



Combined Financial Statements

for

**USA BASEBALL**

December 31, 2022 and 2021

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The Board of Directors  
USA Baseball  
Durham, North Carolina

## REPORT OF INDEPENDENT AUDITORS

### ***Opinion***

We have audited the combined financial statements of 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, 2022, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

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

### ***Basis for Opinion***

We conducted our audit 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Other Matter***

The financial statements of USA Baseball, as of and for the year ended December 31, 2021, were audited by other auditors (who have ceased operations), whose report, dated May 11, 2022, expressed an unmodified opinion on those statements.

### ***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 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 the 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  
May 18, 2023

USA BASEBALL  
 Combined Statements of Financial Position  
 December 31, 2022 and 2021

ASSETS		2022	2021
CURRENT ASSETS:			
Cash	\$	1,463,277	\$ 1,466,831
Restricted Cash		296,494	245,176
Accounts Receivable		3,091,186	2,624,250
Inventories		659,415	582,275
Investments		2,847,235	4,139,487
Other Current Assets		260,131	262,655
Total Current Assets		8,617,738	9,320,674
PROPERTY AND EQUIPMENT, net		213,333	184,394
RIGHT OF USE ASSETS (LEASES), net		124,303	-
Total Assets	\$	8,955,374	\$ 9,505,068
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Bat Licensing Program	\$	863,298	\$ 642,383
Accounts Payable and Accrued Expenses		778,643	506,494
Deferred Revenue		478,653	293,500
Right of Use Asset Liability - Current		64,988	-
Total Current Liabilities		2,185,582	1,442,377
NON CURRENT LIABILITIES:			
Right of Use Asset Liability		60,910	-
Total Non Current Liabilities		60,910	-
NET ASSETS:			
Without Donor Restrictions		6,409,557	7,792,290
With Donor Restrictions		299,325	270,401
Total Net Assets		6,708,882	8,062,691
Total Liabilities and Net Assets	\$	8,955,374	\$ 9,505,068

The accompanying notes are an integral part of the combined financial statements.

USA BASEBALL  
 Combined Statements of Activities and Changes in Net Assets  
 For the Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT:</b>						
Major League Baseball Funding	\$ 1,500,000	\$ 1,700,000	\$ 3,200,000	\$ 1,462,323	\$ 1,462,323	\$ 2,924,646
Bat Licensing Program Royalties	3,823,588	-	3,823,588	2,901,674	-	2,901,674
Event Registration and Room Rebates	2,421,363	-	2,421,363	1,925,294	-	1,925,294
Merchandise Sales and Memorabilia	1,734,940	-	1,734,940	1,755,623	-	1,755,623
MLB/USAB Joint Events	2,294,304	-	2,294,304	1,541,663	-	1,541,663
MLB Combine	2,202,097	-	2,202,097	1,471,501	-	1,471,501
Prospect Development Pipeline	-	1,381,257	1,381,257	-	1,268,411	1,268,411
Sponsorship, Licensing, and Donations	2,085,441	203,500	2,288,941	1,016,025	203,500	1,219,525
MLB/USOC Professional Team	-	15,000	15,000	617,343	8,000	625,343
Ticket Sales	594,445	-	594,445	471,526	-	471,526
Value In-Kind Donations	173,554	7,464	181,018	226,552	5,066	231,618
Other Income	143,715	-	143,715	45,209	-	45,209
Membership and National Member Org. Revenue	5,843	-	5,843	4,613	-	4,613
SBA Paycheck Protection Program	-	-	-	-	614,870	614,870
Employee Retention Tax Credit	-	-	-	-	163,464	163,464
Dividends and Interest	49,380	-	49,380	37,915	-	37,915
Net Realized and Unrealized Gains (Losses) on Investments	(663,391)	-	(663,391)	142,903	-	142,903
Total	<u>16,365,279</u>	<u>3,307,221</u>	<u>19,672,500</u>	<u>13,620,164</u>	<u>3,725,634</u>	<u>17,345,798</u>
Net Assets Released from Restrictions:						
Satisfaction of Program Restrictions	<u>3,278,297</u>	<u>(3,278,297)</u>	<u>-</u>	<u>3,592,692</u>	<u>(3,592,692)</u>	<u>-</u>
Total Revenues and Other Support	<u>19,643,576</u>	<u>28,924</u>	<u>19,672,500</u>	<u>17,212,856</u>	<u>132,942</u>	<u>17,345,798</u>
<b>EXPENSES AND DIRECT COSTS:</b>						
Expenses:						
Program Services	18,898,447	-	18,898,447	13,823,524	-	13,823,524
Management and General	1,200,923	-	1,200,923	1,069,178	-	1,069,178
Fundraising	69,757	-	69,757	135,859	-	135,859
Total Expenses	<u>20,169,127</u>	<u>-</u>	<u>20,169,127</u>	<u>15,028,561</u>	<u>-</u>	<u>15,028,561</u>
Direct Costs:						
Merchandise Sales	742,222	-	742,222	832,874	-	832,874
Card Sale Fundraiser	114,960	-	114,960	36,750	-	36,750
Total Direct Costs	<u>857,182</u>	<u>-</u>	<u>857,182</u>	<u>869,624</u>	<u>-</u>	<u>869,624</u>
Total Expenses and Direct Costs	<u>21,026,309</u>	<u>-</u>	<u>21,026,309</u>	<u>15,898,185</u>	<u>-</u>	<u>15,898,185</u>
CHANGES IN NET ASSETS	(1,382,733)	28,924	(1,353,809)	1,314,671	132,942	1,447,613
NET ASSETS--Beginning of Year	<u>7,792,290</u>	<u>270,401</u>	<u>8,062,691</u>	<u>6,477,619</u>	<u>137,459</u>	<u>6,615,078</u>
NET ASSETS--End of Year	<u>\$ 6,409,557</u>	<u>\$ 299,325</u>	<u>\$ 6,708,882</u>	<u>\$ 7,792,290</u>	<u>\$ 270,401</u>	<u>\$ 8,062,691</u>

