



SILVER SPRING, MD



FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017



Independent Auditors' Report

Board of Directors
The Salute to Military Golf Association, Inc.
Washington, D.C.

Report on the Financial Statements

We have audited the accompanying financial statements of The Salute to Military Golf Association, Inc., which comprise the statement of financial position as of December 31, 2017 and the related statements of activities and cash flows for the year 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to SMGA'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 SMGA'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.

Board of Directors
The Salute to Military Golf Association, Inc.

Other Matter

The summarized financial information of The Salute to Military Golf Association, Inc. as of and for the year ended December 31, 2016 was audited by other auditors whose report dated November 9, 2017 expressed an unmodified opinion

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Salute to Military Golf Association, Inc., as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Bethesda, Maryland
November 16, 2018

Certified Public Accountants

The Salute to Military Golf Association, Inc.

**Statement of Financial Position
For the Year Ending December 31, 2017
With Comparative Totals As of December 31, 2016**

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 561,053	\$ 577,526
Prepaid Expenses	<u>1,341</u>	<u>2,502</u>
Total Current Assets	<u>562,394</u>	<u>580,028</u>
Property and Equipment - Net	<u>44,480</u>	<u>50,450</u>
Total Assets	<u>\$ 606,874</u>	<u>\$ 630,478</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	<u>\$ 33,185</u>	<u>\$ 47,485</u>
Total Current Liabilities	<u>33,185</u>	<u>47,485</u>
Net Assets		
Unrestricted	<u>573,689</u>	<u>582,993</u>
Total Net Assets	<u>573,689</u>	<u>582,993</u>
Total Liabilities and Net Assets	<u>\$ 606,874</u>	<u>\$ 630,478</u>

See accompanying Notes to Financial Statements

The Salute to Military Golf Association, Inc.
Statement of Activities
For the Year Ending December 31, 2017
With Comparative Totals For the Year Ended December 31, 2016

	2017								2016
	National	Golf Tournament	BAH Tournament	Chapters	AMG	General & Administration	Fundraising	Total	
Support and Revenues									
Contributions	\$ 188,673	\$ 1,000	\$ -	\$ 50,305	\$ -	\$ 101	\$ -	\$ 240,079	\$ 380,031
Tournament Income	124,808	99,907	266,647	110,659	-	-	-	602,021	279,462
Other Income	1,437	-	-	-	-	768	-	2,205	5,022
Total Support and Revenues	314,918	100,907	266,647	160,964	-	869	-	844,305	664,515
Expenses									
Golf Equipment and Lessons	1,501	5,256	-	264,891	91,711	-	-	363,359	345,894
Personnel	35,772	-	-	33,020	-	31,300	-	100,092	124,118
Tournament Expenses	17,003	31,808	135,567	24,159	-	-	-	208,537	88,179
Travel	15,930	-	4,155	12,688	-	2,192	-	34,965	38,208
Golf Opportunities	14,677	-	-	16,740	5,507	-	-	36,924	33,931
Greens and Cart Fees	47	-	-	23,057	-	-	-	23,104	25,612
Miscellaneous	3,246	-	-	87	-	-	-	3,333	17,481
Trophies and Prizes	-	6,968	-	4,474	-	-	-	11,442	12,881
Depreciation	7,770	-	-	-	-	-	-	7,770	11,510
Professional Services	2,745	-	-	703	-	28,523	-	31,971	20,000
Office Expense	5,538	360	282	9,197	1,409	9,649	-	26,435	20,216
Rent	782	-	-	1,564	-	261	-	2,607	4,703
Insurance	-	-	-	313	-	2,757	-	3,070	3,841
Bad Debt Expense	-	-	-	-	-	-	-	-	3,946
Total Expenses	105,011	44,392	140,004	390,893	98,627	74,682	-	853,609	750,520
Change in Net Assets								(9,304)	(86,005)
Net Assets, Beginning of Year								582,993	668,998
Net Assets, End of Year								\$ 573,689	\$ 582,993

See accompanying Notes to Financial Statements

The Salute to Military Golf Association, Inc.

**Statement of Cash Flows
For the Year Ending December 31, 2017
With Comparative Totals For the Year Ended December 31, 2016**

	2017	2016
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ (9,304)	\$ (86,005)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation	7,770	11,510
<u>(Increase) Decrease in Assets</u>		
Accounts Receivable	-	3,996
Pledges Receivable	-	464
Prepaid Expenses	1,161	10,560
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	(14,300)	11,775
Net Cash Provided by (Used in) Operating Activities	(14,673)	(47,700)
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(1,800)	(710)
Net Cash Provided by (Used in) Investing Activities	(1,800)	(710)
Increase (Decrease) in Cash and Cash Equivalents	(16,473)	(48,410)
Cash and Cash Equivalents, Beginning of Year	577,526	625,936
Cash and Cash Equivalents, End of Year	\$ 561,053	\$ 577,526

See accompanying Notes to Financial Statements

The Salute to Military Golf Association, Inc.

Notes to Financial Statements December 31, 2017

1. ORGANIZATION

The Salute to Military Golf Association, Inc. (SMGA), a nonprofit organization, was incorporated under the laws of the state of Maryland in 2007. The mission of SMGA is to provide rehabilitative golf experiences for combat wounded veterans in an effort to improve the quality of life for these American heroes. SMGA believes that the rehabilitative benefits of golf can improve the mental and physical condition of each and every soldier returning from combat.

