

USA BOXING, INC.

Financial Statements

For the Year Ended December 31, 2023

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For the Year Ended December 31, 2023

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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, 2023, 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, 2023, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
June 17, 2024

USA BOXING, INC.
Statement of Financial Position
December 31, 2023
(With Comparative Totals for December 31, 2022)

	<u>ASSETS</u>	
	2023	2022
CURRENT ASSETS:		
Cash and cash equivalents	\$ 4,016,823	\$ 2,535,756
Cash held for others	23,778	11,522
Accounts and grants receivable	159,525	48,622
Due from United States		
Amateur Boxing Foundation	36,699	
Due from USOPC	70,366	19,560
Inventory	53,625	62,546
Prepaid expenses	253,730	35,825
Other assets	<u> </u>	<u>2,000</u>
Total current assets	4,614,546	2,715,831
RIGHT-OF-USE ASSETS	25,695	27,742
LONG-TERM INVESTMENTS	1,049,645	957,969
PROPERTY AND EQUIPMENT:		
Training equipment	41,762	41,762
Vehicles	12,350	12,350
Less accumulated depreciation	<u>(42,853)</u>	<u>(32,087)</u>
Property and equipment - net	<u>11,259</u>	<u>22,025</u>
TOTAL ASSETS	<u>\$ 5,701,145</u>	<u>\$ 3,723,567</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 651,917	\$ 311,297
Accrued liabilities	235,907	186,792
Funds held in trust for others	23,778	11,522
Insurance deductible	100,000	100,000
Deferred revenue	1,348,282	1,083,114
Refundable advances	25,655	33,455
Due to USOPC	17,409	16,252
Lease liability	20,551	22,651
Current portion due to United States		
Amateur Boxing Foundation	<u>125,000</u>	<u>100,000</u>
Total current liabilities	2,548,499	1,865,083
LEASE LIABILITY	5,143	5,143
DUE TO UNITED STATES AMATEUR BOXING FOUNDATION	<u>419,991</u>	<u>295,000</u>
Total liabilities	2,973,633	2,165,226
NET ASSETS:		
Net assets without donor restrictions	2,727,512	1,458,341
Net assets without donor restrictions - board designated	<u> </u>	<u>100,000</u>
Total net assets without donor restrictions	<u>2,727,512</u>	<u>1,558,341</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,701,145</u>	<u>\$ 3,723,567</u>

See Notes to Financial Statements

USA BOXING, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)

	<u>2023</u>	<u>2022</u>
REVENUE:		
Membership	\$ 5,051,051	\$ 4,413,597
Other grants and contract revenue	1,105,625	
USOPC grants	1,097,879	929,242
National event revenue	504,631	428,541
Employee Retention Credit	411,731	
Value-in-kind (VIK)	345,769	437,953
United States Amateur Boxing Foundation grants	244,769	288,447
Merchandise and equipment sales, net of direct costs of \$2,808 and \$0	153,233	143,944
USOPC Stakeholder Engagement Partnership	150,000	150,000
U.S. Olympic and Paralympic Team Trials Management fee	125,000	
Sponsorship and marketing	103,792	165,882
Investment income (loss), net	100,351	(114,254)
Other programs	36,629	30,990
Other contributions	27,342	35,550
	<hr/>	<hr/>
Total revenue	9,457,802	6,909,892
EXPENSES:		
Program services:		
Development/high performance programs	2,586,664	2,303,618
Membership	2,006,385	1,771,750
Events	1,622,098	1,227,802
Membership education and development	673,266	
USA Boxing Foundation programs	41,894	92,681
	<hr/>	<hr/>
Total program services	6,930,307	5,395,851
Supporting services:		
General and administrative	917,319	772,856
Marketing and communications	348,001	280,206
Board of Directors	93,004	38,409
	<hr/>	<hr/>
Total supporting services	1,358,324	1,091,471
Total expenses	<hr/>	<hr/>
	8,288,631	6,487,322
CHANGE IN NET ASSETS	1,169,171	422,570
NET ASSETS, beginning of year	<hr/>	<hr/>
	1,558,341	1,135,771
NET ASSETS, end of year	<hr/>	<hr/>
	\$ 2,727,512	\$ 1,558,341

See Notes to Financial Statements

USA BOXING, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)

