

DOWNTOWN BOXING GYM YOUTH PROGRAM

Detroit, Michigan

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended September 30, 2019 and 2018

DOWNTOWN BOXING GYM YOUTH PROGRAM

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Downtown Boxing Gym Youth Program
Detroit, Michigan

We have audited the accompanying financial statements of Downtown Boxing Gym Youth Program (the "Organization"), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Baker Tilly Virchow Krause, LLP

Southfield, Michigan
June 11, 2020

DOWNTOWN BOXING GYM YOUTH PROGRAM

STATEMENTS OF FINANCIAL POSITION As of September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 156,792	\$ 2,123,283
Restricted cash	778,589	534,668
Promises to give	706,513	-
Investments	1,204,719	-
Other current assets	<u>52,891</u>	<u>5,298</u>
Total Current Assets	2,899,504	2,663,249
PROPERTY AND EQUIPMENT, NET	<u>1,745,373</u>	<u>1,048,442</u>
TOTAL ASSETS	<u>\$ 4,644,877</u>	<u>\$ 3,711,691</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 93,389	\$ 44,730
Current maturities of long-term debt	<u>20,188</u>	<u>19,134</u>
Total Current Liabilities	113,577	63,864
LONG-TERM LIABILITIES		
Long-term debt - net of current maturities	<u>268,488</u>	<u>288,676</u>
Total Liabilities	<u>382,065</u>	<u>352,540</u>
NET ASSETS		
Without donor restrictions	3,484,223	2,824,483
With donor restrictions	<u>778,589</u>	<u>534,668</u>
Total Net Assets	<u>4,262,812</u>	<u>3,359,151</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,644,877</u>	<u>\$ 3,711,691</u>

See accompanying notes to financial statements.

DOWNTOWN BOXING GYM YOUTH PROGRAM

STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2019 and 2018

	Without Donor Restrictions	With Donor Restrictions	2019 Total	Without Donor Restrictions	With Donor Restrictions	2018 Total
SUPPORT AND REVENUE						
Grants	\$ 854,563	\$ 835,700	\$ 1,690,263	\$ 32,142	\$ 637,000	\$ 669,142
Contributions	124,024	683,985	808,009	2,669,001	182,202	2,851,203
Special events, net of direct expenses	166,839	-	166,839	26,994	-	26,994
In-kind donations	177,317	-	177,317	99,649	-	99,649
Other income	20,215	-	20,215	19,795	-	19,795
Net assets released from restriction	<u>1,275,764</u>	<u>(1,275,764)</u>	<u>-</u>	<u>514,789</u>	<u>(514,789)</u>	<u>-</u>
Total Support and Revenue	<u>2,618,722</u>	<u>243,921</u>	<u>2,862,643</u>	<u>3,362,370</u>	<u>304,413</u>	<u>3,666,783</u>
EXPENSES						
Program	1,423,223	-	1,423,223	935,042	-	935,042
Management and general	182,524	-	182,524	238,200	-	238,200
Fundraising	<u>353,235</u>	<u>-</u>	<u>353,235</u>	<u>277,354</u>	<u>-</u>	<u>277,354</u>
Total Expenses	<u>1,958,982</u>	<u>-</u>	<u>1,958,982</u>	<u>1,450,596</u>	<u>-</u>	<u>1,450,596</u>
CHANGE IN NET ASSETS	659,740	243,921	903,661	1,911,774	304,413	2,216,187
NET ASSETS - Beginning of Year	<u>2,824,483</u>	<u>534,668</u>	<u>3,359,151</u>	<u>912,709</u>	<u>230,255</u>	<u>1,142,964</u>
NET ASSETS - END OF YEAR	<u>\$ 3,484,223</u>	<u>\$ 778,589</u>	<u>\$ 4,262,812</u>	<u>\$ 2,824,483</u>	<u>\$ 534,668</u>	<u>\$ 3,359,151</u>

See accompanying notes to financial statements.

DOWNTOWN BOXING GYM YOUTH PROGRAM

STATEMENTS OF CASH FLOWS For the Years Ended September 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 903,661	\$ 2,216,187
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	45,822	39,195
Donated equipment received	(54,047)	-
Bad debt expense	-	708
Net realized and unrealized gain on investments	(8,156)	-
Donations restricted for capital expansion	(900,000)	(105,457)
Changes in operating assets and liabilities that provided (used) cash:		
Promises to give	(706,513)	75,000
Other current assets	(47,593)	6,011
Accounts payable and accrued expenses	48,659	(2,426)
Net Cash Flows from (used in) Operating Activities	(718,167)	2,229,218
 CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(688,706)	(138,019)
Purchase of investments	(1,195,563)	-
Net Cash Flows used in Investing Activities	(1,884,269)	(138,019)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Donations received for capital expansion	900,000	105,457
Payments on long-term debt	(19,134)	(18,135)
Net Cash Flows from Financing Activities	880,866	87,322
 Net Change in Cash and Cash Equivalents	(1,721,570)	2,178,521
 CASH AND CASH EQUIVALENTS - Beginning of Year	2,657,951	479,430
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 936,381	\$ 2,657,951
 Cash is reported on the Statement of Financial Position as follows:		
Cash and cash equivalents	\$ 156,792	\$ 2,123,283
Restricted cash	778,589	534,668
Total Cash and Cash Equivalents	\$ 935,381	\$ 2,657,951
 Supplemental cash flow disclosures		
Cash paid for interest	\$ 16,078	\$ 17,077

See accompanying notes to financial statements.

