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Good Sports, Inc.

Financial Statements

December 31, 2021 and 2020

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, 2021 and 2020, 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, 2021 and 2020, 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.

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 24, 2022

December 31		2021		2020
Assets				
Current Assets:				
Cash and Cash Equivalents	**$**	**3,667,961**	$	2,235,215
Accounts Receivable		**30,715**		38,805
Current Portion of Contributions Receivable		**147,205**		665,355
Inventory, Net		**11,665,446**		12,484,419
Prepaid Expenses and Other Current Assets		**52,382**		21,186
Total Current Assets		**15,563,709**		15,444,980
Long-Term Investments		**10,002**		9,735
Contributions Receivable, Net of Current Portion		**24,000**		65,500
Property and Equipment, Net of Accumulated Depreciation		**116,004**		91,977
Security Deposits		**5,274**		5,274
Total Assets	**$**	**15,718,989**	$	15,617,466
Liabilities and Net Assets				
Current Liabilities:				
Line of Credit	**$**	**-**	$	-
Current Maturities of Long-Term Debt		**-**		17,500
Accounts Payable		**364,254**		104,505
Accrued Expenses		**176,650**		256,491
Deferred Revenue		**15,912**		48,187
Total Current Liabilities		**556,816**		426,683
Long-Term Debt, Net of Current Maturities		**-**		57,500
Long-Term Debt - Paycheck Protection Program		**398,738**		409,090
Deferred Rent		**123,818**		121,349
Other Liabilities		**226,344**		170,816
Total Liabilities		**1,305,716**		1,185,438
Net Assets:				
Net Assets without Donor Restrictions		**1,093,386**		242,925
Net Assets with Donor Restrictions		**13,319,887**		14,189,103
Total Net Assets		**14,413,273**		14,432,028
Total Liabilities and Net Assets	**$**	**15,718,989**	$	15,617,466

For the Years Ended December 31		2021				2020
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities:						
Revenue and Other Support:						
Donated Goods and Services	**$ -**	**$ 10,433,413**	**$ 10,433,413**	$ -	$ 11,004,540	$ 11,004,540
Corporate Contributions	**329,738**	**4,524,600**	**4,854,338**	707,587	2,131,217	2,838,804
Foundation Contributions	**62,857**	**821,000**	**883,857**	52,968	475,525	528,493
Individual Contributions	**526,672**	**38,674**	**565,346**	398,184	44,919	443,103
Change in Inventory Reserve	**-**	**(398,595)**	**(398,595)**	-	441,588	441,588
Shipping and Handling Fees	**248,953**	**-**	**248,953**	167,886	-	167,886
Special Events	**144,216**	**-**	**144,216**	357,393	-	357,393
Interest Income	**25,868**	**-**	**25,868**	906	-	906
Net Assets Released from Restriction	**16,288,308**	**(16,288,308)**	**-**	9,481,172	(9,481,172)	-
Total Revenue and Other Support	**17,626,612**	**(869,216)**	**16,757,396**	11,166,096	4,616,617	15,782,713
Operating Expenses:						
Program Services	**16,778,750**	**-**	**16,778,750**	10,428,267	-	10,428,267
General and Administrative	**157,796**	**-**	**157,796**	262,250	-	262,250
Fundraising	**323,695**	**-**	**323,695**	697,791	-	697,791
Total Operating Expenses	**17,260,241**	**-**	**17,260,241**	11,388,308	-	11,388,308
Increase (Decrease) in Net Assets from Operations	**366,371**	**(869,216)**	**(502,845)**	(222,212)	4,616,617	4,394,405
Nonoperating Activities:						
Gain on Extinguishment of Long-Term Debt - Paycheck Protection Program	**409,090**	**-**	**409,090**	-	-	-
Gain on Extinguishment of Long-Term Debt	**75,000**	**-**	**75,000**	-	-	-
Total Nonoperating Activities	**484,090**	**-**	**484,090**	-	-	-
Increase (Decrease) in Net Assets	**850,461**	**(869,216)**	**(18,755)**	(222,212)	4,616,617	4,394,405
Net Assets, Beginning of Year	**242,925**	**14,189,103**	**14,432,028**	465,137	9,572,486	10,037,623
Net Assets, End of Year	**$ 1,093,386**	**$ 13,319,887**	**$ 14,413,273**	$ 242,925	$ 14,189,103	$ 14,432,028

