



Combined Financial Statements
and Supplementary Information
for

USA BASEBALL

Years Ended December 31, 2023 and 2022
with Independent Auditor's Report

CONTENTS

Pages

Combined Financial Statements:

Independent Auditor's Report.....	1 - 2
Combined Statements of Financial Position.....	3
Combined Statements of Activities.....	4 - 5
Combined Statements of Functional Expenses.....	6 - 7
Combined Statements of Cash Flows.....	8

Notes to the Combined Financial Statements.....	9 - 25
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Supplementary Information:

Independent Auditor's Report on the Supplementary Information.....	26
Combining Statement of Financial Position (2023).....	27
Combining Statement of Financial Position (2022).....	28
Combining Statement of Activities (2023).....	29
Combining Statement of Activities (2022).....	30

To the Board of Directors
USA Baseball
Durham, North Carolina

Independent Auditor's Report

Opinion

We have audited the combined financial statements of the United States Baseball Federation, Inc. and the USA Baseball Foundation, Inc. (USA Baseball), which comprise the combined statement of financial position as of December 31, 2023 and 2022, the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements (collectively, the financial statements).

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of USA Baseball as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of USA Baseball, 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 these 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 USA Baseball's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's 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 auditor's 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 USA Baseball'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 USA Baseball'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.

Dean Dotson Allen Ford, PLLC

Raleigh, North Carolina
April 25, 2024

USA BASEBALL

Combined Statements of Financial Position

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current assets:		
Cash	\$ 3,527,740	\$ 1,463,277
Restricted cash	384,039	296,494
Accounts receivable	1,331,535	3,091,186
Inventories	752,302	659,415
Investments	3,054,606	2,847,235
Other current assets	<u>190,371</u>	<u>260,131</u>
Total current assets	9,240,593	8,617,738
Property and equipment, net	602,403	213,333
Right-of-use assets (ROU) - operating leases	<u>59,096</u>	<u>124,303</u>
Total assets	<u>\$ 9,902,092</u>	<u>\$ 8,955,374</u>
Liabilities and Net Assets		
Current liabilities:		
Bat licensing program	\$ 872,663	\$ 863,298
Accounts payable and accrued expenses	708,457	778,643
Deferred revenue	627,370	478,653
Operating lease liabilities	<u>60,708</u>	<u>64,988</u>
Total current liabilities	2,269,198	2,185,582
Non-current liabilities:		
Operating lease liabilities	<u>-</u>	<u>60,910</u>
Total liabilities	2,269,198	2,246,492
Net assets:		
Without donor restrictions	7,469,281	6,409,557
With donor restrictions	<u>163,613</u>	<u>299,325</u>
Total net assets	<u>7,632,894</u>	<u>6,708,882</u>
Total liabilities and net assets	<u>\$ 9,902,092</u>	<u>\$ 8,955,374</u>

See accompanying notes.

USA BASEBALL

Combined Statement of Activities

Year ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support:			
Major League Baseball funding	\$ 1,735,000	\$ 1,661,004	\$ 3,396,004
Bat licensing program royalties	3,963,129	-	3,963,129
Event registration and room rebates	2,742,855	-	2,742,855
Merchandise sales and memorabilia	2,305,824	-	2,305,824
MLB/USAB joint events	3,598,599	-	3,598,599
Prospect development pipeline	-	1,457,032	1,457,032
World Baseball Classic	1,954,969	-	1,954,969
Sponsorship, licensing, and donations	1,397,341	206,000	1,603,341
Ticket sales	561,923	-	561,923
MLB Combine	225,005	-	225,005
MLB/USOC professional team	-	15,000	15,000
Value in-kind donations	182,986	8,110	191,096
Other income	112,930	-	112,930
Dividends and interest	197,726	-	197,726
Net realized and unrealized gain on investments	276,903	-	276,903
Net assets released from restrictions	<u>3,482,858</u>	<u>(3,482,858)</u>	<u>-</u>
Total revenues and other support	22,738,048	(135,712)	22,602,336
Expenses and direct costs:			
Expenses:			
Program services	19,346,413	-	19,346,413
Management and general	1,215,425	-	1,215,425
Fundraising	<u>90,587</u>	<u>-</u>	<u>90,587</u>
Total expenses	20,652,425	-	20,652,425
Direct costs:			
Merchandise sales	923,101	-	923,101
Card sale fundraiser	<u>102,798</u>	<u>-</u>	<u>102,798</u>
Total direct costs	<u>1,025,899</u>	<u>-</u>	<u>1,025,899</u>
Total expenses and direct costs	<u>21,678,324</u>	<u>-</u>	<u>21,678,324</u>
Changes in net assets	1,059,724	(135,712)	924,012
Net assets, beginning of year	<u>6,409,557</u>	<u>299,325</u>	<u>6,708,882</u>
Net assets, end of year	<u>\$ 7,469,281</u>	<u>\$ 163,613</u>	<u>\$ 7,632,894</u>

See accompanying notes.

USA BASEBALL

Combined Statement of Activities

Year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Major League Baseball funding	\$ 1,500,000	\$ 1,700,000	\$ 3,200,000
Bat licensing program royalties	3,823,588	-	3,823,588
Event registration and room rebates	2,421,363	-	2,421,363
Merchandise sales and memorabilia	1,734,940	-	1,734,940
MLB/USAB joint events	2,294,304	-	2,294,304
Prospect development pipeline	-	1,381,257	1,381,257
Sponsorship, licensing, and donations	2,091,284	203,500	2,294,784
Ticket sales	594,445	-	594,445
MLB Combine	2,202,097	-	2,202,097
MLB/USOC professional team	-	15,000	15,000
Value in-kind donations	173,554	7,464	181,018
Other income	143,715	-	143,715
Dividends and interest	49,380	-	49,380
Net realized and unrealized loss on investments	(663,391)	-	(663,391)
Net assets released from restrictions	<u>3,278,297</u>	<u>(3,278,297)</u>	<u>-</u>
Total revenues and other support	19,643,576	28,924	19,672,500
Expenses and direct costs:			
Expenses:			
Program services	18,898,447	-	18,898,447
Management and general	1,200,923	-	1,200,923
Fundraising	<u>69,757</u>	<u>-</u>	<u>69,757</u>
Total expenses	20,169,127	-	20,169,127
Direct costs:			
Merchandise sales	742,222	-	742,222
Card sale fundraiser	<u>114,960</u>	<u>-</u>	<u>114,960</u>
Total direct costs	<u>857,182</u>	<u>-</u>	<u>857,182</u>
Total expenses and direct costs	<u>21,026,309</u>	<u>-</u>	<u>21,026,309</u>
Changes in net assets	(1,382,733)	28,924	(1,353,809)
Net assets, beginning of year	<u>7,792,290</u>	<u>270,401</u>	<u>8,062,691</u>
Net assets, end of year	<u>\$ 6,409,557</u>	<u>\$ 299,325</u>	<u>\$ 6,708,882</u>

See accompanying notes.