DOWNTOWN BOXING GYM YOUTH PROGRAM

STATEMENTS OF FUNCTIONAL EXPENSES For the Years Ended September 30, 2019 and 2018

	Program	Management and General	Fundraising	2019 Total	Program	Management and General	Fundraising	2018 Total
Salaries expense	\$ 801,338	\$ 65,139	\$ 245,956	\$ 1,112,433	\$ 474,783	\$ 124,137	\$ 118,779	\$ 717,699
Property tax	353	20	20	393	362	40	-	402
Printing	1,939	1,939	1,939	5,817	-	-	4,963	4,963
Travel and meetings	12,608	-	8,406	21,014	9,913	-	9,913	19,826
Awards - participant	-	-	-	-	285	-	-	285
Educational supplies	30,003	2,858	-	32,861	10,552	-	-	10,552
Website development	26,967	-	26,967	53,934	-	26,381	26,381	52,762
Consulting fees	206,271	87,518	53,329	347,118	127,632	50,422	116,235	294,289
Telephone and internet	9,418	523	523	10,464	9,292	1,032	-	10,324
Postage and shipping	-	852	852	1,704	-	13	13	26
Repairs	2,617	1,996	-	4,613	15,855	1,003	-	16,858
Utilities	31,692	1,761	1,761	35,214	50,459	5,607	-	56,066
Insurance	16,048	892	892	17,832	12,223	1,358	-	13,581
Vehicles	125,682	-	-	125,682	120,734	-	-	120,734
Maintenance	15,702	684	672	17,058	13,523	1,503	-	15,026
Bank, payroll and filing fees	1,988	3,745	610	6,343	1,628	3,212	409	5,249
USA licensing fees	606	-	-	606	569	-	-	569
Office supplies	32,762	3,545	224	36,531	13,734	3,245	-	16,979
Depreciation	41,240	2,291	2,291	45,822	35,275	3,920	-	39,195
Interest	14,470	804	804	16,078	15,369	1,708	-	17,077
In-kind food and snacks	15,709	-	-	15,709	16,512	-	-	16,512
Bad debt	-	-	-	-	708	-	-	708
Other	35,810	7,957	7,989	51,756	5,634	14,619	661	20,914
TOTAL EXPENSES	\$ 1,423,223	\$ 182,524	\$ 353,235	\$ 1,958,982	\$ 935,042	\$ 238,200	\$ 277,354	\$ 1,450,596

See accompanying notes to financial statements.

DOWNTOWN BOXING GYM YOUTH PROGRAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended September 30, 2019 and 2018

NOTE 1 - Summary of Significant Accounting Policies

Nature of Activities

Downtown Boxing Gym Youth Program (the "Organization") is a not-for-profit Michigan corporation founded in 2010. The Organization encourages the youth of Detroit to engage in demanding physical, academic and social programs in which trainers, tutors, counselors and social workers provide daily services directly at the Organization. Through education, athletics, mentoring and intervention, the Organization empowers Detroit youth to be positive and productive members of society.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with a maturity date of three months or less to be cash equivalents. The Organization maintains cash balances with a single bank. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Restricted Cash

The Organization has reported restricted cash of \$778,589 and \$534,668 on the Statements of Financial Position as of September 30, 2019 and 2018, respectively. This cash is restricted for the expansion of athletic programming, capital expansion, and mentoring efforts across specific neighborhoods.

Promises to Give

Unconditional promises to give that are expected to be collected in future years are recorded on the basis of amounts promised by the contributors less any allowance for doubtful accounts determined to be necessary. There is no allowance for doubtful accounts as of September 30, 2019 and 2018.

DOWNTOWN BOXING GYM YOUTH PROGRAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended September 30, 2019 and 2018

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Investments

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. The Organization records the change of ownership of bonds and stocks on the day a trade is made. Investment income or loss and unrealized gains or losses are included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Property and Equipment

Property and equipment are stated at cost net of depreciation which is computed using the straight-line method over the estimated useful life of the asset (building and building improvements - 39 years, gym equipment - 7 years, computers - 5 years, furniture and equipment - 5 years). Additions and betterments of \$500 or more are capitalized; while repairs and maintenance that do not improve or extend the useful lives of the respective assets are expensed. If the asset life is less than 1 year the asset value is also expensed.