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

For the Years Ended December 31	2021				2020			
	Program Services	**General and Administrative**	**Fundraising**	**Total**	Program Services	General and Administrative	Fundraising	Total
Distribution of Equipment	**$ 14,032,701**	**$ -**	**$ -**	**$ 14,032,701**	$ 8,536,799	$ -	$ -	$ 8,536,799
Salaries, Related Benefits and Taxes	**1,936,540**	**99,720**	**239,384**	**2,275,644**	1,243,617	190,135	570,441	2,004,193
Warehouse Costs	**461,393**	**-**	**-**	**461,393**	445,287	-	-	445,287
Occupancy	**106,405**	**4,222**	**12,665**	**123,292**	80,605	11,927	35,781	128,313
Professional Fees	**86,870**	**10,150**	**10,424**	**107,444**	32,935	7,509	14,860	55,304
Office Supplies	**49,738**	**8,800**	**17,626**	**76,164**	32,746	7,146	22,030	61,922
Advertising and Marketing	**46,426**	**1,932**	**12,627**	**60,985**	28,963	3,948	14,741	47,652
Partner Events	**46,659**	**-**	**-**	**46,659**	15,184	-	-	15,184
Facility Rental and Supplies	**-**	**-**	**27,492**	**27,492**	-	-	25,328	25,328
Depreciation	**-**	**25,519**	**-**	**25,519**	-	25,341	-	25,341
Insurance	**7,703**	**323**	**969**	**8,995**	4,231	650	1,951	6,832
Bad Debt	**-**	**7,000**	**165**	**7,165**	-	14,719	10,000	24,719
Meetings and Travel	**1,842**	**130**	**2,343**	**4,315**	5,476	875	2,659	9,010
Miscellaneous	**2,473**	**-**	**-**	**2,473**	2,424	-	-	2,424
	$ 16,778,750	**$ 157,796**	**$ 323,695**	**$ 17,260,241**	$ 10,428,267	$ 262,250	$ 697,791	$ 11,388,308

For the Years Ended December 31		**2021**		2020
Cash Flows from Operating Activities:				
(Decrease) Increase in Net Assets	**$**	**(18,755)**	$	4,394,405
Adjustments to Reconcile (Decrease) Increase in Net Assets to Net Cash Provided by Operating Activities:				
Depreciation		**25,519**		25,341
Bad Debt Expense		**7,165**		24,719
Donated Inventory		**(10,425,381)**		(10,995,159)
Gain on Extinguishement of Debt - Paycheck Protection Program		**(409,090)**		-
Gain on Extinguishement of Debt		**(75,000)**		-
Change in Inventory Reserve		**398,595**		(441,588)
Decrease (Increase) in Accounts Receivable		**8,090**		(4,432)
Decrease (Increase) in Contributions Receivable		**552,485**		(63,226)
Decrease in Inventory		**10,845,759**		7,395,760
(Increase) Decrease in Prepaid Expenses and Other Current Assets		**(31,196)**		52,122
Decrease in Deposits		**-**		1,500
Increase (Decrease) in Accounts Payable		**259,749**		(64,761)
(Decrease) Increase in Accrued Expenses		**(79,841)**		172,054
(Decrease) Increase in Deferred Revenue		**(32,275)**		48,187
Increase in Deferred Rent		**2,469**		10,954
Increase in Other Liabilities		**55,528**		170,816
Net Cash Provided by Operating Activities		**1,083,821**		726,692
Cash Flows from Investing Activities:				
Acquisition of Property and Equipment		**(49,546)**		(907)
Proceeds from Sale of Investments		**(267)**		-
Net Cash Used in Investing Activities		**(49,813)**		(907)
Cash Flows from Financing Activities:				
Borrowings from Long-Term Debt – Paycheck Protection Program		**398,738**		409,090
Borrowings from Long-Term Debt		**-**		75,000
Net Cash Provided by Financing Activities		**398,738**		484,090
Net Increase in Cash and Cash Equivalents		**1,432,746**		1,209,875
Cash and Cash Equivalents, Beginning of Year		**2,235,215**		1,025,340
Cash and Cash Equivalents, End of Year	**$**	**3,667,961**	$	2,235,215

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.

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 doubtful accounts is provided for those accounts receivable considered to be uncollectible based upon management's assessment of the collectability of receivables, which considers historical write-off experience and any specific risks identified in in customer or donor collection matters. Bad debts are written off against the allowance when identified. As of December 31, 2021 and 2020, management believes no allowance for uncollectible accounts receivable is necessary.

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, 2021	December 31, 2020	January 1, 2020
Accounts Receivable	$ 30,715	$ 38,805	$ 34,373
Deferred Revenue	$ 15,912	$ 48,187	$ -

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. Contributions and accounts receivable are carried at amounts based upon management's judgment of potential defaults. Management identifies troubled receivables balances by assessing of the donor's credit worthiness.

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.

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

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, 2021 and 2020, 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.

Deferred Rent: The Organization records rent expense on a constant periodic rate over the term of the lease agreement. The excess of the cumulative rent expense incurred over the cumulative amounts due under the lease agreement is deferred and recognized over the term of the lease.

