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Good Sports, Inc.

Financial Statements

December 31, 2023 and 2022

Independent Auditors' Report

To the Board of Directors
Good Sports, Inc.

Opinion

We have audited the accompanying financial statements of Good Sports, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to 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 December 31, 2023 and 2022, 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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 audits. 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.

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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.

Baker Tilly US, LLP

Baker Tilly US, LLP
Tewksbury, Massachusetts
June 7, 2024

December 31	2023	2022
Assets		
Current Assets:		
Cash and Cash Equivalents	**$ 3,308,581**	$ 3,040,439
Accounts Receivable	**13,714**	2,066
Current Portion of Contributions Receivable	**528,150**	289,290
Inventory, Net	**10,345,753**	6,750,312
Prepaid Expenses and Other Current Assets	**164,750**	54,394
Total Current Assets	**14,360,948**	10,136,501
Long-Term Investments	**8,924**	8,655
Contributions Receivable, Net of Current Portion	**-**	6,500
Property and Equipment, Net of Accumulated Depreciation	**125,766**	142,905
Operating Lease Right-of-Use Asset	**1,033,328**	1,360,104
Finance Lease Right-of-Use Assets	**20,318**	33,030
Security Deposits	**5,274**	5,274
Total Assets	**$ 15,554,558**	$ 11,692,969
Liabilities and Net Assets		
Current Liabilities:		
Line of Credit	**$ -**	$ -
Accounts Payable	**256,088**	86,394
Accrued Expenses	**144,610**	137,457
Current Portion of Operating Lease Liability	**412,040**	391,292
Current Portion of Finance Lease Liabilities	**12,859**	12,501
Total Current Liabilities	**825,597**	627,644
Operating Lease Liability, Net of Current Portion	**890,839**	1,302,879
Finance Lease Liabilities, Net of Current Portion	**7,670**	20,529
Total Liabilities	**1,724,106**	1,951,052
Net Assets:		
Net Assets without Donor Restrictions	**1,438,718**	1,809,169
Net Assets with Donor Restrictions	**12,391,734**	7,932,748
Total Net Assets	**13,830,452**	9,741,917
Total Liabilities and Net Assets	**$ 15,554,558**	$ 11,692,969

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

For the Years Ended December 31	2023			2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities:						
Revenue and Other Support:						
Contributions - Nonfinancial Assets	**$ -**	**$ 11,182,255**	**$ 11,182,255**	$ -	$ 3,954,859	$ 3,954,859
Corporate Contributions	**535,659**	**2,818,931**	**3,354,590**	351,214	4,049,000	4,400,214
Individual Contributions	**718,953**	**1,027,080**	**1,746,033**	595,782	77,264	673,046
Special Events, Net of Direct Benefit to Donors of $159,486 and $177,609, Respectively	**782,400**	**-**	**782,400**	781,678	-	781,678
Foundation Contributions	**214,216**	**540,203**	**754,419**	66,187	401,500	467,687
Shipping and Handling Fees	**189,461**	**-**	**189,461**	140,076	-	140,076
Other Contributions	**105,528**	**-**	**105,528**	-	-	-
Change in Inventory Reserve	**-**	**(13,937)**	**(13,937)**	-	150,036	150,036
Interest Income	**10,577**	**-**	**10,577**	1,898	-	1,898
Net Assets Released from Restriction	**11,095,546**	**(11,095,546)**	**-**	14,019,798	(14,019,798)	-
Total Revenue and Other Support	**13,652,340**	**4,458,986**	**18,111,326**	15,956,633	(5,387,139)	10,569,494
Operating Expenses:						
Program Services	**12,461,569**	**-**	**12,461,569**	14,774,147	-	14,774,147
General and Administrative	**333,039**	**-**	**333,039**	175,882	-	175,882
Fundraising	**1,228,183**	**-**	**1,228,183**	689,559	-	689,559
Total Operating Expenses	**14,022,791**	**-**	**14,022,791**	15,639,588	-	15,639,588
Increase (Decrease) in Net Assets from Operations	**(370,451)**	**4,458,986**	**4,088,535**	317,045	(5,387,139)	(5,070,094)
Nonoperating Activities:						
Gain on Extinguishment of Long-Term Debt - Paycheck Protection Program	**-**	**-**	**-**	398,738	-	398,738
Total Nonoperating Activities	**-**	**-**	**-**	398,738	-	398,738
Increase (Decrease) in Net Assets	**(370,451)**	**4,458,986**	**4,088,535**	715,783	(5,387,139)	(4,671,356)
Net Assets, Beginning of Year	**1,809,169**	**7,932,748**	**9,741,917**	1,093,386	13,319,887	14,413,273
Net Assets, End of Year	**$ 1,438,718**	**$ 12,391,734**	**$ 13,830,452**	$ 1,809,169	$ 7,932,748	$ 9,741,917

