



**USA BOXING, INC.**

**Financial Statements**

**For the Year Ended December 31, 2022**

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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, 2022, 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, 2022, 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.

#### **Emphasis of Matter**

As described in Note A to the financial statements, during the year ended December 31, 2022, USA Boxing, Inc. adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)* and Accounting Standards Update (ASU) 2020-07, *Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to these matters.

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

We have previously audited USA Boxing, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 9, 2022.

In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Waugh & Goodwin, LLP*

Colorado Springs, Colorado  
July 13, 2023

USA BOXING, INC.  
Statement of Financial Position  
December 31, 2022  
(With Comparative Totals for December 31, 2021)

	<u>ASSETS</u>	
	<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 2,535,756	\$ 2,053,582
Cash held for others	11,522	10,118
Accounts receivable	48,622	62,385
Due from United States Amateur Boxing Foundation		51,597
Due from USOPC	19,560	8,370
Inventory	62,546	74,826
Prepaid expenses	35,825	5,160
Other assets	2,000	2,000
Total current assets	2,715,831	2,268,038
<b>RIGHT-OF-USE ASSETS</b>	27,742	52,292
<b>LONG-TERM INVESTMENTS</b>	957,969	1,072,405
<b>PROPERTY AND EQUIPMENT:</b>		
Training equipment	41,762	41,762
Vehicles	12,350	12,350
Less accumulated depreciation	(32,087)	(21,320)
Property and equipment - net	22,025	32,792
<b>TOTAL ASSETS</b>	<u>\$ 3,723,567</u>	<u>\$ 3,425,527</u>
 <b><u>LIABILITIES AND NET ASSETS</u></b> 		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 311,297	\$ 391,505
Accrued liabilities	186,792	150,004
Funds held in trust for others	11,522	10,118
Insurance deductible	100,000	100,000
Deferred revenue	1,083,114	1,031,586
Refundable advances	33,455	50,068
Due to USOPC	16,252	8,607
Lease liability	22,651	45,625
Current portion due to United States Amateur Boxing Foundation	100,000	100,000
Total current liabilities	1,865,083	1,887,513
<b>LEASE LIABILITY</b>	5,143	7,243
<b>DUE TO UNITED STATES AMATEUR BOXING FOUNDATION</b>	295,000	395,000
Total liabilities	2,165,226	2,289,756
<b>NET ASSETS:</b>		
Net assets without donor restrictions	1,458,341	1,135,771
Net assets without donor restrictions - board designated	100,000	
Total net assets	1,558,341	1,135,771
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,723,567</u>	<u>\$ 3,425,527</u>

See Notes to Financial Statements

USA BOXING, INC.

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2022

(With Comparative Totals for the Year Ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
REVENUE:		
Membership	\$ 4,413,597	\$ 3,411,494
USOPC grants	929,242	826,591
National event revenue	428,541	256,710
Value-in-kind (VIK)	390,453	180,303
United States Amateur Boxing Foundation grants	288,447	157,866
Sponsorship and marketing	165,882	39,081
USOPC media agreement	150,000	150,000
Merchandise and equipment sales, net of direct costs of \$0 and \$115,075	143,944	90,663
Other contributions	35,550	26,966
Other programs	30,990	28,370
PPP grant forgiveness		658,100
Other grants		160,000
Royalties		32,328
Investment income (loss), net	<u>(114,254)</u>	<u>75,596</u>
Total revenue	6,862,392	6,094,068
EXPENSES:		
Program services:		
Development/high performance programs	2,256,118	2,081,779
Membership	1,771,750	1,769,422
Events	1,227,802	934,926
USA Boxing Foundation programs	<u>92,681</u>	<u>33,548</u>
Total program services	5,348,351	4,819,675
Supporting services:		
General and administrative	772,856	464,943
Marketing and communications	280,206	239,126
Board of Directors	<u>38,409</u>	<u>67,319</u>
Total supporting services	<u>1,091,471</u>	<u>771,388</u>
Total expenses	<u>6,439,822</u>	<u>5,591,063</u>
CHANGE IN NET ASSETS	422,570	503,005
NET ASSETS, beginning of year	<u>1,135,771</u>	<u>632,766</u>
NET ASSETS, end of year	<u>\$ 1,558,341</u>	<u>\$ 1,135,771</u>

