

USA BOXING, INC.
Financial Statements
For the Year Ended December 31, 2019

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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, 2019, 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, 2019, 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matters

As described in Note A to the financial statements, in 2019, USA Boxing, Inc. adopted Accounting Standards Update (ASU) 2014-09, *(Topic 606): Revenue from Contracts with Customers*, ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10: Recognition and Measurement of Financial Assets and Financial Liabilities)*, ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments-Overall (Subtopic 825-10)*, and ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. Our opinion is not modified with respect to these matters.

Colorado Springs, Colorado
June 29, 2020

USA BOXING, INC.
Statement of Financial Position
December 31, 2019
(With Comparative Amounts for 2018)

	<u>ASSETS</u>	
	<u>2019</u>	<u>2018</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,054,808	\$ 1,129,307
Accounts receivable	45,136	34,930
Due from United States		
Amateur Boxing Foundation	93,927	
Due from USOPC	153,930	3,200
Inventory	368,408	388,548
Prepaid expenses	122,427	52,351
Other assets	<u>2,000</u>	<u>2,000</u>
Total current assets	1,840,636	1,610,336
LONG-TERM INVESTMENTS	837,214	948,202
PROPERTY AND EQUIPMENT:		
Office equipment and furniture	16,399	16,399
Training equipment	37,832	37,832
Vehicles	12,350	
Less accumulated depreciation	<u>(45,474)</u>	<u>(40,197)</u>
Property and equipment - net	<u>21,107</u>	<u>14,034</u>
TOTAL ASSETS	<u>\$ 2,698,957</u>	<u>\$ 2,572,572</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
CURRENT LIABILITIES:		
Accounts payable	\$ 556,631	\$ 307,860
Accrued liabilities	157,521	76,807
Insurance deductible	100,000	100,000
Deferred revenue	865,587	773,280
Refundable advance	36,774	66,774
Current portion due to United States		
Amateur Boxing Foundation	100,000	100,000
Due to USOPC	<u>51,020</u>	<u>17,436</u>
Total current liabilities	1,867,533	1,442,157
DUE TO UNITED STATES AMATEUR BOXING FOUNDATION	<u>595,000</u>	<u>695,000</u>
Total liabilities	2,462,533	2,137,157
NET ASSETS:		
Net assets without donor restrictions	229,260	435,415
Net assets with donor restrictions	<u>7,164</u>	<u></u>
Total net assets	<u>236,424</u>	<u>435,415</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,698,957</u>	<u>\$ 2,572,572</u>

See Notes to Financial Statements

USA BOXING, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2019
(With Comparative Totals for 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Totals</u>	<u>2018 Totals</u>
REVENUE:				
Membership	\$ 3,661,104	\$	\$ 3,661,104	\$ 3,455,194
USOPC grants	712,627	50,000	762,627	747,620
Merchandise & equipment sales, net of direct costs of \$273,974 and \$222,497	315,985		315,985	235,271
National event revenue	190,676		190,676	278,764
Sponsorship and marketing	180,153		180,153	330,403
Investment income (loss), net of fees	179,424		179,424	(31,236)
USOPC media agreement	150,000		150,000	75,000
U.S. Olympic Team Trials Management fee	125,000		125,000	
United States Amateur Boxing Foundation grants	93,793		93,793	209,638
Other programs	49,206		49,206	39,918
Other contributions	9,634		9,634	6,004
Royalties	5,283		5,283	
Satisfaction of program restrictions	<u>42,836</u>	<u>(42,836)</u>		
Total revenue	5,715,721	7,164	5,722,885	5,346,576
EXPENSES:				
Program services:				
Events	2,324,987		2,324,987	2,117,845
Membership	1,650,149		1,650,149	1,565,748
Development/high performance programs	<u>1,085,278</u>		<u>1,085,278</u>	<u>1,809,245</u>
Total program services	5,060,414		5,060,414	5,492,838
Supporting services:				
General and administrative	374,879		374,879	476,406
Fundraising and marketing	283,155		283,155	211,811
Board of directors	<u>203,428</u>		<u>203,428</u>	<u>179,196</u>
Total supporting services	<u>861,462</u>		<u>861,462</u>	<u>867,413</u>
Total expenses	<u>5,921,876</u>		<u>5,921,876</u>	<u>6,360,251</u>
CHANGE IN NET ASSETS	(206,155)	7,164	(198,991)	(1,013,675)
NET ASSETS, beginning of year	<u>435,415</u>		<u>435,415</u>	<u>1,449,090</u>
NET ASSETS, end of year	<u>\$ 229,260</u>	<u>\$ 7,164</u>	<u>\$ 236,424</u>	<u>\$ 435,415</u>