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

For the Years Ended December 31	2023				2022			
	Program Services	**General and Administrative**	**Fundraising**	**Total**	Program Services	General and Administrative	Fundraising	Total
Distribution of Equipment	**$ 9,669,644**	**$ -**	**$ 785**	**$ 9,670,429**	$ 11,790,618	$ -	$ -	$ 11,790,618
Salaries, Related Benefits and Taxes	**1,824,960**	**224,460**	**673,380**	**2,722,800**	2,105,461	127,654	382,961	2,616,076
Warehouse Costs	**497,341**	**-**	**-**	**497,341**	468,938	-	-	468,938
Facility Rental and Supplies	**-**	**-**	**279,510**	**279,510**	-	-	175,937	175,937
Advertising and Marketing	**95,158**	**11,704**	**66,414**	**173,276**	60,110	3,694	17,802	81,606
Office Supplies	**74,107**	**10,926**	**87,610**	**172,643**	55,089	3,766	49,550	108,405
Professional Fees	**108,124**	**14,168**	**41,626**	**163,918**	74,498	4,360	15,031	93,889
Fundraising Events	**-**	**-**	**159,486**	**159,486**	-	-	177,609	177,609
Occupancy	**89,771**	**11,041**	**33,124**	**133,936**	106,391	6,538	19,615	132,544
Meetings and Travel	**16,945**	**2,084**	**37,001**	**56,030**	12,580	773	26,884	40,237
Depreciation	**12,712**	**30,213**	**-**	**42,925**	-	28,504	-	28,504
Partner Events	**41,495**	**-**	**15**	**41,510**	89,062	-	-	89,062
Insurance	**23,626**	**2,906**	**8,718**	**35,250**	9,649	593	1,779	12,021
Bad Debt	**-**	**25,537**	**-**	**25,537**	-	-	-	-
Miscellaneous	**7,686**	**-**	**-**	**7,686**	1,751	-	-	1,751
Total Expenses	**12,461,569**	**333,039**	**1,387,669**	**14,182,277**	14,774,147	175,882	867,168	15,817,197
Less: Expenses Included with Revenue on the Statements of Activities	**-**	**-**	**159,486**	**159,486**	-	-	177,609	177,609
	$ 12,461,569	**$ 333,039**	**$ 1,228,183**	**$ 14,022,791**	$ 14,774,147	$ 175,882	$ 689,559	$ 15,639,588