USA BASEBALL

Combined Statement of Functional Expenses

Year ended December 31, 2023

	Program Services	Management and General	Fundraising	Total
Salaries and employee related expenses:				
Salaries	\$ 2,735,739	\$ 632,681	\$ 27,629	\$ 3,396,049
Employee related expenses	<u>683,502</u>	<u>131,444</u>	<u>4,194</u>	<u>819,140</u>
Total salaries and employee related expenses	3,419,241	764,125	31,823	4,215,189
Operating expenses:				
Travel	5,234,345	3,911	3,095	5,241,351
Bat licensing program	2,184,721	-	-	2,184,721
Honorarium/umpire fees	2,105,689	-	-	2,105,689
Program supplies	1,440,908	43,971	5,394	1,490,273
Professional services	1,115,748	194,189	18,431	1,328,368
World Baseball Classic	1,082,050	-	-	1,082,050
Insurance	690,861	49,954	-	740,815
Lease expense:				
Playing facilities	635,819	-	15,316	651,135
Office facilities	70,016	14,727	-	84,743
BAF/MLB awards	263,500	-	-	263,500
Postage and shipping	236,378	2,738	4,243	243,359
In-kind donations	191,096	-	-	191,096
Other	169,824	12,549	-	182,373
Printing	134,365	6,811	10,392	151,568
Bank service charges	120,573	1,588	1,276	123,437
Depreciation	87,400	5,977	617	93,994
Telephone	52,038	17,006	-	69,044
Promotions/shows	47,757	-	-	47,757
Meeting/directors expense	-	42,168	-	42,168
SafeSport	35,929	-	-	35,929
Office supplies and utilities	10,479	17,285	-	27,764
International relations (IBAF/COPABE)	2,800	15,544	-	18,344
Accounting	-	17,500	-	17,500
MLB/USOC relations	11,574	5,382	-	16,956
Medical and safety	<u>3,302</u>	<u>-</u>	<u>-</u>	<u>3,302</u>
Total operating expenses	<u>15,927,172</u>	<u>451,300</u>	<u>58,764</u>	<u>16,437,236</u>
Total functional expenses	<u>\$ 19,346,413</u>	<u>\$ 1,215,425</u>	<u>\$ 90,587</u>	<u>\$ 20,652,425</u>

See accompanying notes.

USA BASEBALL

Combined Statement of Functional Expenses

Year ended December 31, 2022

	Program Services	Management and General	Fundraising	Total
Salaries and employee related expenses:				
Salaries	\$ 2,479,703	\$ 601,989	\$ 26,504	\$ 3,108,196
Employee related expenses	<u>747,599</u>	<u>125,350</u>	<u>4,038</u>	<u>876,987</u>
Total salaries and employee related expenses	3,227,302	727,339	30,542	3,985,183
Operating expenses:				
Travel	6,457,342	7,342	89	6,464,773
Bat licensing program	2,107,973	-	-	2,107,973
Honorarium/umpire fees	1,068,738	-	-	1,068,738
Program supplies	1,499,602	41,599	13,023	1,554,224
Professional services	1,353,850	190,759	23,894	1,568,503
Insurance	523,622	84,409	-	608,031
Lease expense:				
Playing facilities	1,086,198	-	-	1,086,198
Office facilities	75,101	16,414	-	91,515
BAF/MLB awards	263,500	-	-	263,500
Postage and shipping	225,418	3,070	1,354	229,842
In-kind donations	181,018	-	-	181,018
Other	192,228	11,509	-	203,737
Printing	258,317	3,704	-	262,021
Bank service charges	100,857	2,387	238	103,482
Depreciation	78,371	7,578	617	86,566
Telephone	55,333	14,382	-	69,715
Promotions/shows	53,027	-	-	53,027
Meeting/directors expense	-	48,407	-	48,407
SafeSport	35,311	-	-	35,311
Office supplies and utilities	15,119	18,234	-	33,353
International relations (IBAF/COPABE)	30,467	6,677	-	37,144
Accounting	-	16,200	-	16,200
MLB/USOC relations	6,615	913	-	7,528
Medical and safety	<u>3,138</u>	<u>-</u>	<u>-</u>	<u>3,138</u>
Total operating expenses	<u>15,671,145</u>	<u>473,584</u>	<u>39,215</u>	<u>16,183,944</u>
Total functional expenses	<u>\$ 18,898,447</u>	<u>\$ 1,200,923</u>	<u>\$ 69,757</u>	<u>\$ 20,169,127</u>

See accompanying notes.

USA BASEBALL

Combined Statements of Cash Flows

Years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Changes in net assets	\$ 924,012	\$ (1,353,809)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	93,994	86,566
Net realized and unrealized (gain) loss on investments	(276,903)	663,391
Lease expense - operating leases	65,207	61,051
Changes in operating assets and liabilities:		
Accounts receivable	1,759,651	(466,936)
Inventories	(92,887)	(77,140)
Other current assets	69,760	2,524
Bat licensing program	9,365	220,915
Accounts payable and accrued expenses	(70,186)	272,149
Deferred revenue	148,717	185,153
Operating lease liabilities	<u>(65,190)</u>	<u>(59,456)</u>
Net cash provided by (used in) operating activities	2,565,540	(465,592)
Cash flows from investing activities:		
Purchase of property and equipment	(483,064)	(115,504)
Proceeds from sale of investments	1,850,926	2,767,618
Purchase of investments	<u>(1,781,394)</u>	<u>(2,138,758)</u>
Net cash (used in) provided by investing activities	<u>(413,532)</u>	513,356
Net increase in cash and restricted cash	2,152,008	47,764
Cash and restricted cash, beginning of year	<u>1,759,771</u>	<u>1,712,007</u>
Cash and restricted cash, end of year	\$ 3,911,779	\$ 1,759,771
Supplemental disclosure of cash flow information:		
Noncash investing and financing transactions:		
Addition of ROU assets from operating lease liabilities	<u>\$ -</u>	<u>\$ 182,578</u>

See accompanying notes.

