization obtained forgiveness for the loan subsequent to year-end, see Note 13.

Note 9 - 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 10 - Fundraising Expense

Total fundraising expense for the years ended December 31, 2020 and 2019, was \$261,363 and \$253,936 or 16.7% and 11.7% 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 11 - 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.

Note 12 - Liquidity and Availability of Financial Assets

The Organization has \$828,933 of financial assets available within one year of the statement of financial position date, December 31, 2020, to meet cash needs for general operating expenditures, consisting of cash and cash equivalents of \$803,302 and accounts receivable of \$25,631. At December 31, 2019, the Organization had \$382,852 of financial assets available within one year, to meet cash needs for general operating expenditures, consisting of cash of \$419,291 and accounts receivable of \$29,481, less \$65,920 of accrued donations.

TEE IT UP FOR THE TROOPS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 12 - Liquidity and Availability of Financial Assets (Continued)

The following reflects the Organization’s financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date.

	2020	2019
Financial assets, at year end	\$ 897,721	\$ 448,772
Less those unavailable for general expenditures within one year due to:		
Donor-imposed restrictions	-	(65,920)
Financial assets available, at year end	\$ 897,721	\$ 382,852

Note 13 - Subsequent Events

As discussed in Note 8, the Organization received forgiveness for its Paycheck Protection Program Loan in the amount of \$62,182 effective April 7, 2021.