Good Sports, Inc.

Financial Statements

December 31, 2024 and 2023

Good Sports, Inc.

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Independent Auditors' Report

To the Board of Directors of
Good Sports, Inc.

Opinion

We have audited the financial statements of Good Sports, Inc. (the Organization), which comprise the statements of financial position as of December 31, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 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 (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 GAAP, 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.

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.

Tewksbury, Massachusetts
August 27, 2025

Good Sports, Inc.

Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	$ 2,604,464	$ 3,308,581
Investments	1,035,988	-
Accounts receivable	45,865	13,714
Contributions receivable	332,170	528,150
Inventory, net	8,772,298	10,345,753
Prepaid expenses and other current assets	196,166	164,750
Total current assets	12,986,951	14,360,948
Noncurrent Assets		
Investments	7,522	8,924
Property and equipment, net of accumulated depreciation	129,780	125,766
Operating lease right-of-use asset	700,080	1,033,328
Finance lease right-of-use assets	7,606	20,318
Security deposits	-	5,274
Total noncurrent assets	844,988	1,193,610
Total assets	$ 13,831,939	$ 15,554,558
Liabilities and Net Assets		
Current Liabilities		
Line of credit	$ -	$ -
Accounts payable	144,807	256,088
Accrued expenses	182,451	144,610
Current portion of operating lease liability	434,024	412,040
Current portion of finance lease liabilities	7,670	12,859
Total current liabilities	768,952	825,597
Noncurrent Liabilities		
Operating lease liability, net of current portion	456,815	890,839
Finance lease liabilities, net of current portion	-	7,670
Total noncurrent liabilities	456,815	898,509
Total liabilities	1,225,767	1,724,106
Net Assets		
Net assets without donor restrictions	1,812,262	1,438,718
Net assets with donor restrictions	10,793,910	12,391,734
Total net assets	12,606,172	13,830,452
Total liabilities and net assets	$ 13,831,939	$ 15,554,558

See notes to financial statements

Good Sports, Inc.

Statements of Activities
Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities						
Revenue and other support:						
Contributions, nonfinancial assets	$ -	$ 6,940,436	$ 6,940,436	$ -	$ 11,182,255	$ 11,182,255
Corporate contributions	174,806	3,697,527	3,872,333	535,659	2,818,931	3,354,590
Individual contributions	1,568,254	7,095	1,575,349	718,953	1,027,080	1,746,033
Special events, net of direct benefit to donors of $170,761 and $159,486, respectively	910,635	-	910,635	782,400	-	782,400
Foundation contributions	127,480	588,750	716,230	214,216	540,203	754,419
Shipping and handling fees	360,445	-	360,445	189,461	-	189,461
Change in inventory reserve	-	(42,879)	(42,879)	-	(13,937)	(13,937)
Interest income	42,230	-	42,230	10,577	-	10,577
Other contributions	-	-	-	105,528	-	105,528
Net assets released from restriction	12,788,753	(12,788,753)	-	11,095,546	(11,095,546)	-
Total revenue and other support	15,972,603	(1,597,824)	14,374,779	13,652,340	4,458,986	18,111,326
Operating expenses:						
Program services	14,464,873	-	14,464,873	12,462,354	-	12,462,354
General and administrative	211,271	-	211,271	333,039	-	333,039
Fundraising	955,328	-	955,328	1,227,398	-	1,227,398
Total operating expenses	15,631,472	-	15,631,472	14,022,791	-	14,022,791
(Decrease) increase in net assets from operations	341,131	(1,597,824)	(1,256,693)	(370,451)	4,458,986	4,088,535
Nonoperating Activities						
Investment income, net	32,413	-	32,413	-	-	-
(Decrease) increase in net assets	373,544	(1,597,824)	(1,224,280)	(370,451)	4,458,986	4,088,535
Net Assets, Beginning	1,438,718	12,391,734	13,830,452	1,809,169	7,932,748	9,741,917
Net Assets, Ending	$ 1,812,262	$ 10,793,910	$ 12,606,172	$ 1,438,718	$ 12,391,734	$ 13,830,452

See notes to financial statements

Good Sports, Inc.