USA BASEBALL

Notes to the Combined Financial Statements

1. Description of the Organization

The United States Baseball Federation, Inc. (the Federation) was incorporated in the state of Michigan in 1965 and acts as the national governing body for the sport of baseball in compliance with the Amateur Sports Act of 1978 and the Constitution and Bylaws of the United States Olympic & Paralympic Committee. The Federation is supported primarily through sponsorships, donations, ticket and merchandise sales, event registrations, and Major League Baseball. The USA Baseball Foundation, Inc. (the Foundation) (formerly the Baseball America Foundation, Inc.) was established in 1985 in the state of New Jersey for the purpose of managing and administering the funds given by the Los Angeles Olympic Organization Committee to the Federation.

The Federation and the Foundation are collectively referred to herein as USA Baseball (USAB).

2. Summary of Significant Accounting Policies

The combined financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) which require management to make estimates and assumptions that affect the reported amounts and disclosures in the combined financial statements. Actual results could differ from those estimates. The following is a summary of the significant accounting policies consistently followed by USAB in the preparation of its combined financial statements:

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis. The accrual method records revenue when earned and expenses when incurred. As a result, receivables are recorded as assets, and obligations due are shown as liabilities.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes thereon are classified and reported as follows:

Net Assets Without Donor Restrictions include the portion of expendable funds that are not subject to donor-imposed stipulations and include the following:

Undesignated: These net assets represent the portion of expendable funds available for the operation of USAB.

Board Designated: These net assets represent funds without donor restrictions designated by the Board to be used as endowments. This designation can only be released or revised, to the extent not externally restricted, as a result of Board approval.

USA BASEBALL

Notes to the Combined Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Net Assets, continued

Net Assets With Donor Restrictions include net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The financial statements include the accounts of the Federation and the Foundation. All significant interagency accounts and transactions have been eliminated in combination.

Contributions and Other Revenue

Annual contributions and grants are generally available for unrestricted use in the related year unless specifically restricted by the donor. Unconditional promises to give are recorded as revenues or gains in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributions received are recorded as support with or without donor restrictions depending on the existence or nature of any donor restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, USAB reports the support as without donor restrictions. Contributions are recognized as revenue in the period the commitment is received.

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 the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions. At December 31, 2023 and 2022, there were no unconditional promises to give.

Grants and other contributions of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 combined statement of activities and changes in net assets as net assets released from restrictions.

USA BASEBALL

Notes to the Combined Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Contributions and Other Revenue, continued

Gifts of land, building, and equipment are presented as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, USAB reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

Revenue from usage fees and other income are recognized as revenue when the service is provided.

Adoption of New Accounting Standard

Effective January 1, 2023, USAB adopted Accounting Standards Update (ASU) 2016-03, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* and associated amendments. This standard creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables, and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. The allowance for credit losses for the year ended December 31, 2023 was immaterial to the financial statements.

Cash and Cash Equivalents

For the purpose of the combined statements of cash flows, USAB considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Restricted cash represents funds that have been designated for a specific purpose and time. All restricted cash is held in escrow for the Youth Baseball Bat Licensing Program (see Note 13).

USA BASEBALL

Notes to the Combined Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents, continued

A reconciliation of cash and restricted cash as shown in the combined statement of cash flows is as follows:

	<u>2023</u>	<u>2022</u>
Current assets:		
Cash	\$ 3,527,740	\$ 1,463,277
Restricted cash	<u>384,039</u>	<u>296,494</u>
	<u>\$ 3,911,779</u>	<u>\$ 1,759,771</u>

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the combined statement of financial position. Fair value is based on quoted market prices. Net realized gains and losses and changes in net unrealized market gains and losses are determined by comparing cost to proceeds and fair value, respectively. Realized gains and losses on the sale of investments are determined using the specific identification method.

Inventories

Inventories are stated at the lower of cost of net realizable value and are accounted for on a first in, first out basis. All donated inventories are recorded at fair market value.

Accounts Receivable

Accounts receivable results primarily from the accrual of sponsorships and licensing revenue.

Property and Equipment

Property and equipment is recorded at cost or estimated fair value at the date of donation. Acquisitions of property and equipment in excess of \$1,000 and with a useful life more than one year are capitalized on the combined statement of financial position. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives are as follows:

Equipment	3-10 years
Leasehold improvements	3-10 years

USA BASEBALL

Notes to the Combined Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Impairment of Long-Lived Assets

USAB reviews the carrying value of long-lived assets for impairment whenever certain triggering events or changes in circumstances indicate that the carrying amounts of any 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 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 excess of the carrying amount over the fair value of the assets. Based on management's assessment of long-lived assets, there was no impairment for the years ended December 31, 2023 or 2022.

Advertising

USAB follows the policy of charging the costs of advertising to expense as incurred. Advertising costs were \$47,757 and \$53,027 for the years ended December 31, 2023 and 2022, respectively, and are recorded as a part of promotions/shows expense.

Leases

Lease assets represent USAB's right to use an underlying asset for the lease term and lease liabilities represent USAB's obligation to make lease payments arising from the lease, measured on a discounted basis. USAB determines if an arrangement is, or contains, a lease at inception of the agreement, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) USAB obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. USAB also considers whether its service arrangements include the right to control the use of an asset.

USAB has made an accounting policy election not to recognize right-of-use (ROU) assets and lease liabilities for leases with a term of 12 months or less. Lease expense for such leases is recognized on a straight-line basis over the lease term. All other leases, are classified as either finance or operating leases.

