

# **Downtown Boxing Gym Youth Program**

Financial Statements

September 30, 2021 and 2020

# 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, 2021 and 2020, 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, 2021 and 2020, 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  
August 3, 2022

# Downtown Boxing Gym Youth Program

Statements of Financial Position  
September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 944,051	\$ 710,338
Promises to give	413,279	609,364
Investments	1,734,854	1,500,428
Other current assets	<u>14,123</u>	<u>15,285</u>
Total current assets	3,106,307	2,835,415
<b>Property and Equipment, Net</b>	<u>3,436,623</u>	<u>2,319,295</u>
Total assets	<u>\$ 6,542,930</u>	<u>\$ 5,154,710</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 146,933	\$ 191,150
Current maturities of long-term debt	<u>22,791</u>	<u>21,682</u>
Total current liabilities	169,724	212,832
<b>Long-Term Liabilities</b>		
Long-term debt, net of current maturities	<u>223,943</u>	<u>246,734</u>
Total liabilities	<u>393,667</u>	<u>459,566</u>
<b>Net Assets</b>		
Without donor restrictions	4,273,860	3,388,054
With donor restrictions	<u>1,875,403</u>	<u>1,307,090</u>
Total net assets	<u>6,149,263</u>	<u>4,695,144</u>
Total liabilities and net assets	<u>\$ 6,542,930</u>	<u>\$ 5,154,710</u>

See notes to financial statements

## Downtown Boxing Gym Youth Program

Statements of Activities

Years Ended September 30, 2021 and 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>
<b>Support and Revenue</b>						
Grants	\$ 961,847	\$ 342,452	\$ 1,304,299	\$ 293,216	\$ 1,388,300	\$ 1,681,516
Contributions	235,482	1,031,684	1,267,166	420,547	290,000	710,547
Special events, net of direct expenses	90,599	-	90,599	(48,634)	-	(48,634)
In-kind donations	1,123,092	-	1,123,092	452,938	-	452,938
Net investment income (loss)	120,150	-	120,150	(64,638)	-	(64,638)
Other income	236,859	-	236,859	253,960	-	253,960
Net assets released from restriction	805,823	(805,823)	-	1,149,799	(1,149,799)	-
Total support and revenue	<u>3,573,852</u>	<u>568,313</u>	<u>4,142,165</u>	<u>2,457,188</u>	<u>528,501</u>	<u>2,985,689</u>
<b>Expenses</b>						
Program	1,920,397	-	1,920,397	1,770,952	-	1,770,952
Management and general	306,353	-	306,353	317,990	-	317,990
Fundraising	461,296	-	461,296	464,414	-	464,414
Total expenses	<u>2,688,046</u>	<u>-</u>	<u>2,688,046</u>	<u>2,553,356</u>	<u>-</u>	<u>2,553,356</u>
Change in net assets	885,806	568,313	1,454,119	(96,168)	528,501	432,333
<b>Net Assets, Beginning</b>	<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>
<b>Net Assets, Ending</b>	<u>\$ 4,273,860</u>	<u>\$ 1,875,403</u>	<u>\$ 6,149,263</u>	<u>\$ 3,388,054</u>	<u>\$ 1,307,090</u>	<u>\$ 4,695,144</u>