The accompanying notes are an integral part of the combined financial statements.

USA BASEBALL  
 Combined Statements of Functional Expenses  
 For the Years Ended December 31, 2022 and 2021

	2022				2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
SALARIES AND EMPLOYEE RELATED EXPENSES:								
Salaries	\$ 2,479,703	\$ 601,989	\$ 26,504	\$ 3,108,196	\$ 2,134,583	\$ 611,123	\$ 73,615	\$ 2,819,321
Employee Related Expenses	747,599	125,350	4,038	876,987	595,488	123,601	22,675	741,764
Total Salaries and Employee Related Expenses	<u>3,227,302</u>	<u>727,339</u>	<u>30,542</u>	<u>3,985,183</u>	<u>2,730,071</u>	<u>734,724</u>	<u>96,290</u>	<u>3,561,085</u>
OPERATING EXPENSES:								
Travel	6,457,342	7,342	89	6,464,773	3,669,001	574	916	3,670,491
Bat Licensing Program	2,107,973	-	-	2,107,973	1,600,986	-	-	1,600,986
Professional Services	1,353,850	190,759	23,894	1,568,503	1,077,375	135,613	30,351	1,243,339
Program Supplies	-	41,599	13,023	1,554,224	1,198,407	31,766	6,385	1,236,558
Rent:								
Playing Facilities	1,086,198	-	-	1,086,198	794,965	-	-	794,965
Office Facilities	10,656	16,414	-	27,070	52,381	13,524	-	65,905
Lease Expense	64,445	-	-	64,445	-	-	-	-
Honorarium/Umpire Fees	1,068,738	-	-	1,068,738	1,047,552	-	-	1,047,552
Insurance	523,622	84,409	-	608,031	345,852	68,162	-	414,014
BAF/MLB Awards	263,500	-	-	263,500	303,500	-	-	303,500
Printing	258,317	3,704	-	262,021	102,903	2,650	500	106,053
Postage and Shipping	225,418	3,070	1,354	229,842	154,127	2,408	201	156,736
Other	192,228	11,509	-	203,737	126,667	11,403	-	138,070
Value In-Kind Donations	181,018	-	-	181,018	231,618	-	-	231,618
Bank Service Charges	100,857	2,387	238	103,482	97,367	1,813	590	99,770
Depreciation	78,371	7,578	617	86,566	119,229	9,369	309	128,907
Telephone	55,333	14,382	-	69,715	44,067	16,317	292	60,676
Promotions/Shows	53,027	-	-	53,027	9,935	-	25	9,960
Meeting/Directors Expense	-	48,407	-	48,407	-	11,696	-	11,696
Appalachian League	-	-	-	-	51,004	-	-	51,004
International Relations (IBAF/COPABE)	30,467	6,677	-	37,144	350	600	-	950
SafeSport	35,311	-	-	35,311	39,321	-	-	39,321
Office Supplies and Utilities	15,119	18,234	-	33,353	25,214	13,049	-	38,263
Accounting	-	16,200	-	16,200	-	15,500	-	15,500
MLB/USOC Relations	6,615	913	-	7,528	-	10	-	10
Medical and Safety	3,138	-	-	3,138	1,632	-	-	1,632
Total Operating Expenses	<u>15,671,145</u>	<u>473,584</u>	<u>39,215</u>	<u>16,183,944</u>	<u>11,093,453</u>	<u>334,454</u>	<u>39,569</u>	<u>11,467,476</u>
Total Functional Expenses	<u>\$ 18,898,447</u>	<u>\$ 1,200,923</u>	<u>\$ 69,757</u>	<u>\$ 20,169,127</u>	<u>\$ 13,823,524</u>	<u>\$ 1,069,178</u>	<u>\$ 135,859</u>	<u>\$ 15,028,561</u>