See Notes to Financial Statements

USA BOXING, INC.  
Statement of Functional Expenses  
For the Year Ended December 31, 2022  
(With Comparative Totals for the Year Ended December 31, 2021)

	Program Services				Total Program Services
	Development/ High Performance Programs	Membership	Events	USA Boxing Foundation programs	
Accounting	\$	\$ 1,140	\$	\$	\$ 1,140
Advertising			216		216
Apparel and accessories	34,103				34,103
Awards and trophies		1,880	46,544		48,424
Background screening	242	193,607			193,849
Boxing supplies and equipment rental	63,210	1,572	68,640	402	133,824
Contract labor	120,274	15,404	37,706	330	173,714
COVID-19 supplies and expenses	8,554		11,412		19,966
Depreciation	7,960		2,807		10,767
Dues and fees	52,653	288,850	1,242		342,745
Education, training, and seminars	2,711	695	60		3,466
Employee benefits	67,940	28,725	19,081		115,746
Equipment purchases					
Facilities	2,030		4,908		6,938
Gifts and protocol	1,789	12,620	46,191		60,600
Grants	5,144	19,199			24,343
Insurance	19,415	777,566			796,981
Legal	8,169				8,169
Merchandise costs					
Office supplies	12,186	988	244	19	13,437
Other expense	5,906	3,818	1,798		11,522
Payroll taxes	63,623	19,529	23,773		106,925
Pension	37,058	28,716	15,343		81,117
Phone, fax, and video	7,290	695	33,609		41,594
Postage and shipping	4,352	16,799	58,031	1,483	80,665
Printing and copying	198	18,559	18,454	270	37,481
Professional services		34,067			34,067
Rent	7,395		7,447		14,842
Salaries	791,150	273,143	276,062		1,340,355
Scholarships				86,000	86,000
Stipends	16,000				16,000
Tickets and entertainment	2,450				2,450
Travel	593,062	9,217	545,399	4,177	1,151,855
VIK distribution	321,385	24,961	9,018		355,364
<b>Total expenses by function</b>	<b>2,256,249</b>	<b>1,771,750</b>	<b>1,227,985</b>	<b>92,681</b>	<b>5,348,665</b>
Less: cost of goods sold amount included with revenues in the statement of activities					
<b>Total expenses reported in the statement of activities</b>	<b>\$ 2,256,249</b>	<b>\$ 1,771,750</b>	<b>\$ 1,227,985</b>	<b>\$ 92,681</b>	<b>\$ 5,348,665</b>