See notes to financial statements

## Downtown Boxing Gym Youth Program

### Statements of Cash Flows

Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 1,454,119	\$ 432,333
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	82,645	66,739
Donated property and equipment received	(682,172)	(45,966)
Bad debt expense	3,040	4,733
Net realized and unrealized (gain)/loss on investments	(120,150)	114,541
Changes in operating assets and liabilities that provided (used) cash:		
Promises to give	193,045	92,416
Other current assets	1,162	37,606
Accounts payable and accrued expenses	<u>10,162</u>	<u>43,381</u>
Net cash flows from operating activities	<u>941,851</u>	<u>745,783</u>
<b>Cash Flows From Investing Activities</b>		
Capital expenditures	(572,180)	(540,316)
Purchase of investments	(1,156,151)	(724,684)
Proceeds from sales of investments	<u>1,041,875</u>	<u>314,434</u>
Net cash flows from investing activities	<u>(686,456)</u>	<u>(950,566)</u>
<b>Cash Flows From Financing Activities</b>		
Payments on long-term debt	<u>(21,682)</u>	<u>(20,260)</u>
Net change in cash and cash equivalents	233,713	(225,043)
<b>Cash and Cash Equivalents, Beginning</b>	<u>710,338</u>	<u>935,381</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 944,051</u>	<u>\$ 710,338</u>
<b>Supplemental Cash Flow Disclosures</b>		
Cash paid for interest	\$ 12,928	\$ 14,852
<b>Noncash Investing and Financing Activities</b>		
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, 2021 and 2020

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2021 Total</u>	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2020 Total</u>
Salaries	\$ 1,082,536	\$ 118,592	\$ 269,408	\$ 1,470,536	\$ 939,385	\$ 105,683	\$ 283,381	\$ 1,328,449
Property tax	669	37	37	743	3,496	194	194	3,884
Printing	362	362	362	1,086	2,604	2,604	2,604	7,812
Travel and meetings	3,316	-	-	3,316	5,499	-	3,666	9,165
Educational supplies	54,451	6,360	6,360	67,171	48,370	10,778	-	59,148
Website development	35,323	-	35,324	70,647	28,599	-	28,599	57,198
Consulting fees	196,568	129,280	122,964	448,812	152,563	137,995	110,624	401,182
Telephone and internet	7,990	444	444	8,878	7,992	444	444	8,880
Postage and shipping	-	1,539	1,539	3,078	-	826	826	1,652
Repairs	6,405	123	-	6,528	21,397	127	-	21,524
Utilities	16,465	915	915	18,295	17,650	980	980	19,610
Insurance	38,063	2,924	5,009	45,996	31,783	1,766	1,766	35,315
Vehicles	90,100	-	-	90,100	121,072	-	-	121,072
Maintenance	10,544	600	637	11,781	8,030	724	168	8,922
Bank, payroll and filing fees	6,560	6,540	6,540	19,640	6,267	7,589	5,771	19,627
USA licensing fees	845	-	-	845	614	-	-	614
Office supplies	84,237	2,259	2,676	89,172	53,972	2,113	353	56,438
Covid-19 supplies	4,979	-	-	4,979	181,970	-	-	181,970
Depreciation	74,381	4,132	4,132	82,645	60,065	3,337	3,337	66,739
Interest	11,636	646	646	12,928	13,366	743	743	14,852
In-kind food and snacks	107,850	-	-	107,850	46,875	-	-	46,875
Other	87,117	31,600	4,303	123,020	19,383	42,087	20,958	82,428
<b>Total expenses</b>	<b>\$ 1,920,397</b>	<b>\$ 306,353</b>	<b>\$ 461,296</b>	<b>\$ 2,688,046</b>	<b>\$ 1,770,952</b>	<b>\$ 317,990</b>	<b>\$ 464,414</b>	<b>\$ 2,553,356</b>

See notes to financial statements

# **Downtown Boxing Gym Youth Program**

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Notes to Financial Statements  
September 30, 2021 and 2020

## **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, 2021 and 2020.

### **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, furnishings and equipment - 5 years, vehicles- 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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Notes to Financial Statements  
September 30, 2021 and 2020

Donations of property and 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 property and 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 be maintained in perpetuity by the Organization.

### **Revenue Recognition**

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.

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.

# **Downtown Boxing Gym Youth Program**

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Notes to Financial Statements  
September 30, 2021 and 2020

## **Contributions**

The Organization recognizes in-kind contribution revenue and related expenses for items donated to the Organization. Revenue and expense or asset 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 \$107,850 and \$46,875 for the years ended September 30, 2021 and 2020, respectively. Other in-kind contributions consist of use of vehicles, kitchen equipment and other construction costs for the years ended September 30, 2021 and 2020, 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.