The accompanying notes are an integral part of the combined financial statements.

USA BASEBALL  
 Combined Statements of Cash Flows  
 For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in Net Assets	\$ (1,353,809)	\$ 1,447,613
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	86,566	128,907
Net Realized and Unrealized Gains on Investments	663,391	(142,903)
Lease Expense - Operating Leases	61,051	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(466,936)	(2,064,271)
Inventories	(77,140)	215,049
Other Current Assets	2,524	56,880
Bat Licensing Program	220,915	247,670
Accounts Payable and Accrued Expenses	272,149	316,859
Deferred Revenue	185,153	(46,814)
Operating Lease Obligation	(59,456)	-
Net Cash Provided (Used) by Operating Activities:	<u>(465,592)</u>	<u>158,990</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of Property and Equipment	(115,504)	(76,891)
Proceeds from Sale of Investments	2,767,618	1,232,642
Purchases of Investments	(2,138,758)	(2,975,970)
Net Cash Provided (Used) by Investing Activities:	<u>513,356</u>	<u>(1,820,219)</u>
<b>NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH</b>	<b>47,764</b>	<b>(1,661,229)</b>
<b>CASH AND RESTRICTED CASH--Beginning of Year</b>	<b><u>1,712,007</u></b>	<b><u>3,373,236</u></b>
<b>CASH AND RESTRICTED CASH--End of Year</b>	<b><u>\$ 1,759,771</u></b>	<b><u>\$ 1,712,007</u></b>
 Addition of Operating Lease Right-of-Use Assets from Operating Lease Liabilities	 \$ 182,578	 -

The accompanying notes are an integral part of the combined financial statements.



USA BASEBALL  
Notes to Combined Financial Statements  
December 31, 2022 and 2021

1. Summary of Significant Accounting Policies

A. Nature of Operations:

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).

B. Basis of Presentation:

The combined financial statements have, in all material respects, been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP). U.S. GAAP also requires not-for-profit organizations to classify resources into two net asset categories according to externally-imposed restrictions. Accordingly, net assets of USAB and changes therein are classified and reported as follows:

Without Donor Restrictions--Net assets that are not subject to externally-imposed restrictions.

With Donor Restrictions--Net assets subject to externally-imposed restrictions that may or will be met either by actions of USAB and/or the passage of time. Also, net assets subject to externally-imposed stipulations that they be maintained permanently by USAB.

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

C. Accounting Estimates:

The preparation of combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. 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.

USA BASEBALL  
Notes to Combined Financial Statements  
December 31, 2022 and 2021

1. Summary of Significant Accounting Policies (Continued)

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, 2022 and 2021, 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.

