

***Johnny Mac Tennis Project Inc.***

***Financial Statements***

***August 31, 2023 and 2022***

## **Contents**

	<b>Page</b>
Independent Auditors' Report.....	1 - 2
Financial Statements:	
Statements of Financial Position .....	3
Statements of Activities and Change in Net Assets .....	4
Statements of Cash Flows .....	5
Statements of Functional Expenses.....	6 - 7
Notes to Financial Statements.....	8 - 13



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## ***Independent Auditors' Report***

Board of Directors  
Johnny Mac Tennis Project Inc.

### ***Opinion***

We have audited the accompanying financial statements of Johnny Mac Tennis Project Inc., which comprise the statements of financial position as of August 31, 2023 and 2022, and the related statements of activities and change in total net assets, 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 Johnny Mac Tennis Project Inc. as of August 31, 2023 and 2022, and its changes in its total net assets and 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 (GAAS). 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 Johnny Mac Tennis Project 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.

### ***Responsibility of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt regarding Johnny Mac Tennis Project Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

## **Auditors' 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 auditors' 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 GAAS 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Johnny Mac Tennis Project 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Johnny Mac Tennis Project 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.

*LH Frishkoff & Co. LLP*

New York, New York  
February 29, 2024

**Johnny Mac Tennis Project Inc.**  
**Statements of Financial Position**

	2023	August 31, 2022
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 372,079	\$ 1,175,348
US Treasury Bills	1,101,523	-
Contributions Receivable	103,850	54,590
Prepaid Expenses	2,285	2,195
	<b>1,579,737</b>	1,232,133
<b>Noncurrent Assets</b>		
Contributions Receivable	92,813	50,000
	<b>\$ 1,672,550</b>	<b>\$ 1,282,133</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 60,260	\$ 18,563
Deferred Revenues	81,500	-
Accrued Expenses	2,367	-
	<b>144,127</b>	18,563
<b>Net Assets</b>		
Net Assets without Donor Restrictions	1,330,399	1,177,336
Net Assets with Donor Restrictions	198,024	86,234
	<b>1,528,423</b>	1,263,570
	<b>\$ 1,672,550</b>	<b>\$ 1,282,133</b>

*The accompanying notes are an integral part of these Financial Statements*

**Johnny Mac Tennis Project Inc.**  
**Statements of Activities and Changes in Net Assets**

	<b>Year Ended August 31, 2023</b>	<b>2022</b>
<b>Change in Net Assets Without Donor Restrictions</b>		
<b>Revenues</b>		
Public Support and Contributions	\$ 901,436	\$ 769,518
Special Events - Contribution Revenue	875,441	694,811
Special Events - Tickets Revenue	58,965	58,810
Noncash Contributions	256,758	30,947
Other Income	30,390	782
	<b>2,122,990</b>	<b>1,554,868</b>
 <i>Total Revenues without Donor Restrictions</i>		
<b>Expenses</b>		
Program Services	1,443,939	961,844
Special Events	258,889	197,712
Management and General	200,824	156,462
Fundraising	66,275	55,373
	<b>1,969,927</b>	<b>1,371,391</b>
 <i>Total Expenses</i>		
<b>Total Change in Net Assets without Donor Restrictions</b>	<b>153,063</b>	<b>183,477</b>
 <b>Change in Net Assets with Donor Restrictions</b>		
Donor Restricted Contributions Received	136,790	86,234
Donor Restricted Contributions Released	(25,000)	-
	<b>111,790</b>	<b>86,234</b>
<b>Total Change in Net Assets with Donor Restrictions</b>		
	<b>111,790</b>	<b>86,234</b>
<b>Change in Total Net Assets</b>	<b>\$ 264,853</b>	<b>\$ 269,711</b>
 <b>Changes in Total Net Assets</b>		
<b>Total Net Assets – Beginning</b>	<b>\$ 1,263,570</b>	<b>\$ 993,859</b>
<b>Change in Total Net Assets</b>	<b>264,853</b>	<b>269,711</b>
<b>Total Net Assets – Ending</b>	<b>\$ 1,528,423</b>	<b>\$ 1,263,570</b>