## **Tax-Exempt Status**

The Organization has received notification that it qualifies as a tax-exempt organization under Section 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**

The Organization adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU No. 2014-09), and all related amendments during the year ending September 30, 2021, using the modified retrospective transition method. ASU No. 2014-09 supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance. The core principle under ASU No. 2014-09 is that revenues are recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration at which the entity expects to be entitled in exchange for those goods or services. Adoption of ASU No. 2014-09 did not have a significant impact on the financial statements.

## **Downtown Boxing Gym Youth Program**

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Notes to Financial Statements  
September 30, 2021 and 2020

### **Paycheck Protection Program (PPP)**

In April 2020, the Organization received proceeds in the amount of \$247,215 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying non-profit organizations in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying non-profit organizations to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA. Advances from the PPP are forgivable after a “covered period” (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. The Organization initially recorded the funds as a refundable advance and recorded the forgiveness in accordance with guidance for conditional contributions when there was no longer a measurable performance or other barrier and a right of return of the PPP loan, or when such conditions are explicitly waived.

As of September 30, 2020, the Organization had expended all of the PPP funds received on qualified expenses and believed that it met all of the conditions attached to the PPP, therefore, the Organization recorded other income of \$247,215 within its statements of activities for the year ended September 30, 2020. In January 2021, the Organization received notice from the SBA that it has forgiven \$247,215 of the PPP proceeds.

In March 2021, the Organization applied for and received a second draw PPP loan under the CARES Act as amended by the Economic Aid Act (EAA) on December 27, 2020 and the American Rescue Plan Act (ARPA) in the amount of \$232,442. As of September 30, 2021, the Organization had expended all of the PPP funds received on qualified expenses and believes that it met all of the conditions attached to the PPP, therefore, the Organization has recorded other income of \$232,442 within its statement of activities for the year-ended September 30, 2021. In April 2022, the Organization received notice from the SBA that it has forgiven \$232,442 of the second draw PPP proceeds.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act (as amended by the EAA and ARPA), the Organization is required to maintain its PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request. The Organization does not believe the results of any audits or reviews by the SBA would have a material impact on the financial statements.

### **Reclassification**

Certain reclassifications have been made to the financial statements as of and for the year ended September 30, 2020, to conform to classifications used as of and for the year ended September 30, 2021.

### **Subsequent Events**

The Organization has evaluated events through August 3, 2022, which is the date the financial statements were approved and available to be issued.

## Downtown Boxing Gym Youth Program

Notes to Financial Statements  
September 30, 2021 and 2020

### 2. Promises To Give

As of September 30, 2021 and 2020, all promises to give are recorded within the statements of financial position as receivable in less than one year. The Organization expects to collect all outstanding promises to give. As such, no allowance for doubtful accounts was recorded by the Organization as of September 30, 2021 and 2020. For the year ended September 30, 2021 and 2020, \$3,040 and \$4,733 of bad debt expense was recorded for accounts in which management had determined were uncollectible.

### 3. Property and Equipment

Property and equipment consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Building and building improvements	\$ 893,739	\$ 888,249
Land	843	843
Gym equipment	31,671	31,671
Computers	127,618	97,385
Furnishings and equipment	92,058	36,534
Vehicles	260,138	45,966
Construction in process	<u>2,341,414</u>	<u>1,447,088</u>
Total property and equipment	3,747,481	2,547,736
Less accumulated depreciation	<u>(310,858)</u>	<u>(228,441)</u>
Net property and equipment	<u>\$ 3,436,623</u>	<u>\$ 2,319,295</u>

Depreciation expense totaled \$82,645 and \$66,739 for the years ended September 30, 2021 and 2020, respectively. Construction in process relates to expansion of the Organization's building and outdoor space and is expected to be completed at various times through 2022. Subsequent to year end, the Organization has entered into commitments for construction totaling approximately \$300,000.

