

Downtown
Boxing Gym
Youth Program



Years Ended
September 30,
2023 and 2022

Financial
Statements

Rehmann

DOWNTOWN BOXING GYM YOUTH PROGRAM

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INDEPENDENT AUDITORS' REPORT

April 19, 2024

Board of Directors
Downtown Boxing Gym Youth Program
Detroit, Michigan

Opinion

We have audited the accompanying financial statements of ***Downtown Boxing Gym Youth Program*** (the "Organization"), which comprise the statement of financial position as of September 30, 2023, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements (the "financial statements").

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, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Independent Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Note 1 to the financial statements, effective October 1, 2022, the Organization adopted Accounting Standards Codification (ASC) Topic 842, *Leases*. Our opinion is not modified with respect to this matter.



Responsibilities of Management

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Predecessor Auditor

The financial statements of ***Downtown Boxing Gym Youth Program*** for the year ended September 30, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on June 21, 2023.

A handwritten signature in black ink that reads "Rehmann Johnson LLC". The signature is written in a cursive, flowing style.

DOWNTOWN BOXING GYM YOUTH PROGRAM

Statements of Financial Position

	September 30	
	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 279,507	\$ 514,604
Restricted cash	25,256	256
Promises to give, net	541,461	595,892
Investments	2,022,044	1,546,180
Prepaid expenses and other	69,806	22,094
Total current assets	2,938,074	2,679,026
Property and equipment, net	4,263,171	3,735,264
Long-term promises to give, net	429,033	-
Total assets	\$ 7,630,278	\$ 6,414,290
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 90,840	\$ 41,660
Funds held for others	25,256	256
Accrued expenses	216,197	102,674
Current portion of long-term debt	25,183	23,957
Total current liabilities	357,476	168,547
Long-term debt, less current portion	174,803	199,986
Total liabilities	532,279	368,533
Net assets		
Without donor restrictions	5,112,168	3,342,913
With donor restrictions	1,985,831	2,702,844
Total net assets	7,097,999	6,045,757
Total liabilities and net assets	\$ 7,630,278	\$ 6,414,290

The accompanying notes are an integral part of these financial statements.

DOWNTOWN BOXING GYM YOUTH PROGRAM

Statements of Activities

	Year Ended September 30, 2023			Year Ended September 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support, and gains (losses)						
Grants	\$ 25,000	\$ 2,775,951	\$ 2,800,951	\$ 506,718	\$ 320,092	\$ 826,810
Contributions	531,557	459,660	991,217	355,528	1,487,810	1,843,338
Special events, net of direct expenses	157,762	-	157,762	96,528	-	96,528
Contributed nonfinancial assets	384,879	-	384,879	640,601	-	640,601
Net investment income (loss)	140,987	-	140,987	(208,508)	-	(208,508)
Other income	111,516	-	111,516	40,760	-	40,760
Net assets released from restrictions	3,952,624	(3,952,624)	-	980,461	(980,461)	-
Total revenue, support, and gains (losses)	5,304,325	(717,013)	4,587,312	2,412,088	827,441	3,239,529
Expenses						
Program services: youth development	2,689,231	-	2,689,231	2,589,646	-	2,589,646
Management and general	264,601	-	264,601	234,838	-	234,838
Fundraising	581,238	-	581,238	518,551	-	518,551
Total expenses	3,535,070	-	3,535,070	3,343,035	-	3,343,035
Change in net assets	1,769,255	(717,013)	1,052,242	(930,947)	827,441	(103,506)
Net assets, beginning of year	3,342,913	2,702,844	6,045,757	4,273,860	1,875,403	6,149,263
Net assets, end of year	\$ 5,112,168	\$ 1,985,831	\$ 7,097,999	\$ 3,342,913	\$ 2,702,844	\$ 6,045,757

The accompanying notes are an integral part of these financial statements.

