

Downtown
Boxing Gym
Youth Program



Years Ended
September 30,
2024 and 2023

Financial
Statements

Rehmann

DOWNTOWN BOXING GYM YOUTH PROGRAM

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements for the Years Ended September 30, 2024 and 2023	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7

INDEPENDENT AUDITORS' REPORT

February 28, 2025

Board of Directors
Downtown Boxing Gym Youth Program
Detroit, Michigan

Opinion

We have audited the financial statements of ***Downtown Boxing Gym Youth Program*** (the "Organization"), which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements (the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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.

Responsibilities of Management for the Financial Statements

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



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 GAAS 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 GAAS, 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.

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DOWNTOWN BOXING GYM YOUTH PROGRAM

Statements of Financial Position

	September 30	
	2024	2023
ASSETS		
Current assets		
Cash	\$ 673,487	\$ 279,507
Restricted cash	2,367	25,256
Promises to give, net	2,018,461	541,461
Investments	2,547,991	2,022,044
Prepaid expenses and other	91,010	69,806
Total current assets	5,333,316	2,938,074
Property and equipment, net	4,211,058	4,263,171
Long-term promises to give, net	60,895	429,033
Total assets	\$ 9,605,269	\$ 7,630,278
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 114,667	\$ 90,840
Funds held for others	2,367	25,256
Accrued expenses	86,472	216,197
Current portion of long-term debt	26,471	25,183
Deferred revenue	10,271	-
Total current liabilities	240,248	357,476
Long-term debt, net of current portion	148,332	174,803
Total liabilities	388,580	532,279
Net assets		
Without donor restrictions	7,527,069	5,112,168
With donor restrictions	1,689,620	1,985,831
Total net assets	9,216,689	7,097,999
Total liabilities and net assets	\$ 9,605,269	\$ 7,630,278

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

DOWNTOWN BOXING GYM YOUTH PROGRAM

Statements of Activities

	Year Ended September 30, 2024			Year Ended September 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support, and gains (losses)						
Grants	\$ 1,003,632	\$ 1,924,702	\$ 2,928,334	\$ 25,000	\$ 2,775,951	\$ 2,800,951
Contributions	2,814,280	458,733	3,273,013	531,557	459,660	991,217
Special events, net of direct expenses	(205,931)	-	(205,931)	157,762	-	157,762
Contributed nonfinancial assets	306,369	-	306,369	384,879	-	384,879
Net investment income	341,506	-	341,506	140,987	-	140,987
Other income	43,539	-	43,539	111,516	-	111,516
Net assets released from restrictions	2,679,646	(2,679,646)	-	3,952,624	(3,952,624)	-
Total revenue, support, and gains (losses)	6,983,041	(296,211)	6,686,830	5,304,325	(717,013)	4,587,312
Expenses						
Program services: youth development	3,554,841	-	3,554,841	2,689,227	-	2,689,227
Management and general	208,404	-	208,404	224,557	-	224,557
Fundraising	804,895	-	804,895	621,286	-	621,286
Total expenses	4,568,140	-	4,568,140	3,535,070	-	3,535,070
Change in net assets	2,414,901	(296,211)	2,118,690	1,769,255	(717,013)	1,052,242
Net assets, beginning of year	5,112,168	1,985,831	7,097,999	3,342,913	2,702,844	6,045,757
Net assets, end of year	\$ 7,527,069	\$ 1,689,620	\$ 9,216,689	\$ 5,112,168	\$ 1,985,831	\$ 7,097,999

