

**The Bridge Golf Foundation, Inc and Subsidiary
Consolidated Financial Statements and Supplementary Information
August 31, 2016
With Independent Auditors' Report**

The Bridge Golf Foundation, Inc. and Subsidiary
August 31, 2016

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors,
The Bridge Golf Foundation, Inc. and Subsidiary:

We have audited the accompanying consolidated financial statement of The Bridge Golf Foundation, Inc. and Subsidiary, which comprise the consolidated statement of financial position as of August 31, 2016, and the related consolidated statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material statement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material statement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material statement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Bridge Golf Foundation, Inc. and Subsidiary as of August 31, 2016, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The following supplemental consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Withum Smith + Brown, PC

April 16, 2018

The Bridge Golf Foundation, Inc. and Subsidiary
Consolidated Statement of Financial Position
August 31, 2016

Assets

Cash	\$	47,612
Prepaid expenses		2,266
Property, net		<u>787,468</u>
Total assets	\$	<u><u>837,346</u></u>

Liabilities and Net Assets

Liabilities		
Accounts payable	\$	31,941
Note payable - related party		<u>772,449</u>
Total liabilities		804,390
Net assets - unrestricted		<u>32,956</u>
Total liabilities and net assets	\$	<u><u>837,346</u></u>

The Bridge Golf Foundation, Inc. and Subsidiary
Consolidated Statement of Activities
Year Ended August 31, 2016

Public support and revenue	
Contributions	\$ 871,706
Program fee revenue	157,178
Service fee revenue	20,159
	<hr/>
	1,049,043
Expenses	
Program services	610,592
Management and general	420,501
Fundraising	74,333
	<hr/>
	1,105,426
Changes in net assets	(56,383)
Net assets, beginning of year	<hr/>
	89,339
Net assets, end of year	<hr/> <hr/>
	\$ 32,956

The Notes to Consolidated Financial Statements are an integral part of this statement.

The Bridge Golf Foundation, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended August 31, 2016

	Supporting Services					
	Program Services			Management and General	Fundraising	Total
	BGF	BGLC	Total			
Payroll	\$ 198,592	\$ 39,743	\$ 238,335	\$ 22,078	\$ 33,117	\$ 293,530
Payroll taxes and fringes	48,550	12,490	61,040	5,024	7,536	73,600
Rent	-	18,455	18,455	47,839	-	66,294
Academic materials	8,199	-	8,199	-	-	8,199
Travel	-	-	-	11,084	-	11,084
Events	-	-	-	-	33,680	33,680
Uniforms and clothing	49,151	-	49,151	-	-	49,151
Website and development	166,801	11,125	177,926	-	-	177,926
Depreciation expense	-	15,300	15,300	4,737	-	20,037
Liability insurance	-	7,354	7,354	17,523	-	24,877
Office supplies and maintenance	-	9,836	9,836	13,794	-	23,630
Professional fees	-	-	-	247,038	-	247,038
Marketing	-	2,585	2,585	-	-	2,585
Miscellaneous	20,393	2,018	22,411	37,485	-	59,896
Misappropriated funds	-	-	-	13,899	-	13,899
	<u>\$ 491,686</u>	<u>\$ 118,906</u>	<u>\$ 610,592</u>	<u>\$ 420,501</u>	<u>\$ 74,333</u>	<u>\$ 1,105,426</u>

The Bridge Golf Foundation, Inc. and Subsidiary
Consolidated Statement of Cash Flows
Year Ended August 31, 2016

Cash flows from operating activities	
Changes in net assets	\$ (56,383)
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Depreciation and amortization	20,037
Decrease in prepaid expenses	11,882
Increase in accounts payable	<u>29,817</u>
Net cash provided by operating activities	5,353
Cash flows used by investing activities	
Purchase of property and equipment	(783,169)
Cash flows provided by financing activities	
Payments received on note payable - related party	<u>772,449</u>
Net decrease in cash	(5,367)
Cash - beginning of year	<u>52,979</u>
Cash - end of year	<u>\$ 47,612</u>
Supplemental disclosure of cash flow information	
Interest paid	\$ -
Taxes paid	<u>\$ -</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

