



USA BOXING, INC.
Financial Statements
For the Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
USA Boxing, Inc.
Colorado Springs, Colorado

We have audited the accompanying financial statements of USA Boxing, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, 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 of 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 risks 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 USA Boxing, Inc. as of December 31, 2020, 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.

Report on Summarized Comparative Information

We have previously audited USA Boxing, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
September 10, 2021

USA BOXING, INC.
Statement of Financial Position
December 31, 2020
(With Comparative Amounts for 2019)

	<u>ASSETS</u>	
	<u>2020</u>	<u>2019</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 998,790	\$ 1,054,808
Cash held for others	8,171	
Accounts receivable	18,062	45,136
Due from United States		
Amateur Boxing Foundation	150,534	93,927
Due from USOPC	75,000	153,930
Inventory	191,428	368,408
Prepaid expenses	242,300	122,427
Other assets	<u>2,000</u>	<u>2,000</u>
Total current assets	1,686,285	1,840,636
LONG-TERM INVESTMENTS	1,097,268	837,214
PROPERTY AND EQUIPMENT:		
Office equipment and furniture	16,399	16,399
Training equipment	37,832	37,832
Vehicles	12,350	12,350
Less accumulated depreciation	<u>(50,751)</u>	<u>(45,474)</u>
Property and equipment - net	<u>15,830</u>	<u>21,107</u>
TOTAL ASSETS	<u>\$ 2,799,383</u>	<u>\$ 2,698,957</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 199,249	\$ 556,631
Accrued liabilities	142,549	157,521
Funds held in trust for others	8,171	
Insurance deductible	100,000	100,000
Deferred revenue	704,083	865,587
Refundable advances	367,989	36,774
Current portion due to United States		
Amateur Boxing Foundation	100,000	100,000
Due to USOPC	<u>49,576</u>	<u>51,020</u>
Total current liabilities	1,671,617	1,867,533
DUE TO UNITED STATES AMATEUR BOXING FOUNDATION	<u>495,000</u>	<u>595,000</u>
Total liabilities	2,166,617	2,462,533
NET ASSETS:		
Net assets without donor restrictions	632,766	229,260
Net assets with donor restrictions	<u>7,164</u>	<u>7,164</u>
Total net assets	<u>632,766</u>	<u>236,424</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,799,383</u>	<u>\$ 2,698,957</u>

See Notes to Financial Statements

USA BOXING, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Totals	2019 Totals
REVENUE:				
Membership	\$ 2,847,584	\$	\$ 2,847,584	\$ 3,661,104
USOPC grants	802,844		802,844	762,627
United States Amateur Boxing Foundation grants	300,502		300,502	93,793
Sponsorship and marketing	250,602		250,602	180,153
USOPC media agreement	150,000		150,000	150,000
Merchandise and equipment sales, net of direct costs of \$174,890 and \$273,974	93,542		93,542	315,985
Investment income, net of fees	59,959		59,959	179,424
Other programs	28,548		28,548	49,206
U.S. Olympic Team Trials Management fee				125,000
National event revenue	25,681		25,681	190,676
Other contributions	23,817		23,817	9,634
Royalties	1,230		1,230	5,283
Satisfaction of program restrictions	7,164	(7,164)		
Total revenue	4,591,473	(7,164)	4,584,309	5,722,885
EXPENSES:				
Program services:				
Development/high performance programs	1,643,711		1,643,711	1,085,278
Membership	1,490,340		1,490,340	1,650,149
Events	364,561		364,561	2,324,987
Total program services	3,498,612		3,498,612	5,060,414
Supporting services:				
General and administrative	400,685		400,685	374,879
Fundraising and marketing	228,629		228,629	283,155
Board of Directors	60,041		60,041	203,428
Total supporting services	689,355		689,355	861,462
Total expenses	4,187,967		4,187,967	5,921,876
CHANGE IN NET ASSETS	403,506	(7,164)	396,342	(198,991)
NET ASSETS, beginning of year	229,260	7,164	236,424	435,415
NET ASSETS, end of year	\$ 632,766	\$	\$ 632,766	\$ 236,424

