

THE MCDAVID GROUP CHARITIES, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
TOGETHER WITH REPORT OF INDEPENDENT AUDITORS

THE MCDAVID GROUP CHARITIES, INC.
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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 statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 The McDavid Group Charities, Inc. as of December 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits 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 The McDavid Group Charities, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 The McDavid Group Charities, Inc.'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 Responsibility for the Audit of the Financial Statements

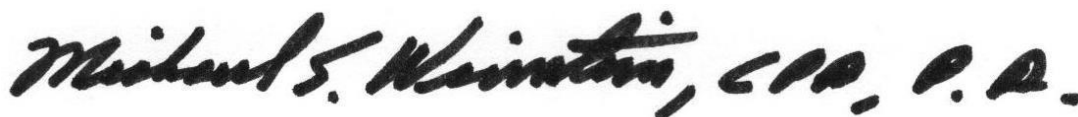
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance 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 are considered material if there is a substantial likelihood that,

individually or in aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess risk 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 The McDavid Group Charities, Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about The McDavid Group Charities, Inc.'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.

A handwritten signature in black ink that reads "Michael S. Weinstein, CPA, P.A." The signature is written in a cursive, flowing style.

Michael S. Weinstein, CPA, P.A.
June 15, 2024

THE MCDAVID GROUP CHARITIES, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 492,191	\$ 543,712
Receivables	239,389	179,564
Deposit	<u>33,012</u>	<u>-</u>
Total assets	<u>\$ 764,592</u>	<u>\$ 723,276</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 64,111	\$ 60,631
Grants payable	<u>230,000</u>	<u>300,000</u>
Total liabilities	<u>294,111</u>	<u>360,631</u>
Net assets without donor restrictions	<u>470,481</u>	<u>362,645</u>
Total liabilities and net assets	<u>\$ 762,592</u>	<u>\$ 723,276</u>

THE MCDAVID GROUP CHARITIES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
SUPPORT AND REVENUE:		
Contributions including sponsorships, tournament fees, and other	\$ 659,696	\$ 601,021
Auctions	261,994	323,479
Scholarship fund contributions	268,317	163,770
Contributed services and facilities	15,000	90,500
Painting sales	-	15,000
Grants	-	15,000
Golf course games and other	62	24,754
Total support and revenue	<u>1,205,069</u>	<u>1,233,524</u>
EXPENSES:		
Program activities	1,067,411	1,265,788
Management and general	29,822	46,591
Total expenses	<u>1,097,233</u>	<u>1,312,379</u>
INCREASE (DECREASE) IN NET ASSETS	107,836	(78,855)
NET ASSETS, BEGINNING OF YEAR	<u>362,645</u>	<u>441,500</u>
NET ASSETS, END OF YEAR	<u>\$ 470,481</u>	<u>\$ 362,645</u>

THE MCDAVID GROUP CHARITIES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>Program Activities</u>	<u>Management and General</u>	<u>Total</u>	<u>Program Activities</u>	<u>Management and General</u>	<u>Total</u>
Grants	\$ 230,000	\$ -	\$ 230,000	\$ 500,000	\$ -	\$ 500,000
Banquet	150,978	-	150,978	183,590	-	183,590
Tournament purse	118,250	-	118,250	117,950	-	117,950
Payroll and related taxes	91,502	-	91,502	-	-	-
Administrative and bookkeeping services	1,500	500	2,000	77,000	9,000	86,000
Apparel	78,188	-	78,188	61,364	-	61,364
Golf course fees	185,716	-	185,716	52,705	-	52,705
Talent	16,919	-	16,919	65,702	-	65,702
Photography and video	5,803	-	5,803	55,186	-	55,186
Paintings	-	-	-	7,500	-	7,500
Auctions	18,796	-	18,796	5,599	-	5,599
Hotel	28,504	-	28,504	24,282	-	24,282
Website	11,296	3,765	15,061	13,271	4,424	17,695
Insurance	3,969	-	3,969	-	-	-
Tournament trophies and cup	1,359	-	1,359	856	-	856
Advertising	2,785	-	2,785	967	-	967
Bank charges	-	9,557	9,557	-	19,467	19,467
Professional fees	87,388	14,000	101,388	82,002	13,000	95,002
Other	<u>34,458</u>	<u>2,000</u>	<u>36,458</u>	<u>17,814</u>	<u>700</u>	<u>18,514</u>
Total expenses	<u>\$ 1,067,411</u>	<u>\$ 29,822</u>	<u>\$ 1,097,233</u>	<u>\$ 1,265,788</u>	<u>\$ 46,591</u>	<u>\$ 1,312,379</u>