The Bridge Golf Foundation, Inc. and Subsidiary

Notes to Consolidated Financial Statements

August 31, 2016

1. NATURE OF ACTIVITY

Organization and Business

The Bridge Golf Foundation, Inc. ("BGF") is a New York not-for-profit organization incorporated in 2015 and is exempt from income taxes. BGF's mission is to use the game of golf to improve life outcomes for young men of color. Bridge Golf Learning Center, Inc., ("BGLC") is a for-profit corporation wholly-owned by BGF. BGLC provides fee-based services for golfers of all levels in a state-of-the-art indoor facility in Harlem, NY and, once fully operational, will act as a support entity for BGF's primary mission. Significant revenues are received from contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The accompanying consolidated financial statements of the Organization include the accounts of The Bridge Golf Foundation, Inc., and its wholly owned subsidiary, BGLC. BGLC operates with a calendar year end; for financial statement reporting purposes it has presented its operations on an interim basis for the twelve months ended August 31, 2016, to coincide with BGF's fiscal reporting period. Collectively, the two organizations are hereafter referred to in this report as the "Organization". All significant intercompany accounts and transactions have been eliminated in the combination.

Basis of Presentation

Financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. For the year ended August 31, 2016, the Organization had accounting transactions in the unrestricted net asset category, which represents net assets that are not subject to donor imposed restrictions. There were no transactions in the temporarily restricted net asset category which represents net assets that are subject to donor imposed time or purpose restrictions or the permanently restricted net asset category which represents net assets subject to donor imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise resolved by actions of Organization.

Revenue and Support Recognition

BGF recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets are released from restrictions. Bequests are accrued as an asset when the respective will has been declared valid. Donated securities, equipment and works of art are recorded at fair value on the date of donation.

The Organization accounts for those contract revenues which have been determined to be exchange transactions in the consolidated statement of activities to the extent that expenses have been incurred for the purpose specified by the grantor during the period. Program revenues received in advance of their usage are classified as liabilities in the consolidated statement of financial position. In applying this concept the legal and contractual requirements of each individual contract are used as guidance. Other unrestricted revenues are obtained from rental income, program and service fees, which are recorded when earned. These revenues are used to offset program expenses as well as the cost of property and equipment acquisition and to fund management and general expenses.

The Bridge Golf Foundation, Inc. and Subsidiary
Notes to Consolidated Financial Statements
August 31, 2016

Use of Estimates

The preparation of consolidated 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 amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash

Cash consists of accounts held with commercial banking institutions.

Property and Depreciation

Property is recorded at cost. Fully depreciated assets are written off against accumulated depreciation. Depreciation and amortization is calculated using straight-line methods over the estimated useful lives of the assets. Expenditures for property are capitalized.

Public Support and Contributions

Contributions are considered available for unrestricted use unless specifically restricted by the donor. Donations of securities and property are recorded at fair value when received. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the year in which the promises are received to discount the amounts. Assets with donor restrictions are reclassified to assets without donor restrictions when a donor purpose or time restriction is accomplished. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without restrictions. For the year ended August 31, 2016, no contributions were restricted.

Income Taxes

The Bridge Golf Foundation, Inc. is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and from state and local taxes under comparable laws. Accordingly, no provision for income taxes has been recorded in the consolidated statement of activities, other than for unrelated business income tax as required. There are no uncertain tax positions at either of the organizations. In addition, there are no income tax related penalties or interest for the periods reported in these consolidated financial statements.

For Federal income tax purposes, The Bridge Golf Learning Center, Inc. is taxed as a corporate entity. As of August 31, 2016, BGLC has net operating loss carry forwards ("NOL") of approximately \$99,000 expiring through June 30, 2026. No benefit for these NOL carry forwards has been recorded in the consolidated financial statements as there is no assurance that BGLC will be able to utilize them. Accordingly BGLC has recorded a deferred tax asset for federal income tax purposes of approximately \$8K with an offsetting valuation allowance in the same amount.

Functional Allocation of Expenses

The costs of providing program services have been summarized on a functional basis based on a direct costing method for charging expenses to each program or function consistent with the benefit derived by each program. The cost of providing support services has been summarized on a functional basis based on a reasonable estimates used to charge expenses to each support service or function.

The Bridge Golf Foundation, Inc. and Subsidiary
Notes to Consolidated Financial Statements
August 31, 2016

Expense Classification

All expenses which were not directly associated with the program service categories, primarily management, and fundraising expenses, are categorized as management and general expenses or fundraising expense.

In-Kind Contributions

Contributed services, which require a special skill and which the Organization would have paid for if not donated, are recorded at the estimate fair value at the time the services are rendered. For the year ended August 31, 2016, the value of donated services recognized in the financial statements was \$139,569.