### 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.

## Downtown Boxing Gym Youth Program

Notes to Financial Statements  
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Level 3 - Unobservable inputs that are not corroborated by market data.

### Valuation Techniques and Inputs

Level 1 assets include investments in domestic and international exchange traded and mutual funds for which quoted prices are readily available.

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.

	<b>September 30, 2021</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Exchange traded funds	\$ 864,460	\$ 864,460	\$ -	\$ -
Mutual funds	769,068	769,068	-	-
Fixed income, corporate bonds and notes	<u>101,326</u>	<u>-</u>	<u>101,326</u>	<u>-</u>
Total investments	<u>\$ 1,734,854</u>	<u>\$ 1,633,528</u>	<u>\$ 101,326</u>	<u>\$ -</u>

  

	<b>September 30, 2020</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Exchange traded funds	\$ 480,820	\$ 480,820	\$ -	\$ -
Mutual funds	620,302	620,302	-	-
Fixed income, corporate bonds and notes	<u>399,306</u>	<u>-</u>	<u>399,306</u>	<u>-</u>
Total investments	<u>\$ 1,500,428</u>	<u>\$ 620,302</u>	<u>\$ 399,306</u>	<u>\$ -</u>

### 5. Long-Term Debt

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

	<u>2021</u>	<u>2020</u>
Note payable to IFF due in monthly installments of \$2,884, including interest at 5.00% starting August 2020 through July 2030. The note payable is collateralized by the building.	\$ 246,734	\$ 268,416
Less current portion	<u>(22,791)</u>	<u>(21,682)</u>
Total long-term debt, net of current maturities	<u>\$ 223,943</u>	<u>\$ 246,734</u>

## Downtown Boxing Gym Youth Program

Notes to Financial Statements  
September 30, 2021 and 2020

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

2022	\$	22,791
2023		23,957
2024		25,183
2025		26,471
2026		27,826
Thereafter		<u>120,506</u>
	\$	<u>246,734</u>

The Organization was in compliance with its debt covenants for the years ended September 30, 2021 and 2020.

### 6. Net Assets with Donor Restrictions

As of September 30, 2021 and 2020, 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>2021</u>	<u>2020</u>
Student transportation	\$ 2,314	\$ 74,200
After school activities	277	141,061
Academic support and tuition	126,928	182,153
Expansion and renovation	1,358,407	359,179
Operations and apprentice	<u>387,477</u>	<u>550,497</u>
Total	<u>\$ 1,875,403</u>	<u>\$ 1,307,090</u>

Releases from net assets with donor restrictions as of September 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Student transportation	\$ 74,200	\$ 84,090
After school activities	140,785	150,621
Academic support and tuition	166,207	146,038
Expansion and renovation	20,141	360,997
Operations and apprentice	<u>404,490</u>	<u>408,053</u>
Total	<u>\$ 805,823</u>	<u>\$ 1,149,799</u>

## Downtown Boxing Gym Youth Program

Notes to Financial Statements  
September 30, 2021 and 2020

### 7. Future Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases* (Topic 842) that amends the treatment for 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. ASU No. 2016-02 is effective for annual periods beginning after December 15, 2021 (2023). Management is currently assessing the effect that ASU No. 2016-02 will have on its financial statements.

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 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). The Organization is currently assessing the effect that ASU No. 2020-07 will have on its financial statements.

### 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>2021</u>	<u>2020</u>
Financial Assets:		
Cash and cash equivalents	\$ 944,051	\$ 710,338
Promises to give	413,279	609,364
Investments	<u>1,734,854</u>	<u>1,500,428</u>
Total financial assets	3,092,184	2,820,130
Less net assets with donor restrictions less amounts included in property	<u>(661,910)</u>	<u>(1,307,090)</u>
Financial assets available for general expenditures and debt repayments within one year	<u>\$ 2,430,274</u>	<u>\$ 1,513,040</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.