See Notes to Financial Statements

USA BOXING, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	Program Services				
	Development/ High Performance Programs	Membership	Events	Merchandise and Equipment Sales	Total Program Services
Accounting	\$	2,550	\$	\$	2,550
Advertising		301			301
Apparel and accessories	1,580				1,580
Awards and trophies					
Background screening		202,320			202,320
Boxing supplies	25,795		22,731		48,526
Computer software	122		122		244
Contract labor	113,223	9,485	4,320		127,028
Depreciation					
Dues and fees	31,515	178,128	1,735		211,378
Education, training, and seminars	2,045				2,045
Employee benefits	50,651	43,647	6,769		101,067
Entertainment	2,051		440		2,491
Equipment purchases and rental	1,130		97	99,919	101,146
Facilities	225				225
Gifts and protocol	500	9,920	62		10,482
Grants	37,500				37,500
Insurance	5,392	474,776	665		480,833
Legal	23,280	14,410			37,690
Merchandise purchases				74,971	74,971
Office supplies	2,095	681	1,511		4,287
Other expense		48	5,000		5,048
Payroll taxes	41,530	24,611	11,101		77,242
Pension	29,426	16,210	6,593		52,229
Phone, fax, and video	6,955	188	45		7,188
Postage and shipping	12,296	4,811	1,739		18,846
Printing and copying	275	18,543	1,051		19,869
Professional services		28,080			28,080
Rent	14,165		6,469		20,634
Repairs and maintenance	1,933				1,933
Salaries	508,638	300,502	169,039		978,179
Scholarships	30,000				30,000
Sports accident insurance		161,129			161,129
Stipends	26,146				26,146
Travel	481,478		75,277		556,755
VIK distribution	193,765		49,795		243,560
Total expenses by function	1,643,711	1,490,340	364,561	174,890	3,673,502
Less: cost of goods sold amount included with revenues in the statement of activities				(174,890)	(174,890)
Total expenses reported in the statement of activities	\$ 1,643,711	\$ 1,490,340	\$ 364,561	\$	\$ 3,498,612

	Supporting Services			2020	2019
	General and Administrative	Fundraising and Marketing	Board of Directors	Total Expenses	Total Expenses
Accounting	\$ 13,700			\$ 16,250	\$ 15,770
Advertising		400		701	2,729
Apparel and accessories				1,580	34,321
Awards and trophies					34,567
Background screening		27	107	202,454	161,311
Boxing supplies				48,526	11,648
Computer software	474			718	596
Contract labor	168	15,900		143,096	332,300
Depreciation	5,277			5,277	5,277
Dues and fees	12,142	5,819		229,339	279,910
Education, training, and seminars	159			2,204	2,651
Employee benefits	12,963	7,726		121,756	107,176
Entertainment	293			2,784	5,204
Equipment purchases and rental		427		101,573	74,481
Facilities				225	43,090
Gifts and protocol	1,765		225	12,472	52,156
Grants				37,500	
Insurance				480,833	586,165
Legal	31,912		6,493	76,095	22,015
Merchandise purchases				74,971	223,786
Office supplies	4,092	1,308		9,687	31,305
Other expense				5,048	11,637
Payroll taxes	27,343	10,006		114,591	106,586
Pension	17,389	5,068		74,686	77,515
Phone, fax, and video	20,003	140	3,864	31,195	35,654
Postage and shipping	750	32,928	48	52,572	65,796
Printing and copying	175	118		20,162	40,587
Professional services				28,080	18,720
Rent	26,757	12,938		60,329	117,812
Repairs and maintenance				1,933	2,442
Salaries	222,596	133,456	48,530	1,382,761	1,437,919
Scholarships				30,000	35,000
Sports accident insurance				161,129	176,862
Stipends				26,146	175,683
Travel	2,727	2,368	774	562,624	1,722,388
VIK distribution				243,560	144,791
Total expenses by function	400,685	228,629	60,041	4,362,857	6,195,850
Less: cost of goods sold amount included with revenues in the statement of activities				(174,890)	(273,974)
Total expenses reported in the statement of activities	<u>\$ 400,685</u>	<u>\$ 228,629</u>	<u>\$ 60,041</u>	<u>\$ 4,187,967</u>	<u>\$ 5,921,876</u>