The accompanying notes are an integral part of these Financial Statements

**Johnny Mac Tennis Project Inc.**  
**Statements of Cash Flows**

	<b>Year Ended August 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Operating Activities</b>		
Change in Total Net Assets	\$ 264,853	\$ 269,711
Unrealized Gain	(15,474)	-
(Increase) Decrease in Operating Assets		
Contributions Receivable	(92,073)	44,315
Prepaid Expenses	(90)	(296)
Increase (Decrease) in Operating Liabilities		
Accounts Payable	41,697	2,473
Accrued Expenses	2,367	-
Deferred Revenue	81,500	(10,500)
	<b>282,780</b>	<b>305,703</b>
<b>Investing Activities</b>		
Purchase of US Treasury Bills	(1,086,049)	-
	<b>(803,269)</b>	<b>305,703</b>
<b>Net (Decrease) Increase in Cash</b>		
	<b>1,175,348</b>	<b>869,645</b>
<b>Cash and Cash Equivalents – Beginning</b>		
	<b>\$ 372,079</b>	<b>\$ 1,175,348</b>
<b>Cash and Cash Equivalents – Ending</b>		

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The accompanying notes are an integral part of these Financial Statements

**Johnny Mac Tennis Project Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended August 31, 2023**

	<b>Program Services</b>	<b>Special Events</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total</b>
Scholarships - BNP	\$ 455,832	\$ -	\$ -	\$ -	\$ 455,832
Scholarships - JMTA	564,095	-	-	-	564,095
Community Programs	382,186	-	-	-	382,186
Promotional	-	1,849	22,478	-	24,327
Coaches	-	31,899	-	-	31,899
Other Event Expenses	-	170,713	-	-	170,713
Professional Fees	-	-	30,333	-	30,333
Rent	1,600	2,000	4,100	2,300	10,000
Utilities	1,885	2,356	4,831	2,709	11,781
Website Maintenance	-	2,145	-	2,144	4,289
Staff Expenses	37,910	47,388	109,976	54,496	249,770
Insurance	-	-	10,885	-	10,885
Transportation and Lodging	-	-	923	-	923
Office Expenses	431	539	17,298	4,626	22,894
<b>Total</b>	<b>\$ 1,443,939</b>	<b>\$ 258,889</b>	<b>\$ 200,824</b>	<b>\$ 66,275</b>	<b>\$ 1,969,927</b>

*The accompanying notes are an integral part of these Financial Statements*



**Johnny Mac Tennis Project Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended August 31, 2022**

	<b>Program Services</b>	<b>Special Events</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total</b>
Scholarships - BNP	\$ 488,766	\$ -	\$ -	\$ -	\$ 488,766
Scholarships - JMTA	411,695	-	-	-	411,695
Community Programs	27,774	-	-	-	27,774
Promotional	-	5,605	4,096	-	9,701
Coaches	-	19,727	-	-	19,727
Other Event Expenses	-	123,309	-	-	123,309
Professional Fees	-	-	29,465	-	29,465
Rent	1,600	2,000	4,100	2,300	10,000
Utilities	1,410	1,763	3,613	2,027	8,813
Website Maintenance	-	2,041	-	2,041	4,082
Staff Expenses	30,153	37,691	100,826	43,345	212,015
Insurance	-	-	10,046	-	10,046
Transportation and Lodging	-	-	135	-	135
Office Expenses	446	5,576	4,181	5,660	15,863
<b>Total</b>	<b>\$ 961,844</b>	<b>\$ 197,712</b>	<b>\$ 156,462</b>	<b>\$ 55,373</b>	<b>\$ 1,371,391</b>

*The accompanying notes are an integral part of these Financial Statements*

**Johnny Mac Tennis Project Inc.**  
**Notes to Financial Statements**  
**August 31, 2023 and 2022**

**Note 1 – Organization and Operation**

Johnny Mac Tennis Project Inc. (the Organization) is a not-for-profit organization that was established on May 25, 2011 to expose young athletes in the United States, and particularly in the greater New York Metropolitan Area, to the sport of tennis, as a life-long health, fitness, and wellbeing activity, and for some athletes, introduce them to high level, competitive tennis by raising public and private funds in order to provide (i) scholarships to attend a tennis academy/training facility, (ii) private and group lessons, practice time and match play, and (iii) funding to offset the costs and expenses associated with travel to regional, national and international tournaments.