	Program Services					Total Program Services
	Development/ High Performance Programs	Membership	Events	Sponsorships/ Partnerships	USA Boxing Foundation programs	
Accounting	\$	\$	\$	\$	\$	\$
Advertising						
Apparel and accessories	4,136		39,768			43,904
Awards and trophies		1,050	46,399			47,449
Background screening		236,597				236,597
Credit loss expense						
Boxing supplies and equipment rental	81,168	961	78,570	30,421		191,120
Contract labor	131,045	20,363	52,770	311,365	6,500	522,043
COVID-19 supplies and expenses	486					486
Depreciation	7,960		2,807			10,767
Dues and fees	97,340	326,681	1,835			425,856
Education, training, and seminars	8,134		175			8,309
Employee benefits	92,683	23,320	10,312			126,315
Facilities	987					987
Gifts and protocol	4,085	48,933	63,186	5,793		121,997
Grants				167,371		167,371
Insurance	1,813	917,344	97			919,254
Legal						
Merchandise costs	2,808					2,808
Office supplies	2,826	3,334	425	1,725		8,310
Other expense	2,000		913			2,913
Payroll taxes	80,172	23,348	27,784	3,631		134,935
Pension	54,684	26,040	27,844	284		108,852
Phone, fax, and video	9,270	459	51,206			60,935
Postage and shipping	1,478	15,867	63,223	258	12	80,838
Printing and copying	891	23,785	12,694	8,859		46,229
Professional services	20	15,804	25,301			41,125
Rent	5,628		5,628			11,256
Salaries	963,051	294,297	318,028	130,991		1,706,367
Scholarships					32,000	32,000
Stipends	30,500					30,500
Tickets and entertainment	3,635					3,635
Travel	760,125	3,445	791,044	12,568	3,382	1,570,564
VIK distribution	242,547	24,757	2,089			269,393
Total expenses by function	2,589,472	2,006,385	1,622,098	673,266	41,894	6,933,115
Less: cost of goods sold amount included with revenues in the statement of activities	(2,808)					(2,808)
Total expenses reported in the statement of activities	\$ 2,586,664	\$ 2,006,385	\$ 1,622,098	\$ 673,266	\$ 41,894	\$ 6,930,307

	Supporting Services			Total Supporting Services	2023 Total Expenses	2022 Total Expenses
	General and Administrative	Fundraising Marketing and Communication	Board of Directors			
Accounting	\$ 17,775	\$	\$	\$ 17,775	\$ 17,775	\$ 17,160
Advertising	40	7,511		7,551	7,551	1,888
Apparel and accessories					43,904	34,958
Awards and trophies					47,449	49,046
Background screening					236,597	193,849
Credit loss expense	25,000			25,000	25,000	
Boxing supplies and equipment rental	1,012	10,428		11,440	202,560	151,695
Contract labor	178,637	19,861		198,498	720,541	228,957
COVID-19 supplies and expenses					486	19,966
Depreciation					10,767	10,767
Dues and fees	27,651	3,686	217	31,554	457,410	362,558
Education, training, and seminars	250	440		690	8,999	3,716
Employee benefits	34,870	17,298		52,168	178,483	180,175
Facilities					987	6,938
Gifts and protocol	5,341		150	5,491	127,488	63,887
Grants					167,371	24,343
Insurance	152			152	919,406	810,077
Legal	89,723			89,723	89,723	84,062
Merchandise costs					2,808	
Office supplies	4,674	25	74	4,773	13,083	18,261
Other expense	1,968			1,968	4,881	11,535
Payroll taxes	23,993	15,926	5,177	45,096	180,031	147,236
Pension	53,364	11,338		64,702	173,554	127,876
Phone, fax, and video	32,569	337		32,906	93,841	73,433
Postage and shipping	2,215		653	2,868	83,706	83,809
Printing and copying	1,238	924	450	2,612	48,841	42,918
Professional services					41,125	34,067
Rent	28,005	11,256		39,261	50,517	57,061
Salaries	263,491	185,586	67,674	516,751	2,223,118	1,847,449
Scholarships					32,000	86,000
Stipends					30,500	22,000
Tickets and entertainment	36			36	3,671	2,632
Travel	125,315	41,935	18,609	185,859	1,756,423	1,305,976
VIK distribution		21,450		21,450	290,843	383,027
Total expenses by function	917,319	348,001	93,004	1,358,324	8,291,439	6,487,322
Less: cost of goods sold amount included with revenues in the statement of activities					(2,808)	
Total expenses reported in the statement of activities	\$ 917,319	\$ 348,001	\$ 93,004	\$ 1,358,324	\$ 8,288,631	\$ 6,487,322

