



**USA BOXING, INC.**  
**Financial Statements**  
**For the Year Ended December 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

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

**Opinion**

We have audited the accompanying financial statements of USA Boxing, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2021, 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.

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, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit 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 USA Boxing, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 USA Boxing, 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 Responsibilities 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 USA Boxing, 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 USA Boxing, 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.

#### **Report on Summarized Comparative Information**

We have previously audited USA Boxing, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 10, 2021.

In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Waugh & Goodwin, LLP*

Colorado Springs, Colorado  
June 9, 2022

USA BOXING, INC.  
Statement of Financial Position  
December 31, 2021  
(With Comparative Totals for December 31, 2020)

	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 2,053,582	\$ 998,790
Cash held for others	10,118	8,171
Accounts receivable	62,385	18,062
Due from United States		
Amateur Boxing Foundation	51,597	150,534
Due from USOPC	8,370	75,000
Inventory	74,826	191,428
Prepaid expenses	5,160	242,300
Other assets	<u>2,000</u>	<u>2,000</u>
Total current assets	2,268,038	1,686,285
<b>LONG-TERM INVESTMENTS</b>	1,072,405	1,097,268
<b>PROPERTY AND EQUIPMENT:</b>		
Office equipment and furniture		16,399
Training equipment	41,762	37,832
Vehicles	12,350	12,350
Less accumulated depreciation	<u>(21,320)</u>	<u>(50,751)</u>
Property and equipment - net	<u>32,792</u>	<u>15,830</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,373,235</u>	<u>\$ 2,799,383</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 391,505	\$ 199,249
Accrued liabilities	150,004	142,549
Funds held in trust for others	10,118	8,171
Insurance deductible	100,000	100,000
Deferred revenue	1,031,586	704,083
Refundable advances	50,068	367,989
Due to USOPC	8,607	49,576
Current portion due to United States		
Amateur Boxing Foundation	<u>100,000</u>	<u>100,000</u>
Total current liabilities	1,841,888	1,671,617
<b>DUE TO UNITED STATES AMATEUR BOXING FOUNDATION</b>	<u>395,000</u>	<u>495,000</u>
Total liabilities	2,236,888	2,166,617
<b>NET ASSETS:</b>		
Net assets without donor restrictions	<u>1,136,347</u>	<u>632,766</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,373,235</u>	<u>\$ 2,799,383</u>

See Notes to Financial Statements

USA BOXING, INC.

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
REVENUE:		
Membership	\$ 3,411,494	\$ 2,847,584
USOPC grants	863,059	802,844
PPP grant forgiveness	658,100	
National event revenue	256,710	25,681
Sponsorship and marketing	182,916	250,602
Other grants	160,000	
United States Amateur Boxing Foundation grants	157,866	300,502
USOPC media agreement	150,000	150,000
Merchandise and equipment sales, net of direct costs of \$115,075 and \$174,890	90,663	93,542
Investment income, net of fees	75,596	59,959
Royalties	32,328	1,230
Other programs	28,370	28,548
Other contributions	26,966	23,817
Total revenue	6,094,068	4,584,309
EXPENSES:		
Program services:		
Development/high performance programs	2,081,779	1,611,985
Membership	1,769,422	1,490,340
Events	934,926	364,561
USA Boxing Foundation programs	33,548	31,726
Total program services	4,819,675	3,498,612
Supporting services:		
General and administrative	464,367	400,685
Marketing and communications	239,126	228,629
Board of Directors	67,319	60,041
Total supporting services	770,812	689,355
Total expenses	5,590,487	4,187,967
CHANGE IN NET ASSETS	503,581	396,342
NET ASSETS, beginning of year	632,766	236,424
NET ASSETS, end of year	<u>\$ 1,136,347</u>	<u>\$ 632,766</u>

See Notes to Financial Statements

USA BOXING, INC.  
Statement of Functional Expenses  
For the Year Ended December 31, 2021  
(With Comparative Totals for the Year Ended December 31, 2020)