	<u>Supporting Services</u>				2022	2021
	<u>General and</u>	<u>Fundraising</u>	<u>Board of</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
	<u>Administrative</u>	<u>Marketing and</u>	<u>Directors</u>	<u>Supporting</u>	<u>Expenses</u>	<u>Expenses</u>
		<u>Communication</u>		<u>Services</u>		
Accounting	\$ 16,020	\$	\$	\$ 16,020	\$ 17,160	\$ 16,350
Advertising	200	1,472		1,672	1,888	679
Apparel and accessories	55	800		855	34,958	10,978
Awards and trophies			622	622	49,046	30,421
Background screening					193,849	260,178
Boxing supplies and equipment rental	1,008	16,863		17,871	151,695	125,935
Contract labor	34,944	18,335	1,964	55,243	228,957	228,944
COVID-19 supplies and expenses					19,966	84,488
Depreciation					10,767	10,767
Dues and fees	17,784	2,029		19,813	362,558	279,988
Education, training, and seminars			250	250	3,716	3,393
Employee benefits	52,092	12,337		64,429	180,175	141,961
Equipment purchases						13,675
Facilities					6,938	4,379
Gifts and protocol	2,310	432	545	3,287	63,887	54,254
Grants					24,343	23,600
Insurance	13,063		33	13,096	810,077	818,657
Legal	75,893			75,893	84,062	29,147
Merchandise costs						101,400
Office supplies	4,580	201	43	4,824	18,261	8,026
Other expense		13		13	11,535	2,037
Payroll taxes	27,384	11,674	1,253	40,311	147,236	110,915
Pension	40,232	6,527		46,759	127,876	84,482
Phone, fax, and video	31,679	160		31,839	73,433	63,208
Postage and shipping	1,996	610	538	3,144	83,809	98,295
Printing and copying	681	4,756		5,437	42,918	29,990
Professional services					34,067	31,941
Rent	28,005	14,790		42,795	57,637	114,201
Salaries	354,666	136,024	16,404	507,094	1,847,449	1,382,124
Scholarships					86,000	30,000
Stipends		6,000		6,000	22,000	73,450
Tickets and entertainment	117	65		182	2,632	2,785
Travel	70,409	19,455	16,757	106,621	1,258,476	1,291,655
VIK distribution		27,663		27,663	383,027	143,835
Total expenses by function	773,118	280,206	38,409	1,091,733	6,440,398	5,706,138
Less: cost of goods sold amount included with revenues in the statement of activities						(115,075)
Total expenses reported in the statement of activities	<u>\$ 773,118</u>	<u>\$ 280,206</u>	<u>\$ 38,409</u>	<u>\$ 1,091,733</u>	<u>\$ 6,440,398</u>	<u>\$ 5,591,063</u>

See Notes to Financial Statements

USA BOXING, INC.  
Statement of Cash Flows  
For the Year Ended December 31, 2022  
(With Comparative Totals for the Year Ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 422,046	\$ 503,581
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation	10,767	10,767
Net realized and unrealized (gains) losses on investments	127,220	(67,359)
PPP grant forgiveness		(328,800)
Decrease (increase) in assets:		
Accounts receivable	13,763	(44,323)
Due from United States Amateur Boxing Foundation	51,597	98,937
Due from USOPC	(11,190)	66,630
Inventory	12,280	116,602
Prepaid expenses	(30,665)	237,140
Right-of-use assets	25,286	(53,080)
Increase (decrease) in liabilities:		
Accounts payable	(80,208)	192,256
Accrued liabilities	36,788	7,455
Funds held in trust for others	1,404	1,947
Deferred revenue	51,528	327,503
Refundable advances from USOPC	(16,613)	10,879
Due to USOPC	7,645	(40,969)
Lease liability	(25,286)	53,080
Total adjustments	<u>174,316</u>	<u>588,665</u>
Net cash provided by operating activities	596,362	1,092,246
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment		(27,729)
Proceeds from sales of long-term investments	627,147	806,769
Purchases of long-term investments	<u>(639,931)</u>	<u>(714,547)</u>
Net cash provided (used) by investing activities	(12,784)	64,493
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 IN CASH	483,578	1,056,739
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,063,700</u>	<u>1,006,961</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,547,278</u>	<u>\$ 2,063,700</u>

See Notes to Financial Statements

USA BOXING, INC.  
Notes to Financial Statements  
For the Year Ended December 31, 2022

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, 2021, 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, 2022 and 2021.

#### 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 2022 were \$59,013 and \$43,547, 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, 2022 and 2021.

#### 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 through 2024 and began receiving commissions and royalties on the sale of merchandise. The commissions are recognized as merchandise sales revenue, and the royalties, if received during a respective year, are recognized separately in the accompanying statement of activities.

The Corporation still maintains an inventory of boxing equipment and sells and grants the equipment 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Boxing equipment	\$ 59,716	\$ 64,860
Labels	<u>2,830</u>	<u>9,966</u>
Total	<u>\$ 62,546</u>	<u>\$ 74,826</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.