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.

E. Cash and Cash Equivalents:

For the purposes of the combined statement of cash flows, USAB considers cash and highly liquid cash investments with an original 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).

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

	2022	2021
Current Assets:		
Cash	\$ 1,463,277	\$ 1,466,831
Restricted Cash	296,494	245,176
	\$ 1,759,771	\$ 1,712,007

F. 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.

USA BASEBALL  
Notes to Combined Financial Statements  
December 31, 2022 and 2021

1. Summary of Significant Accounting Policies (Continued)

G. Inventories:

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

H. Accounts Receivable:

Accounts receivable results primarily from the accrual of sponsorships and licensing revenue. A provision for doubtful accounts has not been established as management considers all accounts receivable at year-end to be collectable.

I. Property and Equipment:

Property and equipment is recorded at cost or estimated fair value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, which range from 3 to 10 years. Acquisitions of property and equipment in excess of \$1,000 and with a useful life over one year are capitalized.

J. 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, 2022 or 2021.

K. Advertising:

USAB follows the policy of charging the costs of advertising to expense as incurred. Advertising costs were \$53,027 and \$9,960 for the years ended December 31, 2022 and 2021, respectively, and are recorded as a part of promotions/shows expense.

L. Leases:

Lease assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease, measured on a discounted basis. The Company 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) the Company 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. The Company also considers whether its service arrangements include the right to control the use of an asset.

The Company 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.

USA BASEBALL  
Notes to Combined Financial Statements  
December 31, 2022 and 2021

1. Summary of Significant Accounting Policies (Continued)

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.

As most of the Company's leases do not provide an implicit rate, the Company 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, the Company 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 the Company'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 Company has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for the Company's real estate leases. 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.

M. **Functional Expenses:**

The costs of providing the program and supporting services of USAB are included in the combined statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of estimates made by USAB management.

N. **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.

USA BASEBALL  
Notes to Combined Financial Statements  
December 31, 2022 and 2021

1. Summary of Significant Accounting Policies (Continued)

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, 2022 and 2021, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the combined financial statements.

USAB files its Form 990 series tax returns in the U.S. Federal jurisdiction and with the North Carolina Department of Revenue. USAB's tax returns are subject to examination by the Internal Revenue Service for a period of three years after the respective filing deadlines. USAB's state tax returns for the same years are subject to examination by state authorities for similar time periods.

O. Adoption of New Accounting Standard:

Effective January 1, 2022, USAB adopted Accounting Standards Update (ASU) 2016-02, Leases (Topic 842) and associated amendments. This standard requires all leases to be recognized on USAB's balance sheet as a right-of-use asset and a lease liability, unless the lease is a short term lease (generally a lease with a term of twelve months or less). USAB recognizes: 1) a lease liability for USAB's obligation to make payments under the lease agreement, measured on a discounted basis; and 2) a right-of-use asset that represents USAB's right to use, or control the use of, the specified asset for the lease term.

USAB recognized and measured its leases at January 1, 2022 in accordance with Accounting Standards Codification (ASC) Topic 842 using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Amounts as of and for the year ended December 31, 2021 are accounted for in accordance with previous guidance (ASC Topic 840).

The adoption of the new lease standard did not materially impact net income or cash flows and did not result in a cumulative-effect adjustment to the opening balance of retained earnings.

2. Revenue Recognition

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers, Accounting Standards Code Topic 606* (Topic 606). Topic 606 and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in GAAP. Topic 606 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle in the pronouncement is the recognition of revenue for contracts with customers in an amount that reflects the consideration that an entity expects to be entitled to in exchange for the provisions of goods or services.

USAB derives significant revenues from membership dues, royalties and licensing, sponsorships event registration and room rebates, merchandise sales, ticket sales, and event hosting.

The following is a summary of the principal forms of USAB's services recognized in accordance with Topic 606 and how revenue is recognized for each.

USA BASEBALL  
Notes to Combined Financial Statements  
December 31, 2022 and 2021

2. Revenue Recognition (Continued)

Membership Dues

USAB receives membership dues from agencies in exchange for membership benefits. Revenue related to membership dues is recognized in the period the membership benefits are provided.

