

**UNITED STATES AMATEUR BOXING, INC.  
UNITED STATES AMATEUR BOXING FOUNDATION**

**Financial Statements and Schedules of Program  
& Supporting Services**

**For the Year Ended December 31, 2007**

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INDEPENDENT AUDITORS' REPORT

The Board of Directors  
United States Amateur Boxing, Inc.  
United States Amateur Boxing Foundation  
Colorado Springs, Colorado

We have audited the accompanying consolidating statement of financial position of United States Amateur Boxing, Inc. and United States Amateur Boxing Foundation as of December 31, 2007, and the related consolidating statements of activities and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidating financial statements referred to above present fairly, in all material respects, the financial position of United States Amateur Boxing, Inc. and United States Amateur Boxing Foundation as of December 31, 2007, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of program services and of supporting services for the year ended December 31, 2007 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Waugh & Goodwin, LLP*

June 11, 2008

UNITED STATES AMATEUR BOXING, INC.  
UNITED STATES AMATEUR BOXING FOUNDATION  
Consolidating Statement of Financial Position  
December 31, 2007

	<u>United States Amateur Boxing, Inc.</u>	<u>United States Amateur Boxing Foundation</u>	<u>Eliminating Entries</u>	<u>Consolidated Totals</u>
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 47,289	\$ 60,999	\$	\$ 108,288
Accounts receivable	136,529			136,529
Due from United States Amateur Boxing Foundation	32,565		(32,565)	
Inventory	183,769			183,769
Prepaid expenses and deposits	445,220	27,000	(25,000)	447,220
Total current assets	845,372	87,999	(57,565)	875,806
RESTRICTED INVESTMENTS	533,207			533,207
LONG-TERM INVESTMENTS		4,241,805		4,241,805
PROPERTY AND EQUIPMENT:				
Office equipment and furniture	57,905			57,905
Training equipment	21,661			21,661
	79,566			79,566
Less accumulated depreciation	(58,314)			(58,314)
Property and equipment - net	21,252			21,252
<b>TOTAL ASSETS</b>	<b><u>\$ 1,399,831</u></b>	<b><u>\$ 4,329,804</u></b>	<b><u>\$ (57,565)</u></b>	<b><u>\$ 5,672,070</u></b>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable	\$ 389,410	\$ 833	\$	\$ 390,243
Due to USOC	31,968			31,968
Accrued liabilities	44,267			44,267
Insurance deductible	70,000			70,000
Due to United States Amateur Boxing, Inc.		32,565	(32,565)	
Line of credit	175,000			175,000
Deferred revenue	57,978		(25,000)	32,978
Total liabilities	768,623	33,398	(57,565)	744,456
NET ASSETS:				
Unrestricted	631,208			631,208
Unrestricted - board designated for investment		4,083,309		4,083,309
Unrestricted - available for distribution		213,097		213,097
Total net assets	631,208	4,296,406		4,927,614
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,399,831</u></b>	<b><u>\$ 4,329,804</u></b>	<b><u>\$ (57,565)</u></b>	<b><u>\$ 5,672,070</u></b>

See Notes to Consolidating Financial Statements

UNITED STATES AMATEUR BOXING, INC.  
UNITED STATES AMATEUR BOXING FOUNDATION  
Consolidating Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2007