Operating leases are included in operating lease ROU assets, and operating lease liabilities (current and non-current) in the balance sheet. Finance leases are included in property and equipment, and finance lease liabilities (current and non-current) in the balance sheet. Operating lease expense is recognized on a straight-line basis over the lease term. Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term.

Operating and finance lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of future lease payments over the lease term. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date of the lease, and are reduced by any lease incentives.

USA BASEBALL

Notes to the Combined Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Leases, continued

As most of USAB's leases do not provide an implicit rate, USAB uses an incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at the commencement date. For certain leases, USAB has made an accounting policy election to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

Lease terms may include options to extend or terminate the lease. Where management concludes that it is reasonably certain that a renewal or termination option will be exercised, that renewal period or termination option is used to determine the lease term and the related payments that are reflected in the ROU asset and lease liability.

Some of USAB's leases include variable lease payments. Variable lease payments are only included in measuring ROU assets and lease liabilities if they depend on an index or a rate, or are in substance fixed payments. Variable payments that are not included in measuring the ROU assets are expensed when incurred. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

Lease agreements with lease and non-lease components are generally accounted for separately based upon the standalone price of the separate lease and non-lease components at the commencement date of the lease. The non-lease components generally relate to the separate payments made to the lessor based on the lessor's property and casualty insurance costs and the property taxes assessed on the property, as well as a portion of the common area maintenance costs associated with the property. The non-lease components are variable in nature and are recorded in variable lease expense in the period incurred.

Functional Expenses

The costs of providing the program and supporting services of USAB are summarized on a functional basis in the accompanying combined statements of functional expenses. Directly identifiable expenses are charged to the applicable program or supporting services. Certain expenses are not directly identifiable with any specific function, but provide for the overall support and direction of USAB, and require allocation between functions on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll related expenses, professional services, building maintenance, depreciation, and other miscellaneous expenses. Salaries are allocated to specific programs based upon the time the respective individual dedicates to program activities, administrative activities, and fundraising activities. Payroll related expenses and other operating expenses are allocated in accordance with the allocation of salaries.

USA BASEBALL

Notes to the Combined Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Income Taxes

The Federation and the Foundation have been recognized as tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. Income from certain activities not directly related to their tax-exempt purpose is subject to taxation as unrelated business income. In addition, USAB qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2) for the Federation and Section 509(a)(1) for the Foundation.

It is USAB's policy to evaluate all tax positions to identify those that may be considered uncertain. All identified material tax positions are assessed and measured by a "more-likely-than-not" threshold to determine if the benefit of any certain tax position should be recognized in the period the change occurs. USAB has concluded that as of December 31, 2023 and 2022, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

Reclassifications

Certain amounts in the 2022 financial statements have been reclassified to conform to the 2023 presentation with no impact on total assets, liabilities, net assets, and changes in net assets.

Subsequent Events

Management of USAB evaluated subsequent events for accounting and disclosure requirements through April 25, 2024, the date that the financial statements were available to be issued. Except for the items disclosed below, there were no events occurring during the evaluation period that require recognition or disclosure in the combined financial statements.

USAB entered into a lease agreement with the Town of Cary on January 17, 2024 for use of office, retail, warehouse and training space for a term of 20 years. The calculated right-of-use-asset is \$4,932,075.

USAB entered into a use agreement with the Town of Cary on January 17, 2024 for use of the baseball and softball complex for a term of 20 years. The calculated right-of-use-asset is \$7,407,072.

3. Revenue Recognition

USAB derives revenues from royalties and licensing, sponsorships, event registration and room rebates, merchandise sales, ticket sales, and administration.

The following is a summary of the principal forms of USAB's services and how revenue is recognized for each.

USA BASEBALL

Notes to the Combined Financial Statements, continued

3. Revenue Recognition, continued

Royalties and Licensing

USAB receives royalties and licensing fees for use of the USAB trademark on various products, such as baseball bats and clothing. USAB has agreements with various manufacturers by which USAB receives a percentage of sales as royalties or licensing fees. Revenue related to royalties and licensing is recognized in the period of the sale that generates royalties is made.

Sponsorships

USAB receives sponsorships of events or to be the official sponsor of a product or service to USAB from various companies. Revenue related to sponsorships is recognized either in the period the sponsored event takes place or over the period that the sponsorship covers.

Deferred revenue related to sponsorships was \$100,000 at January 1, 2022.

Event Registration and Room Rebates

USAB receives event registration fees for events throughout the year. Revenue related to event registration is recognized in the period the event takes place. USAB receives rebates from certain hotels for event participants selecting those hotels to stay at during the event. Revenue related to room rebates is recognized in the period the participant stayed at the hotel. Deferred revenue related to event registration was \$380,125 and \$306,240 at December 31, 2023 and 2022, respectively.

Deferred revenue related to event registration was \$193,500 at January 1, 2022.

Merchandise Sales

USAB receives revenue from the sale of merchandise. Revenue related to merchandise sales is recognized in the period of the sale.

Ticket Sales

USAB receives revenue from the sale of tickets to attend various USAB events. Revenue related to ticket sales is recognized in the period the event takes place.

Joint Event Administration

USAB receives revenue from the administration of the MLB Combine and various other joint events with MLB. MLB reimburses USAB for its cost of administering these events. Revenue related to event administration is recognized in the period the event takes place. Deferred revenue related to event administration was \$247,245 and \$172,413 at December 31, 2023 and 2022, respectively.

There was no deferred revenue related to event administration at January 1, 2022.

USA BASEBALL

Notes to the Combined Financial Statements, continued

3. Revenue Recognition, continued

Disaggregation of Revenue

In the following table, revenue recognized is disaggregated by major services line and timing of revenue recognition.