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 event sponsorship was \$0 and \$100,000 at December 31, 2022 and 2021.

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 \$306,240 and \$193,500 at December 31, 2022 and 2021, respectively.

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.

Event Hosting

USAB receives revenue from the hosting of the MLB Combine and various other joint events with the MLB. MLB reimburses USAB for its cost of hosting these events. Revenue related to event hosting is recognized in the period the event takes place. Deferred revenue related to event hosting was \$172,413 and \$0 at December 31, 2022 and 2021, respectively

USA BASEBALL  
Notes to Combined Financial Statements  
December 31, 2022 and 2021

2. Revenue Recognition (Continued)

*Disaggregation of Revenue*

In the following table, revenue recognized through Topic 606 is disaggregated by major services line and timing of revenue recognition.

	<u>2022</u>	<u>2021</u>
Major Services:		
Royalties and Licensing	\$ 4,650,627	\$ 3,421,674
Event Hosting	4,496,401	3,013,164
Event Registration and Room Rebates	2,421,363	1,925,294
Merchandise Sales	1,734,940	1,755,623
Ticket Sales	594,445	471,526
Sponsorships	1,107,357	428,895
Membership Dues	5,843	4,613
	<u>\$ 15,010,976</u>	<u>\$ 11,020,789</u>
Timing of Revenue Recognition:		
Services transferred over time	\$ 1,113,200	\$ 433,508
Services transferred at a point in time	13,897,776	10,587,281
	<u>\$ 15,010,976</u>	<u>\$ 11,020,789</u>

USAB assesses certain economic factors and the potential for significant changes in those economic factors and its impact on the nature, amount, timing and uncertainty of revenue and cash flows. Common factors ordinarily impacting USAB would be general economic trends. These factors have been assessed and management feels they have limited impact on the performance of USAB.

*Contract Balances*

Contract assets are disclosed in the statements of financial position as accounts receivable and represent royalties, sponsorship, 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 statements of financial position as deferred revenue.

*Significant Judgments When Applying the Guidance*

USAB assesses judgments and changes in judgments that significantly affect the determination and timing of revenue.

3. Cash Concentrations

At December 31, 2022 and 2021 and at various times throughout the years then ended, USAB maintained cash balances with financial institutions in excess of Federal Deposit Insurance Corporation insured limits. Uninsured funds were \$1,340,096 and \$1,160,770 at December 31, 2022 and 2021, respectively.

4. Donated Goods

Donated goods are valued at fair market value. USAB received \$181,018 and \$231,618 of noncash contributions of goods during the years ended December 31, 2022 and 2021, respectively.

USA BASEBALL  
Notes to Combined Financial Statements  
December 31, 2022 and 2021

5. Property and Equipment

Property and equipment consist of the following:

	2022	2021
Furniture and Equipment	\$ 1,166,326	\$ 1,058,694
Accumulated Depreciation	(952,993)	(874,300)
Property and Equipment, net	<u>\$ 213,333</u>	<u>\$ 184,394</u>

6. Line of Credit

USAB has available for its use a \$100,000 line of credit collateralized by all inventory, chattel paper, accounts receivable, equipment, and general intangibles. Interest on advances is payable at the London Interbank Offered 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, 2022 and 2021, there was no amount owed under this line of credit.

7. Investments

At December 31, 2022 and 2021, 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, 2022 consisted of the following:

	Historical Costs	Fair Value
Equity Securities	\$ 503,930	\$ 619,925
Mutual Funds	186,766	187,968
Exchange Traded and Closed-End Funds	565,735	672,393
Fixed Income	1,503,433	1,366,949
	<u>\$ 2,759,864</u>	<u>\$ 2,847,235</u>

Investments of USAB at December 31, 2021 consisted of the following:

	Historical Costs	Fair Value
Equity Securities	\$ 543,002	\$ 901,267
Mutual Funds	724,017	759,668
Exchange Traded and Closed-End Funds	368,323	561,694
Fixed Income	1,931,868	1,916,858
	<u>\$ 3,567,210</u>	<u>\$ 4,139,487</u>

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 that such changes could materially affect the amounts reported in the combined financial statements.