Advertising and Marketing: The Organization expenses advertising and marketing costs as incurred. During the years ended December 31, 2021 and 2020, the Organization incurred advertising and marketing expense in the amounts of $60,985 and $47,652, 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, 2021 and 2020, the Organization incurred shipping and handling costs in the amount of $640,243 and $215,514, 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

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

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, 2021 and 2020, 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, 2021 and 2020. The Organization does not expect any material change in uncertain tax benefits within the next twelve 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, 2021 through June 24, 2022, 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, 2021 and 2020, reduced by amounts not available for general use within one year of December 31, 2021 and 2020 due to contractual or donor-imposed restrictions.

Financial Assets at End of Year:	2021	2020
Cash and Cash Equivalents	$ 3,667,961	$ 2,235,215
Accounts Receivable	30,715	38,805
Contributions Receivable	171,205	730,855
Long-Term Investments	10,002	9,735
Total Financial Assets at End of Year	3,879,883	3,014,610
Less: Amounts Unavailable for General Expenditures within One Year:		
Due to Contractual or Donor-Imposed Restriction:		
Restricted by Donor with Purpose Restrictions	1,654,441	1,704,684
Contributions Receivable, Net of Current Portion	24,000	65,500
	1,678,441	1,770,184
Financial Assets Available to Meet Cash Needs for General Expenditures over the Next 12 Months	$ 2,201,442	$ 1,244,426

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 $414,683 available on its line of credit as of December 31, 2021.

3. Contributions Receivable:

Contributions receivable as of December 31, 2021 and 2020 consists of the following:

	2021	2020
Receivable in Less than One Year	$ 147,205	$ 665,355
Receivable in One to Five Year	24,000	65,500
	$ 171,205	$ 730,855

As of December 31, 2019, 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. Inventory:

Inventory as of December 31, 2021 and 2020 consist of the following:

	2021	2020
Finished Goods	$ 12,037,333	$ 12,499,898
Less: Reserve for Obsolescence	371,887	15,479
	$ 11,665,446	$ 12,484,419

5. Property and Equipment:

Property and equipment as of December 31, 2021 and 2020 consist of the following:

	2021	2020
Computer Equipment	$ 143,051	$ 121,724
Furniture and Fixtures	104,523	76,304
Leasehold Improvements	27,758	27,758
	275,332	225,786
Less: Accumulated Depreciation	159,328	133,809
	$ 116,004	$ 91,977

Depreciation expense for the years ended December 31, 2021 and 2020 amounted to $25,519 and $16,901, respectively.

6. 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 daily LIBOR floating rate plus 2.00% (2.53% at December 31, 2021). The line of credit renews annually, is payable on demand and is secured by certain assets of the Organization. As of December 31, 2021 and 2020, there were no outstanding borrowings under the line of credit.

The bank agrees from time to time to issue commercial or standby letters of credit for the account of the Organization. Any commercial or standby letters of credit issued are a direct reduction of amounts available under the line of credit. As of December 31, 2021 and 2020, there was an outstanding letter of credit in the amount of $85,317, issued in connection with the Organization's operating lease.

7. Long-Term Debt:

During 2020 the Commonwealth of Massachusetts established a Small Business Recovery Loan Fund to provide emergency capital up to $75,000 to Massachusetts-based businesses impacted by COVID-19. Massachusetts Growth Capital Corporation (MGCC) capitalized and administered the fund.

On March 20, 2020 the Organization's application was approved by MGCC and as a result the Organization obtained a loan (MGCC Loan). The MGCC Loan bore fixed interest at 3% per annum, payments on the note were deferred until June 1, 2021, at which point principal payments of $2,500, plus interest were to be made through the notes maturity on November 1, 2023. The note was secured by substantially all assets of the Organization.

On July 1, 2021, the Organization obtained the MGCC notification of forgiveness of the entire MGCC Loan balance in the amount of $75,000, which was recorded to nonoperating activities as a gain on extinguishment of long-term debt in the accompanying statements of activities. The accrued interest on the MGCC Loan was determined by management to be immaterial to the financial statements.

8. Long-Term Debt - Paycheck Protection Program:

CARES Act: On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was enacted and signed into law to provide certain aid and stimulus to the U.S. economy. The Organization qualifies as a small business under the CARES Act and submitted a loan application with a qualified lender for funding under the Paycheck Protection Program (PPP), administered by the Small Business Association (SBA).