See Notes to Financial Statements

USA BOXING, INC.
Statement of Cash Flows
For the Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,169,171	\$ 422,570
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	(71,317)	127,220
Decrease (increase) in assets:		
Accounts receivable	(110,904)	13,763
Due from United States Amateur Boxing Foundation	(36,699)	51,597
Due from USOPC	(50,806)	(11,190)
Inventory	8,921	12,280
Prepaid expenses	(217,905)	(30,665)
Other assets	2,000	
Right-of-use assets	2,047	24,550
Increase (decrease) in liabilities:		
Accounts payable	340,620	(80,208)
Accrued liabilities	49,115	36,788
Funds held in trust for others	12,256	1,404
Deferred revenue	265,168	51,528
Refundable advances from USOPC	(7,800)	(16,613)
Due to USOPC	1,157	7,645
Lease liability	(2,100)	(25,074)
Net cash provided by operating activities	1,363,691	596,362
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of long-term investments	827,530	627,147
Purchases of long-term investments	(847,889)	(639,931)
Net cash used by investing activities	(20,359)	(12,784)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable due to United State Amateur Boxing Foundation	250,000	
Repayment of amounts due to United States Amateur Boxing Foundation	(100,009)	(100,000)
Net cash provided (used) by financing activities	149,991	(100,000)
NET INCREASE IN CASH	1,493,323	483,578
CASH AND CASH EQUIVALENTS, beginning of year	2,547,278	2,063,700
CASH AND CASH EQUIVALENTS, end of year	\$ 4,040,601	\$ 2,547,278

See Notes to Financial Statements

USA BOXING, INC.
Notes to Financial Statements
For the Year Ended December 31, 2023

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, 2022, 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, money market, and sweep 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, 2023 and 2022.

Accounts and Grants Receivable

During the year ended December 31, 2023, the Corporation implemented Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU was issued in June 2016 by the Financial Accounting Standards Board (FASB) and revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. On January 1, 2023, the Corporation adopted the new accounting standard and all of the related amendments.

There was no impact of adoption of ASU 2016-13 on the accompanying financial statements. The Corporation does not expect ASU 2016-13 to have a significant impact on its financial condition or results of operations on an ongoing basis.

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end and include amounts from contracts with customers, grants, contributions, and other miscellaneous amounts. When necessary, accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts and Grants Receivable - continued

The Corporation considers its accounts and grants 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 credit losses is not necessary at December 31, 2023 and 2022.

Receivables from contracts with customers at the beginning and end of 2023 were \$43,547 and \$138,156, respectively. A portion of these receivables is included in amounts due from USOPC. Additionally, accounts and grants receivable include unconditional grants receivable of \$80,000 at December 31, 2023.

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.

Contributions include United States Olympic & Paralympic Committee (USOPC), Employee Retention Credits, and other grants and contract revenue.

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).

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers - continued

Membership - continued

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 occasionally grants the equipment to members and nonmembers.

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 the Corporation to participate in Corporation activities and national events. Each event has a specified registration fee.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers - continued

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 U.S. Olympic & Paralympic 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.

Grants and Contracts

During the year ended December 31, 2023, the Corporation recognized grant and contract revenue resulting from agreements entered into during the year with government agencies, corporations, and other organizations that fund specific activities which support the mission of the Corporation that were undertaken during the year.

The grants and contracts received by the Corporation during the year ended December 31, 2023, are of two primary types: conditional contributions and unconditional contributions. Revenue from an agreement is a contribution if its primary purpose is to enable the Corporation to provide a service to the general public rather than to serve the direct needs of the granting or contracting party. In other words, the agreement is a conditional or unconditional contribution if any benefit to the granting or contracting party is indirect and insubstantial as compared to the public benefit.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Grants and Contracts - continued

An agreement is considered a conditional contribution if the agreement contains donor-imposed conditions including both (1) a barrier that must be overcome and (2) either a right of return of assets transferred or a right of release of the promisor's obligation to transfer assets. If a contract does not include either of those things, then the respective revenue is considered an unconditional contribution.

During the year ended December 31, 2023, USA Boxing recognized total grant and contract revenue of \$1,105,625. The total amount includes \$930,625 of conditional contributions and \$175,000 of unconditional contributions.

Inventory

Inventory is stated at the lower of cost (first-in, first-out method) or net realizable value. Items which are anticipated to be utilized as grants to other organizations are carried at cost. Inventory consists of the following items at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Boxing equipment	\$ 53,625	\$ 59,716
Labels		2,830
Total	<u>\$ 53,625</u>	<u>\$ 62,546</u>

Furniture and Equipment

Furniture and equipment is recorded at cost. All acquisitions of furniture and equipment with an initial cost in excess of \$10,000 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, 2023 and 2022.

