

THE MCDAVID GROUP CHARITIES, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
TOGETHER WITH REPORT OF INDEPENDENT AUDITORS

**THE MCDAVID GROUP CHARITIES, INC.
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YEAR ENDED DECEMBER 31, 2020**

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Management of
The McDavid Group Charities, Inc.:

We have audited the accompanying financial statements of The McDavid Group Charities, Inc. (a Florida nonprofit corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

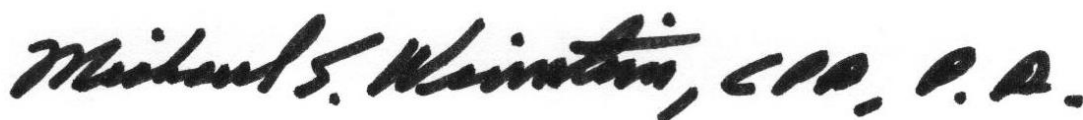
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 auditor's judgment, including the assessment of the risk 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The McDavid Group Charities, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for year then ended in accordance with accounting principles generally accepted in the United States of America.



Michael S. Weinstein, CPA, P.A.
December 28, 2021

THE MCDAVID GROUP CHARITIES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

Cash	\$ 114,034
Receivables	<u>164,367</u>
Total assets	<u>\$ 278,401</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 28,198
C.O.P.S. grant payable	<u>175,000</u>
Total liabilities	<u>203,198</u>
Net assets without donor restrictions	<u>75,203</u>
Total liabilities and net assets	<u>\$ 278,401</u>

The accompanying notes to financial statements are an integral part of this statement.

**THE MCDAVID GROUP CHARITIES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

SUPPORT AND REVENUE:

Contributions including sponsorships, tournament fees, and other	\$ 577,575
Contributed services and facilities from affiliate	74,900
Auctions	74,876
Golf course games and other	<u>24,042</u>
Total support and revenue	<u>751,393</u>

EXPENSES:

Program activities	687,527
Management and general	<u>33,019</u>
Total expenses	<u>720,546</u>

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIIONS 30,847

NET ASSETS, BEGINNING OF YEAR 44,356

NET ASSETS, END OF YEAR \$ 75,203

The accompanying notes to financial statements are an integral part of this statement.

**THE MCDAVID GROUP CHARITIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Program Activities</u>	<u>Management and General</u>	<u>Total</u>
C.O.P.S. grant	\$ 175,000	\$ -	\$ 175,000
Banquet	114,944	-	114,944
Tournament purse	99,796	-	99,796
Administrative and bookkeeping services	61,000	9,000	70,000
Apparel	51,010	-	51,010
Talent	48,624	-	48,624
Golf course fees	39,028	-	39,028
Photography and video	34,413	-	34,413
Auctions	19,755	-	19,755
Website	14,269	4,757	19,026
Tournament trophies and cup	7,778	-	7,778
Hotel	4,931	-	4,931
Hole in one insurance	2,000	-	2,000
Advertising	1,468	-	1,468
Other grant	3,600	-	3,600
Professional fees	-	13,061	13,061
Bank charges	-	5,501	5,501
Other	9,911	700	10,611
Total expenses	<u>\$ 673,257</u>	<u>\$ 33,019</u>	<u>\$ 720,546</u>

The accompanying notes to financial statements are an integral part of this statement.

THE MCDAVID GROUP CHARITIES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 30,847
Adjustments to reconcile change in net assets to net cash used in operating activities:	-
Changes in operating assets and liabilities:	
Increase in receivables	(115,672)
Decrease in accounts payable and accrued expenses	(89,501)
Increase in C.O.P.S. grant payable	31,500
Decrease in deferred revenue	<u>(7,500)</u>
Net cash used in operating activities	<u>(150,326)</u>
Net decrease in cash	(150,326)
Cash, beginning of year	<u>264,360</u>
Cash, end of year	<u><u>\$ 114,034</u></u>

The accompanying notes to financial statements are an integral part of this statement.