#### Furniture and Equipment

Furniture and equipment is recorded at cost. All acquisitions of furniture and equipment with an initial cost in excess of \$6,000 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 for both of the years ended December 31, 2022 and 2021.

## Notes to Financial Statements

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

#### Value-in-kind

During the year ended December 31, 2022, the Corporation adopted Accounting Standards Update (ASU) 2020-07, *Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*.

The Corporation received various types of value-in-kind (VIK) contributions that supported the Corporation's program and supporting services. The Corporation recognizes value-in-kind contribution revenue and a corresponding VIK distribution expense in an amount approximating the respective fair value at the time of the donation. Information on the fair value of value-in-kind contributions is often provided by the respective sponsor. VIK distribution expense has been allocated to the respective program and supporting services based upon usage in the accompanying statements of functional expenses.

The Corporation received the following gifts-in-kind during the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Apparel	\$ 304,381	\$ 103,530
Dietary/Health & Nutrition	39,570	17,745
Equipment	27,663	22,560
Travel & lodging	<u>18,839</u>	<u>36,468</u>
Total	<u>\$ 390,453</u>	<u>\$ 180,303</u>

The Corporation's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Corporation. If an asset is provided that does not allow the Corporation to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset. The Corporation did not sell any gifts-in-kind received during the years ending December 31, 2022 and 2021.

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.



## Notes to Financial Statements

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

#### New Accounting Standards Update - Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued additional ASUs which amend and clarify Topic 842. The most significant change in the new lease guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

During the year ended December 31, 2022, the Corporation adopted the standards using the modified retrospective approach with January 1, 2022, as the date of initial adoption. The Corporation elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Corporation to carry forward the historical lease classification. In addition, the Corporation elected the practical expedient to use hindsight in determining the lease term for existing leases.

The adoption had a material impact on the Corporation's statement of financial position but did not have a material impact on the statement of activities. Adoption of the standard required the Corporation to restate amounts at December 31, 2021, resulting in an increase in operating lease ROU assets of \$52,292, an increase in operating lease liabilities of \$52,868, and an increase in rent expense of \$576. The difference between the lease assets and lease liabilities reduced beginning net assets without donor restrictions by \$576.

#### 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.

## Notes to Financial Statements

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

#### Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through July 13, 2023, 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.

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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,535,756	\$ 2,053,582
Accounts receivable	48,622	62,385
Due from USOPC	19,560	8,370
Due from USABF		51,597
Investments	<u>957,969</u>	<u>1,072,405</u>
Total financial assets	3,561,907	3,248,339
Less net assets without donor restrictions - Board designated	<u>(100,000)</u>	<u>                    </u>
Total financial assets available within one year	<u>\$ 3,461,907</u>	<u>\$ 3,248,339</u>

## Notes to Financial Statements

### 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.

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, 2022 and 2021:

<u>Assets at Fair Value as of December 31, 2022</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities:				
Mutual funds	\$ 622,079	\$	\$	\$ 622,079
Exchange traded funds	315,546			315,546
Money market	<u>20,344</u>			<u>20,344</u>
	<u>\$ 957,969</u>	<u>\$</u>	<u>\$</u>	<u>\$ 957,969</u>
 <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	<u>21,913</u>			<u>21,913</u>
	<u>\$ 1,072,405</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,072,405</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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Net realized and unrealized gains (losses)	\$ (127,220)	\$ 67,359
Interest and dividends	25,837	21,810
Investment fees	<u>(12,871)</u>	<u>(13,573)</u>
	<u>\$ (114,254)</u>	<u>\$ 75,596</u>

D. DEFERRED REVENUE

Deferred revenue, a contract with customers liability, consists of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Membership fees	<u>\$ 1,083,114</u>	<u>\$ 1,031,586</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, 2022 and 2021. As the Corporation satisfies the barriers and conditions set forth in the grant contracts, revenue will be recognized accordingly.

