

Downtown Boxing Gym Youth Program

Financial Statements

September 30, 2020 and 2019

Downtown Boxing Gym Youth Program

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Independent Auditors' Report

To the Board of Directors of
Downtown Boxing Gym Youth Program

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, 2020 and 2019, 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Baker Tilly US, LLP

Southfield, Michigan
April 12, 2021

Downtown Boxing Gym Youth Program

Statements of Financial Position
September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 710,338	\$ 935,381
Promises to give	609,364	706,513
Investments	1,500,428	1,204,719
Other current assets	<u>15,285</u>	<u>52,891</u>
Total current assets	2,835,415	2,899,504
Property and Equipment, Net	<u>2,319,295</u>	<u>1,745,373</u>
Total assets	<u>\$ 5,154,710</u>	<u>\$ 4,644,877</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 191,150	\$ 93,390
Current maturities of long-term debt	<u>21,682</u>	<u>20,188</u>
Total current liabilities	212,832	113,578
Long-Term Liabilities		
Long-term debt - net of current maturities	<u>246,734</u>	<u>268,488</u>
Total liabilities	<u>459,566</u>	<u>382,066</u>
Net Assets		
Without donor restrictions	3,388,054	3,484,222
With donor restrictions	<u>1,307,090</u>	<u>778,589</u>
Total net assets	<u>4,695,144</u>	<u>4,262,811</u>
Total liabilities and net assets	<u>\$ 5,154,710</u>	<u>\$ 4,644,877</u>

See notes to financial statements

Downtown Boxing Gym Youth Program

Statements of Activities

Years Ended September 30, 2020 and 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>
Support and Revenue						
Grants	\$ 293,216	\$ 1,388,300	\$ 1,681,516	\$ 854,563	\$ 835,700	\$ 1,690,263
Contributions	420,547	290,000	710,547	124,024	683,985	808,009
Special events, net of direct expenses	(48,634)	-	(48,634)	166,839	-	166,839
In-kind donations	452,938	-	452,938	177,317	-	177,317
Net Investment income (loss)	(64,638)	-	(64,638)	8,156	-	8,156
Other income	253,960	-	253,960	12,059	-	12,059
Net assets released from restriction	<u>1,149,799</u>	<u>(1,149,799)</u>	<u>-</u>	<u>1,275,764</u>	<u>(1,275,764)</u>	<u>-</u>
Total support and revenue	<u>2,457,188</u>	<u>528,501</u>	<u>2,985,689</u>	<u>2,618,722</u>	<u>243,921</u>	<u>2,862,643</u>
Expenses						
Program	1,770,952	-	1,770,952	1,423,223	-	1,423,223
Management and general	317,990	-	317,990	182,524	-	182,524
Fundraising	<u>464,414</u>	<u>-</u>	<u>464,414</u>	<u>353,235</u>	<u>-</u>	<u>353,235</u>
Total expenses	<u>2,553,356</u>	<u>-</u>	<u>2,553,356</u>	<u>1,958,982</u>	<u>-</u>	<u>1,958,982</u>
Change in net assets	(96,168)	528,501	432,333	659,740	243,921	903,661
Net Assets, Beginning	<u>3,484,222</u>	<u>778,589</u>	<u>4,262,811</u>	<u>2,824,482</u>	<u>534,668</u>	<u>3,359,150</u>
Net Assets, Ending	<u>\$ 3,388,054</u>	<u>\$ 1,307,090</u>	<u>\$ 4,695,144</u>	<u>\$ 3,484,222</u>	<u>\$ 778,589</u>	<u>\$ 4,262,811</u>