	United States Amateur Boxing, Inc.	United States Amateur Boxing Foundation		Eliminating Entries	Consolidated Totals
		Board Designated for Investment	Available for Distribution		
<b>REVENUE:</b>					
Membership	\$ 1,682,225	\$	\$	\$	\$ 1,682,225
USOC grants	1,092,571				1,092,571
Investment income	25,186	401,072			426,258
Sponsorship and marketing	446,980				446,980
National event revenue	190,000				190,000
USOC content license agreement	97,000				97,000
Other programs	38,095				38,095
Contributions	28,536				28,536
United States Amateur Boxing Foundation grants	214,593			(214,593)	
United States Amateur Boxing Foundation management fees	12,000			(12,000)	
Loss on disposal of equipment	(2,408)				(2,408)
Merchandise sales, net of direct costs of \$63,336 and \$7,202	(11,200)				(11,200)
<b>Total revenue</b>	<b>3,813,578</b>	<b>401,072</b>		<b>(226,593)</b>	<b>3,988,057</b>
<b>EXPENSES:</b>					
<b>Program services:</b>					
Membership	1,314,107				1,314,107
International events	670,652				670,652
National events	455,160				455,160
Junior programs	263,186				263,186
Development programs	192,840				192,840
Grants to United States Amateur Boxing, Inc.			214,593	(214,593)	
<b>Total program services</b>	<b>2,895,945</b>		<b>214,593</b>	<b>(214,593)</b>	<b>2,895,945</b>
<b>Supporting services:</b>					
General and administrative	963,312	35,139		(12,000)	986,451
Board of directors	41,334				41,334
Fundraising and marketing	27,282				27,282
<b>Total supporting services</b>	<b>1,031,928</b>	<b>35,139</b>		<b>(12,000)</b>	<b>1,055,067</b>
<b>Total expenses</b>	<b>3,927,873</b>	<b>35,139</b>	<b>214,593</b>	<b>(226,593)</b>	<b>3,951,012</b>
<b>CHANGE IN NET ASSETS</b>	<b>(114,295)</b>	<b>365,933</b>	<b>(214,593)</b>		<b>37,045</b>
<b>TRANSFERS</b>		<b>(182,966)</b>	<b>182,966</b>		
<b>NET ASSETS, beginning of year</b>	<b>745,503</b>	<b>3,900,342</b>	<b>244,724</b>		<b>4,890,569</b>
<b>NET ASSETS, end of year</b>	<b>\$ 631,208</b>	<b>\$ 4,083,309</b>	<b>\$ 213,097</b>	<b>\$</b>	<b>\$ 4,927,614</b>

See Notes to Consolidating Financial Statements

UNITED STATES AMATEUR BOXING, INC.  
UNITED STATES AMATEUR BOXING FOUNDATION  
Consolidating Statement of Cash Flows  
For the Year Ended December 31, 2007

	United States Amateur Boxing, Inc.	United States Amateur Boxing Foundation	Eliminating Entries	Consolidated Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	\$ (114,295)	\$ 151,340	\$	\$ 37,045
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:				
Depreciation	9,885			9,885
Loss on disposal of equipment	2,408			2,408
Decrease (increase) in assets:				
Accounts receivable	(60,747)			(60,747)
Due from United States Amateur Boxing Foundation	(32,565)			(32,565)
Inventory	(84,984)			(84,984)
Prepaid expenses and deposits	(150,215)	(24,253)		(174,468)
Long-term investments		(153,590)		(153,590)
Increase (decrease) in liabilities:				
Accounts payable	249,205	824		250,029
Due to USOC	19,580			19,580
Due to United States Amateur Boxing, Inc.		32,565		32,565
Accrued liabilities	13,737			13,737
Deferred revenue	(159,339)			(159,339)
Total adjustments	<u>(193,035)</u>	<u>(144,454)</u>		<u>(337,489)</u>
Net cash provided (used) operating activities	(307,330)	6,886		(300,444)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Acquisition of property and equipment	(6,128)			(6,128)
Purchase of restricted investments	<u>(187,548)</u>			<u>(187,548)</u>
Net cash used by investing activities	(193,676)			(193,676)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Line of credit, net	<u>175,000</u>			<u>175,000</u>
Net cash provided by financing activities	<u>175,000</u>			<u>175,000</u>
NET INCREASE (DECREASE) IN CASH	(326,006)	6,886		(319,120)
CASH AND CASH EQUIVALENTS, beginning of year	<u>373,295</u>	<u>54,113</u>		<u>427,408</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 47,289</u>	<u>\$ 60,999</u>	<u>\$</u>	<u>\$ 108,288</u>

See Notes to Consolidating Financial Statements

UNITED STATES AMATEUR BOXING, INC.  
UNITED STATES AMATEUR BOXING FOUNDATION  
Notes to Consolidating Financial Statements  
For the Year Ended December 31, 2007

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of United States Amateur Boxing, Inc. are being presented on a consolidated basis with the United States Amateur Boxing Foundation in order to conform to the requirements of Statement of Position No. 94-3 issued by the American Institute of Certified Public Accountants. The Statement of Position requires consolidation when one nonprofit has a financial interest and controls the appointment of a majority of the board of directors of another nonprofit entity.