USA BASEBALL  
Notes to Combined Financial Statements  
December 31, 2022 and 2021

8. Fair Value

USAB follows ASC 820, *Fair Value Measurements and Disclosures*, as amended, with respect to fair value measurements of its financial assets and liabilities. This standard defines fair value as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The standard also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

The hierarchy is broken down into three levels. Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

In accordance with ASC 820, the table below provides information by level for assets that are measured at fair value on a recurring basis at December 31, 2022:

	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)	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
	<u>\$ 2,847,235</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,847,235</u>

In accordance with ASC 820, the table below provides information by level for assets that are measured at fair value on a recurring basis at December 31, 2021:

	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)	Total
Equity Securities	\$ 901,267	\$ -	\$ -	\$ 901,267
Mutual Funds	759,668	-	-	759,668
Exchange Traded and Closed-End Funds	561,694	-	-	561,694
Fixed Income	1,916,858	-	-	1,916,858
	<u>\$ 4,139,487</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,139,487</u>

USA BASEBALL  
Notes to Combined Financial Statements  
December 31, 2022 and 2021

9. Leases

USAB has operating leases for certain equipment and office space 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.

The components of the lease expense for the year ended December 31, were as follows:

	2022
Operating Lease Cost	\$ 64,445

The weighted average remaining lease term as of December 31, 2022, is as follows:

	2022
Operating leases	2 years

The weighted average discount rate as of December 31, 2022, is as follows:

	2022
Operating leases	2.50%

Maturities of lease liabilities as of December 31, 2022 are as follows:

Years Ending December 31,	Operating
2023	\$ 68,784
2024	60,277
Total Lease Payments	129,061
Less Imputed Interest	3,163
Total	\$ 125,898

10. USAB National Training Complex Agreement/Lease

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. USAB will annually, over the term of this license agreement, 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 \$266,579 for the years ended December 31, 2022 and 2021, which are included in rent-playing facilities in the combined statement of functional expenses. Additional rent payments, for the years ended December 31, 2022 and 2021, respectively, of \$65,300 and \$23,040 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. USAB is currently negotiating a new contract with the town of Cary, North Carolina. Until a new contract is executed, both parties have agreed to continue operating under the basic terms of the expired agreement.

USA BASEBALL  
Notes to Combined Financial Statements  
December 31, 2022 and 2021

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 \$101,477 and \$99,536 for the years ended December 31, 2022 and 2021, respectively.

12. Major League Baseball Agreement

USAB granted exclusively 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 for the term beginning January 2016 and concluding December 2021. USAB and MLB agreed to a new multi-year contract in 2023 which was effective starting January 1, 2022 and concluding December 31, 2028. USAB will receive annual funding for its operations from the Office of the Commissioner of Baseball, with the minimum amounts as follows:

2023	\$	3,120,000
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

During 2017, USAB entered into USA Baseball Youth Bat Performance Standard Trademark License Agreements with 12 bat manufacturers in which the licensees pay USAB a licensing royalty of 5% of net sales of approved bats bearing the trademark, paid on a quarterly basis. This agreement expired on December 31, 2022. USAB is in negotiations with the bat manufacturers for new agreements.

Also during 2017, USAB entered into Youth Bat Licensing Royalty Agreements with five youth baseball organizations in which USAB distributes 2.75% of the 5% royalties received from the bat manufacturer's agreements. Distributions are made 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 statement of financial position. Payables to youth baseball organizations of \$863,298 and \$642,383 are included in bat licensing program royalties on the combined statement of financial position at December 31, 2022 and 2021, respectively. These agreements were renewed for years 2023 to 2028. The youth baseball organizations will receive 55% of the royalties received from the bat manufacturer's during this period.

USAB retains 2.25% of the 5% of royalties received from the bat manufacturer's agreements. During 2022 and 2021, USAB earned bat licensing program income of \$3,823,588 and \$2,901,674, respectively.