See notes to financial statements

Downtown Boxing Gym Youth Program

Statements of Cash Flows

Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 432,333	\$ 903,661
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	66,739	45,822
Donated equipment received	(45,966)	(54,047)
Net realized and unrealized (gain)/loss on investments	114,541	(8,156)
Donations restricted for capital expansion	-	(900,000)
Changes in operating assets and liabilities that provided (used) cash:		
Promises to give	97,149	(706,513)
Other current assets	37,606	(47,593)
Accounts payable and accrued expenses	<u>43,381</u>	<u>48,659</u>
Net cash flows from operating activities	<u>745,783</u>	<u>(718,167)</u>
Cash Flows From Investing Activities		
Capital expenditures	(540,316)	(688,706)
Purchase of investments	(724,684)	(1,196,563)
Sale of investments	<u>314,434</u>	<u>-</u>
Net cash flows from investing activities	<u>(950,566)</u>	<u>(1,885,269)</u>
Cash Flows From Financing Activities		
Donations received for capital expansion	-	900,000
Payments on long-term debt	<u>(20,260)</u>	<u>(19,134)</u>
Net cash flows from financing activities	<u>(20,260)</u>	<u>880,866</u>
Net change in cash and cash equivalents	(225,043)	(1,722,570)
Cash and Cash Equivalents, Beginning	<u>935,381</u>	<u>2,657,951</u>
Cash and Cash Equivalents, Ending	<u>\$ 710,338</u>	<u>\$ 935,381</u>
Supplemental Cash Flow Disclosures		
Cash paid for interest	\$ 14,852	\$ 16,078
Noncash Investing and Financing Activities		
Capital expenditures included in accounts payable	\$ 54,379	\$ -

See notes to financial statements

Downtown Boxing Gym Youth Program

Statements of Functional Expenses

Years Ended September 30, 2020 and 2019

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2020 Total</u>	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2019 Total</u>
Salaries	\$ 939,385	\$ 105,683	\$ 283,381	\$ 1,328,449	\$ 801,338	\$ 65,139	\$ 245,956	\$ 1,112,433
Property tax	3,496	194	194	3,884	353	20	20	393
Printing	2,604	2,604	2,604	7,812	1,939	1,939	1,939	5,817
Travel and meetings	5,499	-	3,666	9,165	12,608	-	8,406	21,014
Educational supplies	48,370	10,778	-	59,148	30,003	2,858	-	32,861
Website development	28,599	-	28,599	57,198	26,967	-	26,967	53,934
Consulting fees	152,563	137,995	110,624	401,182	206,271	87,518	53,329	347,118
Telephone and internet	7,992	444	444	8,880	9,418	523	523	10,464
Postage and shipping	-	826	826	1,652	-	852	852	1,704
Repairs	21,397	127	-	21,524	2,617	1,996	-	4,613
Utilities	17,650	980	980	19,610	31,692	1,761	1,761	35,214
Insurance	31,783	1,766	1,766	35,315	16,048	892	892	17,832
Vehicles	121,072	-	-	121,072	125,682	-	-	125,682
Maintenance	8,030	724	168	8,922	15,702	684	672	17,058
Bank, payroll and filing fees	6,267	7,589	5,771	19,627	1,988	3,745	610	6,343
USA licensing fees	614	-	-	614	606	-	-	606
Office supplies	53,972	2,113	353	56,438	32,762	3,545	224	36,531
Covid-19 supplies	181,970	-	-	181,970	-	-	-	-
Depreciation	60,065	3,337	3,337	66,739	41,240	2,291	2,291	45,822
Interest	13,366	743	743	14,852	14,470	804	804	16,078
In-kind food and snacks	46,875	-	-	46,875	15,709	-	-	15,709
Other	19,383	42,087	20,958	82,428	35,810	7,957	7,989	51,756
Total expenses	\$ 1,770,952	\$ 317,990	\$ 464,414	\$ 2,553,356	\$ 1,423,223	\$ 182,524	\$ 353,235	\$ 1,958,982

See notes to financial statements

Downtown Boxing Gym Youth Program

Notes to Financial Statements
September 30, 2020 and 2019

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.

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, 2020 and 2019.

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. Net investment income is 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.

Downtown Boxing Gym Youth Program

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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.

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 - After October 1, 2019

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU No. 2018-08). During the year ending September 30, 2020, the Organization adopted ASU No. 2018-08 and has applied the changes on a modified prospective basis. The adoption of ASU No. 2018-08 did not cause a reclassification or restatement of net assets or change in net assets.