Transactions between the two entities are shown as eliminating entries and removed in order to properly reflect consolidated totals.

Organization

United States Amateur Boxing, Inc. (the Corporation) is the national governing body for boxing, making it responsible for the promotion and development of amateur boxing in the United States.

The United States Amateur Boxing Foundation (the Foundation) was incorporated as a nonprofit corporation in 1984. The purpose of the Foundation is to provide financial support to United States Amateur Boxing, Inc.

The Corporation and the Foundation qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and, accordingly, are not subject to federal income tax.

Contributions

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Notes to Consolidating Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Membership Registrations

Membership registrations consist of annual and single event registrations and are recognized as revenue when earned.

Inventory

Inventory is stated at the lower of cost (first-in, first-out method) or market and consists of the following items:

Clothing merchandise	\$ 160,500
VIK merchandise	16,626
Gift items	4,712
Labels	<u>1,931</u>
	<u>\$ 183,769</u>

Furniture and Equipment

Furniture and equipment is recorded at cost. All acquisitions of furniture and equipment in excess of \$1,000 are capitalized.

Depreciation is recorded using the straight-line method over estimated useful lives of five years.

Depreciation expense for 2007 was \$9,885.

Cash and Cash Equivalents

Cash and cash equivalents consist of amounts in the Corporation and Foundation's checking and money market accounts. The Corporation and Foundation maintain their cash and cash equivalents at a commercial bank. In the unlikely event of a bank failure, the Corporation and Foundation might only be able to recover the amounts insured.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

## Notes to Consolidating Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### 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, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

#### Donated Services

The Corporation and Foundation recognize donated services that create or enhance non-financial assets or that require specialized skills and would typically need to be purchased if not provided by donation.

A substantial number of volunteers donated time to the Corporation's program services and its fund raising activities; however, the estimated value was not recorded because they did not meet the criteria described above. The Corporation received donated legal services in the amount of \$10,000 which is included in the financial statements.

#### Amounts Available for Distribution

Pursuant to the Foundation's bylaws, 50% of the excess of revenues over general and administrative expenses is available for distribution at the direction of the Foundation's Board of Directors and is reflected as such in the accompanying financial statements. All remaining assets are reflected as board designated for long-term investment.

#### Supplemental Cash Flow Disclosures

The Corporation paid \$7,427 of interest during the year ended December 31, 2007.

## Notes to Consolidating Financial Statements

### B. DEFERRED REVENUE

At December 31, 2007, deferred revenue consists of the following:

Validation labels	\$ 20,723
Membership fees	7,255
Event deposits	<u>5,000</u>
	<u>\$ 32,978</u>

### C. LINE OF CREDIT

The Corporation has \$300,000 line of credit with a commercial bank. The line of credit is interest bearing at a variable rate of 1% over the prime rate and is due March 10, 2008. At December 31, 2007, the interest rate was 8.25% and outstanding borrowings were \$175,000. The line of credit is secured by the Corporation's assets.

### D. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2007, the United States Olympic Committee (USOC) provided revenue to the Corporation under the following categories:

NGB funding	\$ 1,057,171
United Airlines value in kind	<u>35,400</u>
	<u>\$ 1,092,571</u>

The USOC also paid stipends of \$189,000 directly to athletes in 2007.

In October, 2007 the Corporation entered into a content license agreement with the USOC. The term of the agreement is October 18, 2007 through December 31, 2012. The Corporation received \$97,000 during the year ended December 31, 2007.

At December 31, 2007, the Corporation owes the USOC \$31,968.

The USOC provides the Corporation with certain office facilities at no cost. No amount has been reflected in the financial statements as a cost or revenue for such facilities.