On May 1, 2020, the Organization’s application with the lender was approved and as a result, the Organization obtained a loan (PPP Loan) in the amount of $409,090. The 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 May 1, 2022. The PPP loan was unsecured and guaranteed by the SBA. The PPP Loan was eligible to be forgiven provided the Organization satisfied certain conditions and upon approval by the lender and the SBA. The PPP Loan provided for the deferral of payments until the SBA had determined the forgiveness amount, at which time, any remaining PPP loan amount would have required equal monthly payments of principal plus accrued interest in an amount sufficient to have repaid the remaining PPP Loan balance by the maturity date. On March 2, 2021, the Organization obtained from the SBA notification of forgiveness of the entire PPP loan balance in the amount of $409,090, 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 PPP Loan was determined by management to be immaterial to the financial statements.

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.

On April 1, 2021, the Organization’s application with the lender was approved and as a result, the Organization obtained a second PPP loan (the Second PPP Loan) in the amount of $398,738. The Second PPP Loan bears fixed interest at 1.00% per annum, which begins accruing from the date of the loan, and matures on April 1, 2026. The Second PPP Loan is unsecured and guaranteed by the SBA. The Second PPP Loan is eligible to be forgiven provided the Organization satisfies certain conditions and upon approval by the lender and the SBA. The Second PPP Loan provides for the deferral of payments until the SBA has determined the forgiveness amount, at which time, any remaining loan amount requires equal monthly payments of principal plus accrued interest in an amount sufficient to repay the remaining Second PPP Loan balance by the maturity date. As of December 31, 2021, the Company submitted the application for forgiveness, but had not yet received notification of forgiveness from the SBA. As of December 31, 2021, the outstanding balance of the Second PPP Loan amounted to $398,738, which is classified as a long-term liability and is included in long-term debt - paycheck protection program in the accompanying statements of financial position.

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.

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

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

9. Net Assets with Donor Restrictions:

Net assets with donor restrictions as of December 31, 2021 and 2020 consist of the following:

	2021	2020
Subject to Expenditure for Specified Purpose:		
Equipment to be Distributed	$ 11,665,446	$ 12,484,419
Equipment Donation and Purchase Program	1,654,441	1,704,684
Total Net Assets with Donor Restrictions	$ 13,319,887	$ 14,189,103

10. 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, 2021 and 2020 consist of the following:

	2021	2020
Distributed Equipment	$ 11,003,100	$ 7,372,721
Equipment Donation and Purchase Program	5,285,208	2,108,451
	$ 16,288,308	$ 9,481,172

11. Donated Goods and Services:

The Organization receives donated goods and services as well as credits from vendors. Contributed sports equipment is recorded as inventory and is expensed when distributed. The estimated fair value for goods and services is determined by the donor or by management. During the years ended December 31, 2021 and 2020, donated goods and services consisted of the following:

	2021	2020
Donated Sports Equipment	$ 10,425,381	$ 10,995,159
Vendor Credits	8,032	9,381
	$ 10,433,413	$ 11,004,540

As of December 31, 2021 and 2020, the Organization has vendor credits redeemable in the amounts of $18,073 and $10,041, respectively, which is included in prepaid expenses and other current assets on the accompanying statements of financial position.

12. Operating Leases:

In May 2019, the Organization entered into an 88-month noncancelable lease agreement for office and warehouse space in Braintree, Massachusetts, which requires escalating monthly payments and expires in January 2027.

In March 2022, the Organization amended the lease 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, 2021, the current and long-term liability for the rent concessions amounted to $35,496 and $226,344, respectively and are included in accrued expenses and other liabilities, respectively, on the statement of financial position. As of December 31, 2020, the current and long-term liability for the rent concessions amounted to $91,024 and $170,816, respectively and are included in accrued expenses and other liabilities, respectively, on the statement of financial position.

During the years ended December 31, 2021 and 2020, rent expense incurred under these agreements amounted to $352,403 and $356,866, respectively.

Future minimum lease payments due under the Braintree noncancelable lease agreement as of December 31, 2021 are as follows:

Year Ending December 31,	
2022	$ 394,352
2023	415,765
2024	430,040
2025	445,208
2026	460,821
	$ 2,146,186

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, 2021 and 2020, the Organization made contributions to the plan of $44,869 and $46,773, respectively.

14. Economic Dependency:

During the years ended December 31, 2021 and 2020, 83% of the Organization's total contributed sports equipment was received from four contributors. During the years ended December 31, 2021 and 2020, the Organization received 50% and 34% of cash contributions from two donors, each respectively. As of December 31, 2021 and 2020, contributions receivable from two donors represented approximately 53% and 44%, each respectively, of the Organization's total contributions receivable.

15. Risks and Uncertainties:

On January 30, 2020, the World Health Organization (WHO) announced an international public health emergency related to the COVID-19 outbreak. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The impact of the COVID-19 outbreak has resulted in economic uncertainties. The extent to which the Organization's financial results will be affected cannot be reasonably estimated at this time.

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, 2021 and 2020, no amounts have been accrued related to such indemnification provisions.