Contributions received are recorded as support with or without donor restrictions depending on the existence and nature of any donor restrictions. Contributions include actual gifts or promises to give. Contributions of assets other than cash are recorded at their fair value on the date of the gift. If a donor restriction is fulfilled in the same period in which the contribution is received, the Organization reports the contribution as without donor restrictions. Restricted gifts or promises to give are reported as restricted support in the period received and are then reclassified to net assets without donor restrictions upon satisfaction of the donor restriction. Promises to give that are expected to be collected after one year have been discounted and are reflected in the financial statements at their net present value. An allowance for uncollectible promises to give is determined based on experience and was not deemed necessary as of September 30, 2020.

Downtown Boxing Gym Youth Program

Notes to Financial Statements
September 30, 2020 and 2019

Conditional contributions or grants, that is, those with a measurable performance or other barrier, and a right of return or release, are not recognized until the conditions have been met. Most of the Organization's federal and state contracts are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. In cases where expenses are incurred in advance of receiving the grant, revenue and grants receivable are recorded in the period during which the expenses are incurred. In cases where grants are received in advance of incurring the expenses, deferred revenue is recorded in the period during which the advance is received and recognized as revenue in the period when the related expenses are incurred.

Retroactive determination of allowable costs by resource providers may result in final settlements different from interim payments for reimbursable services submitted by the Organization. Revenue is reported at the estimated net realizable amounts from resource providers for services rendered, including estimated retroactive adjustments under reimbursement agreements. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Revenue Recognition - Before October 1, 2019

Contributions, including grants, are measured at fair value and are reported as an increase in net assets in the period received. Conditional promises or grants received with stipulations are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor restrictions that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Contributions

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 \$46,875 and \$15,709 for the years ended September 30, 2020 and 2019, respectively. Other in-kind contributions consist of use of vehicles, kitchen equipment and other miscellaneous items for the years ended September 30, 2020 and 2019, 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, including square footage, percentage of salaries and time and effort. 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
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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.

Paycheck Protection Program (PPP)

The Organization participated in and received funds in April 2020 under the PPP through the Coronavirus Aid, Relief, and Economic Security (CARES) Act in the amount of \$247,215. The PPP is designed to provide a direct financial incentive for small businesses to keep their workers on the payroll. The program forgives loan balances to the extent employees are kept on the payroll and the loan principal is used for payroll, rent, mortgage interest, or utilities during the eight or twenty-four week period following receipt. Any portion of the loan that is not forgiven will carry interest at 1 percent and is due to be paid back within two years. The first payment can be deferred until ten months after the end of the twenty-four week covered period.

Subsequent to year end, the Organization received notification from the Small Business Administration that the PPP funds received by the Organization had been forgiven. The Organization determined this was a conditional contribution when received and concluded that the right of return and barriers associated with forgiveness were met due to the forgiveness received. As a result of this forgiveness, the funds received were recognized within other income on the statements of activities during the year ended September 30, 2020.

Reclassification

Certain reclassifications have been made to the financial statements as of and for the year ended September 30, 2019, to conform to classifications used as of and for the year ended September 30, 2020.

Subsequent Events

The Organization has evaluated events through April 12, 2021, which is the date the financial statements were approved and available to be issued.

Subsequent to year end, the Organization applied for and received the second draw under the PPP through the CARES Act in the amount of \$232,442. The funds were received in March 2021 and the Organization intends to apply for forgiveness once the covered period is completed.

2. Promises To Give

As of September 30, 2020 and 2019, the balance of promises to give is recorded within the statement of financial position as receivable in less than one year. 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, 2020 and 2019. For the year ended September 30, 2020, \$4,733 of bad debt expense was recorded specific to two donors, in which management had determined were uncollectible. There was no bad debt expense recorded for the year ended September 30, 2019.