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

For the Years Ended December 31	2023	2022
Cash Flows from Operating Activities:		
Increase (Decrease) in Net Assets	**$ 4,088,535**	$ (4,671,356)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Gain on Extinguishment of Long-Term Debt - Paycheck Protection Program	**-**	(398,738)
Change in Inventory Reserve	**(27,844)**	(150,036)
Donated Inventory	**(11,182,255)**	(3,954,859)
Net Unrealized (Gains) Losses on Investments	**(269)**	1,347
Depreciation	**30,212**	28,504
Change in Operating Lease Right-of-Use Asset	**326,776**	326,054
Amortization of Finance Lease Right-of-Use Assets	**12,712**	5,106
(Increase) Decrease in Accounts Receivable	**(11,648)**	28,649
Increase in Contributions Receivable	**(232,360)**	(124,585)
Decrease in Inventory	**7,614,658**	9,020,029
Increase in Prepaid Expenses and Other Current Assets	**(110,356)**	(2,012)
Increase (Decrease) in Accounts Payable	**169,694**	(277,860)
Increase in Accrued Expenses	**7,153**	208,246
Decrease in Operating Lease Liability	**(391,292)**	(364,873)
Decrease in Deferred Revenue	**-**	(15,912)
Decrease in Other Liabilities	**-**	(226,344)
Net Cash Provided by (Used in) Operating Activities	**293,716**	(568,640)
Net Cash Used in Investing Activities:		
Acquisition of Property and Equipment	**(13,073)**	(55,405)
Net Cash Used in Financing Activities:		
Payments of Finance Lease Liabilities	**(12,501)**	(3,477)
Net Increase (Decrease) in Cash and Cash Equivalents	**268,142**	(627,522)
Cash and Cash Equivalents, Beginning of Year	**3,040,439**	3,667,961
Cash and Cash Equivalents, End of Year	**$ 3,308,581**	$ 3,040,439

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

1. Organization and Summary of Significant Accounting Policies:

Nature of Organization: Good Sports, Inc. (the Organization) is a nonprofit organization incorporated in November 2003 whose mission is to increase youth participation in sports, fitness, and recreational programs by providing access to sports equipment, which is one of the major obstacles limiting participation. The Organization distributes sports equipment, footwear, and apparel to community organizations offering programs to disadvantaged youth, helping to lay the foundation for healthy, active lifestyles. The Organization partners with sporting goods manufacturers to ensure that disadvantaged youth are getting the equipment they need to participate.

Basis of Presentation: The financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Any reference in these notes to applicable guidance is meant to refer to the authoritative United States generally accepted accounting principles as found in the Accounting Standards Codification (ASC) and Accounting Standards Updates (ASU) of the Financial Accounting Standards Board (FASB).

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

> *Net Assets without Donor Restrictions*: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors. Net assets without donor restrictions include net assets designated by the board for specific purposes.
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> *Net Assets with Donor Restrictions*: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Fair Value Measurements: The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

1. Organization and Summary of Significant Accounting Policies (Continued):

Revenue and Other Support: Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Revenue represents amounts derived from shipping and handling fees, special events, and contributions.

Revenue is recognized when control of the goods and services provided is transferred to the Organization's customers and in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods and services using the following steps: 1) identification of the contract, or contracts with a customer, 2) identification of performance obligations in the contract, 3) determination of the transaction price, 4) allocation of the transaction price to the performance obligations in the contract and 5) recognition of revenue when or as the Organization satisfies the performance obligations.

Revenue from shipping and handling fees represents amounts charged upon shipment of the related equipment.

Revenue related to special events is recorded net of expenses that provide a direct benefit to donors and is generally recorded when the event takes place.

The Organization typically invoices its equipment recipients upon shipment. Typical payment terms provide that equipment recipients pay within 30 - 90 days of invoice.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long contributed assets must be used are recorded as net assets with donor restrictions. Otherwise, the contributions are recorded as net assets without donor restrictions.

Contributions of services are reported as revenue and expenses without donor restrictions at the fair value of the service received only if the services create or enhance a nonfinancial asset or would typically need to be purchased by the Organization if they had not been provided by contribution, require specialized skills, and are provided by individuals with those skills. Contributions of goods and space to be used in program operations are reported as revenue and expenses without donor restrictions at the time the goods or space is received.

The Organization must determine whether a contribution (or a promise to give) is conditional or unconditional for transactions deemed to be a contribution.

A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. The Organization cannot consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

1. Organization and Summary of Significant Accounting Policies (Continued):

Accounts Receivable: Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for credit losses is provided for those accounts receivable considered to be uncollectible based upon management's assessment of the collectability of accounts receivable.

As of December 31, 2023 and 2022, management believes the allowance for credit losses is immaterial to the financial statements.