USA BASEBALL  
Notes to Combined Financial Statements  
December 31, 2022 and 2021

14. Net Assets Without Donor Restrictions

Net assets without donor restrictions at December 31, 2022 and 2021 are as follows:

	2022	2021
Undesignated	\$ 6,409,557	\$ 7,659,803
Board Designated - USAB Develops	-	132,487
	<u>\$ 6,409,557</u>	<u>\$ 7,792,290</u>

15. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2022 and 2021 are available for the following purposes:

	2022	2021
USAB Develops	\$ -	\$ 71,329
Prospect Development Pipeline	299,325	199,072
USOPC Pro Team	-	-
	<u>\$ 299,325</u>	<u>\$ 270,401</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, 2022 and 2021 were as follows:

	2022	2021
USAB Develops	\$ 1,974,829	\$ 1,699,538
Prospect Development Pipeline	1,288,468	1,074,405
USOC Pro Team	15,000	40,415
Paycheck Protection Program	-	614,870
Employee Retention Tax Credit	-	163,464
	<u>\$ 3,278,297</u>	<u>\$ 3,592,692</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 Combined Financial Statements  
December 31, 2022 and 2021

17. Board Designated Endowment Fund (Continued)

Changes in board-designated endowment assets of the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Endowment Net Assets at January 1	\$ <u>2,506,458</u>	\$ <u>2,417,596</u>
Investment Return:		
Investment Income, net	11,462	2,418
Net Appreciation (Depreciation):		
Realized and Unrealized	<u>(410,135)</u>	<u>186,444</u>
Total Investment Return	<u>(398,673)</u>	<u>188,862</u>
Reclassifications	-	-
Contributions	-	-
Other Expense	-	-
Amount Appropriated for Expenditure	<u>(60,000)</u>	<u>(100,000)</u>
Endowment Net Assets at December 31	\$ <u><u>2,047,785</u></u>	\$ <u><u>2,506,458</u></u>

*Investment Return Objectives and Strategies*

The Foundation's investment policies include investment 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 overall 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. 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.

USA BASEBALL  
Notes to Combined Financial Statements  
December 31, 2022 and 2021

18. Liquidity and Availability (Continued)

The following reflects USAB's financial assets (cash and cash equivalents and investments) as of December 31, 2022 and 2021 expected to be available within one year to meet the cash needs for general expenditures:

	2022	2021
Financial assets available within one year:		
Cash	\$ 1,759,771	\$ 1,712,007
Accounts Receivable	3,091,186	2,624,250
Investments	2,847,235	4,139,487
Financial assets, at year end	7,698,192	8,475,744
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted Cash (Contractual restrictions)	296,494	245,176
Restricted by donor with purpose restrictions	299,325	270,401
Board Designated	-	132,487
Financial assets available to meet cash needs for general expenditures within one year	\$ 7,102,373	\$ 7,827,680

19. Appalachian League

In 2022 and 2021, USAB received \$4,000,000 and \$5,128,110, respectively, in funding designated for the Appalachian League, Inc., another non-profit. The funding received was based on the budgeted support necessary for the Appalachian League's operations. USAB helped to administer these operations and spend these funds at the direction of the Appalachian League. All funding was spent during the years ended December 31, 2022 and 2021, therefore no liability was recorded.

20. Funding under the Paycheck Protection Program

On February 9, 2021, USAB entered into a loan with PNC Bank in an aggregate principal amount of \$614,870 for a Second Draw PPP loan pursuant to the COVID-Related Tax Relief Act of 2020. USAB received full forgiveness on April 7, 2022. Loan forgiveness revenue of \$614,870 was recognized as SBA Paycheck Protection Program income as of December 31, 2021.

21. Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to the presentation of the current year financial statements. The reclassifications have no effect on the change in net assets for the prior year.

22. Subsequent Events

USAB evaluated the events and transactions subsequent to its December 31, 2022 combined statement of financial position date and determined there were no significant events to report through May 18, 2023 which is the date USAB issued its combined financial statements.