Recently Issued Pronouncements

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2016-14, *Not-for-profit Entities (Topic 958) – Presentation of Consolidated Financial Statements of Not-for-profit Entities*, (“ASU 2016-14”). ASU 2016-14 changes net asset classifications, changes expense presentation, and requires disclosure about liquidity and availability of resources. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017. The Organization is currently evaluating ASU 2016-14 and its effect on future consolidated financial statements and related disclosures.

In November 2016, the FASB issued ASU No. 2016-18, *Restricted Cash*. ASU 2016-18 requires that a consolidated statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. ASU 2016-18 is effective for annual reporting periods beginning after December 15, 2018. The new guidance will be applied on a retrospective basis. The Organization does not expect the adoption of ASU 2016-18 to have a significant impact on its results of activities, financial position, or cash flows.

3. PROPERTY

Property comprises the following at August 31:

	2016	Life (in Years)
Furniture and fixtures	\$ 30,057	7
Machinery and equipment	174,448	5 - 7
Construction in progress	603,000	N/A
	<u>807,505</u>	
Less accumulated depreciation	20,037	
	<u>\$ 787,468</u>	

4. NOTE PAYABLE - RELATED PARTY

At August 31, 2016, the Organization had an unsecured demand note of \$772,449 due to a related party.

The Bridge Golf Foundation, Inc. and Subsidiary
Notes to Consolidated Financial Statements
August 31, 2016

5. RELATED PARTY TRANSACTIONS

During the fiscal year ended 2016, contributions aggregating approximately \$1,440,000 were received from members of the board of directors and their relatives.

6. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash at several commercial banks. The amounts on deposit may, at times, exceed federally insured limits. At August 31, 2016 there were no amounts in excess of federally insured limits. The Organization has not experienced any losses on such accounts.

Approximately 70 percent of contributions revenue at August 31, 2016 is from one donor.

7. COMMITMENTS

The Organization occupies space utilized as a learning center and administrative offices under a lease, which is renewable annually, for a ten year period ending in June 2025. The lease provides for monthly rent of \$3,675 with annual increases over the ten year term. Amounts are allocated between BGF and BGLC based on usage. Future annual lease payments as of August 31 are: 2017 - \$45,650; 2018 - \$47,020; 2019 - \$48,430; 2020 - \$49,883; 2021 and thereafter - \$262,903.

8. MISAPPROPRIATED FUNDS

During the fiscal year ended August 31, 2016 management discovered a potential misappropriation of funds totaling approximately \$14,000. The Organization has not, to date, recovered any of the cash.

9. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 16, 2018, which represents the date the consolidated financial statements were available to be issued. Based on this evaluation, the Organization has determined that no subsequent events have occurred that require adjustment to or disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

The Bridge Golf Foundation, Inc. and Subsidiary
Consolidating Statement of Financial Position
August 31, 2016

	BGF	BGLC	Total
Assets			
Cash and cash equivalents	47,035	577	\$ 47,612
Prepaid expenses	567	1,699	2,266
Property, net	<u>787,468</u>	<u>0</u>	<u>787,468</u>
Total assets	<u><u>\$ 835,070</u></u>	<u><u>\$ 2,276</u></u>	<u><u>\$ 837,346</u></u>
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued expenses	\$ 24,776	\$ 7,165	\$ 31,941
Due (from) to affiliate	(78,558)	78,558	-
Note payable - related party	<u>772,449</u>	<u>-</u>	<u>772,449</u>
Total liabilities	718,667	85,723	804,390
Net assets - unrestricted	<u>116,403</u>	<u>(83,447)</u>	<u>32,956</u>
	<u><u>\$ 835,070</u></u>	<u><u>\$ 2,276</u></u>	<u><u>\$ 837,346</u></u>

The Bridge Golf Foundation, Inc. and Subsidiary
Consolidating Statement of Activities
Year Ended August 31, 2016

	<u>BGF</u>	<u>BGLC</u>	<u>Total</u>
Public support and revenue			
Contributions	\$ 871,706	\$ -	\$ 871,706
Program fee revenue	157,178	-	157,178
Service fee revenue	-	20,159	20,159
	<u>1,028,884</u>	<u>20,159</u>	<u>1,049,043</u>
Expenses			
Program services	491,686	118,906	610,592
Management and general	420,501	-	420,501
Fundraising	74,333	-	74,333
	<u>986,520</u>	<u>118,906</u>	<u>1,105,426</u>
Changes in net assets	42,364	(98,747)	(56,383)
Net assets, beginning of year	<u>89,339</u>	<u>-</u>	<u>89,339</u>
Net assets, end of year	<u>\$ 131,703</u>	<u>\$ (98,747)</u>	<u>\$ 32,956</u>