Refundable advances consist of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
USOPC special grant	\$ 26,955	\$ 50,068
Other grants	<u>6,500</u>	<u>          </u>
	<u>\$ 33,455</u>	<u>\$ 50,068</u>

## Notes to Financial Statements

### F. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2022 and 2021, the USOPC provided revenue to the Corporation under the following categories:

	<u>2022</u>	<u>2021</u>
NGB funding	\$ 826,346	\$ 716,926
Coaching education	42,475	7,525
Other grants	30,971	69,725
Value-in-kind	18,839	36,468
Sports Psychology grant	17,200	
International relations grant	12,250	
COVID-19 support grant		32,415
	<u>\$ 948,081</u>	<u>\$ 863,059</u>

The USOPC also paid stipends of \$365,154 and \$280,736 directly to athletes during the years ended December 31, 2022 and 2021, 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 extended the term of the agreement through December 31, 2023. The Corporation earned \$150,000 during the years ended December 31, 2022 and 2021.

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 (Note I).

No amount is charged for common areas, however, \$7,426 for the years ended December 31, 2022 and 2021, has been reflected in the financial statements as value-in-kind revenue and rent expense for the Corporation's share of common area facilities.

The Corporation owed the USOPC \$16,252 and \$8,607 at December 31, 2022 and 2021, respectively. The USOPC owed the Corporation \$19,560 and \$8,370 at December 31, 2022 and 2021, respectively.

The Corporation recorded \$26,955 and \$50,068 as refundable advances from the USOPC at December 31, 2022 and 2021, respectively, representing unspent grant funds (Note E).

## Notes to Financial Statements

### F. RELATED PARTY TRANSACTIONS - Continued

The USOPC provided funding in the form of United Airlines and AirBnB value-in-kind, in the amount of \$11,413 and \$29,042, during the years ended December 31, 2022 and 2021, respectively.

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.

During the years ended December 31, 2022 and 2021, grants totaling \$288,447 and \$157,866 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 \$0 and \$51,597 for grants awarded at December 31, 2022 and 2021, respectively.

As of December 31, 2022, 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.	\$ 395,000
Less current portion	<u>(100,000)</u>
Long-term portion	<u>\$ 295,000</u>

## Notes to Financial Statements

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

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

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, 2022 and 2021, the Corporation contributed \$127,876 and \$84,482, respectively, to the plan.

### I. LEASES

During the year ended December 31, 2022, the Corporation adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The Corporation has operating leases for office space and warehouse space.

The Corporation assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. As the Corporation's leases do not provide an implicit rate, the Corporation has elected to use the risk-free discount rate based on the three-year Treasury bond rate as of the later of the initial date of the lease term in determination of the respective right-of-use (ROU) assets and liabilities.

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. This lease includes monthly variable lease payments for printing and copy services used on a monthly basis. The lease includes an option to terminate for both the Corporation and the lessor. The option allows the Corporation to terminate the lease without penalty prior to the expiration date, if the Corporation notifies the lessor no less than 60 days from any potential vacate date.

## Notes to Financial Statements

### I. LEASES - Continued

The Corporation has determined that they are not reasonably certain to terminate this lease and therefore have not considered the termination option in the respective ROU asset and liability calculation.

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. This lease also includes monthly variable utility payments as part of the agreed upon rent.

Subsequent to year end, this lease has continued on a month-to-month basis as the Corporation has not entered into another operating lease agreement. This lease has not been included in the determination of the respective right-of-use (ROU) assets and liabilities after January 31, 2023, as the Corporation does not have an enforceable lease liability outside of the respective month's usage. Therefore, subsequent lease costs are to be accounted for under the short-term lease recognition exemption.

Under ASU 2016-02, the Corporation has made an accounting policy election to apply the short-term lease recognition exemption for all applicable classes of underlying assets. Leases with a term of 12 months or less that do not include an option to purchase the underlying asset, are not recorded on the balance sheet as ROU assets or lease liabilities. The Corporation has elected to expense the cost of the short-term leases on the straight-line basis in the accompanying Statement of Activities.