THE MCDAVID GROUP CHARITIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 107,836	\$ (78,855)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Donated investment securities	(31,175)	-
Changes in operating assets and liabilities:		
Increase in receivables	(59,825)	(2,144)
Increase in deposit	(33,012)	-
Increase in accounts payable and accrued expenses	3,480	29,644
Increase (decrease) in grants payable	<u>(70,000)</u>	<u>100,000</u>
Net cash provided by (used in) operating activities	<u>(82,696)</u>	<u>48,645</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investment securities	<u>31,175</u>	<u>-</u>
Net cash provided by investing activities	<u>31,175</u>	<u>-</u>
Net increase (decrease) in cash	(51,521)	48,645
Cash, beginning of year	<u>543,712</u>	<u>495,067</u>
Cash, end of year	<u>\$ 492,191</u>	<u>\$ 543,712</u>

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

THE MCDAVID GROUP CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

1. NATURE OF ORGANIZATION AND ACTIVITIES

The McDavid Group Charities, Inc. (the "Organization"), a Florida nonprofit corporation, was established 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 developing and hosting annual survivors' seminars for families of fallen law enforcement officers, as well as providing emotional and financial support for children's education and counseling. During 2022, the Organization launched The American Heroes Scholarship Golf Fund (the "Scholarship Fund") through the Community Foundation for Palm Beach and Martin Counties (the "Community Foundation") which included among other things, an initial contribution of \$200,000 to the Scholarship Fund to provide financial aid to children and spouses of fallen law enforcement officers for collegiate or advanced educations, based upon a specific criteria. The Golf Tournament includes an 18 hole pro-am golf tournament pairing amateur teams with a Professional Golf Association ("PGA") or Ladies Professional Golf Association ("LPGA") professional. Other Golf Tournament activities include a registration party, live entertainment, dinner gala with guest speakers, live and silent auctions, golf games including a long drive competition, goodie bag, awards ceremony, and on-course dining stations. The Golf Tournament also provides various sponsorships opportunities ranging from a title sponsor to an individual golf package. During 2022, the Organization expanded its annual Golf Tournament to include both golf and banquet facilities at Trump National Golf Club Jupiter and Trump International Golf Club West Palm Beach. Prior to 2023, the Golf Tournament was managed and operated by The McDavid Group, Inc. that was affiliated with the Organization through common ownership and board members. Beginning, January 1, 2023, the Golf Tournament is being managed and operated by the Organization and its board of directors.

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 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, 2023 AND 2022

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, 2023 and 2022.

Recently Adopted Accounting Pronouncements

In September 2020, the FASB issued ASU No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The amendments in this update apply to Not-for-Profit entities that receive contributed nonfinancial assets. Under the guidance, entities are required to (1) present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and (2) disclose a disaggregation of the amount of contributed nonfinancial assets recognized within the statements of activities by category that depict the type of contributed nonfinancial assets and certain qualitative information. The ASU was adopted for the Organization's fiscal year ending December 31, 2022 and did not have a significant impact on its financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses on certain financial instruments. The ASU was adopted for the Organization's fiscal year ending December 31, 2023 and did not have a significant impact on its financial statements.

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, 2023 and 2022.

THE MCDAVID GROUP CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Allowance for Credit Losses

Receivables are stated at the amount the Organization expects to collect and are primarily from Golf Tournament sponsors, live and silent auction donors, and scholarship donors. The Organization treats uncollectible receivables as credit losses. Methods, inputs, and assumptions used to evaluate when receivables are uncollectible include closely monitoring receivable balances by management, donor relationships, and other factors. Whenever management believes it is probable that it will be unable to collect the receivable, it is charged off against the allowance for credit losses or written-off. There were no significant receivable write-offs during the years ended December 31, 2023 and 2022, and management considers the receivables balances of \$239,389 and \$179,564 at December 31, 2023 and 2022, respectively, to be fully collectible, therefore, no allowance for credit losses was considered necessary.