	Program Services					Total Program Services
	Development/ High Performance Programs	Membership	Events	USA Boxing Foundation programs	Merchandise and Equipment Sales	
Accounting	\$	\$ 1,500	\$	\$	\$	\$ 1,500
Advertising			209			209
Apparel and accessories	8,652		2,326			10,978
Awards and trophies			30,421			30,421
Background screening	1,800	258,378				260,178
Boxing supplies and equipment rental	55,310		64,583			119,893
Contract labor	152,833	7,477	10,597			170,907
COVID-19 supplies and expenses	56,815		27,649			84,464
Depreciation	7,960		2,807			10,767
Dues and fees	13,692	248,410	210	3,204		265,516
Education, training, and seminars	1,429	1,589				3,018
Employee benefits	40,827	42,732	7,420			90,979
Equipment purchases					13,675	13,675
Facilities	2,929		1,450			4,379
Gifts and protocol	4,941	649	42,700			48,290
Grants	23,600					23,600
Insurance	5,811	812,846				818,657
Legal	4,662			100		4,762
Merchandise costs					101,400	101,400
Office supplies	2,347	1,183	1,120			4,650
Other expense		200	1,700			1,900
Payroll taxes	34,663	27,942	16,758			79,363
Pension	29,731	17,429	8,249			55,409
Phone, fax, and video	10,267	266	28,702			39,235
Postage and shipping	26,117	12,863	51,424			90,404
Printing and copying	635	12,753	9,502			22,890
Professional services		31,233				31,233
Rent	66,358		6,358			72,716
Salaries	468,046	291,758	215,769			975,573
Scholarships				30,000		30,000
Stipends	73,450					73,450
Tickets and entertainment	1,218					1,218
Travel	866,411	214	404,972	244		1,271,841
VIK distribution	121,275					121,275
<b>Total expenses by function</b>	<b>2,081,779</b>	<b>1,769,422</b>	<b>934,926</b>	<b>33,548</b>	<b>115,075</b>	<b>4,934,750</b>
Less: cost of goods sold amount included with revenues in the statement of activities					(115,075)	(115,075)
<b>Total expenses reported in the statement of activities</b>	<b>\$ 2,081,779</b>	<b>\$ 1,769,422</b>	<b>\$ 934,926</b>	<b>\$ 33,548</b>	<b>\$</b>	<b>\$ 4,819,675</b>



	Supporting Services				2021	2020
	General and Administrative	Fundraising Marketing and Communication	Board of Directors	Total Supporting Services	Total Expenses	Total Expenses
Accounting	\$ 14,850	\$	\$	\$ 14,850	\$ 16,350	\$ 16,250
Advertising		470		470	679	701
Apparel and accessories					10,978	1,580
Awards and trophies					30,421	
Background screening					260,178	202,454
Boxing supplies and equipment rental	857	5,185		6,042	125,935	50,180
Contract labor	1,500	55,994	543	58,037	228,944	143,046
COVID-19 supplies and expenses	24			24	84,488	
Depreciation					10,767	5,277
Dues and fees	12,168	2,256	48	14,472	279,988	229,174
Education, training, and seminars	375			375	3,393	2,204
Employee benefits	45,174	5,808		50,982	141,961	114,741
Equipment purchases					13,675	99,919
Facilities					4,379	225
Gifts and protocol	5,855	109		5,964	54,254	12,472
Grants					23,600	37,500
Insurance					818,657	648,977
Legal	24,385			24,385	29,147	76,095
Merchandise costs					101,400	74,971
Office supplies	2,993	383		3,376	8,026	12,338
Other expense	137			137	2,037	5,048
Payroll taxes	19,610	7,653	4,289	31,552	110,915	114,641
Pension	24,904	4,169		29,073	84,482	74,686
Phone, fax, and video	20,966	2,740	267	23,973	63,208	31,360
Postage and shipping	2,004	5,246	641	7,891	98,295	52,572
Printing and copying	651	6,449		7,100	29,990	20,162
Professional services			708	708	31,941	28,080
Rent	28,193	12,716		40,909	113,625	60,329
Salaries	251,224	99,245	56,082	406,551	1,382,124	1,382,761
Scholarships					30,000	30,000
Stipends					73,450	26,146
Tickets and entertainment	1,567			1,567	2,785	2,784
Travel	6,930	8,143	4,741	19,814	1,291,655	562,624
VIK distribution		22,560		22,560	143,835	243,560
<b>Total expenses by function</b>	<b>464,367</b>	<b>239,126</b>	<b>67,319</b>	<b>770,812</b>	<b>5,705,562</b>	<b>4,362,857</b>
Less: cost of goods sold amount included with revenues in the statement of activities					(115,075)	(174,890)
<b>Total expenses reported in the statement of activities</b>	<b>\$ 464,367</b>	<b>\$ 239,126</b>	<b>\$ 67,319</b>	<b>\$ 770,812</b>	<b>\$ 5,590,487</b>	<b>\$ 4,187,967</b>