Allowance for Credit Losses: The Organization recognizes an allowance for credit losses for accounts receivables to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset, which includes consideration of past events and historical loss experience, current events and also future events based on our expectation as of the statement of financial position date. Receivables are written off when the Organization determines that such receivables are deemed uncollectible. The Organization pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Organization measures those receivables individually. The Organization also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

The Organization utilizes the aging method in determining its lifetime expected credit losses on its accounts receivables. This method is used for calculating an estimate of losses based primarily on the Organization's historical loss experience. In determining its loss rates, the Organization evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all of the following: past due receivables, the customer credit worthiness, changes in the terms of receivables, effect of other external forces such as competition, and legal and regulatory requirements on the level of estimated credit losses in the existing receivables.

Contract Balances: The Organization's contract balances, resulting from contracts with customers, include deferred revenue.

- *Deferred Revenue*: Deferred revenue represents payments received for which the aforementioned revenue recognition criteria have not been met.

Opening and closing balances for accounts receivable and contract balances from contracts with customers consist of the following:

	December 31, 2023	December 31, 2022	December 31, 2021
Accounts Receivable	$ 13,714	$ 2,066	$ 30,715
Deferred Revenue	$ -	$ -	$ 15,912

Cash and Cash Equivalents: The Organization maintains its cash and cash equivalents in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has a cash management program, which provides for the investment of excess cash balances primarily in short-term money market accounts, which are valued using Level 1 inputs. The Organization considers such highly liquid investments with original maturities of three months or less when purchased to be cash equivalents, except for those amounts that are held in the investment portfolio, which are invested for long-term purposes.

Investments and Investment Income: The Organization’s investments are reported at fair value as of the date of the statements of financial position. Realized and unrealized gains and losses are reflected in the accompanying statements of activities. Investment income or loss on investments (including realized and unrealized gains and losses on investments, interest and dividends) is included in net assets without donor restrictions unless the income or loss is restricted by donor or law.

1. Organization and Summary of Significant Accounting Policies (Continued):

Concentrations of Credit Risk: Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash, cash equivalents, investments, and contributions and accounts receivable. The Organization maintains its cash, cash equivalents and investments with high-credit quality financial institutions. The Organization believes it is not exposed to any significant losses due to credit risk on cash, cash equivalents, and investments. Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organization performs ongoing credit evaluations of its customers and generally requires no collateral to secure accounts receivable. The Organization maintains an allowance for credit losses on potentially uncollectible accounts receivable**.** Consequently, the Organization believes that its exposure to losses due to credit risk on net accounts receivable is limited. Contributions receivable are carried at amounts based upon management's judgment of potential defaults. Management identifies troubled contributions receivable balances by assessing the donor's credit worthiness. As of December 31, 2023 and 2022, management has determined contributions receivable are collectible and an allowance for doubtful accounts on potentially uncollectible contributions receivable is immaterial to the financial statements.

Other Risks and Uncertainties: Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Inventory: Inventory is stated at the lower of cost when purchased, fair market value on the date of donation or net realizable value. Cost is determined on the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable cost of completion, disposal and transportation. Appropriate consideration is given to obsolescence, excessive levels, deterioration, and other factors in evaluating net realizable value.

Property and Equipment: Property and equipment are recorded at cost on the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, as follows:

Computer Equipment	5 Years
Furniture and Fixtures	7 Years
Leasehold Improvements	Lesser of Useful Life or Term of Lease

Impairment of Long-Lived Assets: It is required that long-lived assets, including purchased intangible assets with finite lives, be reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

As of December 31, 2023 and 2022, the Organization has determined that there have been no significant events or changes in circumstances that would trigger impairment testing of the Organization's long-lived assets.

Leases: The Organization determines if an arrangement is a lease at inception. An arrangement is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. The Organization reassesses its determination if the terms and conditions of the arrangement are changed. Leases are classified at the commencement date, the date on which the lessor makes the underlying asset available to the lessee, as either operating or finance leases based on the economic substance of the lease.