**Note 2 – Summary of Significant Accounting Policies**

*a) Basis of Presentation*

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Organization's management has evaluated subsequent events through February 29, 2024, the date these financial statements were available to be issued.

*b) Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles 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.

*c) Cash and Cash Equivalents*

For purposes of the statements of cash flows, cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

*d) US Treasury Bills*

The Organization holds US Treasury bills (T-bills) which mature within one year from the balance sheet date. T-bills are recognized at fair value which is commensurate with the closing market price at the balance sheet date (level 1 of the fair value hierarchy, see note 2(i)). Unrealized gains and interest totaling \$30,335 are recognized in other income in the statement of activities.

**Johnny Mac Tennis Project Inc.**  
**Notes to Financial Statements**  
**August 31, 2023 and 2022**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

e) *Net Assets*

Net assets without donor restrictions represent funds over which the organization has variance power; that is, although grant recommendations are accepted from the donors or other advisors of these funds, the ultimate discretion of the use of these funds lies with the board of directors. Thus, such funds represent unrestricted net assets to the organization.

Net assets with donor restrictions represent donations whose use is limited by donor-imposed purpose or time restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support in revenues and net assets without donor restrictions. For the year ended August 31, 2023 and 2022, purpose restricted only net assets totaled \$55,211 and \$11,234, respectively, net assets that were both time and purpose restricted, in connection with promises to sponsor certain scholarships over the next several years, totaled \$142,813 and \$75,000 respectively.

f) *Revenue Recognition*

*Contributions*

Conditional contributions have donor-imposed conditions which are defined as barriers that must be overcome before the organization is entitled to the contribution. If the barrier is not overcome, then the contribution must be returned, or the promisor has the right to be released from the obligation to make the contribution. Conditional contributions are recognized as revenue when the barrier is overcome. There were no conditional contributions in fiscal years 2023 and 2022.

Unconditional contributions are transfers of cash or other assets to the Organization for which there are no donor imposed conditions. Unconditional contributions are recognized as revenue when received or when an unconditional commitment to donate has been made.

*Noncash Contributions (Gifts in Kind and Contributed Services)*

Gifts in kind (gifts of tangible personal property) are measured at fair value at the date of donation and recognized as revenue and assets in the period the gifts are received.

Contributions of services are recognized as revenue and expenses at their fair value at the date of donation if the services received meet any of the following criteria:

**Johnny Mac Tennis Project Inc.**  
**Notes to Financial Statements**  
**August 31, 2023 and 2022**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

- a. They create or enhance a nonfinancial asset. Nonfinancial assets include land, buildings, use of facilities or utilities, materials and supplies, intangible assets, or services.
- b. They require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Services requiring specialized skills are provided by accountants, lawyers, tennis professionals and other professionals.

*Special Events*

Revenues received from special events attendees are allocated to ticket revenues in the amount equal to the fair value of the tickets if the fair value is determinable. Revenues in excess of fair value or received from persons supporting but not attending the event are allocated to contributions revenue.

Determining the fair value of tickets requires considerable judgement as there are no active markets that provides observable prices. Management determines the fair value of tickets based on cost data or estimates for the services provided or ticket prices for similar events (level 3 of the fair value hierarchy, see note 2(i)).

Ticket revenue is recognized upon the conclusion of the event. Contributions revenues are recognized in accordance with note 2(f) above.

*g) Contributions Receivable (Promise to Give)*

Unconditional promises to give and receivables for the purchase of tickets that are expected to be collected within one year are recorded at net realizable value. Discounted unconditional contributions receivable due in more than one year are discounted to present value using discount rates existing on the dates the commitments are made that are applicable to the time periods in which such commitments are due. The discount rates applied to such fiscal year 2023 contributions receivable range from 3.5-4%. Amortization of the discounts are included in contribution revenue. Unconditional promises to give that are not clearly designated for activities in the current period, are reported as net assets with donor restrictions until the funds are received. Contribution revenues receivable in connection with special events are recognized as unrestricted revenues if the event is held by the end of the year.