DOWNTOWN BOXING GYM YOUTH PROGRAM

Statements of Functional Expenses

	Year Ended September 30, 2023				Year Ended September 30, 2022			
	Program	Support		Total	Program	Support		Total
	Youth Development	Management and General	Fundraising		Youth Development	Management and General	Fundraising	
Expenses								
Salaries and benefits	\$ 1,435,643	\$ 112,960	\$ 359,296	\$ 1,907,899	\$ 1,192,199	\$ 71,446	\$ 309,287	\$ 1,572,932
Property tax	571	15	15	601	542	30	30	602
Printing	2,727	2,727	2,727	8,181	3,176	3,176	3,176	9,528
Travel and meetings	27,714	4,619	4,619	36,952	13,109	2,435	3,935	19,479
Educational supplies	91,204	3,446	3,446	98,096	28,944	3,597	3,597	36,138
Website development	40,116	40,116	-	80,232	33,935	-	33,935	67,870
Consulting fees	400,380	77,498	172,440	650,318	524,964	120,441	107,627	753,032
Telephone and internet	10,576	279	279	11,134	8,609	478	478	9,565
Postage and shipping	-	2,114	2,114	4,228	-	2,867	2,867	5,734
Repairs	105	3	3	111	678	-	-	678
Utilities	29,982	788	788	31,558	30,374	1,687	1,687	33,748
Insurance	36,470	1,895	4,960	43,325	25,520	1,492	4,900	31,912
Vehicles	53,071	-	-	53,071	60,063	-	-	60,063
Maintenance	82,533	2,132	2,132	86,797	21,112	989	989	23,090
Bank, payroll and filling fees	21,681	6,649	9,448	37,778	11,442	11,442	11,442	34,326
USA licensing fees	1,176	-	-	1,176	1,227	-	25	1,252
Office supplies	91,058	854	854	92,766	103,304	2,261	2,261	107,826
Depreciation	121,390	3,195	3,195	127,780	99,908	5,551	5,551	111,010
Interest	10,120	266	266	10,652	10,637	591	591	11,819
In-kind food	70,397	-	-	70,397	275,874	-	-	275,874
Special events	5,368	3,579	80,527	89,474	-	-	150,565	150,565
Other	162,317	5,045	14,656	182,018	144,029	6,355	26,173	176,557
Total expenses	2,694,599	268,180	661,765	3,624,544	2,589,646	234,838	669,116	3,493,600
Less special event expenses included with revenue, support and gains (losses) on the statement of activities	(5,368)	(3,579)	(80,527)	(89,474)	-	-	(150,565)	(150,565)
Total expenses included in the expenses section of the statement of activities	\$ 2,689,231	\$ 264,601	\$ 581,238	\$ 3,535,070	\$ 2,589,646	\$ 234,838	\$ 518,551	\$ 3,343,035

The accompanying notes are an integral part of these financial statements.

DOWNTOWN BOXING GYM YOUTH PROGRAM

Statements of Cash Flows

	Year Ended September 30	
	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 1,052,242	\$ (103,506)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	127,780	111,010
Donated property and equipment received	(10,584)	(151,518)
Donations received for capital expansion	(200,000)	(485,000)
Bad debt	5,000	2,000
Net realized and unrealized (gain) loss on investments	(81,692)	255,000
Gain on disposal of property and equipment	-	(23,300)
Changes in operating assets and liabilities which (used) provided cash		
Promises to give, net	(379,602)	(184,613)
Prepaid expenses and other	(47,712)	(7,971)
Accounts payable and accrued expenses	57,776	(2,343)
Funds held for others	25,000	-
Net cash provided by (used in) operating activities	548,208	(590,241)
Cash flows from investing activities		
Purchases of property and equipment	(540,176)	(278,933)
Purchases of investments	(1,634,381)	(401,909)
Proceeds from sales of investments	1,240,209	335,583
Proceeds from sale of property and equipment	-	44,100
Net cash used in investing activities	(934,348)	(301,159)
Cash flows from financing activities		
Donations received for capital expansion	200,000	485,000
Payments on long-term debt	(23,957)	(22,791)
Net cash provided by financing activities	176,043	462,209
Net decrease in cash and cash equivalents	(210,097)	(429,191)
Cash and cash equivalents, and restricted cash, beginning of year	514,860	944,051
Cash and cash equivalents, and restricted cash, end of year	\$ 304,763	\$ 514,860
Reconciliation to Statements of Financial Position		
Cash and cash equivalents	\$ 279,507	\$ 514,604
Restricted cash	25,256	256
Cash and cash equivalents, and restricted cash, end of year	\$ 304,763	\$ 514,860
Supplemental cash flows information		
Property and equipment purchased and not paid as of year end	\$ 104,927	\$ -
Cash paid for interest	\$ 10,652	\$ 11,819

The accompanying notes are an integral part of these financial statements.

DOWNTOWN BOXING GYM YOUTH PROGRAM

Notes to Financial Statements

1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Downtown Boxing Gym Youth Program (the "Organization") is a Michigan non-profit 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.

Basis of Presentation

Net assets, revenue, support, 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 Restrictions - Net assets available for use in general operations and not subject to donor restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. There were no Organization designated net assets at September 30, 2023 and 2022.

Net Assets With Donor Restrictions - Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. (See Note 8)

Revenue and support is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, support, gains, in-kind contributions, and expenses during the year. Actual results could differ from those estimates.