1. Organization and Summary of Significant Accounting Policies (Continued):

Lease right-of-use (ROU) assets and related lease liabilities are recognized on the accompanying statements of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term, and the corresponding lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Lease ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The Organization determines the present value of lease payments using the implicit rate when readily determinable. When the implicit rate is not readily determinable, the Organization has made the private company election to utilize a risk-free discount rate for a period comparable with that of the lease term for all classes of underlying assets.

Lease ROU assets also include any lease payments made at or before commencement date, net of lease incentives, and initial direct costs incurred. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

Right-of-use assets are assessed for impairment in accordance with the Organization's long-lived asset policy. The Organization reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with ASC 842.

The Organization has elected the policy to not separate lease and nonlease components for all classes of underlying assets.

The Organization has elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which the Organization is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, lease payments for short-term leases are recognized on a straight-line basis over the lease term.

The Organization's evaluation of whether an arrangement is a lease often requires consideration of whether the Organization has obtained substantially all rights to control an identifiable underlying asset, whether the lessor has substantive substitution rights and whether the arrangement contains an embedded lease. The Organization's consideration of these factors may require significant judgment.

For operating leases, lease expense for lease payments is recognized on a straightline basis over the lease term. For finance leases, lease expense includes amortization expense of the ROU asset recognized on a straightline basis over the lease term and interest expense recognized on the finance lease liability.

Operating leases are included in operating lease ROU assets and current and noncurrent operating lease liabilities on the accompanying statements of financial position as of December 31, 2023 and 2022. Finance leases are included in finance lease ROU assets and current and noncurrent finance lease liabilities on the accompanying statements of financial position as of December 31, 2023 and 2022.

Advertising and Marketing: The Organization expenses advertising and marketing costs as incurred. During the years ended December 31, 2023 and 2022, the Organization incurred advertising and marketing expense in the amounts of $173,276 and $81,606, respectively.

Shipping and Handling Costs: Shipping and handling costs are included in distribution of equipment in the accompanying statements of functional expenses. During the years ended December 31, 2023 and 2022, the Organization incurred shipping and handling costs in the amount of $385,407 and $601,711, respectively.

Fundraising Event: During the years ended December 31, 2023 and 2022, the Organization incurred fundraising expenses that directly benefited donors in the amount of $159,486 and $177,609, respectively.

Functional Allocation of Expenses: The costs of providing the Organization's program and other activities have been summarized on a functional basis in the statements of activities. Expenses related directly to program services or supporting activities are charged directly while other expenses that are common to several functions are allocated based on management's estimates, among major classes of programs services and supporting activities.

1. Organization and Summary of Significant Accounting Policies (Continued):

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries, Related Benefits and Taxes	Time and Effort
Warehouse Costs	Time and Effort
Occupancy	Time and Effort
Professional Fees	Time and Effort
Office Supplies	Time and Effort
Advertising and Marketing	Time and Effort
Insurance	Time and Effort
Meetings and Travel	Time and Effort

Income Taxes: The Organization is a nonprofit Organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on trade or business profits generated by activities related to the Organization's exempt function. The Organization may be subject to federal and state income taxes for profits generated from trade or business activities unrelated to the Organization's exempt function. As of December 31, 2023 and 2022, management believes that the Organization has not generated any unrelated business taxable income.

The Organization assesses the recording of uncertain tax positions by evaluating the minimum recognition threshold and measurement requirements a tax position must meet before being recognized as a benefit in the financial statements. The Organization's policy is to recognize interest and penalties accrued on any uncertain tax positions as a component of income tax expense, if any, in its statements of activities. The Organization has not recognized any liabilities for uncertain tax positions or unrecognized benefits as of December 31, 2023 and 2022. The Organization does not expect any material change in uncertain tax benefits within the next 12 months.

Use of Estimates: Management has used estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities in its preparation of the financial statements in accordance with GAAP. Actual results experienced by the Organization may differ from those estimates.

Subsequent Events: Management has evaluated subsequent events spanning the period from December 31, 2023 through June 7, 2024, the date the financial statements were available to be issued.