Revenue Recognition

The Organization's primary source of revenue is from unconditional cash contributions and donations in connection with operating its annual Golf Tournament. Contributions of assets other than cash, which are primarily donated investment securities, are recorded at estimated fair value at the time of receipt and are liquidated as soon as feasible. 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 restrictions and reported in the statement of activities as net assets released from restriction. As of December 31, 2023 and 2022, there are no net assets with donor restrictions.

Contributed Services and Facilities

Prior to 2023, contributed services and facilities represented 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 were 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 \$90,500, have been included in the statements of activities for the year ended December 31, 2022. Beginning January 1, 2023, contributed services and facilities represent donated 1) services from individuals possessing specialized skills that would have been purchased if the services were not donated, and 2) facilities and overhead. Contributed services and facilities of \$15,000, have been included in the statements of activities for the year ended December 31, 2023.

During 2023, certain board members and many unaffiliated individuals volunteered their time and performed a variety of tasks that assisted with the operations of the annual Golf Tournament. These services have not been recorded as they do not meet the requirements for recognition.

THE MCDAVID GROUP CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing program activities, and management and general services 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. 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 periods reported. Actual results could differ from those estimates.

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 years ended December 31, 2023 and 2022, accordingly, no provisions for income taxes have been made in these financial statements.

Reclassifications

Certain prior year financial statement amounts have been reclassified in order to be comparable with the 2023 presentation. These reclassifications had no effect on previously reported net decrease in assets.

THE MCDAVID GROUP CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

3. GRANTS PAYABLE

Grants payable to C.O.P.S. and the Community Foundation were derived from proceeds from the Organization operating its annual Golf Tournament (see Note 1). The C.O.P.S. and the Community Foundation's 2023 grants payable amounts were \$130,000 (including \$30,000 to the local South Florida Chapter) and \$100,000, respectively, as of December 31, 2023, and were disbursed during March 2024. The 2022 grants payable amounts were \$100,000 and \$200,000, respectively, as of December 31, 2022, and were disbursed during March 2023 and April 2023, respectively.

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	\$ 492,191
Receivables	<u>239,389</u>
Total financial assets	731,580
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>\$ 731,580</u>

5. RELATED PARTY TRANSACTIONS

Prior to 2023, The McDavid Group, Inc. ("TMG") managed and operated the Organization's Golf Tournament and was considered an affiliate as they had common ownership and board members. TMG did not charge the Organization for their employees' efforts (except for one employee starting in April 2022 that totaled \$9,000 for the year ended December 31, 2022), and for certain use of facilities associated with managing and operating the Golf Tournament. In accordance with U.S. GAAP, the Organization was required to recognize contributed services and facilities from an affiliate at its estimated fair market value that directly benefits the Organization and would have been purchased if not provided by contribution. Beginning, January 1, 2023, the Golf Tournament is being managed and operated by the Organization and its board of directors. During 2022, TMG provided contributed services and facilities to the Organization totaling \$90,500, which was recorded as both revenue and expense in the accompany statements of activities. In addition, TMG and certain of its officers, and certain of TMGC's officers and board of director members, contributed cash support and donations to the Organization totaling approximately \$53,000 and \$114,000, respectively, during the years ended December 31, 2023 and 2022 of which \$45,000 and \$5,000, respectively, is included in receivables at December 31, 2023 and 2022.

THE MCDAVID GROUP CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

6. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 15, 2024, the date which the financial statements were available to be issued.

The Organization's 2024 Golf Tournament is scheduled to be held in early December 2024. In connection with the 2024 Golf Tournament, the Organization has entered into several agreements, including a contract to secure the golf and banquet facilities at Trump National Golf Club Jupiter and has provided a related deposit of \$33,102 as of December 31, 2023.