See Notes to Financial Statements

USA BOXING, INC.
Statement of Cash Flows
For the Year Ended December 31, 2020
(With Comparative Amounts for 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 396,342	\$ (198,991)
Adjustments to reconcile the change in net assets to net cash provided (used) by operating activities:		
Depreciation	5,277	5,277
Realized and unrealized gains on investments	(35,292)	(154,694)
Decrease (increase) in assets:		
Accounts receivable	27,074	(10,206)
Due from United States Amateur Boxing Foundation	(56,607)	(93,927)
Due from USOPC	78,930	(150,730)
Inventory	176,980	20,140
Prepaid expenses	(119,873)	(70,076)
Increase (decrease) in liabilities:		
Accounts payable	(357,382)	248,771
Accrued liabilities	(14,972)	80,714
Funds held in trust for others	8,171	
Deferred revenue	(161,504)	92,307
Proceeds from PPP	328,800	
Refundable advances from USOPC	2,415	(30,000)
Due to USOPC	(1,444)	33,584
Total adjustments	<u>(119,427)</u>	<u>(28,840)</u>
Net cash provided (used) by operating activities	276,915	(227,831)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment		(12,350)
Proceeds from sales of long-term investments	1,574,053	877,979
Purchases of long-term investments	<u>(1,798,815)</u>	<u>(612,297)</u>
Net cash provided (used) by investing activities	(224,762)	253,332
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in due to United States Amateur Boxing Foundation	<u>(100,000)</u>	<u>(100,000)</u>
Net cash used by financing activities	<u>(100,000)</u>	<u>(100,000)</u>
NET DECREASE IN CASH	(47,847)	(74,499)
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,054,808</u>	<u>1,129,307</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,006,961</u>	<u>\$ 1,054,808</u>

See Notes to Financial Statements

USA BOXING, INC.
Notes to Financial Statements
For the Year Ended December 31, 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

USA Boxing, Inc. (the Corporation) is the national governing body for boxing, making it responsible for the promotion and development of amateur boxing in the United States.

Income Tax

The Corporation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. Accordingly, no income tax provision has been recorded.

The Corporation's form 990, Return of Organization Exempt from Income Tax, is subject to examination by various taxing authorities, generally for three years after the date it was filed. Management of the Corporation believes that it does not have any uncertain tax positions that are material to the financial statements.

Cash and Cash Equivalents

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in money market funds, with an original maturity of three months or less when purchased. The Corporation maintains its cash and cash equivalents at commercial banks. In the event of a bank failure, the Corporation might only be able to recover the amounts insured.

Supplemental Cash Flow Disclosures

The Corporation paid no interest or income taxes during the years ended December 31, 2020 and 2019.

Accounts Receivable

Accounts receivable include amounts from contracts with customers, contributions, and other miscellaneous amounts. They are stated at the amount management expects to collect from balances outstanding at year-end. Receivables from contracts with customers at the beginning and end of 2020 were \$182,636 and \$90,380, respectively.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts Receivable - continued

The Corporation considers its accounts receivable to be fully collectible; accordingly, based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that an allowance for doubtful accounts at December 31, 2020 and 2019, is not necessary.

Inventory

Inventory is stated at the lower of cost (first-in, first-out method) or net realizable value and consists of the following items held for sale at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Merchandise and apparel	\$ 101,400	\$ 173,577
Boxing equipment	78,536	179,694
Labels	<u>11,492</u>	<u>15,137</u>
Total	<u>\$ 191,428</u>	<u>\$ 368,408</u>

Furniture and Equipment

Furniture and equipment is recorded at cost. All acquisitions of furniture and equipment with an initial cost in excess of \$2,000 and an economic life of greater than one year are capitalized. Depreciation is recorded using the straight-line method over estimated useful lives of three to five years.

Depreciation expense was \$5,277 for each of the years ended December 31, 2020 and 2019.

Contributions

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfied program restrictions. Contributions and grants with donor restrictions are reported as support and revenue without donor restrictions if the restriction is met in the same year that the gift is received.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions - continued

The United States Olympic & Paralympic Committee (USOPC) grants are treated as contributions by the Corporation.