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

DOWNTOWN BOXING GYM YOUTH PROGRAM

Statements of Functional Expenses

	Year Ended September 30, 2024				Year Ended September 30, 2023			
	Program	Support		Total	Program	Support		Total
	Youth Development	Management and General	Fundraising		Youth Development	Management and General	Fundraising	
Expenses								
Salaries and benefits	\$ 2,143,885	\$ 100,156	\$ 492,026	\$ 2,736,067	\$ 1,436,283	\$ 113,387	\$ 368,900	\$ 1,918,570
Consulting fees	372,269	76,386	161,435	610,090	400,380	77,498	172,440	650,318
Office supplies	220,137	1,697	10,375	232,209	93,036	2,173	30,525	125,734
Depreciation	216,948	5,709	5,709	228,366	121,390	3,195	3,195	127,780
Website development	113,417	-	113,417	226,834	40,116	-	40,116	80,232
Other	197,840	4,673	1,736	204,249	163,240	5,735	28,498	197,473
Educational supplies	170,375	3,434	3,434	177,243	91,204	3,446	3,446	98,096
Event rentals	129,872	-	14,430	144,302	1,823	1,215	27,342	30,380
Vehicles	66,607	-	-	66,607	53,071	-	-	53,071
Travel and meetings	44,529	2,422	12,415	59,366	27,714	4,619	4,619	36,952
Bank, payroll and filling fees	30,666	9,153	14,257	54,076	21,681	6,649	9,448	37,778
Insurance	39,158	1,552	5,716	46,426	36,470	1,895	4,960	43,325
Maintenance	37,942	998	998	39,938	82,533	2,132	2,132	86,797
Utilities	35,270	928	928	37,126	29,982	788	788	31,558
In-kind food	11,502	-	-	11,502	70,397	-	-	70,397
Interest	8,956	236	236	9,428	10,120	266	266	10,652
Telephone and internet	8,405	221	221	8,847	10,576	279	279	11,134
Property tax	2,147	56	56	2,259	571	15	15	601
Repairs	1,941	51	51	2,043	105	3	3	111
USA licensing fees	1,957	-	-	1,957	1,176	-	-	1,176
Printing	509	509	509	1,527	2,727	2,727	2,727	8,181
Postage and shipping	-	223	223	446	-	2,114	2,114	4,228
Total expenses	3,854,332	208,404	838,172	4,900,908	2,694,595	228,136	701,813	3,624,544
Less special event expenses with revenue, support gains (losses) on the statement of activities	(299,491)	-	(33,277)	(332,768)	(5,368)	(3,579)	(80,527)	(89,474)
Total expenses included in the expenses section of the statement of activities	\$ 3,554,841	\$ 208,404	\$ 804,895	\$ 4,568,140	\$ 2,689,227	\$ 224,557	\$ 621,286	\$ 3,535,070

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

DOWNTOWN BOXING GYM YOUTH PROGRAM

Statements of Cash Flows

	Year Ended September 30	
	2024	2023
Cash flows from operating activities		
Change in net assets	\$ 2,118,690	\$ 1,052,242
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	228,366	127,780
Donated property and equipment	(33,411)	(10,584)
Donations received for capital expansion	-	(200,000)
Loss on uncollectible promises to give	-	5,000
Net realized and unrealized gain on investments	(244,858)	(81,692)
Changes in operating assets and liabilities which (used) provided cash:		
Promises to give, net	(1,108,862)	(379,602)
Prepaid expenses and other	(21,204)	(47,712)
Accounts payable and accrued expenses	(157,977)	57,776
Funds held for others	(22,889)	25,000
Deferred revenue	10,271	-
Net change in cash from operating activities	768,126	548,208
Cash flows from investing activities		
Purchases of property and equipment	(90,763)	(540,176)
Purchases of investments	(2,900,902)	(1,634,381)
Proceeds from sales of investments	2,619,813	1,240,209
Net change in cash from investing activities	(371,852)	(934,348)
Cash flows from financing activities		
Donations received for capital expansion	-	200,000
Payments on long-term debt	(25,183)	(23,957)
Net change in cash from financing activities	(25,183)	176,043
Net change in cash and restricted cash	371,091	(210,097)
Cash and restricted cash, beginning of year	304,763	514,860
Cash and restricted cash end of year	\$ 675,854	\$ 304,763
Reconciliation to Statements of Financial Position		
Cash	\$ 673,487	\$ 279,507
Restricted cash	2,367	25,256
Cash and restricted cash, end of year	\$ 675,854	\$ 304,763
Supplemental cash flows information		
Property and equipment purchased and not paid as of year end	\$ 52,079	\$ 104,927
Cash paid for interest	\$ 9,428	\$ 10,652

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.