Notes to Consolidating Financial Statements

D. RELATED PARTY TRANSACTIONS - Continued

As of December 31, 2003, the Foundation had issued a letter of credit in the amount of \$300,000 on behalf of the Corporation to cover future catastrophic liability claims not covered by insurance. During 2004, the Foundation issued an additional letter of credit, also in the amount of \$300,000, to cover claims made for the 2004 policy year. Claims can be made against the Corporation's insurance policies for a period of six years or until an athlete reaches the age of 23. No claims have been made against either policy to date. Effective January 1, 2008, the guarantee under both policies was reduced to \$200,000 each.

On January 4, 2008 the Foundation transferred \$1,815,000 to the Corporation.

E. RESTRICTED INVESTMENTS

Restricted investments consist of certificates of deposit which have been assigned in order to insure payment of potential insurance claims. At December 31, 2007, there were two certificates of deposit bearing interest at 4.6% and one at 3.5%. These certificates mature May 2, 2008, October 15, 2008 and January 26, 2009.

F. LONG-TERM INVESTMENTS

Long-term investments are recorded at market value and consist of the following at December 31, 2007:

USOF investment portfolio \$ 4,241,805

USOF Investment consists of units in a pooled portfolio managed by the United States Olympic Foundation (USOF). At December 31, 2007, the USOF portfolio consisted of the following types of securities:

Domestic equities	36.28%
International equities	20.50
Alternative investments	19.53
Domestic bonds	15.85
Cash and cash equivalents	7.77
Convertible securities	<u>.07</u>
	<u>100.00%</u>

## Notes to Consolidating Financial Statements

### G. INVESTMENT INCOME

Investment income for the year ended December 31, 2007 consists of the following:

Realized gains on sale of investments	\$ 459,382
Interest and dividends	133,360
Unrealized losses on investments	<u>(166,484)</u>
	<u>\$ 426,258</u>

### H. PENSION PLAN

USA Boxing has a 401(k) retirement savings plan covering eligible employees. Employees may voluntarily contribute to the plan, subject to statutory limitations. USA Boxing contributes 5% of compensation for employees with one to five years of full-time employment and 10% of compensation for employees with over five years of full-time employment. All contributions vest immediately.

During the year ended December 31, 2007 USA Boxing contributed \$22,235 to the plan.

### I. CONTINGENCIES

The Corporation has been named as a defendant in several lawsuits. A reserve of \$70,000 has been recorded for future claims that the Corporation feels will not be covered by insurance.

### J. SUBSEQUENT EVENTS

During 2003, the Corporation and A2 Holdings, LLC (A2P), entered into a sponsorship agreement (Agreement) that was amended during 2004. Very generally, the Agreement granted A2P exclusive sponsorship and media rights and license to all logos, trademarks, service marks and other intellectual property rights of the Corporation, through 2024.

A2P suspended its sponsorship payments in 2006 and indicated its wish to terminate the relationship. An agreement on the terms to end the arrangement was reached in 2007. Among other terms of the conclusion of the relationship, A2P requested and the Corporation agreed that it would contribute \$100,000 to a trust, which was established in the name of A2P and the Corporation which will be administered by the United States Olympic Committee. Funds in the trust will be used primarily to assist qualified athletes who are preparing to qualify for, or compete in, the 2008 Olympic Games in Beijing. The USOC will establish the criteria for this assistance to qualified

## Notes to Consolidating Financial Statements

### J. SUBSEQUENT EVENTS - Continued

athletes. The Corporation also agreed to reimburse A2P \$50,000 relating, in part, to certain attorneys fees incurred by A2P and relating, in part, to advances made to the Corporation to cover expenses associated with the Corporation's 2007 membership meeting. In 2007 the Corporation contributed \$100,000 to the USOC for the trust and paid \$50,000 to A2P. These amounts are included in legal settlements in the Schedule of Program Services.