Revenue from Contracts with Customers

Membership

Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing membership to its members. The Corporation currently has memberships in the following categories with various fees and services provided: Athlete, Nonathlete, Life, Clubs, and memberships for Local Boxing Committees (LBCs). The Board of Directors may establish such rules and procedures for the matter and method of payment of fees, collection of delinquent fees, and the proration or refund of fees, as the Board shall deem necessary or appropriate. No privilege of membership shall be available until all fees are paid in full. As membership revenue, the Corporation also recognizes revenue received from annual background screenings and sanction fees received from LBCs.

Revenue is recognized as performance obligations are satisfied, which is ratably over the membership term. Membership dues are nonrefundable.

Merchandise and Equipment Sales

The Corporation maintains an inventory of merchandise and boxing equipment and sells them to members and nonmembers through their website and at national events. Revenue is recognized as products are sold and provided to customers.

National Event Revenue

The Corporation receives revenue from sales related to various events and challenges held for members. The revenue is recognized at the time of the event, which recognizes the completion of the Corporation's performance obligations.

All participants in national events including boxers, coaches, officials, and ringside doctors must be members of USA Boxing, to participate in USA Boxing activities and national events.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers - continued

National Event Revenue - continued

Each event has a specified registration fee.

Other Programs

Included in other programs is various income from contracts with customers. The Corporation recognizes this revenue as it is received.

The Corporation also recognizes revenue from contracts with the USOPC. As previously mentioned, USOPC grants are considered contributions by the Corporation. The USOPC media agreement and the Olympic Team Trials Management fee are considered revenues from contracts with customers. See Note F for more information regarding the related party revenue streams.

Sponsorship and Marketing

The Corporation recognizes revenue from contracts with both sponsors and suppliers of the Corporation. Performance obligations in such contracts are satisfied as services are rendered, and therefore, the Corporation will recognize revenue over time. The Corporation has concluded that the performance obligations within these contracts are substantially the same in each year and are satisfied ratably over the term of the agreement.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Corporation. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Certain costs and expenses are allocated among the various programs and supporting service expenses based on salary, time and effort spent, and dedicated resources.

Donated Services

The Corporation recognizes donated services that create or enhance non-financial assets or that require specialized skills and would typically need to be purchased if not provided by donation.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Donated Services - continued

A substantial number of volunteers donated time to the Corporation's program services and its fundraising activities; however, the estimated value was not recorded because they did not meet the criteria described above.

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, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Prior-Year Comparisons

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

In addition, certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through September 10, 2021, the date that the financial statements were available to be issued.

B. AVAILABLE RESOURCES AND LIQUIDITY

The Corporation regularly monitors liquidity required to meet its operating needs and other commitments, while also striving to effectively invest funds by protecting and strengthening the financial position of the Corporation.

Notes to Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels are recorded at the end of the reporting period.

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2020 and 2019:

<u>Assets at Fair Value as of December 31, 2020</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities:				
Mutual funds	\$ 679,454	\$	\$	\$ 679,454
Exchange traded funds	394,324			394,324
Money market	<u>23,490</u>			<u>23,490</u>
	<u>\$ 1,097,268</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,097,268</u>
 <u>Assets at Fair Value as of December 31, 2019</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Debt securities:				
Fixed income	\$	\$ 97,534	\$	\$ 97,534
Equity securities:				
Stocks and ADRs	509,367			509,367
Mutual funds	187,854			187,854
Exchange traded funds	19,351			19,351
Money market	<u>23,108</u>			<u>23,108</u>
	<u>\$ 739,680</u>	<u>\$ 97,534</u>	<u>\$</u>	<u>\$ 837,214</u>

Notes to Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

Investment income in the accompanying statement of activities consists of the following for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Net realized & unrealized gains	\$ 47,837	\$ 170,685
Interest and dividends	24,667	24,730
Investment fees	<u>(12,545)</u>	<u>(15,991)</u>
	<u>\$ 59,959</u>	<u>\$ 179,424</u>

D. DEFERRED REVENUE

Deferred revenue, a contract with customers liability, consists of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Membership fees	\$ 628,122	\$ 865,587
Event registration fees	39,885	
Other	<u>36,076</u>	<u> </u>
	<u>\$ 704,083</u>	<u>\$ 865,587</u>

E. REFUNDABLE ADVANCE

In accordance with FASB ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08), the Corporation classified conditional promises to give subject to donor-imposed conditions received in prior years as refundable advances at December 31, 2020 and 2019. As the Corporation satisfies the barriers and conditions set forth in the grant contract, revenue will be recognized accordingly.