	<u>2023</u>	<u>2022</u>
Major services:		
Royalties and licensing	\$ 4,680,872	\$ 4,656,470
Joint event administration	3,823,604	4,496,401
Event registration and room rebates	2,742,855	2,421,363
Merchandise sales	2,305,824	1,734,940
Ticket sales	561,923	594,445
Sponsorships	<u>511,115</u>	<u>1,107,357</u>
	<u>\$ 14,626,193</u>	<u>\$ 15,010,976</u>
Timing of revenue recognition:		
Services transferred over time	\$ 511,115	\$ 1,107,357
Services transferred at a point in time	<u>14,115,078</u>	<u>13,903,619</u>
	<u>\$ 14,626,193</u>	<u>\$ 15,010,976</u>

Contract Balances

Contract assets are disclosed in the combined statements of financial position as accounts receivable and represent royalties, sponsorships, and event hosting amounts owed by customers. As the contract payments are fixed per the contract agreement, management does not have any unbilled contract assets. Contract liabilities are disclosed in the combined statements of financial position as deferred revenue.

Accounts receivable was \$2,624,250 at January 1, 2022.

4. Donated Goods

Donated goods are valued at fair market value which primarily includes baseball supplies. USAB received \$191,096 and \$181,018 of noncash donated goods during the years ended December 31, 2023 and 2022, respectively.

USA BASEBALL

Notes to the Combined Financial Statements, continued

5. Property and Equipment

Property and equipment consist of the following:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 1,649,391	\$ 1,166,326
Accumulated depreciation	<u>(1,046,988)</u>	<u>(952,993)</u>
Property and equipment, net	<u>\$ 602,403</u>	<u>\$ 213,333</u>

6. Line of Credit

USAB has, available for its use, a \$100,000 line of credit collateralized by the inventory, chattel paper, accounts receivable, equipment, and general intangibles. Interest on advances is payable at the Secured Overnight Financing Rate plus 2.5% and is due and payable monthly. The principal and any accrued unpaid interest are due and payable upon demand. The principal balance of this loan must be reduced to a zero balance for a period of at least 30 consecutive days during the year. At December 31, 2023 and 2022, there was no amount owed under this line of credit.

7. Investments

At December 31, 2023 and 2022, USAB's investments were held at and managed in two brokerage accounts. All investments were measured at fair value and include common stocks, exchange-traded and closed-end funds, corporate bonds, government securities, and mutual funds.

Investments of USAB at December 31, 2023 consisted of the following:

	<u>Historical Cost</u>	<u>Fair Value</u>
Equity securities	\$ 429,708	\$ 633,599
Mutual funds	339,062	390,350
Exchange traded and closed-end funds	501,980	670,576
Fixed income	<u>1,393,144</u>	<u>1,360,081</u>
	<u>\$ 2,663,894</u>	<u>\$ 3,054,606</u>

Investments of USAB at December 31, 2022 consisted of the following:

	<u>Historical Cost</u>	<u>Fair Value</u>
Equity securities	\$ 503,930	\$ 619,925
Mutual funds	186,766	187,968
Exchange traded and closed-end funds	565,735	672,393
Fixed income	<u>1,503,433</u>	<u>1,366,949</u>
	<u>\$ 2,759,864</u>	<u>\$ 2,847,235</u>

USA BASEBALL

Notes to the Combined Financial Statements, continued

7. Investments, continued

USAB's investments are exposed to various risks, such as interest rate, credit, and market risks. Interest rate risk is the risk an entity may face should interest rate variances affect fair value of investments. Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. Market risk is the risk associated with certain investment securities, such that it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts report in the combined financial statements.

8. Fair Value Measurements

USAB classifies its investments measured at fair value based on a hierarchy consisting of: Level 1 (valued using quoted prices from active markets for identical assets), Level 2 (not traded on an active market but for which observable market inputs are readily available), and Level 3 (valued based on significant unobservable inputs). The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

The following methods and assumptions were used by USAB in estimating the fair value of its investments. There were no changes in the methodologies used to measure fair value during the years ended December 31, 2023 and 2022.

Common stock and fixed income: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at net asset value (NAV) of shares held by USAB at year end. The NAV is based on the value of the underlying investment assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

Exchange traded funds and closed-ended funds: Valued based on yields currently available on comparable securities of issuers with similar credit ratings in active markets.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while USAB 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.

USA BASEBALL

Notes to the Combined Financial Statements, continued

8. Fair Value Measurements, continued

The following table sets forth, by level, within the fair value hierarchy, the fair value of USAB's investments at December 31, 2023:

	Level 1	Level 2	Level 3	Total
Equity securities	\$ 633,599	\$ -	\$ -	\$ 633,599
Mutual funds	390,350	-	-	390,350
Exchange traded and closed-end funds	670,576	-	-	670,576
Fixed income	1,360,081	-	-	1,360,081
	\$ 3,054,606	\$ -	\$ -	\$ 3,054,606

The following table sets forth, by level, within the fair value hierarchy, the fair value of USAB's investments at December 31, 2022:

	Level 1	Level 2	Level 3	Total
Equity securities	\$ 619,925	\$ -	\$ -	\$ 619,925
Mutual funds	187,968	-	-	187,968
Exchange traded and closed-end funds	672,393	-	-	672,393
Fixed income	1,366,949	-	-	1,366,949
	\$ 2,847,235	\$ -	\$ -	\$ 2,847,235

9. Leases

USAB has operating leases for certain equipment and office space that have initial terms ranging from two to three years, and expire through 2024. USAB's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

Lease expense for the years ended December 31, 2023 and 2022 was \$68,804 and \$64,445, respectively.

The weighted average remaining lease term as of December 31, 2023 and 2022 was 1 year and 2 years, respectively.

The weighted average discount rate as of December 31, 2023 and 2022 was 2.50%.

Maturities of lease liabilities as of December 31, 2023 are as follows:

<u>Year ending December 31,</u>	
2024	\$ 61,366
Less imputed interest	658
Total	\$ 60,708

USA BASEBALL

Notes to the Combined Financial Statements, continued

10. USAB National Training Complex Agreement

On October 9, 2008, USAB entered into a 10-year license agreement with the Town of Cary, North Carolina to use the baseball complex at Thomas Brook Park in Cary, North Carolina. Over the term of this license agreement, USAB will annually pay a base license fee of \$20,000 per year. USAB will also pay an additional license fee, a portion of all sponsorship and signage revenue, and a portion of retail merchandise sales. The Town of Cary is guaranteed a minimum payment of sponsorship and signage revenue of \$125,000 for the first year, \$150,000 for years two through five, and \$150,000 with a consumer price index adjustment for years six through ten.

