



**SILVER SPRING, MD**



**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**



## **Independent Auditors' Report**

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

### **Opinion**

We have audited the accompanying financial statements of The Salute to Military Golf Association, Inc. (SMGA), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses 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 SMGA as of December 31, 2021, 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.

### **Basis for Opinion**

We conducted our audit 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 SMGA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 SMGA'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 SMGA'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 SMGA'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.

### **Report on Summarized Comparative Information**

We have previously audited the 2020 financial statements of The Salute to Military Golf Association, Inc., and our report dated November 15, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the 2020 audited financial statements from which it has been derived.



Certified Public Accountants

Bethesda, Maryland  
October 25, 2022

**The Salute to Military Golf Association, Inc.**  
**Statement of Financial Position**  
**December 31, 2021**  
**With Comparative Totals As of December 31, 2020**

	<b>2021</b>	2020
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ <b>605,718</b>	\$ 493,228
Accounts Receivable	<b>551</b>	-
	<b>606,269</b>	493,228
Total Current Assets		
	<b>4,222</b>	18,393
<b>Property and Equipment - Net</b>	<b>4,222</b>	18,393
	<b>\$ 610,491</b>	<b>\$ 511,621</b>
	<b>\$ 610,491</b>	<b>\$ 511,621</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ <b>9,866</b>	\$ 17,932
	<b>9,866</b>	17,932
Total Current Liabilities		
	<b>600,625</b>	493,689
<b>Net Assets</b>	<b>600,625</b>	493,689
Without Donor Restrictions		
	<b>600,625</b>	493,689
Total Net Assets	<b>600,625</b>	493,689
	<b>\$ 610,491</b>	<b>\$ 511,621</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 610,491</b>	<b>\$ 511,621</b>

*See accompanying Notes to Financial Statements*

**The Salute to Military Golf Association, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2021**  
**With Comparative Totals For the Year Ended December 31, 2020**

	2021	2020
<b>Support and Revenues</b>		
Contributions	\$ 387,388	\$ 244,866
Tournament Income	296,001	230,489
Other Income	10,876	1,276
<b>Total Support and Revenues</b>	<b>694,265</b>	476,631
<b>Expenses</b>		
<b>Program Service Expenses</b>		
National	107,942	88,870
Golf Tournament	31,311	22,913
Vet- Am	16,609	6,737
Chapters	351,109	280,021
AMG	16,160	30,380
Total Program Service Expenses	523,131	428,921
<b>Supporting Service Expenses</b>		
General and Administrative	64,198	76,457
Total Supporting Service Expenses	64,198	76,457
<b>Total Expenses</b>	<b>587,329</b>	505,378
<b>Change in Net Assets</b>	<b>106,936</b>	(28,747)
Net Assets, Beginning of Year	493,689	522,436
<b>Net Assets, End of Year</b>	<b>\$ 600,625</b>	\$ 493,689

*See accompanying Notes to Financial Statements*

**The Salute to Military Golf Association, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2021**  
**With Comparative Totals For the Year Ended December 31, 2020**

**2021**

	<b>National</b>	<b>Golf Tournament</b>	<b>Vet- Am</b>	<b>Chapters</b>	<b>AMG</b>	<b>General &amp; Administration</b>	<b>Total</b>	2020
Golf Equipment and Lessons	\$ 3,583	\$ 6,468	\$ 1,713	\$ 153,511	\$ 15,405	\$ -	<b>\$ 180,680</b>	\$ 164,314
Personnel	80,430	-	-	47,778	-	30,267	<b>158,475</b>	145,658
Tournament Expenses	227	22,033	13,987	76,246	-	-	<b>112,493</b>	84,982
Travel	2,536	-	-	6,033	-	90	<b>8,659</b>	11,274
Golf Opportunities	7,098	-	-	35,427	671	-	<b>43,196</b>	30,019
Miscellaneous	866	-	-	8	-	99	<b>973</b>	1,855
Trophies and Prizes	300	2,697	897	14,377	-	-	<b>18,271</b>	2,477
Depreciation	4,572	-	-	-	-	-	<b>4,572</b>	8,394
Professional Services	3,243	-	-	-	-	18,273	<b>21,516</b>	18,447
Office Expense	3,196	113	12	16,595	84	7,909	<b>27,909</b>	28,650
Rent	1,891	-	-	1,134	-	756	<b>3,781</b>	2,122
Insurance	-	-	-	-	-	6,804	<b>6,804</b>	7,186
<b>Total Expenses</b>	<b>\$ 107,942</b>	<b>\$ 31,311</b>	<b>\$ 16,609</b>	<b>\$ 351,109</b>	<b>\$ 16,160</b>	<b>\$ 64,198</b>	<b>\$ 587,329</b>	<b>\$ 505,378</b>

*See accompanying Notes to Financial Statements*

**The Salute to Military Golf Association, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2021**  
**With Comparative Totals For the Year Ended December 31, 2020**