Refundable advances consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
PPP loan (Note L)	\$ 328,800	\$
USOPC special grant	<u>39,189</u>	<u>36,774</u>
	<u>\$ 367,989</u>	<u>\$ 36,774</u>

Notes to Financial Statements

F. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2020 and 2019, the USOPC provided revenue to the Corporation under the following categories:

	<u>2020</u>	<u>2019</u>
NGB funding	\$ 717,487	\$ 593,742
Value-in-kind	35,357	58,885
Carried over special grants	30,000	30,000
Other grants	<u>20,000</u>	<u>80,000</u>
	<u>\$ 802,844</u>	<u>\$ 762,627</u>

The USOPC also paid stipends of \$274,000 directly to athletes for the years ended December 31, 2020 and 2019.

During the year ended December 31, 2012, the Corporation entered into a digital licensing agreement with the USOPC. The initial term of the agreement was January 1, 2013 through December 31, 2016. The Corporation signed an amended agreement with the USOPC that extends the term of the agreement through December 31, 2021. The Corporation earned \$150,000 during the years ended December 31, 2020 and 2019.

The USOPC provides the Corporation with certain office facilities pursuant to a lease that began May 1, 2010 and expired April 30, 2015. This lease was extended for an additional term through December 31, 2021, with automatic annual renewals unless either party informs the other in writing no less than 60 days prior to the end of the then current lease term year. No amount is charged for common areas, however, \$7,426 for the years ended December 31, 2020 and 2019, has been reflected in the financial statements as a value-in-kind revenue and cost for the Corporation's share of common area facilities.

During the year ended December 31, 2019, the Corporation entered into an agreement with the USOPC to stage the U.S. Olympic Team Trials and Exhibitions. Under this agreement, the Corporation recognized \$125,000 of revenue during the year ended December 31, 2019. \$62,500 was recorded as due from the USOPC as of December 31, 2019.

The Corporation owed the USOPC \$49,576 and \$51,020 at December 31, 2020 and 2019, respectively. The USOPC owed the Corporation \$75,000 and \$153,930 at December 31, 2020 and 2019, respectively.

Notes to Financial Statements

F. RELATED PARTY TRANSACTIONS - Continued

The Corporation recorded \$39,189 and \$36,774 as refundable advances from the USOPC at December 31, 2020 and 2019, respectively, representing unspent grant funds (Note E).

The Corporation may, from time to time, compensate athlete representatives who serve on the Board of Directors pursuant to normal stipend practices in place for the Corporation. No Board Members receive compensation for their service on the Board of Directors.

A member of the Board of Directors of the Corporation previously had contracted with the Corporation to conduct talks and various activities on behalf of growing the sport of boxing in the United States of America. During the year ended December 31, 2019, the Corporation reimbursed the Board Member for authorized expenses incurred in the amount of \$40,000.

G. UNITED STATES AMATEUR BOXING FOUNDATION

The United States Amateur Boxing Foundation (the Foundation) was formed as a separate entity to operate for the benefit and support of the Corporation. The purpose of the Foundation is to raise funds and acquire assets that will enable the Corporation to encourage, improve and promote amateur boxing in the United States.

The financial statements of the Foundation have not been consolidated with the Corporation since the Corporation does not control a majority of the appointments to the Foundation's Board of Directors.

The Foundation's by-laws allow for 50 percent of the net income each year to be set aside as funds available for distribution to the Corporation. During the years ended December 31, 2020 and 2019, grants totaling \$300,502 and \$93,793 were distributed to the Corporation, respectively. Upon receipt of grant requests from the Corporation, the Foundation may approve grants to the Corporation, but cannot exceed the amount that is available for distribution. The Foundation owed the Corporation \$150,534 and \$93,927 for grants awarded at December 31, 2020 and 2019, respectively.