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*.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Value-in-kind - continued

The Corporation receives various types of value-in-kind (VIK) contributions that support the Corporation's program and supporting services. The Corporation recognizes value-in-kind contribution revenue and a corresponding VIK distribution expense or respective natural expense classification 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 and respective natural expense classifications have 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Apparel	\$ 247,567	\$ 304,381
Travel & lodging	63,881	66,339
Equipment	19,837	27,663
Dietary/Health & Nutrition	<u>14,484</u>	<u>39,570</u>
Total	<u>\$ 345,769</u>	<u>\$ 437,953</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, 2023 and 2022.

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

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.

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 17, 2024, 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 investment 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

C. FAIR VALUE MEASUREMENTS - Continued

- 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, 2023 and 2022:

<u>Assets at Fair Value as of December 31, 2023</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities:				
Mutual funds	\$ 820,090	\$	\$	\$ 820,090
Exchange traded funds	218,703			218,703
Money market	<u>10,852</u>			<u>10,852</u>
	<u>\$ 1,049,645</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,049,645</u>

<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>

Investment income (loss) in the accompanying statement of activities consists of the following for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Net realized and unrealized gains (losses)	\$ 71,317	\$ (127,220)
Interest and dividends	39,559	25,837
Investment fees	<u>(10,525)</u>	<u>(12,871)</u>
	<u>\$ 100,351</u>	<u>\$ (114,254)</u>

Notes to Financial Statements

D. DEFERRED REVENUE

Deferred revenue, a contract with customers liability, consists of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Membership fees	\$ 1,343,232	\$ 1,083,114
Event registration fees	5,050	
	<u>\$ 1,348,282</u>	<u>\$ 1,083,114</u>

E. REFUNDABLE ADVANCES

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, 2023 and 2022. 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
USOPC special grant	\$ 25,655	\$ 26,955
Other grants		6,500
	<u>\$ 25,655</u>	<u>\$ 33,455</u>

F. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2023 and 2022, the USOPC provided revenue to the Corporation under the following categories:

	<u>2023</u>	<u>2022</u>
NGB funding	\$ 825,579	\$ 826,346
Coaching education	200,000	42,475
Value-in-kind	63,881	66,339
Sports Psychology grant	32,800	17,200
Other grants	21,500	30,971
International relations grant	18,000	12,250
	<u>\$ 1,161,760</u>	<u>\$ 995,581</u>

The USOPC also paid stipends of \$365,921 and \$365,154 directly to athletes during the years ended December 31, 2023 and 2022, respectively.

Notes to Financial Statements

F. RELATED PARTY TRANSACTIONS - Continued

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. During the year ended December 31, 2023, the program was renamed USOPC Stakeholder Engagement Partnership. 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 each of the years ended December 31, 2023 and 2022.

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, 2023 and 2022, 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 USOPC provided the Corporation's High Performance team with annual credit for the Chula Vista Elite Athlete Training Center through the annual Performance Partnership Agreement. This credit has been reflected in the financial statements as value-in-kind revenue and travel expense. \$47,500 has been recorded during each of the years ended December 31, 2022 and 2023.

The Corporation owed the USOPC \$17,409 and \$16,252 at December 31, 2023 and 2022, respectively. The USOPC owed the Corporation \$70,366 and \$19,560 at December 31, 2023 and 2022, respectively.

The Corporation recorded \$25,655 and \$26,955 as refundable advances from the USOPC at December 31, 2023 and 2022, respectively, representing unspent grant funds (Note E).

The USOPC provided funding in the form of Airbnb value-in-kind, in the amount of \$8,955 and \$11,413, during the years ended December 31, 2023 and 2022, 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.

Notes to Financial Statements

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 five-year rolling average net income to be set aside as funds available for distribution to the Corporation.

During the years ended December 31, 2023 and 2022, grants totaling \$244,769 and \$288,447 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 \$36,699 and \$0 for grants awarded at December 31, 2023 and 2022, respectively.

As of December 31, 2023, 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.	\$ 295,000
Less current portion	<u>(100,000)</u>
Long-term portion	<u>\$ 195,000</u>
Note payable, due in annual installments of \$25,000, beginning by December 31, 2024, through December 31, 2027. Required payments then increase to annual installments of \$75,000 for each of the years ending December 31, 2028 and 2029. This note is non-interest bearing.	\$ 249,991
Less current portion	<u>(25,000)</u>
Long-term portion	<u>\$ 224,991</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:

2024	\$	125,000
2025		125,000
2026		120,000
2027		25,000
2028		75,000
2029		74,991

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, 2023 and 2022, the Corporation contributed \$173,554 and \$127,876, 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.