	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities</b>		
Increase (Decrease) in Net Assets	<b>\$ 106,936</b>	\$ (28,747)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Loss on Disposal of Property and Equipment	<b>9,599</b>	-
Depreciation	<b>4,572</b>	8,394
<u>(Increase) Decrease in Assets</u>		
Accounts Receivable	<b>(551)</b>	-
Prepaid Expenses	-	1,302
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	<b>(8,066)</b>	(10,000)
Net Cash Provided by (Used in) Operating Activities	<b>112,490</b>	(29,051)
<b>Cash Flows from Investing Activities</b>		
Purchases of Property and Equipment	-	(848)
Net Cash Provided by (Used in) Investing Activities	-	(848)
Increase (Decrease) in Cash and Cash Equivalents	<b>112,490</b>	(29,899)
Cash and Cash Equivalents, Beginning of Year	<b>493,228</b>	523,127
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 605,718</b>	\$ 493,228

*See accompanying Notes to Financial Statements*

# **The Salute to Military Golf Association, Inc.**

## **Notes to Financial Statements December 31, 2021**

### **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.

The coronavirus (COVID-19) outbreak in the United States commenced prior to SMGA's fiscal year and has directly impacted its operations since early spring 2020. The COVID-19 pandemic caused a broad and negative impact on commerce and financial markets around the world including travel restrictions and limits on in-person gatherings.

Accordingly, the extent to which COVID-19 may impact SMGA's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Presentation**

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

The financial statements of SMGA have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires SMGA to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of SMGA. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of SMGA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.



# **The Salute to Military Golf Association, Inc.**

## **Notes to Financial Statements December 31, 2021**

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **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.

#### **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. SMGA determines 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, 2021 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. As of December 31, 2021, there were no pledges receivable.

#### **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**

Contributions, including unconditional promises to give, are recognized as revenues in the period received or pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of gift. Contributed services and materials are recorded at their estimated fair value if they would otherwise be purchased if not provided by donation and provided by professionals in their field. Management considers all outstanding contributions receivable amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

**The Salute to Military Golf Association, Inc.**

**Notes to Financial Statements  
December 31, 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

During the year ended December 31, 2021, SMGA received a \$31,960 second draw forgivable loan from the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The forgivable loan is a conditional contribution that can be recognized as revenue when the underlying conditions are met. SMGA has elected to treat the legal forgiveness as the condition. During the year ended December 31, 2021, SMGA has recognized \$31,960 of the forgivable loan as contribution revenue when legal forgiveness was received.

There were no unrecognized conditional contributions as of December 31, 2021.

Tournament income revenues include amounts paid by or on behalf of participants and sponsors. Fees are based on published fixed rates and collected either at the time of registration, in advance of the tournament resulting in a deferred revenue balance, or at the time that the tournament takes place and immediately recognized as revenue.

Tournament sponsorships, which are generally considered nonreciprocal transactions, are recognized when the conditions associated with providing the sponsorship are met at the tournament. As such, all tournament revenue is recognized upon completion of the respective tournament.

**Advertising Costs**

SMGA's policy is to expense advertising as incurred.

**Functional Expense Allocation**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, occupancy and office expenses, depreciation, information technology costs, and insurance have been allocated among the programs and supporting services benefits allocated on the basis of employee time and effort.

**Comparative Information**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with SMGA's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

**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, 2021.

# The Salute to Military Golf Association, Inc.

## Notes to Financial Statements December 31, 2021

### 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, 2021, 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, 2021. 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.

#### Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2022.

#### Subsequent Events

Management has evaluated subsequent events through October 25, 2022 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.

### 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, 2021, SMGA's balances did not exceed the FDIC insured limit.

### 4. PROPERTY AND EQUIPMENT

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

Furniture and Equipment	\$ 21,713
Vehicles	52,840
	<hr/>
	74,553
Less Accumulated Depreciation	(70,331)
	<hr/>
Property and Equipment - Net	\$ 4,222

Depreciation expense for the year ended December 31, 2021 was \$4,572.

**The Salute to Military Golf Association, Inc.**

**Notes to Financial Statements  
December 31, 2021**

**5. NET ASSETS**

There were no net assets with donor restrictions as of December 31, 2021.

Net assets without donor restrictions as of December 31, 2021 were undesignated.

**6. RELATED PARTY TRANSACTIONS**

James Estes III, a co-founder of SMGA, is an independent golf instructor and receives compensation directly from SMGA for soldier's golf instruction. For the year ended December 31, 2021, the total paid to Jim was \$3,000.

**7. AVAILABILITY AND LIQUIDITY**

The following represents SMGA's financial assets at December 31, 2021:

Financial Assets at Year End:	
Cash and Cash Equivalents	\$ 605,718
Accounts Receivable	<u>551</u>
Total Financial Assets	606,269
Less Amounts Not Available To Be Used Within One Year:	
Net Assets With Donor Restrictions	-
Quasi Endowment Established by the Board	<u>-</u>
	<u>-</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 606,269</u>

As part of SMGA's liquidity management plan, cash in excess of daily requirements is transferred to income-generating accounts, when practical.