See Notes to Financial Statements

USA BOXING, INC.  
Statement of Cash Flows  
For the Year Ended December 31, 2021  
(With Comparative Totals for the Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 503,581	\$ 396,342
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation	10,767	5,277
Net realized and unrealized gains on investments	(67,359)	(47,837)
PPP grant proceeds, portion in refundable advance		328,800
PPP grant forgiveness	(328,800)	
Decrease (increase) in assets:		
Accounts receivable	(44,323)	27,074
Due from United States Amateur Boxing Foundation	98,937	(56,607)
Due from USOPC	66,630	78,930
Inventory	116,602	176,980
Prepaid expenses	237,140	(119,873)
Increase (decrease) in liabilities:		
Accounts payable	192,256	(357,382)
Accrued liabilities	7,455	(14,972)
Funds held in trust for others	1,947	8,171
Deferred revenue	327,503	(161,504)
Refundable advances from USOPC	10,879	2,415
Due to USOPC	<u>(40,969)</u>	<u>(1,444)</u>
Total adjustments	<u>588,665</u>	<u>(131,972)</u>
Net cash provided by operating activities	1,092,246	264,370
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(27,729)	
Proceeds from sales of long-term investments	806,769	1,574,053
Purchases of long-term investments	<u>(714,547)</u>	<u>(1,786,270)</u>
Net cash provided (used) by investing activities	64,493	(212,217)
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 INCREASE (DECREASE) IN CASH	1,056,739	(47,847)
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,006,961</u>	<u>1,054,808</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,063,700</u>	<u>\$ 1,006,961</u>

See Notes to Financial Statements

USA BOXING, INC.  
Notes to Financial Statements  
For the Year Ended December 31, 2021

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.

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, 2020, 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.

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

Cash and cash equivalents consist of cash in the Corporation's checking and money market accounts held at commercial banks.

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Cash and Cash Equivalents - continued

The Corporation considers all liquid investments with original maturities of three months or less, and which are not held for long-term investment purposes, to be cash equivalents. Cash and highly liquid financial instruments held for long-term investment purposes, regardless of original length to maturity, are reported as investments and excluded from this definition.

In the unlikely event of a bank or brokerage firm 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, 2021 and 2020.

#### 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 2021 were \$90,380 and \$59,013, respectively.

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 is not necessary at December 31, 2021 and 2020.

#### 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

Contributions include United States Olympic & Paralympic Committee (USOPC), Small Business Administration (SBA) Paycheck Protection Program (PPP), and other grants.

#### 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. The Corporation also recognizes membership revenue 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, Equipment Sales and Royalties

During the year ended December 31, 2020, the Corporation maintained an inventory of merchandise and boxing equipment and sold these items to members and nonmembers through their website and at national events. During the year ended December 31, 2021, the Corporation entered into an exclusive consignment agreement with a third party for current and future merchandise sales and began receiving commissions and royalties on the sale of merchandise. The commissions are recognized as merchandise sales revenue, and the royalties are recognized separately in the accompanying statement of activities.

The Corporation still maintains an inventory of boxing equipment and sells these items to members and nonmembers. Revenue is recognized as products are sold and provided to customers.

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Revenue from Contracts with Customers - continued

##### 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. 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.

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Boxing equipment	\$ 64,860	\$ 78,536
Labels	9,966	11,492
Merchandise and apparel	<u>                    </u>	<u>101,400</u>
Total	<u>\$ 74,826</u>	<u>\$ 191,428</u>

During the year ended December 31, 2021, the Corporation entered into an exclusive contract for the future sales of its promotional merchandise and apparel. In May 2021, the Corporation transferred the remaining merchandise and apparel inventory under the agreement and has recognized the expense related to this inventory.

#### 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. 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.

#### Furniture and Equipment

Furniture and equipment is recorded at cost. All acquisitions of furniture and equipment with an initial cost in excess of

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Furniture and Equipment - continued

\$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 \$10,767 and \$5,277, for the years ended December 31, 2021 and 2020, respectively.

#### 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.

#### Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through June 9, 2022, 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.

The Corporation has various sources of liquidity at its disposal, including cash and cash equivalents, accounts receivable, and investments. The Corporation has an investment policy that states that the Board of Directors is responsible for the management of Corporation property, including cash and cash equivalents. The statement governs the investing of all the Corporation's cash and cash equivalents and outlines the Corporation's strategy and operational plans for investing. The Corporation looks to create a mechanism to provide further benefits to its athletes on par with other leading Olympic boxing nations through its investments.



## Notes to Financial Statements

### B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

In addition to financial assets available to meet general expenditures over the next 12 months, the Corporation strives to produce a conservative budget and anticipates collecting revenue from conducting its program services to adequately cover operating expenses.

The following table reflects the Corporation's financial assets as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,053,582	\$ 998,790
Accounts receivable	62,385	18,062
Due from USABF	51,597	150,534
Due from USOPC	8,370	75,000
Investments	<u>1,072,405</u>	<u>1,097,268</u>
Total financial assets available within one year	<u>\$ 3,248,339</u>	<u>\$ 2,339,654</u>

### C. FAIR VALUE MEASUREMENTS

The Corporation applies Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

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.