UNITED STATES AMATEUR BOXING, INC.  
UNITED STATES AMATEUR BOXING FOUNDATION  
Schedule of Program Services  
For the Year Ended December 31, 2007

	Membership	International Events	National Events	Junior Programs	Development Programs	Total
Accounting	\$ 9,075	\$	\$	\$	\$	\$ 9,075
Airfare	46,115	184,309		99,203	24,387	354,014
Apparel & accessories	3,128	173,172	124,891	28,250		329,441
Awards & trophies	2,136	578	7,758	2,530		13,002
Background screening	26,399	249				26,648
Boxing supplies	498	9,117	850	199	240	10,904
Broken time		8,940	690	1,260	3,300	14,190
Catastrophic insurance	330,357					330,357
Contract labor	22,245		6,760		79,169	108,174
Dues & fees	2,559	2,363	3,527		610	9,059
Employee benefits	18,473	4,540	10,283			33,296
Entertainment	337	2,830	2,790	156		6,113
Equipment & equipment rental	2,637	3,647	1,284			7,568
General liability insurance	284,310					284,310
Gifts & protocol	13,826	3,277	1,551	610	449	19,713
Ground transportation	4,163	10,054	12,165	2,668	1,968	31,018
Insurance	4,258	31,907	192	1,197	603	38,157
Meals & lodging	35,260	58,980	57,252	77,205	12,213	240,910
Office supplies	30,643	2,838	2,323	189	297	36,290
Other expense	638	57	1,401	170		2,266
Payroll taxes	12,811	6,700	5,374		574	25,459
Pension	8,171	1,342	3,450			12,963
Per diem	4,600	41,905	33,915	8,795	4,740	93,955
Phone & fax	5,946	11,701	3,126	611	1,535	22,919
Photo & video		1,069	31		64	1,164
Postage & shipping	23,305	13,722	13,570	3,726	1,633	55,956
Printing & copying	5,771	148	1,137		256	7,312
Professional services	18,483	2,337	4,374			25,194
Relocation expense	4,435				4,787	9,222
Rent	4,276		6,209			10,485
Repairs & maintenance		1,014				1,014
Scholarships					44,500	44,500
Sports accident insurance	154,559					154,559
Stipends		246	82,192	31,775	3,600	117,813
Training & seminars		80	215			295
USA Boxing magazine	64,546					64,546
Visas & passports	106	4,881		4,642	415	10,044
Wages	170,041	88,649	67,850		7,500	334,040
	<u>\$ 1,314,107</u>	<u>\$ 670,652</u>	<u>\$ 455,160</u>	<u>\$ 263,186</u>	<u>\$ 192,840</u>	<u>\$ 2,895,945</u>

UNITED STATES AMATEUR BOXING, INC.  
UNITED STATES AMATEUR BOXING FOUNDATION  
Schedule of Supporting Services  
For the Year Ended December 31, 2007

	<u>General and Administrative</u>	<u>Board of Directors</u>	<u>Fundraising and Marketing</u>	<u>Total</u>
Accounting fees	\$ 7,100	\$	\$	\$ 7,100
Advertising	1,346			1,346
Airfare	22,243	9,444	3,622	35,309
Apparel & accessories	620	5	2,887	3,512
Contract labor	108,525		3,390	111,915
Depreciation	9,885			9,885
Dues & fees	8,257		325	8,582
Employee benefits	25,221			25,221
Equipment & equipment rental	3,243	225		3,468
Gifts & protocol	5,693	364	133	6,190
Ground transportation	12,596	1,048	1,492	15,136
Insurance	12,371	19,728	114	32,213
Interest	7,427			7,427
Legal fees	237,206			237,206
Legal settlements	167,500			167,500
Meals & lodging	30,408	6,263	2,797	39,468
Office supplies	9,882	581	1,506	11,969
Other expense	11,758	15	47	11,820
Payroll taxes	16,703		474	17,177
Pension	9,272			9,272
Per diem	2,885	1,260	420	4,565
Phone & fax	4,882	810	601	6,293
Postage & shipping	3,818	1,060	526	5,404
Printing & copying			1,751	1,751
Professional services	3,690	531	1,000	5,221
Relocation expenses	21,243			21,243
Rent	6,062			6,062
Repairs & maintenance	2,475			2,475
Training & seminars	299			299
Wages	233,841		6,197	240,038
	<u>\$ 986,451</u>	<u>\$ 41,334</u>	<u>\$ 27,282</u>	<u>\$ 1,055,067</u>