Recently Adopted Accounting Policies: In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. The FASB has issued several updates to the ASU since its original issuance in 2016. The CECL methodology utilizes a lifetime “expected credit loss” measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The CECL methodology replaces the multiple impairment methods permitted to be utilized in prior years, which generally require that a loss be incurred before it is recognized.

On January 1, 2023 the Organization adopted the ASU prospectively. The impact of the adoption of this ASU was immaterial to the financial statements. Accordingly, there was no adjustment to net assets upon adoption. The Organization has not restated comparative information for the prior year and, therefore, the comparative information for the prior year is reported in accordance with previously applicable GAAP.

2. Availability and Liquidity:

The following reflects the Organization's financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general use within one year of December 31, 2023 and 2022 due to contractual or donor-imposed restrictions.

Financial Assets at End of Year:	2023	2022
Cash and Cash Equivalents	$ 3,308,581	$ 3,040,439
Accounts Receivable	13,714	2,066
Contributions Receivable	528,150	289,290
Long-Term Investments	8,924	8,655
Total Financial Assets at End of Year	3,859,369	3,340,450
Less: Amounts Unavailable for General Expenditures within One Year:		
Due to Contractual or Donor-Imposed Restriction:		
Restricted by Donor with Purpose Restrictions	2,045,981	1,182,436
Contributions Receivable, Net of Current Portion	-	6,500
	2,045,981	1,188,936
Financial Assets Available to Meet Cash Needs for General Expenditures over the Next 12 Months	$ 1,813,388	$ 2,151,514

The Organization is substantially supported by restricted contributions. Because a donor's restrictions require resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. 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 may come due. In the event of an unanticipated liquidity need, the Organization has $500,000 available under its line of credit as of each of December 31, 2023 and 2022.

3. Contributions Receivable:

Contributions receivable as of December 31, 2023 and 2022 consists of the following:

	2023	2022
Receivable in Less than One Year	$ 528,150	$ 289,290
Receivable in One to Five Years	-	6,500
	$ 528,150	$ 295,790

As of December 31, 2022, the Organization determined the discount required to present value the long-term portion contributions receivable using a risk adjusted rate based on the daily treasury yield curves was immaterial to the financial statements.

4. Investments:

Investments as of December 31, 2023 and 2022 consist of the following:

	2023	2022
Corporate Bonds	$ 8,924	$ 8,655

For the years ended December 31, 2023 and 2022, net investment income (loss) consists of the following:

	2023	2022
Net Unrealized Gains (Losses)	$ 269	$ (1,347)
Interest and Dividends	625	625
	$ 894	$ (722)

5. Fair Value Measurements:

Investments measured at fair value on a recurring basis as of December 31, 2023 and 2022 are as follows:

	Fair Value Measurements at December 31, 2023			
	Totals	Level 1	Level 2	Level 3
Assets:				
Government Money Market	$ 99,966	$ 99,966	$ -	$ -
Corporate Bond	8,924	-	8,924	-
	$ 108,890	$ 99,966	$ 8,924	$ -

	Fair Value Measurements at December 31, 2022			
	Total	Level 1	Level 2	Level 3
Assets:				
Government Money Market	$ 94,801	$ 94,801	$ -	$ -
Corporate Bond	8,655	-	8,655	-
	$ 103,456	$ 94,801	$ 8,655	$ -

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used for the years ended December 31, 2023 and 2022.

Government Money Market:: Valued at the daily closing price as reported by the fund from an active market.

Corporate Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This methodology included basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flow approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote if available.

5. Fair Value Measurements (Continued):

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 the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

6. Inventory:

Inventory as of December 31, 2023 and 2022 consist of the following:

	2023	2022
Finished Goods	$ 10,666,796	$ 7,043,511
Less: Reserve for Obsolescence	321,043	293,199
	$ 10,345,753	$ 6,750,312

7. Property and Equipment:

Property and equipment as of December 31, 2023 and 2022 consist of the following:

	2023	2022
Computer Equipment	$ 185,589	$ 172,516
Furniture and Fixtures	130,463	130,463
Leasehold Improvements	27,758	27,758
	343,810	330,737
Less: Accumulated Depreciation	218,044	187,832
	$ 125,766	$ 142,905

Depreciation expense for the years ended December 31, 2023 and 2022 amounted to $30,212 and $28,504, respectively.