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.

The Corporation did not have any short-term leases during the year ended December 31, 2022.



## Notes to Financial Statements

### I. LEASES - Continued

Maturities of lease liabilities, and the Weighted Averages for the leases recorded on the Statement of Financial Position are as follows as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
2022	\$	\$ 45,679
2023	22,679	7,245
2024	<u>5,145</u>	<u>          </u>
Total lease payments	27,824	52,924
Less: interest	<u>(30)</u>	<u>(56)</u>
Present value of lease liabilities	<u>\$ 27,794</u>	<u>\$ 52,868</u>
	<u>2022</u>	<u>2021</u>
Weighted Average Remaining Lease Term	1.16 years	1.16 years
Weighted Average Discount Rate	0.17%	0.17%

The following table represents lease expense for the years ended December 31, 2022 and 2021. Variable cost includes those specifically mentioned as part of lease arrangements outlined above.

	<u>2022</u>	<u>2021</u>
Operating lease rent, included in program service expenses	\$ 12,288	\$ 12,288
Operating lease rent, included in supporting service expenses	32,867	33,055
Variable payments, included in program service expenses	9,301	8,903
Variable payments, included in supporting service expenses	4,234	6,508
Short-term leases, included in program service expenses	<u>          </u>	<u>60,000</u>
Total lease cost	<u>\$ 58,690</u>	<u>\$ 120,754</u>

Supplemental cash flow information for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash paid for amounts included in measurement of lease liabilities for operating leases	\$ 59,214	\$ 120,178
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 20,552	\$ 46,303

## Notes to Financial Statements

### J. NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED

At December 31, 2022 the Board of Directors of the Corporation has designated \$100,000 of net assets without donor restrictions for use in the creation of the new International Federation to be distributed in 2023.

### K. CONTINGENCIES

The Corporation, at times, has claims made against their accident and liability insurance policies for injuries sustained. As of December 31, 2022, 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 AND OTHER GOVERNMENT GRANTS

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.

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 during the year ended December 31, 2021.

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. 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 in the year ended December 31, 2021.

The 2021 Coronavirus Aid, Relief, and Economic Security (CARES) act included a provision that created the employee retention credit, a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages

## Notes to Financial Statements

### L. PAYCHECK PROTECTION PROGRAM AND OTHER GOVERNMENT GRANTS - Continued

paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States Government which extended the credit through September 30, 2021 and expanded the credit to allow it to be equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee was \$10,000 of qualified wages per quarter.

### M. SUBSEQUENT EVENTS

During the year ended December 31, 2022, the Corporation determined it was eligible for the Employee Retention Credit and submitted amended payroll tax returns. The Corporation has determined that as of December 31, 2022, the criteria for recognition of this conditional grant had not been met. Subsequent to year-end, the Corporation received acknowledgement from the Internal Revenue Service (IRS) that it had substantially met the qualifications for the Employee Retention Tax Credit and a grant was recognized in the amount of \$393,970 as of the date of acceptance by the IRS.

Subsequent to year end, the Corporation terminated its membership in the International Boxing Association (IBA) and has submitted an application to join the World Boxing International Federation. USA Boxing will commit full support to the World Boxing International Federation's efforts to seek provisional recognition of the International Olympic Committee (IOC) and as an International Federation (IF) for the sport of Olympic-style boxing, Paralympic Boxing (Adaptive) and Esport Boxing. The extent to which this will affect the financial results of the Corporation is uncertain.

### N. UNCERTAINTIES

The outbreak of a novel strain of coronavirus (COVID-19) 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 outbreak has had a notable impact on general economic conditions including, but not limited to, 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 continue to affect the operations, collections or financial results of the Corporation is uncertain.

Notes to Financial Statements

N. UNCERTAINTIES - Continued

With the rising cost of inflation and potential risk of recession, it is uncertain what effect these factors may have on the operations of the Corporation in the coming years.