THE MCDAVID GROUP CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. NATURE OF ORGANIZATION AND ACTIVITIES

The McDavid Group Charities, Inc. (the "Organization"), a Florida nonprofit corporation, was formed on September 23, 2016 to primarily provide grant funds to Concerns of Police Survivors, Inc. (C.O.P.S.) by annually operating a Golf for COPS Pro-Am golf tournament (the "Golf Tournament") at Trump National Golf Club Jupiter, located in Jupiter, Florida. C.O.P.S. is a national nonprofit organization engaged primarily in the development of annual survivors' seminars for the survivors of slain law enforcement officers, and providing emotional support and financial support for education and private counseling to children. Golf Tournament events are held over a two day period and include an 18 hole pro-am golf tournament with amateur teams paired with a Professional Golf Association ("PGA") or Ladies Professional Golf Association ("LPGA") professionals. Other Golf Tournament activities include a registration party, live entertainment, dinner banquet with guest speakers, both live and silent auctions, golf games including a long drive competition and million dollar shootout, a goodie bag, an awards ceremony, and breakfast, lunch and numerous food stations located directly on the golf course. The Golf Tournament also provides various sponsorships opportunities ranging from a title sponsor to an individual golf package for local residents. The Golf Tournament is managed and operated by The McDavid Group, Inc. that is affiliated with the Organization through common ownership and board members.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Basis of Financial Statement Presentation

The financial statement presentation follows the recommendation of the FASB in its ASU No. 2016-14 Not for-Profit Entities (Topic 958), Presentation of Financial Statements for Not-for-Profit Entities. Under ASU No. 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - consist of net assets for use in general operations and not subject to donor restrictions.

THE MCDAVID GROUP CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets with Donor Restrictions - represent net assets subject to donor imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated period of time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no assets with donor restrictions at December 31, 2020.

Recently Adopted Accounting Pronouncements

Effective January 1, 2020, the Organization adopted ASU No. 2014-09, Revenue from Contracts with Customers, and its various updates (Topic 606). ASU No. 2014-09 outlines a single, comprehensive model for accounting for revenue from contracts and supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry specific guidance. The Organization has analyzed the provisions of ASU No. 2014-09 and concluded that no changes are necessary to conform with the new standard, therefore the implementation had no impact on the beginning net assets or revenues.

Cash and Cash Equivalents

The Organization considers all short-term highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. There were no cash equivalents at December 31, 2020.

Receivables and Allowance for Doubtful Accounts

Receivables are stated at the amount the Organization expects to collect and are primarily from Golf Tournament sponsors, and live and silent auction donors. Whenever management believes it is probable that it will be unable to collect the receivable, it is written-off. There were no receivable write-offs during the year ended December 31, 2020, and management considers the receivables balance of \$164,367 at December 31, 2020 to be fully collectible, therefore, no allowance for doubtful accounts was considered necessary.

Revenue Recognition

The Organizations primary source of revenue is from unconditional sponsorship contributions and donations in connection with operating its annual Golf Tournament. Contributions and donations that are restricted by the donor are reported as increases in revenue without donor restriction if the restrictions expire (that is, a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contribution and donations are reported as increases in revenue with donor restriction, depending on the nature of the restriction. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restriction. As of December 31, 2020, there are no net assets with donor restrictions.

THE MCDAVID GROUP CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). ASU No. 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made and assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance, and (2) determining whether a contribution is conditional. The Organization has analyzed the provisions of ASU No. 2018-08 and concluded that the financial statements conform with the requirements of the standard.

Contributed Services and Facilities from Affiliate

Contributed services and facilities represent the services received from personnel, and facility usage provided by an affiliated entity in connection with managing and operating the Organization's annual Golf Tournament. These contributions are recorded at their estimated fair value if they directly benefit the Organization, and would have been purchased if not provided by contribution. Contributed services and facilities from affiliate of approximately \$75,000 have been included in the statement of activities for the year ended December 30, 2020.