8. Leasing Arrangements:

The Organization leases office and warehouse in Braintree, Massachusetts under a noncancelable operating lease arrangement which expires in January 2027 and requires escalating monthly payments. The arrangement was amended in March 2022 to account for rent concessions granted as a result of the COVID-19 pandemic. Repayment of the rent expense associated with the rent concessions begins during March 2022 through January 2027.

As of December 31, 2023 and 2022, the rent concessions are included in the current and long-term operating lease liabilities as a part of the Organization's adoption of ASC 842.

The Organization leases vehicles and equipment under finance lease arrangements, all of which expire on July 31, 2025. These finance leases commenced on August 1, 2022 and require monthly rental payments.

8. Leasing Arrangements (Continued):

Right-of-use assets and lease liabilities as of December 31, 2023 and 2022 are as follows:

	2023	2022
Right-of-Use Assets:		
Operating Lease	$ 1,033,328	$ 1,360,104
Finance Leases	20,318	33,030
Total Right-of-Use Assets	$ 1,053,646	$ 1,393,134
Lease Liabilities:		
Current:		
Operating Lease	$ 412,040	$ 391,292
Finance Leases	12,859	12,501
Long-Term:		
Operating Lease	890,839	1,302,879
Finance Leases	7,670	20,529
Total Lease Liabilities	$ 1,323,408	$ 1,727,201

The components and classification of lease expense for the years ended December 31, 2023 and 2022 are as follows:

Component	Classification	2023	2022
Operating Lease Expense	Program	$ 326,776	326,054
Finance Lease Expense:			
Amortization of Right-of-Use Assets	Program	12,712	5,106
Interest on Lease Liabilities	Program	771	424
Total Lease Expense		$ 340,259	$ 331,584

The weighted average remaining lease term and discount rate as of December 31, 2023 and 2022 were as follows:

	2023	2022
Weighted Average Remaining Lease Term:		
Operating Lease	3.00 Years	4.00 Years
Finance Leases	1.58 Years	2.58 Years
Weighted Average Discount Rate:		
Operating Lease	1.62%	1.62%
Finance Leases	2.82%	2.82%

8. Leasing Arrangements (Continued):

Future minimum lease payments as of December 31, 2023 are as follows:

Year Ending December 31,	Operating Leases	Finance Leases
2024	$ 430,040	$ 13,272
2025	445,208	7,742
2026	460,821	-
Total Future Minimum Lease Payments	1,336,069	21,014
Less: Present Value Discount	33,190	485
Present Value of Lease Liabilities	1,302,879	20,529
Less: Current Portion	412,040	12,859
Long-Term Portion	$ 890,839	$ 7,670

Cash flow information for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Cash Paid for Amounts Included in Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	$ 415,765	$ 394,352
Financing Cash Flows from Finance Leases	$ 13,272	$ 5,530
Financing Lease Right-of-Use Assets Obtained in Exchange for Finance Lease Liabilities	$ -	$ 38,135

9. Line of Credit:

The Organization is party to a revolving line of credit agreement with a bank for maximum borrowings of $500,000. The line of credit bears interest at the Prime rate plus 0.85% (9.35% at December 31, 2023). The line of credit renews annually, is payable on demand and is secured by certain assets of the Organization. As of December 31, 2023 and 2022, there were no outstanding borrowings under the line of credit.

10. Long-Term Debt - Paycheck Protection Program:

Consolidated Appropriations Act: On December 27, 2020, the Consolidated Appropriations Act was enacted and signed into law, which in part, was designated to provide certain aid and stimulus to the U.S. economy. The Organization qualifies as a small business under the Consolidated Appropriations Act and submitted a loan application with a qualified lender for funding under the PPP, administered by the SBA.