Concentration Risk

Contributions from one donor accounted for \$1,000,000 of revenue, support, gains and losses (15%) for fiscal 2024. The loss of this donor could adversely affect short-term operating results. Promises to give due from this donor amounted to \$1,000,000 at September 30, 2024. No such donations were received from this donor in fiscal 2023 and no concentration existed in fiscal 2023.

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, 2024 and 2023.

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, support, and gains are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses and losses 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.

DOWNTOWN BOXING GYM YOUTH PROGRAM

Notes to Financial Statements

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") 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, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash

Cash consist of demand deposits in banks. 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.

Restricted Cash and Funds Held for Others

Restricted cash and funds held for others consists of funds held by the Organization for other Not-for-Profit Organizations

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 historical experience with donors and economic conditions. The Organization determined the allowance for doubtful accounts was \$1,000 and \$7,000 as of September 30, 2024 and 2023, 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 four conditional grants as of September 30, 2024, which were 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, 2024, conditional grants of approximately \$3,474,000 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, 2024 or 2023.

DOWNTOWN BOXING GYM YOUTH PROGRAM

Notes to Financial Statements

Special events revenue consists of contributions and gifts donated at events and registration fees, as applicable. The Organization recognizes special events revenue when the special event takes place. The exchange portion of the transactions for the direct costs of benefits received by the donors totaled \$280,848 and \$15,381 in fiscal year 2024 and 2023, respectively, and is included in special events on the statement of activities.

Deferred revenue represents sponsorships received from donors for future fundraising events. This revenue is recognized when the future fundraising event occurs. The related revenue will be recognized within approximately one year. Deferred revenue at September 30, 2024 was \$10,271. There was not deferred revenue at September 30, 2022 or 2023.

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 amounts have been reflected in these financial statements for these donated services because they do not meet the criteria for recognition under GAAP. Also, the services provided have not created or improved non-financial assets. Volunteer hours were approximately 6,200 and 3,200 during fiscal year 2024 and 2023, respectively.

Property and Equipment and Depreciation

Property and equipment is 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.

DOWNTOWN BOXING GYM YOUTH PROGRAM

Notes to 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.
- 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 2021 through 2024, the years which remain subject to examination as of September 30, 2024. 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, 2024 and 2023, and is not aware of any claims for such amounts by federal or state income tax authorities.

DOWNTOWN BOXING GYM YOUTH PROGRAM

Notes to Financial Statements

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.

Reclassification

Certain amounts as reported in the 2023 financial statements have been reclassified to conform with the 2024 presentation.

Subsequent Events

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to the most recent balance sheet presented herein, through the date these financial statements were available to be issued.

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:

	2024	2023
Financial assets at year-end:		
Cash	\$ 673,487	\$ 279,507
Promises to give, net	2,079,356	970,494
Investments	2,547,991	2,022,044
Less amounts with limits on usage and time:		
Net assets with donor restrictions	1,689,620	1,985,831
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,611,214</u>	<u>\$ 1,286,214</u>

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 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, 2024 and 2023.

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 a 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:

2024	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 933,548	\$ -	\$ -	\$ 933,548
Exchange traded funds	918,786	-	-	918,786
U.S. Treasury notes	487,880	-	-	487,880
Fixed income, corporate bonds and notes	-	73,248	-	73,248
Investment value at NAV real estate income trust	-	-	-	134,529
Total investments	\$ 2,340,214	\$ 73,248	\$ -	\$ 2,547,991

2023	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 866,431	\$ -	\$ -	\$ 866,431
Exchange traded funds	461,826	-	-	461,826
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

As of September 30, 2024 and 2023, 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:

	2024	2023
Amounts due in		
Less than one year	\$ 2,019,461	\$ 548,461
One to five years	66,725	460,000
	<hr/>	<hr/>
Total promises to give	2,086,186	1,008,461
Less discount to present value at 3.58%	5,830	30,967
Less allowance for doubtful accounts	1,000	7,000
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Long-term promises to give	<u>\$ 2,079,356</u>	<u>\$ 970,494</u>

5. PROPERTY AND EQUIPMENT

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

	2024	2023
Building and building improvements	\$ 3,950,947	\$ 3,877,067
Land	43,990	43,990
Gym equipment	31,671	31,671
Computers	245,416	238,028
Furnishings and equipment	326,668	280,147
Vehicles	338,716	338,716
Construction in process	48,464	-
	<hr/>	<hr/>
Total	4,985,872	4,809,619
Less accumulated depreciation	(774,814)	(546,448)
	<hr/>	<hr/>
Net property and equipment	<u>\$ 4,211,058</u>	<u>\$ 4,263,171</u>

Depreciation expense for 2024 and 2023 was \$228,366 and \$127,780, respectively.

Construction in progress represents various projects related to the Organization's buildings. Management estimates the cost to complete these projects was approximately \$26,000 as of September 30, 2024, which is expected to be completed in fiscal 2025.

DOWNTOWN BOXING GYM YOUTH PROGRAM

Notes to Financial Statements

6. LONG-TERM DEBT

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

	2024	2023
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, 2024 and 2023) through July 2030. The building is collateral for the note payable.	\$ 174,803	\$ 199,986
Less current portion	<u>26,471</u>	<u>25,183</u>
Long-term debt, less current portion	<u>\$ 148,332</u>	<u>\$ 174,803</u>

Scheduled principal maturities of long-term debt for the years succeeding September 30, 2024, are summarized as follows:

Year	Principal Amount
2025	\$ 26,471
2026	27,826
2027	29,249
2028	30,746
2029	32,319
Thereafter	<u>28,192</u>
Total	<u>\$ 174,803</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	2024	2023
Building improvements	Program, Fundraising, and Administrative	\$ 33,411	\$ 10,584
Program-related supplies/support	Program	147,931	93,236
Technology	Program, Fundraising, and Administrative	71,257	151,601
Supplies	Program, Fundraising, and Administrative	336	8,466
Events	Fundraising	20,600	40,085
Clothing	Program	21,332	9,207
Food	Program	11,502	71,700
		\$ 306,369	\$ 384,879

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

Building improvements, 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). Assets are used in operations.

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. Food is used in operations.

The Organization had no in-kind contributions with donor restrictions in 2024 or 2023.

DOWNTOWN BOXING GYM YOUTH PROGRAM

Notes to Financial Statements

8. NET ASSETS WITH DONOR RESTRICTIONS

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

	2024	2023
Restricted for purpose and time		
Operations and apprentice	\$ 459,782	\$ 1,289,126
After school activities	1,043,020	423,614
Expansion and renovation	72,414	133,861
Academic support and tuition	114,404	139,230
	<u>1,689,620</u>	<u>1,985,831</u>
Net assets with donor restrictions	\$ 1,689,620	\$ 1,985,831

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

	2024	2023
Expansion and renovation	\$ 35,582	\$ 1,920,809
Operations and apprentice	850,916	1,375,811
After school activities	1,680,728	480,882
Academic support and tuition	112,420	175,122
	<u>2,679,646</u>	<u>3,952,624</u>
Releases from net assets with donor restrictions	\$ 2,679,646	\$ 3,952,624

9. RELATED PARTY TRANSACTIONS

In 2024 and 2023, the Organization received contributions from board members, employees, and affiliates of the board members and employees of \$264,525 and \$253,976, 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 IRC; the Organization may elect to make a matching or profit-sharing contribution. Employer contributions to this plan were \$76,449 and \$51,279 in 2024 and 2023, respectively.