Downtown Boxing Gym Youth Program

Notes to Financial Statements
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3. Property and Equipment

Property and equipment consist of the following at September 30:

	<u>2020</u>	<u>2019</u>
Building and building improvements	\$ 888,249	\$ 888,249
Land	843	843
Gym equipment	31,671	31,671
Computers	97,385	97,385
Furnishings and equipment	36,534	34,101
Vehicles	45,966	-
Construction in process	<u>1,447,088</u>	<u>854,827</u>
Total property and equipment	2,547,736	1,907,076
Less accumulated depreciation	<u>(228,441)</u>	<u>(161,703)</u>
Net property and equipment	<u>\$ 2,319,295</u>	<u>\$ 1,745,373</u>

Depreciation expense totaled \$66,739 and \$45,822 for the years ended September 30, 2020 and 2019, respectively. Construction in process relates to expansion of the organization's building and outdoor space are expected to be completed at various times through 2022.

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.

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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 summarize 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, 2020			
	Total	Level 1	Level 2	Level 3
Equities	\$ 1,101,122	\$ 1,101,122	\$ -	\$ -
Fixed income, corporate bonds and notes	399,306	-	399,306	-
Total investments	<u>\$ 1,500,428</u>	<u>\$ 1,101,122</u>	<u>\$ 399,306</u>	<u>\$ -</u>
	September 30, 2019			
	Total	Level 1	Level 2	Level 3
Equities	\$ 797,698	\$ 797,698	\$ -	\$ -
Fixed income, corporate bonds and notes	407,021	-	407,021	-
Total investments	<u>\$ 1,204,719</u>	<u>\$ 797,698</u>	<u>\$ 407,021</u>	<u>\$ -</u>

5. Long-Term Debt

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

	2020	2019
Note payable to IFF was refinanced during 2020. The note payable is now due in monthly installments of \$2,884, including interest at 5.00% starting August 2020 (previously was monthly installments of \$2,934, including interest at 5.375%) through July 2030. The note payable is collateralized by the building.	\$ 268,416	\$ 288,676
Less current portion	<u>21,682</u>	<u>20,188</u>
Total long-term debt, net of current maturities	<u>\$ 246,734</u>	<u>\$ 268,488</u>

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

2021	\$	21,682
2022		22,791
2023		23,957
2024		25,183
2025		26,471
Thereafter		<u>148,332</u>
	\$	<u>268,416</u>

The Organization was in compliance with its debt covenants for the years ended September 30, 2020 and 2019.

6. Net Assets with Donor Restrictions

As of September 30, 2020 and September 30, 2019, net assets with donor restrictions were 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 as of September 30:

	<u>2020</u>	<u>2019</u>
Student transportation	\$ 74,200	\$ 5,790
Afterschool activities	141,061	103,682
Academic support and tuition	182,153	198,941
Expansion and renovation	359,179	470,176
Operations and apprentice	<u>550,497</u>	<u>-</u>
Total	<u>\$ 1,307,090</u>	<u>\$ 778,589</u>

Releases from net assets with donor restrictions as of September 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Student transportation	\$ 84,090	\$ 194,710
Afterschool activities	150,621	39,783
Academic support and tuition	146,038	326,152
Expansion and renovation	360,997	682,280
Operations and apprentice	<u>408,053</u>	<u>32,839</u>
Total	<u>\$ 1,149,799</u>	<u>\$ 1,275,764</u>

Downtown Boxing Gym Youth Program

Notes to Financial Statements
September 30, 2020 and 2019

7. Future 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. 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 and 2020-05 will have on its results of operations, financial position and cash flows. The new guidance will be effective for the Organization's year ending September 30, 2021.

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.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (ASU No. 2020-07). ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021 (2022). Early adoption is permitted. The Organization is currently assessing the effect that ASU No. 2020-07 will have on its results of operations, financial position and cash flows.

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:

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash and cash equivalents	\$ 710,338	\$ 935,381
Promises to give	609,364	706,513
Investments	<u>1,500,428</u>	<u>1,204,719</u>
Total financial assets	2,820,130	2,846,613
Less net assets with donor restrictions	<u>(1,307,090)</u>	<u>(778,589)</u>
Financial assets available for general expenditures and debt repayments within one year	<u>\$ 1,513,040</u>	<u>\$ 2,068,024</u>