Begun as a therapeutic outlet for soldiers undergoing prolonged medical treatment at Walter Reed Army Medical Center, the continuing mission of SMGA is to engage wounded soldiers in the game of golf as its inherent lessons of discipline, fortitude, and perseverance closely mirror those embodied in our nation's military credos. SMGA now has several Chapters throughout the United States of America.

SMGA hosts a "Charity Golf Classic" (a golf tournament) as its most significant fundraiser for SMGA each year. The tournament is held at Manor Country Club in Rockville, Maryland.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, SMGA's net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of SMGA and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by SMGA. Generally, the donors of these assets permit SMGA to use all or part of the income earned on any related investments for general or specific purposes.

SMGA had no temporarily or permanently restricted net assets at December 31, 2017.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Salute to Military Golf Association, Inc.

**Notes to Financial Statements
December 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Equivalents

SMGA considers all cash, money market accounts, and undeposited funds to be cash equivalents.

Accounts Receivable

Accounts receivable consist primarily of noninterest-bearing amounts due for tournament income and other program services. We determine the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At December 31, 2017 there was no allowance.

Pledges Receivable

Pledges receivable are unconditional promises to give that are recorded as receivables and revenue when received. SMGA distinguishes between contributions received for each net asset category based on the existence or absence of donor-imposed restrictions.

Property and Equipment

Property and equipment is recorded at cost. It is SMGA's policy to capitalize purchases of furniture and equipment over \$1,000. Depreciation on equipment, furniture, and the trailer is computed using the straight-line method over the useful life of three to ten years. The cost of maintenance and repairs are recorded as expenses as incurred.

Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted revenue that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, SMGA reports that support as unrestricted.

Advertising Costs

SMGA's policy is to expense advertising as incurred.

Functional Expense Allocation

The costs of providing program services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among program and supporting services based on estimates of employees' time incurred.

Income Taxes

SMGA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Income taxes are payable only on business activity income unrelated to SMGA's tax-exempt purpose. There was no unrelated business income tax expense for the year ended December 31, 2017.

The Salute to Military Golf Association, Inc.

Notes to Financial Statements December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Accounting principles generally accepted in the United States of America require SMGA to evaluate tax positions taken and recognize a tax liability if it is more likely than not that uncertain tax positions taken would not be sustained upon examination by taxing authorities. SMGA has analyzed tax positions taken and has concluded that, as of December 31, 2017, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. SMGA had no interest and penalties related to income taxes for the year ended December 31, 2017. SMGA is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Generally, SMGA's tax returns remain open for three years for federal and state examination.

New Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which significantly amends the standards for the presentation and accompanying disclosures of the financial statements of nonprofit organizations. The new standard clarifies net asset reporting, requires presentation of expenses in both natural and functional classifications, and provides for additional disclosure requirements related to an entity's liquidity, financial performance and availability of resources. The amendments in ASU 2016-14 are effective for annual financial statements issued for fiscal years beginning January 1, 2018.

In May 2014, the FASB issued a new standard, ASU 2014-09, Revenue from Contracts with Customers, which outlines a single comprehensive standard for revenue recognition across all industries and supersedes most existing revenue recognition guidance. The core principle of the standard is that an entity should recognize revenue when it satisfies a performance obligation at an amount that reflects the consideration the entity expects to receive in exchange for transferring goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard will be effective for the fiscal year beginning January 1, 2019.

In February 2016, the FASB issued ASU 2016-02, Lease Amendments to the FASB Accounting Standards Codification (Topic 842), which amends the recognition of lease assets by organizations. The new standards require a lessee to recognize assets and liabilities for leases with lease terms of 12 or more months, in addition to modifications improvements on lessor accounting, in conjunction with the new guidance on revenue recognition noted above in ASU-2014-09. Additional disclosures will be required for the amount, timing, and uncertainty of cash flows arising from leases, and the standard will be effective for fiscal years beginning January 1, 2020.

Subsequent Events

Management has evaluated subsequent events through November 16, 2018 the date which the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events with conditions that did not exist at the statement of financial position date, but disclosures of such events, if any, are included in the accompanying notes.

The Salute to Military Golf Association, Inc.

**Notes to Financial Statements
December 31, 2017**

3. CONCENTRATION OF CREDIT RISK

SMGA maintains its cash balances in banks insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. As of December 31, 2017, SMGA's balances exceeded the FDIC insured limit by approximately \$181,000.

4. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2017 consisted of the following:

Furniture and Equipment	\$ 20,865
Vehicles	77,895
	<hr/>
	98,760
Less Accumulated Depreciation	(54,280)
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Property and Equipment - Net	\$ 44,480

Depreciation expense for the year ended December 31, 2017 was \$7,770.

5. RELATED PARTY TRANSACTIONS

James Estes III, a co-founder of SMGA, is a contracted golf instructor for the Olney Golf Park and receives compensation directly from SMGA for soldier's golf instruction. For the year ended December 31, 2017, the total paid to Olney Golf Park for Jim's work on behalf of SMGA and the amounts of direct SMGA payments to Jim were \$4,300.