DOWNTOWN BOXING GYM YOUTH PROGRAM

Notes to Financial Statements

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. During the normal course of business, the Organization maintains cash on deposit with financial institutions in excess of federally insured limits. Management does not believe the Organization is exposed to any significant interest rate or other financial risk as a result of these deposits.

Contributions and Grants

Contributions received are recorded as support with or without donor restrictions depending on the existence and nature of any donor restrictions. Contributions of assets other than cash are recorded at their fair value on the date of the gift. 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.

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. Management reviews the likelihood of collection of each promise to give based on management's predictions of donor behavior relative to economic conditions and determined the allowance for doubtful accounts was \$7,000 and \$2,000 as of September 30, 2023 and 2022, respectively.

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. The Organization had one conditional grant as of September 30, 2023, which was conditional upon the incurrence of allowable qualifying expenses. Amounts received are recognized as support when the Organization has incurred expenses in compliance with specific contract or grant provisions. As of September 30, 2023, conditional grants of approximately \$432,000 have not yet been recognized because qualifying expenses have not yet been incurred. In cases where grants are received in advance of incurring the expenses, refundable advances is recorded in the period during which the advance is received and recognized as support in the period when the related expenses are incurred. There were no refundable advances as of September 30, 2023 or 2022.

Special events revenue, which consists of contributions and gifts donated at events and registration fees, as applicable. The Organization recognizes special events revenue equal to the total fair value of direct benefits to donors when the special event takes place. The exchange portion of the transactions for the direct costs of benefits received by the donors totaled \$15,381 and \$34,917 in fiscal year 2023 and 2022, respectively, and is included in special events on the statement of activities.

DOWNTOWN BOXING GYM YOUTH PROGRAM

Notes to Financial Statements

Contributed Services

In addition, the Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs and special events. No value has been given to these donated volunteer services on the financial statements because the donated skills are not specialized and would not be purchased if they had not been donated. Also, the services provided have not created or improved non-financial assets. Volunteer hours were approximately 3,200 and 2,600 during fiscal year 2023 and 2022, respectively.

Property and Equipment and Depreciation

Property and equipment are recorded at cost when purchased or at estimated fair value when received as a donation. The cost of maintenance and repairs is charged to expense when incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 39 years. Management reviews these assets for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable.

Investments

Investments are stated at fair value, which is based on quoted market prices. Income from investments, including realized and unrealized gains and losses, is allocated among net assets with donor restrictions and without donor restrictions based on donor restrictions or the absence thereof. Realized gains and losses are determined using the specific identification method. Investment return is reported net of external investment expenses. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that the changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in these financial statements.

Fair Value Measurements

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (level 1) and the lowest priority to unobservable data (level 3).

A description of each category in the fair value hierarchy is as follows:

- Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

DOWNTOWN BOXING GYM YOUTH PROGRAM

Notes to Financial Statements

Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the asset or liability.

For a further discussion of fair value measurements, refer to Note 3 to the financial statements.

Income Taxes

The Organization's activities are generally tax-exempt pursuant to the Internal Revenue Code ("IRC") Section 501(c)(3) and is exempt from similar state and local taxes, and accordingly, no income taxes are reported in these financial statements. Although the Organization was granted an income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income." The Organization has not been classified as a private foundation.

The Organization analyzes its income tax filing positions in the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions, to identify potential uncertain tax positions.

The Organization has evaluated its income tax filing positions for fiscal years 2020 through 2023, the years which remain subject to examination as of September 30, 2023. The Organization concluded that there are no significant uncertain tax positions requiring recognition in the financial statements. The Organization does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The Organization does not have any amounts accrued for interest and penalties related to UTBs at September 30, 2023 and 2022, and is not aware of any claims for such amounts by federal or state income tax authorities.

Functional Expense Allocation

The costs of providing program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses presents the natural classification detail of expenses by function. Direct expenses, which can be clearly defined as incurred for a specific program, are charged to that program. Natural expenses attributable to more than one functional expense category are allocated using a reasonable cost allocation method. Salary and benefits are allocated to programs and supporting services based on estimated time and effort. Although the methods of allocation used are considered reasonable, other methods could be used that may produce different results.

DOWNTOWN BOXING GYM YOUTH PROGRAM

Notes to Financial Statements

Change in Accounting Principle

In February 2016, the Financial Accounting Standards Board ("FASB") established Accounting Standards Codification ("ASC") Topic 842, *Leases* ("ASC 842"), by issuing Accounting Standards Update ("ASU") No. 2016-02 ("ASU 2016-02"). The standard, as amended, establishes a right-of-use ("ROU") model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities.