Statements of Functional Expenses
Years Ended December 31, 2024 and 2023

	2024				2023			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Distribution of equipment	$ 10,759,418	$ -	$ -	$ 10,759,418	$ 9,670,429	$ -	$ -	$ 9,670,429
Salaries, related benefits and taxes	2,439,444	135,955	407,866	2,983,265	1,824,960	224,460	673,380	2,722,800
Warehouse costs	532,507	-	-	532,507	497,341	-	-	497,341
Advertising and marketing	155,659	9,202	120,909	285,770	95,158	11,704	66,414	173,276
Professional fees	226,382	11,477	45,536	283,395	108,124	14,168	41,626	163,918
Facility rental and supplies	-	-	232,729	232,729	-	-	279,510	279,510
Office supplies	89,565	6,371	92,148	188,084	74,107	10,926	87,610	172,643
Fundraising events	-	-	170,761	170,761	-	-	159,486	159,486
Occupancy	109,809	6,092	18,276	134,177	89,771	11,041	33,124	133,936
Meetings and travel	32,707	1,938	32,161	66,806	16,945	2,084	37,001	56,030
Partner events	54,288	12	37	54,337	41,495	-	15	41,510
Depreciation and amortization	17,867	25,169	-	43,036	12,712	30,213	-	42,925
Insurance	34,011	1,889	5,666	41,566	23,626	2,906	8,718	35,250
Miscellaneous	13,216	-	-	13,216	7,686	-	-	7,686
Credit loss expense	-	13,166	-	13,166	-	25,537	-	25,537
Total expenses	14,464,873	211,271	1,126,089	15,802,233	12,462,354	333,039	1,386,884	14,182,277
Less expenses included with revenue on the statements of activities	-	-	170,761	170,761	-	-	159,486	159,486
	$ 14,464,873	$ 211,271	$ 955,328	$ 15,631,472	$ 12,462,354	$ 333,039	$ 1,227,398	$ 14,022,791

See notes to financial statements

Good Sports, Inc.

Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
(Decrease) increase in net assets	$ (1,224,280)	$ 4,088,535
Adjustments to reconcile (decrease) increase in net assets to net cash from operating activities:		
Change in inventory reserve	(42,879)	(13,937)
Donated inventory	(6,940,436)	(11,182,255)
Net unrealized gains on investments	(20,709)	(269)
Depreciation	30,324	30,212
Change in operating lease right-of-use asset	333,248	326,776
Amortization of finance lease right-of-use assets	12,712	12,712
Increase in accounts receivable	(32,151)	(11,648)
Decrease (increase) in contributions receivable	195,980	(232,360)
Decrease in inventory	8,556,770	7,600,751
Increase in prepaid expenses and other current assets	(31,416)	(110,356)
(Decrease) increase in accounts payable	(111,281)	169,694
Increase in accrued expenses	37,841	7,153
Decrease in operating lease liability	(412,040)	(391,292)
Net cash from operating activities	351,683	293,716
Cash Flows From Investing Activities		
Purchase of investments	(1,013,877)	-
Acquisition of property and equipment	(34,338)	(13,073)
Decrease in security deposits	5,274	-
Net cash from investing activities	(1,042,941)	(13,073)
Cash From Financing Activities		
Payments of finance lease	(12,859)	(12,501)
Net change in cash and cash equivalents	(704,117)	268,142
Cash and Cash Equivalents, Beginning	3,308,581	3,040,439
Cash and Cash Equivalents, Ending	$ 2,604,464	$ 3,308,581

See notes to 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.

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.

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.

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, 2024 and 2023, 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 the Organization's 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.

Opening and closing balances for accounts receivable consist of the following:

	December 31, 2024	December 31, 2023	December 31, 2022
Accounts receivable	$ 45,865	$ 13,714	$ 2,066

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.