Donations of gym equipment are recorded as contributions at their estimated fair values at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire gym equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

DOWNTOWN BOXING GYM YOUTH PROGRAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended September 30, 2019 and 2018

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

Net Assets Without Donor Restriction - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations and net assets subject to donor-imposed stipulations that they may be maintained permanently by the Organization.

Revenue Recognition

The Organization receives donations from corporations, board members and individual donors. The donations received are recognized as revenue in the year the pledge was received.

Contributions

All contributions are generally recorded as unrestricted revenue, unless specifically restricted by the donor. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities.

The Organization recognizes in-kind contribution revenue and related expenses for items donated to the Organization. Revenue and expense are recorded based on the fair value of the donation at the time it was donated. Donated food is valued at estimated fair value according to a per pound amount, by food category, determined by using the Agreed Upon Procedures report prepared by KPMG LLP for Feeding America, a national food bank network. In-kind revenue for donated food totaled \$15,709 and \$16,512 for the years ended September 30, 2019 and 2018, respectively. Other in-kind contributions consist of use of vehicles, kitchen equipment and other miscellaneous items for the years ended September 30, 2019 and 2018, respectively.

Contributed Services

A substantial number of volunteers and professionals have donated significant amounts of their time on behalf of the Organization. However, no amounts related to these services have been reflected in these financial statements since they did not meet the criteria for recognition.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural expenditure classifications. Other expenses that are common to several functions are allocated by various bases. The Organization did not conduct any activities for which joint costs were allocated between fundraising expenses and program services or management and general expenses.

DOWNTOWN BOXING GYM YOUTH PROGRAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended September 30, 2019 and 2018

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Tax-Exempt Status

The Organization has received notification that it qualifies as a tax-exempt organization under Sections 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, are not subject to federal or state income taxes on related income. Unrelated business income may be subject to taxation.

Adoption of Financial Accounting Standard Board's Accounting Standards

In 2019, the Organization adopted the Financial Accounting Standard Board's ("FASB") Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. ASU No. 2016-14 addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return.

The Organization has adjusted the presentation of these financial statements accordingly. ASU No. 2016-14 has been applied retrospectively to all periods presented, with the exception of the disclosure about liquidity and availability of resources, as permitted by ASU No. 2016-14.

The new standard changes the following aspects of the financial statements:

- > The unrestricted net assets class has been renamed Net Assets Without Donor Restrictions;
- > The temporarily restricted and permanently restricted net asset classes have been renamed Net Assets with Donor Restrictions;
- > The financial statements include a disclosure about liquidity and availability of resources at September 30, 2019 (Note 8).

DOWNTOWN BOXING GYM YOUTH PROGRAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended September 30, 2019 and 2018

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Subsequent Events

The Organization has evaluated events through June 11, 2020, which is the date the financial statements were approved and available to be issued.

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. The Organization's evaluation of the effects of these events is ongoing as of the date the accompanying financial statements were available to be issued. COVID-19 may impact various parts of the Organization's fiscal year 2020 operations and financial performance including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of personnel, and declines in revenue related to decreases in occupancy or volumes of certain revenue streams. The extent of the impact will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

NOTE 2 - Promises To Give

The composition of promises to give is as follows at September 30:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ <u>706,513</u>	\$ <u>-</u>

The Organization expected to collect all outstanding promises to give. As such, no allowance for doubtful accounts was recorded by the Organization as of September 30, 2019 and 2018. For the year ended September 30, 2018, \$708 of bad debt expense was recorded specific to two donors.

NOTE 3 - Property and Equipment

Property and equipment consist of the following at September 30:

	<u>2019</u>	<u>2018</u>
Building and building improvements	\$ 888,249	\$ 888,249
Land	843	-
Gym equipment	31,671	31,671
Computers	97,385	47,495
Furnishings and equipment	34,101	24,363
Construction in process	<u>854,827</u>	<u>172,545</u>
Total property and equipment	1,907,076	1,164,323
Less: Accumulated depreciation	<u>(161,703)</u>	<u>(115,881)</u>
Net Property and Equipment	<u>\$ 1,745,373</u>	<u>\$ 1,048,442</u>

Depreciation expense totaled \$45,822 and \$39,195 for the years ended September 30, 2019 and 2018, respectively. Construction in process relates to expansion of the organization's building.

DOWNTOWN BOXING GYM YOUTH PROGRAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended September 30, 2019 and 2018

NOTE 4 - Fair Value Measurements

The Organization follows current authoritative guidance, which provides a framework for measuring, reporting and disclosing fair value under generally accepted accounting principles. The guidance applies to all assets and liabilities that are measured, reported and/or disclosed on a fair value basis.