Notes to Financial Statements

I. LEASES - Continued

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.

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 during the year ended December 31, 2022, a lease amendment was signed that extended the lease through January 31, 2023, and required monthly payments of \$2,100. This lease also includes monthly variable utility payments as part of the agreed upon rent.

During the year ended December 31, 2023, this lease has continued on a month-to-month basis.

This lease has not been included in the determination of the respective right-of-use (ROU) assets and liabilities as of December 31, 2023. The Corporation does not have an enforceable lease liability outside of that respective month's usage. Therefore, lease costs from February 2023 through December 31, 2023 have been 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.

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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
2023	\$	\$ 22,679
2024	20,579	5,145
2025	<u>5,145</u>	<u> </u>
Total lease payments	25,724	27,824
Less: interest	<u>(29)</u>	<u>(82)</u>
Present value of lease liabilities	<u>\$ 25,695</u>	<u>\$ 27,742</u>
	<u>2023</u>	<u>2022</u>
Weighted Average Remaining Lease Term	1.25 years	1.16 years
Weighted Average Discount Rate	0.17%	0.17%

The following table represents lease expense for the years ended December 31, 2023 and 2022. Variable costs include those specifically mentioned as part of the lease arrangements outlined above.

	<u>2023</u>	<u>2022</u>
Operating lease rent, included in program service expenses	\$ 1,050	\$ 12,288
Operating lease rent, included in supporting service expenses	21,629	32,867
Variable payments, included in program service expenses	12,450	9,301
Variable payments, included in supporting service expenses	2,345	4,234
Short-term leases, included in program service expenses	10,206	
Short-term leases, included in supporting service expenses	<u>10,206</u>	<u> </u>
Total lease cost	<u>\$ 57,886</u>	<u>\$ 58,690</u>

Supplemental cash flow information for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in measurement of lease liabilities for operating leases	\$ 57,938	\$ 59,214
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 25,695	\$ 20,552

Notes to Financial Statements

J. NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED

At December 31, 2022, the Board of Directors of the Corporation had designated \$100,000 of net assets without donor restrictions for use in the creation of the new International Federation to be utilized in 2023. The Corporation did not have any board designated funds at December 31, 2023.

K. CONTINGENCIES

The Corporation, at times, has claims made against their accident and liability insurance policies for injuries sustained. As of December 31, 2023, 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. EMPLOYEE RETENTION CREDITS

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 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.

During the year ended December 31, 2022, the Corporation determined it was eligible for the Employee Retention Credit and submitted amended payroll tax returns in December 2022. The Corporation had determined that as of December 31, 2022, the criteria for recognition of this conditional grant had not been met and therefore no revenue had been recognized for the year ended December 31, 2022.

During the year ended December 31, 2023, the Corporation received acknowledgment from the Internal Revenue Service (IRS) that it had substantially met the qualifications for the Employee Retention Tax Credit, and a grant and respective interest was recognized in the amount of \$411,731 as of the date of acceptance by the IRS in the accompanying Statement of Activities.

Notes to Financial Statements

M. COMMITMENTS

During the year ended December 31, 2023, the Corporation terminated its membership in the International Boxing Association (IBA) and worked with other countries to develop the next international federation for the sport of Boxing. World Boxing was officially formed in April 2023 and is a non-profit international organization now administering the sports of Olympic-style boxing, Paralympic Boxing (Adaptive) and Esport boxing. During the year ended December 31, 2023, the Corporation joined World Boxing and is now a member of the new international federation.

USA Boxing has committed full support to World Boxing's continued efforts to seek provisional recognition by the International Olympic Committee (IOC) and as an International Federation (IF) for the sport of Olympic-style boxing, Paralympic Boxing (Adaptive) and Esport Boxing for the 2028 Olympics. This process is still ongoing.

During the year ended December 31, 2023, the Corporation spent approximately \$200,000 to assist in the creation of World Boxing, including various professional fees and travel related to the creation of the new entity. The professional fees specifically are considered credits towards USA Boxing's 2024 annual contribution. All national federations for the sport of Boxing have been asked to contribute towards the cost of establishing this organization. USA Boxing does not share any board of directors with World Boxing and does not have a direct related party relationship.

N. SUBSEQUENT EVENTS

During the year ended December 31, 2023, USA Boxing offered a revolving line of credit to World Boxing for the maximum loan amount of \$250,000. The purpose of this loan is to assist World Boxing with its costs in establishing the new international federation. No amounts were drawn by World Boxing under arrangement until 2024.

O. UNCERTAINTIES

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 year.