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, 2024 and 2023, 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, 2024 and 2023, 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. The determination of whether an arrangement is a lease and the classification of the lease is made on the basis of legally enforceable terms and conditions.

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 Company 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, 2024 and 2023. 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, 2024 and 2023.

Advertising and Marketing

The Organization expenses advertising and marketing costs as incurred. During the years ended December 31, 2024 and 2023, the Organization incurred advertising and marketing expense in the amounts of $285,770 and $173,276, 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, 2024 and 2023, the Organization incurred shipping and handling costs in the amount of $592,474 and $385,407, respectively.

Fundraising Event

During the years ended December 31, 2024 and 2023, the Organization incurred fundraising expenses that directly benefited donors in the amount of $170,761 and $159,486, 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.

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, 2024 and 2023, 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, 2024 and 2023. 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, 2024 through August 27, 2025, the date the financial statements were available to be issued.

2. Availability and Liquidity

The following reflects the Organization's financial assets as of December 31, 2024 and 2023, reduced by amounts not available for general use within one year of December 31, 2024 and 2023 due to contractual or donor-imposed restrictions.

	2024	2023
Financial assets at end of year:		
Cash and cash equivalents	$ 2,604,464	$ 3,308,581
Investments	1,035,988	-
Accounts receivable	45,865	13,714
Contributions receivable	332,170	528,150
Long-term investments	7,522	8,924
Total financial assets at end of year	4,026,009	3,859,369
Less amounts unavailable for general expenditures within one year:		
Due to contractual or donor-imposed restriction:		
Restricted by donor with purpose restrictions	2,021,611	2,045,981
Financial assets available to meet cash needs for general expenditures over the next 12 months	$ 2,004,398	$ 1,813,388

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, 2024 and 2023.

3. Contributions Receivable

Contributions receivable as of December 31, 2024 and 2023 amounted to $332,170 and $528,150, respectively, and are receivable in less than one year from the date of the accompanying statements of financial position.

4. Investments

Investments as of December 31, 2024 and 2023 consist of the following:

	2024	2023
U.S. treasury bills	$ 1,035,988	$ -
Corporate bonds	7,522	8,924
	$ 1,043,510	$ 8,924

For the years ended December 31, 2024 and 2023, net investment income consists of the following:

	2024	2023
Net unrealized gains	$ 20,709	$ 269
Interest and dividends	11,704	625
	$ 32,413	$ 894

5. Fair Value Measurements:

Investments measured at fair value on a recurring basis as of December 31, 2024 and 2023 are as follows:

	Fair Value Measurements at December 31, 2024			
	Total	Level 1	Level 2	Level 3
Assets:				
U.S. treasury bills	$ 1,035,988	$ -	$ 1,035,988	$ -
Government money market	124,864	124,864	-	-
Corporate bonds	7,522	-	7,522	-
	$ 1,168,374	$ 124,864	$ 1,043,510	$ -

	Fair Value Measurements at December 31, 2023			
	Total	Level 1	Level 2	Level 3
Assets:				
Government money market	$ 99,966	$ 99,966	$ -	$ -
Corporate bonds	8,924	-	8,924	-
	$ 108,890	$ 99,966	$ 8,924	$ -

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, 2024 and 2023.

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

U.S. Treasury Bills and 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.

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, 2024 and 2023 consists of the following:

	2024	2023
Finished goods	$ 9,126,010	$ 10,666,796
	9,126,010	10,666,796
Less reserve for obsolescence	353,712	321,043
	$ 8,772,298	$ 10,345,753

7. Property and Equipment

Property and equipment as of December 31, 2024 and 2023 consists of the following:

	2024	2023
Computer equipment	$ 193,027	$ 185,589
Furniture and fixtures	157,363	130,463
Leasehold improvements	27,758	27,758
	378,148	343,810
Less accumulated depreciation	248,368	218,044
	$ 129,780	$ 125,766

Depreciation expense for the years ended December 31, 2024 and 2023 amounted to $30,324 and $30,212, respectively.