As defined in the guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various valuation methods. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in the valuation methods can be either readily observable, market corroborated, or generally unobservable inputs. Whenever possible the Organization attempts to utilize valuation methods that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation methods the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities measured, reported and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market data.

Valuation Techniques and Inputs

Level 1 - Level 1 assets include investments in domestic and international equities for which quoted prices are readily available.

Level 2 - Level 2 assets include investments in fixed income corporate bonds and notes as these funds are not traded on a regular basis.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value or certain financial instruments could result in a different fair value measurement at the reporting date.

The tables below summarizes the Organization's assets and liabilities that are measured and accounted for at fair value on a recurring basis, by level within the fair value hierarchy.

	September 30, 2019			
	Total	Level 1	Level 2	Level 3
Equities	\$ 797,698	\$ 797,698	\$ -	\$ -
Fixed income	407,021	-	407,021	-
Total Investments	<u>\$ 1,204,719</u>	<u>\$ 797,698</u>	<u>\$ 407,021</u>	<u>\$ -</u>

DOWNTOWN BOXING GYM YOUTH PROGRAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended September 30, 2019 and 2018

NOTE 5 - Long-term Debt

Long-term debt consists of the following at September 30:

	2019	2018
Note payable to IFF, due in monthly installments of \$2,934, including interest at 5.375% through July 2030. The note payable is collateralized by the building.	\$ 288,676	\$ 307,810
Less: Current portion	20,188	19,134
Total Long-term Debt, net of current portion	\$ 268,488	\$ 288,676

Principal requirements on long-term debt for years ending September 30 are as follows:

2020	\$	20,188
2021		21,300
2022		22,474
2023		23,712
2024		25,018
Thereafter		175,984
		\$ 288,676

The Organization was in compliance with its debt covenants for the years ended September 30, 2019 and 2018.

NOTE 6 - Net Assets with Donor Restrictions

As of September 30, 2019 and September 30, 2018, net assets with donor restrictions were time and purpose restricted by donors to be used to expand athletic programming and mentoring efforts across specific neighborhoods. Net assets with donor restrictions are available for the following purposes or periods as of September 30:

	2019	2018
Student transportation	\$ 5,790	\$ -
Afterschool activities	103,682	29,925
Academic support and tuition	198,941	287,447
Expansion and renovation	470,176	185,457
Restricted for use in future periods	-	31,839
Total	\$ 778,589	\$ 534,668

DOWNTOWN BOXING GYM YOUTH PROGRAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended September 30, 2019 and 2018

NOTE 6 - Net Assets with Donor Restrictions (cont.)

Releases from net assets with donor restrictions as of September 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Student transportation	\$ 194,710	\$ 40,980
Afterschool activities	39,783	23,075
Academic support and tuition	326,152	94,553
Expansion and renovation	682,280	138,020
Restricted for use in future periods	<u>32,839</u>	<u>218,161</u>
Total	<u>\$ 1,275,764</u>	<u>\$ 514,789</u>

NOTE 7 - New Accounting Pronouncements

During May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers". ASU No. 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. During June 2020, the FASB issued ASU No. 2020-05, which defers the effective date of ASU No. 2014-09. ASU No. 2014-09 is effective for fiscal years beginning after December 15, 2019. The Organization may elect to apply the guidance earlier. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. The Organization is currently assessing the effect that ASU No. 2014-09 will have on its results of operations, financial position and cash flows.

During February 2016, the FASB issued ASU No. 2016-02, "Leases". ASU No. 2016-02 establishes principles that require a lessee to recognize a lease asset and a lease liability for those leases classified as operating leases under previous accounting principles generally accepted in the United States of America. During June 2020, the FASB issued ASU No. 2020-05, which defers the effective date of ASU No. 2016-02. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021. The Organization is currently assessing the effect that ASU No. 2016-02 will have on its results of operations, financial position and cash flows.

During June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958): "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made". The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. For not-for-profit entities that have conduit debt, ASU No. 2018-08 is effective for fiscal years beginning after June 15, 2018. All other entities should apply the amendments for fiscal years beginning after December 15, 2018. The Organization is currently assessing the impact that ASU No. 2018-08 will have on its results of operations, financial position and cash flows.

DOWNTOWN BOXING GYM YOUTH PROGRAM

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended September 30, 2019 and 2018

NOTE 8 - Liquidity and Availability of Resources

Financial assets available for use within one year of the statement of financial position date consist of the following at September 30, 2019:

Financial Assets:	
Cash and cash equivalents	\$ 156,792
Restricted cash	778,589
Promises to give	706,513
Investments	<u>1,204,719</u>
Total Financial Assets	2,846,613
Less: Net assets with donor restrictions	<u>(778,589)</u>
Financial assets available for general expenditures within one year	<u><u>\$ 2,068,024</u></u>