See Notes to Financial Statements

USA BOXING, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2019
(With Comparative Totals for 2018)

	Events	Membership	Development/ High Performance Programs	Merchandise and Equipment Sales	Total Program Services
Accounting	\$	\$	\$	\$	\$
Advertising	942	2,720			2,720
Apparel & accessories	21,503	126			1,068
Awards & trophies	33,161	6,345	2,433		30,281
Background screening	726	1,161			34,322
Boxing supplies	8,332	160,347	46		161,119
Computer software			3,316		11,648
Contract labor	144,115	5,557	86,410		236,082
Depreciation					
Dues & fees	2,582	239,226	26,954		268,762
Education, training & seminars	185	629	803		1,617
Employee benefits	5,876	31,313	39,397		76,586
Entertainment	5,035		169		5,204
Equipment purchases & rental	17,634		6,572	50,188	74,394
Facilities	23,329		19,731		43,060
Gifts & protocol	39,229	3,360	348		42,937
Insurance	29,659	553,306			582,965
Legal		12,938			12,938
Merchandise purchases				223,786	223,786
Office supplies	12,675	7,684	3,733		24,092
Other expense	11,637				11,637
Payroll taxes	9,707	24,086	36,714		70,507
Pension	6,090	21,421	26,635		54,146
Phone, fax & video	880	101	5,038		6,019
Postage & shipping	35,041	10,789	827		46,657
Printing & copying	21,295	10,782	1,447		33,524
Professional services		18,720			18,720
Rent	69,916	1,558	6,527		78,001
Repairs & maintenance	1,532		910		2,442
Scholarships			35,000		35,000
Sports accident insurance		176,862			176,862
Stipends	174,683		1,000		175,683
Travel	1,442,787	40,250	131,476		1,614,513
VIX distribution	11,781		133,010		144,791
Wages	194,655	320,868	516,782		1,032,305
Total expenses	2,324,987	1,650,149	1,085,278	273,974	5,334,388
Less: cost of goods sold					
amount included with revenues					
in the statement of activities				(273,974)	(273,974)
Total expenses reported in the					
statement of activities	\$ 2,324,987	\$ 1,650,149	\$ 1,085,278	\$	\$ 5,060,414