10. Long-Term Debt - Paycheck Protection Program (Continued):

On April 1, 2021, the Organization's application with the lender was approved and as a result, the Organization obtained a Second loan (the Second PPP Loan) in the amount of $398,738. The Second PPP Loan bore fixed interest at 1.00% per annum, which began accruing from the date of the loan, and was set to mature on April 1, 2026. The Second PPP loan was unsecured and guaranteed by the SBA. The Second PPP Loan was eligible to be forgiven provided the Organization satisfied certain conditions and upon approval by the lender and the SBA. The Second PPP Loan provided for the deferral of payments until the SBA had determined the forgiveness amount, at which time, any remaining loan amount would have required equal monthly payments of principal plus accrued interest in an amount sufficient to have repaid the remaining Second PPP Loan balance by the maturity date. On February 27, 2022, the Organization obtained from the SBA notification of forgiveness of the entire Second PPP loan balance in the amount of $398,738, which was recorded to nonoperating activities as a gain on extinguishment of long-term debt - paycheck protection program in the accompanying statements of activities. Accrued interest on the Second PPP Loan was determined by management to be immaterial to the financial statements.

11. Net Assets with Donor Restrictions:

Net assets with donor restrictions as of December 31, 2023 and 2022 consist of the following:

	2023	2022
Subject to Expenditure for Specified Purpose:		
Equipment to be Distributed	$ 10,345,753	$ 6,750,312
Equipment Donation and Purchase Program	1,131,821	1,058,310
She Who Plays	914,160	124,126
Total Net Assets with Donor Restrictions	$ 12,391,734	$ 7,932,748

12. Net Assets Released from Restriction:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors or by the passage of time. Net assets released from restriction during the years ended December 31, 2023 and 2022 consist of the following:

	2023	2022
Distributed Equipment	$ 7,654,446	$ 8,921,244
Equipment Donation and Purchase Program	3,220,993	4,968,824
She Who Plays	220,107	129,730
	$ 11,095,546	$ 14,019,798

13. Contributions - Nonfinancial Assets:

The Organization received contributed nonfinancial assets and credits from vendors recognized as revenue and other support within the statements of activities. The contributed nonfinancial assets have donor-imposed restrictions. During the years ended December 31, 2023 and 2022, contributed nonfinancial assets consisted of the following:

	2023	2022
Donated Sports Equipment	$ 11,182,255	$ 3,954,859

As of each of the years ended December 31, 2023 and 2022, the Organization has vendor credits redeemable in the amount of $1,415 and $18,073, respectively, which is included in prepaid expenses and other current assets on the accompanying statements of financial position. Contributed nonfinancial assets recognized consist of donated sports equipment and vendor credits. Contributed nonfinancial assets are valued and are reported at the estimated fair value in the financial statements based on manufacturer suggested retail price.

14. Retirement Plan:

The Organization sponsors a defined contribution plan covering substantially all of its employees who meet certain eligibility requirements. The Organization makes annual contributions at a percentage stated by the plan. During the years ended December 31, 2023 and 2022, the Organization made contributions to the plan of $65,665 and $48,278, respectively.

15. Economic Dependency:

During the years ended December 31, 2023 and 2022, 70% and 73% of the Organization's total contributed sports equipment was received from one and three contributors, respectively.

During the years ended December 31, 2023 and 2022, the Organization received 43% and 68% of cash contributions from two and one donors, each respectively.

As of December 31, 2023 and 2022, contributions receivable from three and two donors represented approximately 79% and 69%, each respectively, of the Organization's total contributions receivable.

16. Indemnifications:

In the ordinary course of business, the Organization enters into various agreements containing standard indemnification provisions. The Organization's indemnification obligations under such provisions are typically in effect from the date of execution of the applicable agreement through the end of the applicable statute of limitations. The aggregate maximum potential future liability of the Organization under such indemnification provisions is uncertain. As of December 31, 2023 and 2022, no amounts have been accrued related to such indemnification provisions.