Under this license agreement, USAB incurred fees of \$266,115 and \$266,579 for the years ended December 31, 2023 and 2022 respectively, which are included in rent-playing facilities in the combined statement of functional expenses. Additional rent payments, for the years ended December 31, 2023 and 2022, respectively of \$38,703 and \$65,300 were made outside of the license agreement for individual events and are also included in rent-playing facilities in the combined statement of functional expenses. The contract expired during 2017 and both parties agreed to continue operating under the basic terms of the expired agreement. A new contract was entered into on January 17, 2024 for the use of the playing facilities. See subsequent event footnote in Note 2.

11. Retirement Plan

USAB maintains a 401(k) plan in which eligible employees are able to enter the deferral portion of the plan immediately upon electing to participate. Employees who have attained the age of 21 are eligible to participate. Under the plan, USAB will make matching contributions equal to 100% of the employee's elective deferral contributions, up to 3% of the employee's compensation, and 50% of the elective deferral contributions over 3% of the employee's compensation, but not to exceed 5% of compensation. USAB made matching contributions of \$131,536 and \$110,477 for the years ended December 31, 2023 and 2022, respectively.

12. Major League Baseball Agreement

USAB granted to Major League Baseball Properties, Inc. and MLB Advanced Media, LLC, the rights to use, license and sublicense, on a worldwide, nonroyalty bearing basis all commercial and editorial rights and interest and other rights to generate revenue annually, beginning January 2016. USAB and MLB agreed to a new multi-year contract in 2023 which was effective starting January 1, 2022 and concluding December 31, 2028.

USA BASEBALL

Notes to the Combined Financial Statements, continued

12. Major League Baseball Agreement, continued

USAB will receive annual funding for its operations from the Office of the Commissioner of Baseball, with the minimum amounts as follows:

2024	\$	3,244,800
2025	\$	3,374,592
2026	\$	3,509,576
2027	\$	3,649,959
2028	\$	3,795,957

There is also revenue sharing between the entities in this agreement.

13. Youth Baseball Bat Licensing Program

In 2017, USAB entered into USA Baseball Youth Bat Performance Standard Trademark License Agreements with 12 bat manufacturers in which the licensees pay USAB a quarterly licensing royalty of 5% of net sales of approved bats bearing the trademark. These agreements expired on December 31, 2022. The new agreements, signed in 2023, are in place until December 31, 2028.

Also during 2017, USAB entered into Youth Bat Licensing Royalty Agreements with five youth baseball organizations in which USAB receives 5% of royalties from the bat manufacturer's agreements. USAB distributes 55% of these royalties on a quarterly basis. The monies are kept in a separate bank account from USAB's general funds and are included in restricted cash on the combined statements of financial position. Payables to youth baseball organizations of \$872,663 and \$863,298 are included in bat licensing program royalties on the combined statements of financial position at December 31, 2023 and 2022, respectively. These agreements were renewed for years 2023 to 2028.

USAB retains the other 45% of the royalties received from the agreements. During 2023 and 2022, USAB earned bat licensing program royalties of \$3,963,129 and \$3,823,588, respectively.

14. Net Assets Without Donor Restrictions

Net assets without donor restrictions at December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Undesignated	\$ 5,209,291	\$ 4,361,772
Board designated - endowment	<u>2,259,990</u>	<u>2,047,785</u>
	<u>\$ 7,469,281</u>	<u>\$ 6,409,557</u>

USA BASEBALL

Notes to the Combined Financial Statements, continued

15. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2023 and 2022 are available for the following purposes:

	<u>2023</u>	<u>2022</u>
Prospect Development Pipeline	\$ <u>163,613</u>	\$ <u>299,325</u>

16. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of passage of time or other events specified by donors. The net assets released from restrictions for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
USAB Develops	\$ 1,867,004	\$ 1,974,829
Prospect Development Pipeline	1,600,854	1,288,468
USOPC Education Grant	<u>15,000</u>	<u>15,000</u>
	\$ <u>3,482,858</u>	\$ <u>3,278,297</u>

17. Board Designated Endowment Fund

The Foundation's invested funds provide long-term support to the Federation. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. A board-designated endowment fund is generally created when a governing board designates or earmarks a portion of its net assets without donor restrictions to be invested for a long, and possibly unspecified, period of time.

The State of North Carolina enacted the North Carolina Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective March 2009, the provisions of which apply to endowment funds existing on or established after that date. Absent donor stipulations to the contrary, the provisions of this state law do not impose either a permanent or temporary restriction on the income or capital appreciation derived from the original gifts.

USA BASEBALL

Notes to the Combined Financial Statements, continued

17. Board Designated Endowment Fund, continued

Changes in board-designated endowment assets of the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Endowment net assets, beginning of year	\$ 2,047,785	\$ 2,506,458
Investment return:		
Investment income, net	34,118	11,462
Net appreciation (depreciation):		
Realized and unrealized	<u>238,087</u>	<u>(410,135)</u>
Total investment return	272,205	(398,673)
Amount appropriated for expenditure	<u>(60,000)</u>	<u>(60,000)</u>
Endowment net assets, end of year	\$ <u>2,259,990</u>	\$ <u>2,047,785</u>

Investment Return Objectives and Strategies

The Foundation's investment policies include objectives relative to its long-term investments. The overall objective is to maximize the return on invested assets while minimizing risk and expenses. To achieve this objective, the Foundation has employed investment strategies of diversification, credit quality and asset-allocation ranges. In addition, investments within the portfolio should be readily marketable. The invested composition at any given time is dependent upon a number of factors, including the amount available for investment and current market conditions.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of distributing amounts over an established corpus amount of \$1,050,000, with approval by the Board of Directors. In establishing this policy, the Foundation considered the long-term expected return on its investments. Accordingly, the Foundation expects the current spending policy to sustain its endowment and investment return objectives.

18. Concentrations of Credit Risk

USAB maintains cash balances at various financial institutions. The balances in the financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 at December 31, 2023 and 2022. As of December 31, 2023 and 2022, USAB exceeded these insured limits by approximately \$2,675,036 and \$1,340,096, respectively.