	General and Administrative	Fundraising and Marketing	Board of Directors	2019 Total Expenses	2018 Total Expenses
Accounting	\$ 13,050	\$	\$	\$ 15,770	\$ 14,560
Advertising		1,661		2,729	6,586
Apparel & accessories	2,603		1,437	34,321	36,066
Awards & trophies	245			34,567	51,382
Background screening	32	48	112	161,311	142,301
Boxing supplies				11,648	18,040
Computer software	596			596	280
Contract labor	962	15,800	79,456	332,300	423,882
Depreciation	5,277			5,277	
Dues & fees	8,971	2,177		279,910	268,884
Education, training & seminars		1,034		2,651	6,071
Employee benefits	14,618	15,972		107,176	95,102
Entertainment				5,204	4,613
Equipment purchases & rental		87		74,481	76,010
Facilities			30	43,090	28,105
Gifts & protocol	8,088		1,131	52,156	38,527
Insurance		3,200		586,165	537,847
Legal	5,507		3,570	22,015	69,270
Merchandise purchases				223,786	184,113
Office supplies	2,227	4,514	472	31,305	102,154
Other expense				11,637	3,243
Payroll taxes	24,528	11,551		106,586	102,204
Pension	14,954	8,415		77,515	64,750
Phone, fax & video	26,892		2,743	35,654	39,869
Postage & shipping	1,376	17,600	163	65,796	49,412
Printing & copying	2,306	2,936	1,821	40,587	21,789
Professional services				18,720	18,272
Rent	26,757	13,054		117,812	71,374
Repairs & maintenance				2,442	6,416
Scholarships				35,000	30,000
Sports accident insurance				176,862	215,307
Stipends				175,683	189,489
Travel	18,861	25,236	63,778	1,722,388	1,914,146
VIK distribution				144,791	425,861
Wages	197,029	159,870	48,715	1,437,919	1,326,823
Total expenses	374,879	283,155	203,428	6,195,850	6,582,748
Less: cost of goods sold					
amount included with revenues					
in the statement of activities				(273,974)	(222,497)
Total expenses reported in the					
statement of activities	\$ 374,879	\$ 283,155	\$ 203,428	\$ 5,921,876	\$ 6,360,251

See Notes to Financial Statements

USA BOXING, INC.
Statement of Cash Flows
For the Year Ended December 31, 2019
(With Comparative Amounts for 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (198,991)	\$ (1,013,675)
Adjustments to reconcile the change in net assets to net cash used by operating activities:		
Depreciation	5,277	
Realized and unrealized (gains) losses on investments	(154,694)	57,483
Decrease (increase) in assets:		
Accounts receivable	(10,206)	10,110
Due from United States Amateur Boxing Foundation	(93,927)	
Due from USOPC	(150,730)	(3,200)
Inventory	20,140	(52,960)
Prepaid expenses	(70,076)	23,094
Other assets		(2,000)
Increase (decrease) in liabilities:		
Accounts payable	248,771	24,204
Accrued liabilities	80,714	(86,898)
Deferred revenue	92,307	(16,940)
Refundable advance	(30,000)	(34,571)
Due to USOPC	33,584	3,260
Total adjustments	<u>(28,840)</u>	<u>(78,418)</u>
Net cash used by operating activities	(227,831)	(1,092,093)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(12,350)	(14,034)
Proceeds from sales of long-term investments	877,979	445,033
Purchases of long-term investments	<u>(612,297)</u>	<u>(330,547)</u>
Net cash provided by investing activities	253,332	100,452
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	(74,499)	(1,091,641)
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,129,307</u>	<u>2,220,948</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,054,808</u>	<u>\$ 1,129,307</u>

See Notes to Financial Statements

USA BOXING, INC.
Notes to Financial Statements
For the Year Ended December 31, 2019

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.

Accounting Standards Update

On January 1, 2019, the Corporation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU 2014-09), *Revenue from Contracts with Customers (Topic 606)*, (ASU 2014-09) and 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). These two ASUs were adopted together as of January 1, 2019, because they both establish standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. Adopting one ASU without the other would leave the accounting for some ongoing grants and contracts unresolved. ASU 2014-09 was adopted retrospectively for all periods presented. Accordingly, there is no effect on net assets in connection with implementation of the two ASUs.

On January 1, 2019, the Corporation also adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-01, *Financial Instruments - Overall (Subtopic 825-10: Recognition and Measurement of Financial Assets and Financial Liabilities)*, and subsequently issued related ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments-Overall (Subtopic 825-10)*, and elected early adoption for ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. These standards amend certain aspects of accounting and disclosure requirements for financial instruments, including the requirement that equity investments with readily determinable fair values are to be measured at fair value with any changes in fair value recognized in the statement of changes in net assets. The standards were adopted using the modified retrospective method and there is no effect on net assets with the implementation of the three ASUs.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2018, 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 Taxes

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.

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.