Notes to Financial Statements

G. UNITED STATES AMATEUR BOXING FOUNDATION - Continued

As of December 31, 2020, amounts due to United States Amateur Boxing Foundation consist of the following:

Note payable, due in annual installments of \$100,000, beginning December 31, 2009, continuing until paid in full. This note is non-interest bearing.	\$ 595,000
Less current portion	<u>(100,000)</u>
Long-term portion	<u>\$ 495,000</u>

Future minimum payments for the years ended December 31 under the current payment terms are as follows:

2021	\$ 100,000
2022	100,000
2023	100,000
2024	100,000
2025	100,000
2026	95,000

H. PENSION PLAN

The Corporation has a 403(b)-retirement savings plan covering eligible employees. Employees may voluntarily contribute to the plan, subject to statutory limitations. The Corporation contributes 5% of compensation for employees with one to five years of full-time employment and 10% of compensation for employees with over five years of full-time employment. All contributions vest immediately.

During the years ended December 31, 2020 and 2019, the Corporation contributed \$74,686 and \$77,515, respectively, to the plan.

I. LEASES

As discussed in Note F, the Corporation has leased its office space from the USOPC under an operating lease through December 31, 2021, with automatic annual renewals. This lease requires initial monthly payments of \$1,715 per month.

During the year ended December 31, 2018, the Corporation entered into a lease for warehouse space to store its merchandise and boxing equipment under a 24-month operating lease through March 31, 2020. This lease has been extended through March 31, 2022, and requires monthly payments of \$2,000.

Notes to Financial Statements

I. LEASES - Continued

In November 2020, the Corporation entered into a commercial lease for a boxing training and competition facility. The initial lease term commences January 1, 2021, and ends May 31, 2021, and requires monthly installments of \$6,000. The lease has been extended on a month-to-month basis with the same monthly payment terms.

Future minimum lease payments under these leases for the years ending December 31 are as follows:

2021	\$ 78,295
2022	6,000

J. NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY

Net assets with temporary donor restriction are available for the following purposes:

	<u>2020</u>	<u>2019</u>
USOPC coaching education	\$ _____	\$ <u>7,164</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2020 and 2019, net assets were released from restrictions for satisfying the following purposes:

	<u>2020</u>	<u>2019</u>
USOPC coaching education	\$ <u>7,164</u>	\$ <u>42,836</u>

K. CONTINGENCIES

The Corporation, at times, has claims made against their accident and liability insurance policies for injuries sustained. As of December 31, 2020, a reserve of \$100,000 has been recorded for insurance deductibles for potential future claims that the Corporation estimates may not be covered by insurance.

L. PAYCHECK PROTECTION PROGRAM

In April 2020, the Corporation received a \$328,800 loan from Community Banks of Colorado through the Small Business Administration's Paycheck Protection Program. Under this program, a portion or all of the loan may be forgiven by the Small Business Administration if certain payroll criteria are

Notes to Financial Statements

L. PAYCHECK PROTECTION PROGRAM - Continued

met and funds are used for payroll, rent, mortgage interest, or utilities. Any portion of the loan that is not forgiven has a maturity of not less than two years and an interest rate of 1.0%. Loan payments are deferred for 10 months.

Subsequent to the year ended December 31, 2020, the Corporation received confirmation from the Small Business Administration that the Organization qualified for full loan forgiveness.

In January 2021, the Corporation received a \$329,300 loan from Community Banks of Colorado through the second round of the Small Business Administration's Paycheck Protection Program. A portion or all of loan may be forgiven by the Small Business Administration if certain payroll criteria are met and funds are used for payroll, rent, mortgage interest, or utilities. Any portion of the loan that is not forgiven has a maturity of up to five years and an interest rate of 1%. Loan payments are deferred for 10 months.

M. UNCERTAINTIES

During the year ended December 31, 2020, the outbreak of a novel strain of coronavirus (the COVID-19 outbreak) has been recognized as a pandemic by the World Health Organization, and the COVID-19 outbreak has become increasingly widespread in the United States. The COVID-19 outbreak has had a notable impact on general economic conditions, including the uncertainty in global financial markets, temporary closures of many businesses, suspension or cancelation of events, "shelter in place" and other governmental regulations, and job losses. The extent to which the COVID-19 outbreak will affect the operations, collections or financial results of the Corporation is uncertain.