The Organization adopted ASU 2016-02, as amended, effective October 1, 2022. Financial information has not been updated and the disclosures required under the new standard have not been provided for dates and periods before October 1, 2022. No operating or finance lease liabilities or ROU assets were recognized upon the date of implementation or during the fiscal year ended September 30, 2023. In addition, the Organization's short term lease expense was not significant in 2023. As a result, the adoption of ASC 842 had no significant impact on the Organization's financial statements or related disclosures.

Reclassification

Certain amounts as reported in the 2022 financial statements have been reclassified to conform with the 2023 presentation.

Subsequent Events

In preparing these financial statements, the Organizations management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to September 30, 2023, the most recent statement of financial position presented herein, through April 19, 2024, the date these financial statements were available to be issued. No significant such events or transactions were identified.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise of the following at September 30:

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	\$ 279,507	\$ 514,604
Promises to give, net	970,494	595,892
Investments	2,022,044	1,546,180
Less amounts with limits on usage and time:		
Net assets with donor restrictions	1,985,831	877,314
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,286,214	\$ 1,779,362

DOWNTOWN BOXING GYM YOUTH PROGRAM

Notes to Financial Statements

The Organization manages its financial assets to provide sufficient liquidity for operations. As part of liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Organization receives certain support and gains without donor restrictions throughout the year that is also available for general expenditures. The Organization invests mainly in cash equivalents and investment securities.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization utilizes fair value measurements to record fair value adjustments to investments and to determine fair value disclosures. Investments are recorded at fair value on a recurring basis. The following is a description of the valuation methodology and key inputs used to measure investments recorded at fair value, including an indication of the level of the fair value hierarchy in which the investments are classified. There have been no changes in the methodologies used at September 30, 2023 and 2022.

Mutual funds and exchange traded funds: Shares held in mutual funds and exchange traded funds traded on national securities exchanges are valued at quoted market prices that represent the net asset value ("NAV") of shares held by the Organization at year end and are classified as level 1. The NAV is based on the value of the underlying assets owned by the fund, less its liabilities, then divided by the number of shares outstanding.

U.S. treasury notes: The fair value of U.S. treasury notes were determined by the Organization based on quoted market prices, which represent a Level 1 measurement.

Fixed income, corporate bonds and notes: Fixed income, corporate bonds and notes are valued based on yields currently available on comparable securities of issuers with similar credit ratings (Level 2).

The real estate income trust is measured at net asset value (NAV) as the practical expedient. The investment is valued at a one month lag. Management believes that the carrying amounts of these financial instruments are reasonable estimate of fair value.

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 method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of investments could result in a different fair value measurement at the reporting date.

DOWNTOWN BOXING GYM YOUTH PROGRAM

Notes to Financial Statements

The following tables set forth by level, within the fair value hierarchy, the recorded amount of investments measured at fair value on a recurring basis as of September 30:

2023	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Exchange traded funds	\$ 461,826	\$ -	\$ -	\$ 461,826
Mutual funds	866,431	-	-	866,431
U.S treasury notes	500,735	-	-	500,735
Fixed income, corporate bonds and notes	-	49,693	-	49,693
Investment value at NAV Real estate income trust	-	-	-	143,359
Total investments	\$ 1,828,992	\$ 49,693	\$ -	\$ 2,022,044

2022	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Exchange traded funds	\$ 571,580	\$ -	\$ -	\$ 571,580
Mutual funds	695,792	-	-	695,792
U.S treasury notes	59,788	-	-	59,788
Fixed income, corporate bonds and notes	-	38,648	-	38,648
Investment value at NAV Real estate income trust	-	-	-	180,372
Total investments	\$ 1,327,160	\$ 38,648	\$ -	\$ 1,546,180

As of September 30, 2023 and 2022, the investments for which fair values are estimated using the reported NAV as a practical expedient have no unfunded commitments and may be redeemed monthly as long as total redemptions are less than 2% of the value of the fund.