USOPC grants are treated as Contributions by the Corporation.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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. Each event has a specified registration fee.

Other programs

Included in other programs is various income from contracts with customers.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers - continued

Other programs - continued

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 those revenue streams.

Sponsorship and marketing

The Corporation recognizes revenue from contracts with both sponsors and suppliers of USA Boxing, Inc. 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.

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 2019 were \$34,930 and \$182,636, 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 at December 31, 2019 and 2018, is not necessary.

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

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents - continued

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.

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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Boxing equipment	\$ 179,694	\$ 226,340
Merchandise and apparel	173,577	147,943
Labels	<u>15,137</u>	<u>14,265</u>
Total	<u>\$ 368,408</u>	<u>\$ 388,548</u>

Furniture and Equipment

Furniture and equipment is recorded at cost. All acquisitions of furniture and equipment with an initial cost in excess of \$1,000 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 and \$0 for the years ended December 31, 2019 and 2018, respectively.

Supplemental Cash Flow Disclosures

The Corporation paid no interest or income taxes during the years ended December 31, 2019 and 2018.

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.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 29, 2020, the date that the financial statements were available to be issued.

B. AVAILABLE RESOURCES AND LIQUIDITY

USA Boxing, Inc. 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, 2019 & December 31, 2018.

The Corporation has \$7,164 in donor restricted funds as of December 31, 2019 (Note J). The Corporation had no restricted funds as of December 31, 2019.

	<u>2019</u>	<u>2018</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,054,808	\$ 1,129,307
Accounts receivable	45,136	34,930
Due from USABF	93,927	
Due from USOPC	153,930	3,200
Investments	<u>837,214</u>	<u>948,202</u>
	2,185,015	2,115,639
Less assets with donor restrictions		
USOPC Coaching education	<u>(7,164)</u>	<u> </u>
Total financial assets available within one year	<u>\$ 2,177,851</u>	<u>\$ 2,115,639</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:

Notes to Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

- 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, 2019 and 2018:

	<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	23,108			23,108
	<u>\$ 739,680</u>	<u>\$ 97,534</u>	<u>\$</u>	<u>\$ 837,214</u>

	<u>Assets at Fair Value as of December 31, 2018</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Debt securities:				
Fixed income	\$	\$ 117,129	\$	\$ 117,129
Equity securities:				
Stocks and ADRs	553,708			553,708
Mutual funds	213,390			213,390
Exchange traded funds	24,640			24,640
Money market	39,335			39,335
	<u>\$ 831,073</u>	<u>\$ 117,129</u>	<u>\$</u>	<u>\$ 948,202</u>

Notes to Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

Investment income (loss) in the accompanying statement of activities consists of the following for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Unrealized gains (losses)	\$ 97,656	\$ (68,415)
Realized gains	73,029	27,992
Interest and dividends	24,730	26,247
Investment fees	<u>(15,991)</u>	<u>(17,060)</u>
	<u>\$ 179,424</u>	<u>\$ (31,236)</u>

D. DEFERRED REVENUE

Deferred revenue, a contract with customers liability, consists of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Membership fees	<u>\$ 865,587</u>	<u>\$ 773,280</u>

E. REFUNDABLE ADVANCE

To be in compliance 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) (Note A), the Corporation classified conditional promises to give subject to donor-imposed conditions received in prior years as refundable advances at December 31, 2019 and December 31, 2018. This has no affect on the net assets of the Corporation. 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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
USOPC special grant	<u>\$ 36,774</u>	<u>\$ 66,774</u>

Notes to Financial Statements

F. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2019 and 2018, the United States Olympic & Paralympic Committee (USOPC) provided revenue to the Corporation under the following categories:

	<u>2019</u>	<u>2018</u>
NGB funding	\$ 593,742	\$ 616,302
Other grants	80,000	49,600
Value-in-kind	58,885	47,147
Carried over special grants	<u>30,000</u>	<u>34,571</u>
	<u>\$ 762,627</u>	<u>\$ 747,620</u>

The USOPC also paid stipends of \$274,000 and \$250,000 directly to athletes for the years ended December 31, 2019 and 2018, 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, 2020. The Corporation earned \$150,000 and \$75,000 during the years ended December 31, 2019 and December 31, 2018, respectively.