USAB also maintains money market accounts as part of their investment portfolio that are protected by the Securities Investor Protection Corporation (SIPC). The SIPC insures against the loss or theft of securities as well as the failure or insolvency of a brokerage firm. They do not insure against losses related to market risk or fraud. The limits of protection extend up to \$500,000 for securities. USAB had approximately \$122,927 and \$0 in excess of the SIPC insured limits for securities as of December 31, 2023 and 2022, respectively.

USA BASEBALL

Notes to the Combined Financial Statements, continued

19. Liquidity and Availability

USAB manages its liquid assets by investing holdings in interest-bearing deposits, bonds, mutual funds, and similar investments to ensure that there are adequate resources to cover operating and capital needs. Departmental budgets are prepared through extensive meetings and those budgets are converted to cash flow budgets in order to anticipate cash needs.

The following reflects USAB's financial assets (cash and cash equivalents and investments) as of December 31, 2023 expected to be available within one year to meet the cash needs for general expenditures:

	<u>2023</u>
Cash	\$ 3,527,740
Restricted cash	384,039
Accounts receivable	1,331,535
Investments	<u>3,054,606</u>
Financial assets, at year end	8,297,920
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted cash (contractual restrictions)	384,039
Restricted by donor with purpose restrictions	163,613
Amount unavailable to management without Board approval:	
Board designated	<u>2,259,990</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,490,278</u>

20. Appalachian League

In 2023 and 2022, USAB received \$3,300,082 and \$4,000,000, respectively, in funding designated for the Appalachian League, Inc. (the League), another non-profit. The funding received was based on the budgeted support necessary for the League's operations. USAB helped to administer these operations and spend these funds at the direction of the League. USAB owed the League \$34,531 and \$0 at December 31, 2023 and 2022, respectively.

**Independent Auditor's Report
on the Supplementary Information**

Board of Directors
USA Baseball
Durham, North Carolina

We have audited the combined financial statements of the United States Baseball Federation, Inc. and the USA Baseball Foundation, Inc. (USA Baseball) as of and for the years ended December 31, 2023 and 2022, and have issued our report thereon, dated April 25, 2024, which contains an unmodified opinion on those combined financial statements. See pages 1 - 2. Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Dean Dotson Allen Ford, PLLC

Raleigh, North Carolina
April 25, 2024

USA BASEBALL

Combining Statement of Financial Position

December 31, 2023

	<u>United States Baseball Federation, Inc.</u>	<u>USA Baseball Foundation, Inc.</u>	<u>Total</u>
Assets			
Current assets:			
Cash	\$ 3,095,730	\$ 432,010	\$ 3,527,740
Restricted cash	384,039	-	384,039
Accounts receivable	1,331,535	-	1,331,535
Inventories	752,302	-	752,302
Investments	1,228,836	1,825,770	3,054,606
Other current assets	<u>188,161</u>	<u>2,210</u>	<u>190,371</u>
Total current assets	6,980,603	2,259,990	9,240,593
Property and equipment, net	602,403	-	602,403
Right-of-use assets (ROU) - operating leases	<u>59,096</u>	<u>-</u>	<u>59,096</u>
Total assets	<u>\$ 7,642,102</u>	<u>\$ 2,259,990</u>	<u>\$ 9,902,092</u>
Liabilities and Net Assets			
Current liabilities:			
Bat licensing program	\$ 872,663	\$ -	\$ 872,663
Accounts payable and accrued expenses	708,457	-	708,457
Deferred revenue	627,370	-	627,370
Operating lease liabilities	<u>60,708</u>	<u>-</u>	<u>60,708</u>
Total liabilities	2,269,198	-	2,269,198
Net assets:			
Without donor restrictions	5,209,291	2,259,990	7,469,281
With donor restrictions	<u>163,613</u>	<u>-</u>	<u>163,613</u>
Total net assets	<u>5,372,904</u>	<u>2,259,990</u>	<u>7,632,894</u>
Total liabilities and net assets	<u>\$ 7,642,102</u>	<u>\$ 2,259,990</u>	<u>\$ 9,902,092</u>

See Independent Auditor's Report on the Supplementary Information.

USA BASEBALL

Combining Statement of Financial Position

December 31, 2022

	<u>United States Baseball Federation, Inc.</u>	<u>USA Baseball Foundation, Inc.</u>	<u>Total</u>
Assets			
Current assets:			
Cash	\$ 1,276,378	\$ 186,899	\$ 1,463,277
Restricted cash	296,494	-	296,494
Accounts receivable	3,091,186	-	3,091,186
Inventories	659,415	-	659,415
Investments	988,709	1,858,526	2,847,235
Other current assets	<u>257,771</u>	<u>2,360</u>	<u>260,131</u>
Total current assets	6,569,953	2,047,785	8,617,738
Property and equipment, net	213,333	-	213,333
Right-of-use assets (ROU) - operating leases	<u>124,303</u>	<u>-</u>	<u>124,303</u>
Total assets	<u>\$ 6,907,589</u>	<u>\$ 2,047,785</u>	<u>\$ 8,955,374</u>
Liabilities and Net Assets			
Current liabilities:			
Bat licensing program	\$ 863,298	\$ -	\$ 863,298
Accounts payable and accrued expenses	778,643	-	778,643
Deferred revenue	478,653	-	478,653
Operating lease liabilities	<u>64,988</u>	<u>-</u>	<u>64,988</u>
Total current liabilities	2,185,582	-	2,185,582
Non current liabilities:			
Operating lease liabilities	<u>60,910</u>	<u>-</u>	<u>60,910</u>
Total liabilities	2,246,492	-	2,246,492
Net assets:			
Without donor restrictions	4,361,772	2,047,785	6,409,557
With donor restrictions	<u>299,325</u>	<u>-</u>	<u>299,325</u>
Total net assets	<u>4,661,097</u>	<u>2,047,785</u>	<u>6,708,882</u>
Total liabilities and net assets	<u>\$ 6,907,589</u>	<u>\$ 2,047,785</u>	<u>\$ 8,955,374</u>

See Independent Auditor's Report on the Supplementary Information.