DOWNTOWN BOXING GYM YOUTH PROGRAM

Notes to Financial Statements

4. PROMISES TO GIVE

The following is a schedule of the unconditional promises to give, net of allowance and discount, as of September 30:

	2023	2022
Amounts due in		
Less than one year	\$ 548,461	\$ 597,892
One to five years	460,000	-
	<hr/>	<hr/>
Total promises to give	1,008,461	597,892
Less discount to present value at 4.60%	30,967	-
Less allowance for doubtful accounts	7,000	2,000
	<hr/>	<hr/>
Long-term portion of unconditional promises to give	<u>\$ 970,494</u>	<u>\$ 595,892</u>

5. PROPERTY AND EQUIPMENT

Net property and equipment consists of the following at September 30:

	2023	2022
Building and building improvements	\$ 3,877,067	\$ 893,738
Land	43,990	10,970
Gym equipment	31,671	31,671
Computers	238,028	145,468
Furnishings and equipment	280,147	105,340
Vehicles	338,716	338,716
Construction in process	-	2,628,029
	<hr/>	<hr/>
Total	4,809,619	4,153,932
Less accumulated depreciation	(546,448)	(418,668)
	<hr/>	<hr/>
Net property and equipment	<u>\$ 4,263,171</u>	<u>\$ 3,735,264</u>

Depreciation expense for 2023 and 2022 was \$127,780 and \$111,010, respectively.

DOWNTOWN BOXING GYM YOUTH PROGRAM

Notes to Financial Statements

6. LONG-TERM DEBT

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

	2023	2022
Note payable to IFF due in monthly installments of \$2,884, including interest at the yield of U.S. Treasury obligation with a maturity equal to the maturity of the loan, plus 2.00% or the floor of 5.00% (5.00% was the effective interest rate at September 30, 2023) through July 2030. The building is collateral for the note payable.	\$ 199,986	\$ 223,943
Less current portion	<u>25,183</u>	<u>23,957</u>
Long-term debt, less current portion	<u>\$ 174,803</u>	<u>\$ 199,986</u>

Scheduled principal maturities of long-term debt for the years succeeding September 30, 2023, are summarized as follows:

Year	Principal Amount
2024	\$ 25,183
2025	26,471
2026	27,826
2027	29,249
2028	30,746
Thereafter	<u>60,511</u>
Total	<u>\$ 199,986</u>

DOWNTOWN BOXING GYM YOUTH PROGRAM

Notes to Financial Statements

7. CONTRIBUTED NONFINANCIAL ASSETS

The following is a schedule of the contributed nonfinancial assets for the years ended September 30:

Category	Functional area	2023	2022
Building	Program, Fundraising, and Administrative	\$ 10,584	\$ 33,934
Program-related supplies/support	Program	93,236	110,151
Technology	Program, Fundraising, and Administrative	151,601	67,852
Vehicles	Program	-	43,618
Supplies	Program, Fundraising, and Administrative	8,466	34,278
Events	Fundraising	40,085	-
Clothing	Program	9,207	38,407
Food	Program	71,700	312,361
		\$ 384,879	\$ 640,601

The Organization reports the fair value of the categories above as follows:

Building:	The Organization estimated the fair value on the basis of recent comparable sales in the real estate market of the building.
Program related supplies/support, clothing, technology, supplies, and events:	The Organization estimated the fair value on the basis of values that would be expected to be received for similar products / items (e.g. often evidenced by transaction receipt).
Vehicle:	Vehicle related donations are valued by the estimated fair value of recent comparable sales prices in the market.
Food:	Estimated the fair value on the basis of donor price per lb. or values that would be received for selling similar products in Michigan.

The Organization had no in-kind contributions with donor restrictions in 2023 or 2022.

DOWNTOWN BOXING GYM YOUTH PROGRAM

Notes to Financial Statements

8. NET ASSETS

Net assets with donor restrictions consist of the following as of September 30:

	2023	2022
Operations and apprentice	\$ 1,289,126	\$ 715,032
After school activities	423,614	82,192
Expansion and renovation	133,861	1,825,530
Academic support and tuition	139,230	80,090
Net assets with donor restriction	<u>\$ 1,985,831</u>	<u>\$ 2,702,844</u>

Releases from net assets with donor restrictions are as follows for the years ended September 30:

	2023	2022
Expansion and renovation	\$ 1,920,809	\$ 17,877
Operations and apprentice	1,375,811	749,250
After school activities	480,882	175,771
Academic support and tuition	175,122	35,249
Student transportation	-	2,314
Releases from net assets with donor restrictions	<u>\$ 3,952,624</u>	<u>\$ 980,461</u>

9. RELATED PARTY TRANSACTIONS

In 2023 and 2022, the Organization received contributions from board members and employees of \$253,976 and \$344,553, respectively.

10. 401(K) PLAN

The Organization maintains a deferred contribution plan qualified under Section 401(k) of the Internal Revenue Code. Under this plan, all employees over age 21 with three months of service are permitted to contribute up to 100% of gross compensation into the retirement plan up to a maximum determined by the Internal Revenue Code; the Organization may elect to make a matching or profit-sharing contribution. Employer contributions to this plan were \$51,279 and \$44,162 in 2023 and 2022, respectively.