8. Leasing Arrangements

The Organization leases office and warehouse in Braintree, Massachusetts under a noncancelable operating lease arrangement which expires in December 2026 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 December 2026.

As of December 31, 2024 and 2023, 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.

Right-of-use assets and lease liabilities as of December 31, 2024 and 2023 are as follows:

	2024	2023
Right-of-use assets:		
Operating leases	$ 700,080	$ 1,033,328
Finance leases	7,606	20,318
Total right-of-use assets	$ 707,686	$ 1,053,646
Lease liabilities:		
Current:		
Operating leases	$ 434,024	$ 412,040
Finance leases	7,670	12,859
Long-term:		
Operating leases	456,815	890,839
Finance leases	-	7,670
Total lease liabilities	$ 898,509	$ 1,323,408

The components and classification of lease expense for the years ended December 31, 2024 and 2023 are as follows:

Component	Classification	2024	2023
Operating lease expense	Program	$ 333,248	$ 326,776
Finance lease expense:			
Amortization of right-of-use asset	Program	12,712	12,712
Interest on lease liability	Program	414	771
Total lease expense		$ 346,374	$ 340,259

The weighted average remaining lease term and discount rate as of December 31, 2024 and 2023 were as follows:

	2024	2023
Weighted average remaining lease term:		
Operating leases	2.00 years	3.00 years
Finance leases	0.58 years	1.58 years
Weighted average discount rate:		
Operating leases	1.62%	1.62%
Finance leases	2.82%	2.82%

Future minimum lease payments as of December 31, 2024 are as follows:

	Operating Leases	Finance Leases
Years ending December 31:		
2025	$ 445,208	$ 7,742
2026	460,821	-
Total future minimum lease payments	906,029	7,742
Less present value discount	15,190	72
Present value of lease liabilities	890,839	7,670
Less current portion	434,024	7,670
Long-term portion	$ 456,815	$ -

Cash flow information for the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from operating leases	$ 430,040	$ 415,765
Financing cash flows from finance leases	$ 13,272	$ 13,272

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 0.75% (8.00% at December 31, 2024). The line of credit renews annually, is payable on demand and is secured by certain assets of the Organization. As of December 31, 2024 and 2023, there were no outstanding borrowings under the line of credit.

10. Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2024 and 2023 consist of the following:

	2024	2023
Subject to expenditure for specified purpose:		
Equipment to be distributed	$ 8,772,299	$ 10,345,753
Equipment donation and purchase program	1,694,267	1,131,821
She Who Plays	327,344	914,160
Total net assets with donor restrictions	$ 10,793,910	$ 12,391,734

11. 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, 2024 and 2023 consist of the following:

	2024	2023
Distributed equipment	$ 8,693,689	$ 7,654,446
Equipment donation and purchase program	3,696,667	3,220,993
She Who Plays	398,397	220,107
	$ 12,788,753	$ 11,095,546

12. 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, 2024 and 2023, contributed nonfinancial assets consisted of the following:

	2024	2023
Donated sports equipment	$ 6,940,436	$ 11,182,255

As of the year ended December 31, 2023, the Organization had vendor credits redeemable in the amount of $1,415, which is included in prepaid expenses and other current assets on the accompanying statement of financial position for the year then ended. The Organization did not have any vendor credits as of December 31, 2024. 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.

13. 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, 2024 and 2023, the Organization made contributions to the plan of $70,993 and $65,665, respectively.

14. Economic Dependency

During the years ended December 31, 2024 and 2023, 87% and 70% of the Organization's total contributed sports equipment was received from four and one contributors, respectively.

During the years ended December 31, 2024 and 2023, the Organization received 31% and 43% of cash contributions from one and two donors, each respectively.

As of December 31, 2024 and 2023, contributions receivable from three donors represented approximately 79%, of the Organization's total contributions receivable.

15. 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, 2024 and 2023, no amounts have been accrued related to such indemnification provisions.