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 five-year term and runs from May 1, 2015 through April 30, 2020. No amount is charged for common areas, however, \$7,426 for the years ended December 31, 2019 and December 31, 2018, 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 2020 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 \$51,020 and \$17,436 at December 31, 2019 and 2018, respectively. The USOPC owed the Corporation \$153,930 and \$3,200 at December 31, 2019 and 2018, respectively.

The Corporation recorded \$36,774 and \$60,655 as refundable advances from the USOPC at December 31, 2019 and 2018, respectively, representing unspent grant funds (Note E.)

Notes to Financial Statements

F. RELATED PARTY TRANSACTIONS - Continued

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. The Corporation reimburses the Board Member for authorized expenses incurred. The Corporation reimbursed the Board Member a total of \$40,000 and \$29,299 for expenses during the years ended December 31, 2019 and 2018, respectively.

G. UNITED STATES AMATEUR BOXING FOUNDATION

The United States Amateur Boxing Foundation (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 fifty 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, 2019 and 2018, grants totaling \$93,793 and \$209,638 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. At December 31, 2019, the Foundation owed the Corporation \$93,927 for grants awarded during the year. At December 31, 2018 the Foundation did not owe the Corporation any amounts for grants awarded during the year.

As of December 31, 2019, amounts due to United States Amateur Boxing Foundation consist of the following:

Notes to Financial Statements

G. UNITED STATES AMATEUR BOXING FOUNDATION - Continued

Note payable, due in annual installments of \$100,000, beginning December 31, 2009, continuing until paid in full. This note is non-interest bearing.	\$ 695,000
Less current portion	<u>(100,000)</u>
Long-term portion	<u>\$ 595,000</u>

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

2020	\$ 100,000
2021	100,000
2022	100,000
2023	100,000
2024	100,000
2025 and thereafter	195,000

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, 2019 and 2018, the Corporation contributed \$77,515 and \$64,750, respectively, to the plan.

I. LEASES

As discussed in Note F, the Corporation has leased its office space from the USOPC under a 60-month operating lease through April 30, 2020. This lease requires initial monthly payments of \$1,611 per month, with annual increases not to exceed the increase in the regional CPI for subsequent years. Subsequent to year end the lease has continued on a month to month basis.

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 requires monthly payments of \$2,000. Subsequent to year end, this lease was extended through March 31, 2021.

Notes to Financial Statements

I. LEASES - Continued

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

2020	\$ 30,444
2021	6,000

J. NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY

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

	<u>2019</u>	<u>2018</u>
USOPC Coaching education	\$ <u>7,164</u>	\$ <u> </u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the years ended December 31, 2019 and 2018, net assets were released from restrictions for satisfying the following purposes:

	<u>2019</u>	<u>2018</u>
USOPC Coaching education	\$ <u>42,836</u>	\$ <u> </u>

K. CONTINGENCIES

The Corporation, at times, has claims made against their accident and liability insurance policies for injuries sustained. As of December 31, 2019, 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. SUBSEQUENT EVENTS

Subsequent to year end, the outbreak of COVID-19 (coronavirus) has been recognized as a pandemic by the World Health Organization, and the outbreak has become increasingly widespread in the United States.

The COVID-19 (coronavirus) outbreak has had a notable impact on general economic conditions, including but not limited to the temporary closures of many businesses, "shelter in place" and other governmental regulations and job losses. The extent to which the COVID-19 (coronavirus) outbreak will affect the operations, collections or financial results of the Corporation is uncertain.

Notes to Financial Statements

L. SUBSEQUENT EVENTS - Continued

In April 2020, the Corporation received a \$328,800 loan through 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 six months.