Many unaffiliated individuals volunteer their time and perform a variety of tasks that assist with the operations of the annual Golf Tournament. These volunteer services have not been recorded as they do not meet the requirements for recognition.

Functional Allocation of Expenses

The costs of providing program activities, and management and general services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain categories of expenses are attributable to more than one function, and accordingly, certain expenses require allocation on a reasonable basis that is consistently applied. Such allocations have been determined by management based upon estimates of time and effort or other methods.

Advertising

The Organization expenses advertising as incurred.

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 disclosures of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. Actual results could differ from those estimates.

**THE MCDAVID GROUP CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Credit Risk

Financial instruments, which potentially subject the Organization to credit risk, consist principally of cash and receivables. The Organization maintains all its cash funds in U.S. bank accounts insured up to \$250,000 by the Federal Deposit Insurance Corporation (“FDIC”). From time to time, the Organization may have amounts on deposit in excess of the FDIC limits. Management believes the Organization is not exposed to any significant credit risk related to cash. Credit risk associated with the receivables is limited to the amount of the individual receivable. Management believes the credit risk associated with receivables is low as the Organization has historically experienced minimal receivable write-offs.

Income Taxes

The Organization is a not-for-profit corporation and has been recognized by the IRS as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(c)(3), with the exception of any unrelated business income. The Organization did not have any unrelated business income for the year ended December 31, 2020 and, accordingly, no provision for income taxes has been made in these financial statements.

3. C.O.P.S. GRANT PAYABLE

The C.O.P.S. grant payable primarily represents the net proceeds from operating its annual Golf Tournament (see Note 1). The C.O.P.S. grant payable amount of \$175,000 as of December 31, 2020 was disbursed to the C.O.P.S. organization during March 2021.

4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial Assets at Year End:	
Cash	\$ 114,034
Receivables	<u>164,367</u>
Total financial assets	278,401
Less amounts unavailable for general expenditures within one year	<u> -</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 278,401</u>

5. RELATED PARTY TRANSACTIONS

The McDavid Group, Inc. (“TMG”) manages and operates the Organization’s Golf Tournament and is considered an affiliate as they have common ownership and board members. TMG does not charge the Organization for their employee’s efforts, and for certain use of facilities associated with managing and operating the Golf Tournament. In accordance with U.S. GAAP, the Organization is required to recognize contributed services and facilities from an affiliate at its

THE MCDAVID GROUP CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

6. RELATED PARTY TRANSACTIONS (Continued)

estimated fair market value that directly benefits the Organization and would have been purchased if not provided by contribution. During 2020, the Organization recorded contributed services and facilities from affiliate totaling approximately \$75,000 as both revenue and expense in the accompany statement of activities. In addition, TMG and certain of its officers contributed cash support and donations to the Organization totaling \$31,750 during the year ended December 31, 2020.

7. RISKS AND UNCERTANTIES

Beginning in March 2020, the coronavirus (COVID-19) outbreak has caused disruption in U.S. economies and markets. The coronavirus and fear of further spread has caused quarantines, cancellation of events, and overall reduction in business and economic activity. The World Health Organization designated the coronavirus outbreak a pandemic. Management and the board of directors continue to evaluate and monitor the effect of the pandemic but does not believe there will be a significant adverse effect on the Organization's financial position, operations and cash flows. The full impact of COVID-19 is unknown at this time and cannot be reasonably estimated as these events are still developing.

8. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 28, 2021, the date which the financial statements were available to be issued.

On December 5th and 6th, 2021, the Organization held its annual Golf Tournament. Management expects net revenues from the 2021 Golf Tournament to exceed those from the 2020 Golf Tournament. In connection with the 2021 Golf Tournament, during 2021, the Organization entered into several contracts, including those to secure the golf and banquet facilities at Trump National Golf Club Jupiter.