Notes to Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

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.

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2021 and 2020:

<u>Assets at Fair Value as of December 31, 2021</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities:				
Mutual funds	\$ 684,487	\$	\$	\$ 684,487
Exchange traded funds	366,005			366,005
Money market	21,913			21,913
	<u>\$ 1,072,405</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,072,405</u>

<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	23,490			23,490
	<u>\$ 1,097,268</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,097,268</u>

Investment income in the accompanying statement of activities consists of the following for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Net realized and unrealized gains	\$ 67,359	\$ 47,837
Interest and dividends	21,810	24,667
Investment fees	<u>(13,573)</u>	<u>(12,545)</u>
	<u>\$ 75,596</u>	<u>\$ 59,959</u>

D. DEFERRED REVENUE

Deferred revenue, a contract with customers liability, consists of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Membership fees	\$ 1,031,586	\$ 628,122
Event registration fees		39,885
Other		36,076
	<u>\$ 1,031,586</u>	<u>\$ 704,083</u>

Notes to Financial Statements

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, 2021 and 2020. 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
USOPC special grant	\$ 50,068	\$ 39,189
PPP loan (Note K)		328,800
	<u>\$ 50,068</u>	<u>\$ 367,989</u>

F. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2021 and 2020, the USOPC provided revenue to the Corporation under the following categories:

	<u>2021</u>	<u>2020</u>
NGB funding	\$ 724,451	\$ 717,487
Other grants	69,725	20,000
Value-in-kind	36,468	35,357
COVID-19 support grant	32,415	
Carried over special grants		30,000
	<u>\$ 863,059</u>	<u>\$ 802,844</u>

The USOPC also paid stipends of \$280,736 and \$274,000 directly to athletes during the years ended December 31, 2021 and 2020, respectively.

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, 2021 and 2020.

## Notes to Financial Statements

### F. RELATED PARTY TRANSACTIONS - Continued

The USOPC provides the Corporation with certain office facilities pursuant to a lease that began May 1, 2010 and originally 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, 2021 and 2020, has been reflected in the financial statements as a value-in-kind revenue and rent expense for the Corporation's share of common area facilities.

The Corporation owed the USOPC \$8,607 and \$49,576 at December 31, 2021 and 2020, respectively. The USOPC owed the Corporation \$8,370 and \$75,000 at December 31, 2021 and 2020, respectively.

The Corporation recorded \$50,068 and \$39,189 as refundable advances from the USOPC at December 31, 2021 and 2020, 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.

### 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% of the net income each year to be set aside as funds available for distribution to the Corporation.

## Notes to Financial Statements

### G. UNITED STATES AMATEUR BOXING FOUNDATION - Continued

During the years ended December 31, 2021 and 2020, grants totaling \$157,866 and \$300,502 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 \$51,597 and \$150,534 for grants awarded at December 31, 2021 and 2020, respectively.

As of December 31, 2021, 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	\$ 495,000
Less current portion	<u>(100,000)</u>
Long-term portion	<u>\$ 395,000</u>

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

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, 2021 and 2020, the Corporation contributed \$84,482 and \$74,686, respectively, to the plan.

## Notes to Financial Statements

### 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 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 had multiple amendments and subsequent to the year ended December 31, 2021, a lease amendment was signed that extended the lease through January 31, 2023 and requires monthly payments of \$2,100.

In November 2020, the Corporation entered into a commercial lease for a boxing training and competition facility. The initial lease term commenced January 1, 2021, and required monthly installments of \$6,000. The Corporation continued paying the lease on a month-to-month basis through October 2021 and paid \$60,000 during the year ended December 31, 2021.

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

2022	\$	45,679
2023		2,100

### J. CONTINGENCIES

The Corporation, at times, has claims made against their accident and liability insurance policies for injuries sustained. As of December 31, 2021, 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.

### K. 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 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.

## Notes to Financial Statements

### K. PAYCHECK PROTECTION PROGRAM - Continued

In January 2021, the Corporation met the criteria for forgiveness of the loan and has received confirmation from the Small Business Administration that they qualified for full loan forgiveness. The proceeds from the loan have been included in the statement of activities as PPP grant forgiveness revenue.

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 the 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.

In September 2021, the Corporation met the criteria for forgiveness of the loan and has received confirmation from the Small Business Administration that they qualified for full loan forgiveness. The proceeds from the loan have been included in the statement of activities as PPP grant forgiveness revenue.

### L. UNCERTAINTIES

During the year ended December 31, 2020, the outbreak of a novel strain of coronavirus (COVID-19) 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.