USA BASEBALL

Combining Statement of Activities

Year ended December 31, 2023

	United States Baseball Federation, Inc.			USA Baseball Foundation, Inc.			Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
Revenues and other support:								
Major League Baseball funding	\$ 1,735,000	\$ 1,661,004	\$ 3,396,004	\$ -	\$ -	\$ -	\$ -	\$ 3,396,004
Bat licensing program royalties	3,963,129	-	3,963,129	-	-	-	-	3,963,129
Event registration and room rebates	2,742,855	-	2,742,855	-	-	-	-	2,742,855
Merchandise sales and memorabilia	2,305,824	-	2,305,824	-	-	-	-	2,305,824
MLB/USAB joint events	3,598,599	-	3,598,599	-	-	-	-	3,598,599
Prospect development pipeline	-	1,457,032	1,457,032	-	-	-	-	1,457,032
World Baseball Classic	1,954,969	-	1,954,969	-	-	-	-	1,954,969
Sponsorship, licensing, and donations	1,397,341	206,000	1,603,341	-	-	-	-	1,603,341
Ticket sales	561,923	-	561,923	-	-	-	-	561,923
MLB Combine	225,005	-	225,005	-	-	-	-	225,005
MLB/USOC professional team	-	15,000	15,000	-	-	-	-	15,000
In-kind donations	182,986	8,110	191,096	-	-	-	-	191,096
Other income	172,930	-	172,930	-	-	-	(60,000)	112,930
Dividends and interest	163,608	-	163,608	34,118	-	34,118	-	197,726
Net realized and unrealized gains on investments	38,816	-	38,816	238,087	-	238,087	-	276,903
Net assets released from restrictions	<u>3,482,858</u>	<u>(3,482,858)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other support	22,525,843	(135,712)	22,390,131	272,205	-	272,205	(60,000)	22,602,336
Expenses and direct costs:								
Expenses:								
Program services	19,346,413	-	19,346,413	-	-	-	-	19,346,413
Management and general	1,215,425	-	1,215,425	60,000	-	60,000	(60,000)	1,215,425
Fundraising	<u>90,587</u>	<u>-</u>	<u>90,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,587</u>
Total expenses	20,652,425	-	20,652,425	60,000	-	60,000	(60,000)	20,652,425
Direct costs:								
Merchandise sales	923,101	-	923,101	-	-	-	-	923,101
Card sale fundraiser	<u>102,798</u>	<u>-</u>	<u>102,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,798</u>
Total direct costs	1,025,899	-	1,025,899	-	-	-	-	1,025,899
Total expenses and direct costs	21,678,324	-	21,678,324	60,000	-	60,000	(60,000)	21,678,324
Changes in net assets	847,519	(135,712)	711,807	212,205	-	212,205	-	924,012
Net assets, beginning of year	<u>4,361,772</u>	<u>299,325</u>	<u>4,661,097</u>	<u>2,047,785</u>	<u>-</u>	<u>2,047,785</u>	<u>-</u>	<u>6,708,882</u>
Net assets, end of year	<u>\$ 5,209,291</u>	<u>\$ 163,613</u>	<u>\$ 5,372,904</u>	<u>\$ 2,259,990</u>	<u>\$ -</u>	<u>\$ 2,259,990</u>	<u>\$ -</u>	<u>\$ 7,632,894</u>

See Independent Auditor's Report on the Supplementary Information.

USA BASEBALL

Combining Statement of Activities

Year ended December 31, 2022

	United States Baseball Federation, Inc.			USA Baseball Foundation, Inc.			Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
Revenues and other support:								
Major League Baseball funding	\$ 1,500,000	\$ 1,700,000	\$ 3,200,000	\$ -	\$ -	\$ -	\$ -	\$ 3,200,000
Bat licensing program royalties	3,823,588	-	3,823,588	-	-	-	-	3,823,588
Event registration and room rebates	2,421,363	-	2,421,363	-	-	-	-	2,421,363
Merchandise sales and memorabilia	1,734,940	-	1,734,940	-	-	-	-	1,734,940
MLB/USAB joint events	2,294,304	-	2,294,304	-	-	-	-	2,294,304
Prospect development pipeline	-	1,381,257	1,381,257	-	-	-	-	1,381,257
Sponsorship, licensing, and donations	2,091,284	203,500	2,294,784	-	-	-	-	2,294,784
Ticket sales	594,445	-	594,445	-	-	-	-	594,445
MLB Combine	2,202,097	-	2,202,097	-	-	-	-	2,202,097
MLB/USOC professional team	-	15,000	15,000	-	-	-	-	15,000
In-kind donations	173,554	7,464	181,018	-	-	-	-	181,018
Other income	203,715	-	203,715	-	-	-	(60,000)	143,715
Dividends and interest	37,918	-	37,918	11,462	-	11,462	-	49,380
Net realized and unrealized losses on investments	(253,256)	-	(253,256)	(410,135)	-	(410,135)	-	(663,391)
Net assets released from restrictions	3,278,297	(3,278,297)	-	-	-	-	-	-
Total revenues and other support	20,102,249	28,924	20,131,173	(398,673)	-	(398,673)	(60,000)	19,672,500
Expenses and direct costs:								
Expenses:								
Program services	18,898,447	-	18,898,447	-	-	-	-	18,898,447
Management and general	1,200,923	-	1,200,923	60,000	-	60,000	(60,000)	1,200,923
Fundraising	69,757	-	69,757	-	-	-	-	69,757
Total expenses	20,169,127	-	20,169,127	60,000	-	60,000	(60,000)	20,169,127
Direct costs:								
Merchandise sales	742,222	-	742,222	-	-	-	-	742,222
Card sale fundraiser	114,960	-	114,960	-	-	-	-	114,960
Total direct costs	857,182	-	857,182	-	-	-	-	857,182
Total expenses and direct costs	21,026,309	-	21,026,309	60,000	-	60,000	(60,000)	21,026,309
Changes in net assets	(924,060)	28,924	(895,136)	(458,673)	-	(458,673)	-	(1,353,809)
Net assets, beginning of year	5,285,832	270,401	5,556,233	2,506,458	-	2,506,458	-	8,062,691
Net assets, end of year	\$ 4,361,772	\$ 299,325	\$ 4,661,097	\$ 2,047,785	\$ -	\$ 2,047,785	\$ -	\$ 6,708,882

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