The Organization provides an allowance for doubtful contributions receivable equal to the estimated uncollectible amounts. The estimate is based on historical collection experience

**Johnny Mac Tennis Project Inc.**  
**Notes to Financial Statements**  
**August 31, 2023 and 2022**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

and a review of the current status of contributions receivable. As of August 31, 2023 and 2022 there was no allowance for doubtful contributions receivable. All short term contributions receivable as of August 31, 2023 and 2022 were subsequently paid in full.

*h) Income Taxes*

Johnny Mac Tennis Project Inc. is a not-for-profit organization that is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

*i) Fair Value*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Organization uses a framework for measuring fair value based on a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy is prioritized into three levels:

Level 1 measurements: unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 measurements: observable inputs other than prices included in Level 1

Level 3 measurements: unobservable inputs

The hierarchy gives the highest priority to level 1 measurements and the lowest to level 3 measurements.

*j) Functional Allocation of Expenses*

Functional allocation of expenses groups costs according to the purpose for which they were incurred. The primary functional classifications are program expenses, special events, fundraising expenses, and supporting activities (management and general expenses). Included in management and general expenses are expenses not directly related to the programs including such expenses as accounting, legal, and insurance.

*k) Methods Used for Allocation of Expenses*

The majority of expenses can generally be directly identified with the program services or special events to which they relate and are classified accordingly. Website maintenance and the portion of other expenses attributable to credit card charges for contributions have been equally allocated between fundraising and special events to which such costs relate. Staff expenses, rent, utilities, and the remaining office expenses are allocated based on estimates of

**Johnny Mac Tennis Project Inc.**  
**Notes to Financial Statements**  
**August 31, 2023 and 2022**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

the staff's time spent on program services, special events, management and general, and fundraising.

*l) Concentrations*

*Credit Risk:*

The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Organization has not experienced any loss in such accounts. The Organization believes it is not exposed to any significant credit risk on its cash balances.

*Revenues:*

Approximately 22% and 31% of the Organization's revenues were derived from one donor for the years ended August 31, 2023 and 2022, respectively.

**Note 3 – Sportime Clubs LLC**

Sportime Clubs LLC provides the Organization with services, and the use of its facilities, that are necessary for the operation of the Organization and its programs. These services include tennis lessons, tennis court time, and coaching for tennis programs. Sportime also provides management, accounting, administrative services, and office space. Sportime charges the Organization for the services provided to the Organization's tennis programs other than for tennis court time for the community program. In accordance with an administrative services agreement between the Organization and Sportime, the Organization's staff are employed by Sportime and are, as appropriate, included in Sportime's benefits programs. Sportime provides payroll services for the Organization's staff and charges the Organization for the compensation and benefits costs of its staff. Community program tennis court time, office space and other management and administrative services are provided free of charge and are recognized as noncash contributions by the Organization if such services meet the criteria set forth by US GAAP (see note 2(f)).

**Note 4 – Noncash Contributions**

For the years ended August 31, 2023 and 2022 noncash contributions totaled \$256,758 and \$30,947, respectively. These services were measured at fair value based on unobservable inputs (level 3 of the fair value hierarchy – See note 2(i)). Regarding donated Community Program court time, the fee usually charged by Sportime for comparable services was used as the fair value on the date the services were contributed. The value of the other non cash contribution is based on the cost paid by Sportime.

**Johnny Mac Tennis Project Inc.**  
**Notes to Financial Statements**  
**August 31, 2023 and 2022**

**Note 4 – Noncash Contributions (Continued)**

Noncash contributions in the statement of activities consist of the following, all of which were received from Sportime:

<u>Type</u>	<u>Expense</u>	<u>2023</u>	<u>2022</u>
Accounting and Admin Services	Management and General	\$ 13,128	\$ 12,134
Office Space and Utilities	Allocated to Various Expenses	21,780	18,813
Community Program Court Time	Program Expense	<u>221,850</u>	<u>-</u>
<b>Total</b>		<u><u>\$ 256,758</u></u>	<u><u>\$ 30,947</u></u>

Due to the COVID pandemic, the Community Program was suspended for fiscal year 2022 and therefore there was no donated court time for fiscal year 2022.

**Note 5 – Related Party Transactions**

The Organization recognized revenues of \$167,960 and \$108,900 from members of the board of directors for the years ended August 31, 2023 and 2022, respectively.

**Note 6 – Liquidity**

The Organization's goal is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization may invest excess cash in short term treasury bills (see note 2(d)).