Board of Directors  
USA Baseball  
Durham, North Carolina

#### REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

We have audited the combined financial statements of USA Baseball as of and for the year ended December 31, 2022, and have issued our report thereon which contains an unmodified opinion on those combined financial statements. The combined financial statements of USA Baseball, as of and for the year ended December 31, 2021, were audited by other auditors (who have ceased operations), whose report, dated May 11, 2022, expressed an unmodified opinion on those statements. Our audit was performed for the purpose of forming an opinion on the combined financial statements as of and for the year ended December 31, 2022, as a whole. The supplementary information is presented for the purposes of additional analysis and is not a required part of the combined 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 as of and for the year ended December 31, 2022, has been subjected to the auditing procedures applied in the audit 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 as of and for the year ended December 31, 2022, is fairly stated in all material respects in relation to the combined financial statements as a whole. The supplementary information as of and for the year ended December 31, 2021, was audited by other auditors whose report, dated May 11, 2022, expressed an opinion on such information in relation to the financial statements as a whole.

*Dean Dorton Allen Ford, PLLC*

Raleigh, North Carolina  
May 18, 2023

USA BASEBALL  
Combining Statement of Financial Position  
December 31, 2022

ASSETS

	United States Baseball Federation, Inc.	USA Baseball Foundation, Inc.	Eliminations	Total
<b>CURRENT ASSETS:</b>				
Cash	\$ 1,276,378	\$ 186,899	\$ -	\$ 1,463,277
Restricted Cash	296,494	-	-	296,494
Account Receivable	3,091,186	-	-	3,091,186
Inventories	659,415	-	-	659,415
Investments	988,709	1,858,526	-	2,847,235
Other Current Assets	257,771	2,360	-	260,131
Total Current Assets	<u>6,569,953</u>	<u>2,047,785</u>	<u>-</u>	<u>8,617,738</u>
PROPERTY AND EQUIPMENT, net	<u>213,333</u>	<u>-</u>	<u>-</u>	<u>213,333</u>
RIGHT OF USE ASSETS (LEASES), net	<u>124,303</u>	<u>-</u>	<u>-</u>	<u>124,303</u>
Total Assets	<u>\$ 6,907,589</u>	<u>\$ 2,047,785</u>	<u>\$ -</u>	<u>\$ 8,955,374</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>				
Bat Licensing Program	\$ 863,298	\$ -	\$ -	\$ 863,298
Accounts Payable and Accrued Expenses	778,643	-	-	778,643
Deferred Revenue	478,653	-	-	478,653
Right of Use Asset Liability - Current	64,988	-	-	64,988
Total Current Liabilities	<u>2,185,582</u>	<u>-</u>	<u>-</u>	<u>2,185,582</u>
<b>NON CURRENT LIABILITIES:</b>				
Right of Use Asset Liability	<u>60,910</u>	<u>-</u>	<u>-</u>	<u>60,910</u>
Total Non Current Liabilities	<u>60,910</u>	<u>-</u>	<u>-</u>	<u>60,910</u>
<b>NET ASSETS</b>				
Without Donor Restrictions	4,361,772	2,047,785	-	6,409,557
With Donor Restrictions	299,325	-	-	299,325
Total Net Assets	<u>4,661,097</u>	<u>2,047,785</u>	<u>-</u>	<u>6,708,882</u>
Total Liabilities and Net Assets	<u>\$ 6,907,589</u>	<u>\$ 2,047,785</u>	<u>\$ -</u>	<u>\$ 8,955,374</u>

See Independent Auditor's Report on Supplementary Information.



USA BASEBALL  
Combining Statement of Financial Position  
December 31, 2021

ASSETS

	United States Baseball Federation, Inc.	USA Baseball Foundation, Inc.	Eliminations	Total
<b>CURRENT ASSETS:</b>				
Cash	\$ 1,282,201	\$ 184,630	\$ -	\$ 1,466,831
Restricted Cash	245,176	-	-	245,176
Account Receivable	2,624,250	-	-	2,624,250
Inventories	582,275	-	-	582,275
Investments	1,820,185	2,319,302	-	4,139,487
Other Current Assets	260,129	2,526	-	262,655
Total Current Assets	<u>6,814,216</u>	<u>2,506,458</u>	<u>-</u>	<u>9,320,674</u>
<b>PROPERTY AND EQUIPMENT, net</b>	<u>184,394</u>	<u>-</u>	<u>-</u>	<u>184,394</u>
Total Assets	<u>\$ 6,998,610</u>	<u>\$ 2,506,458</u>	<u>\$ -</u>	<u>\$ 9,505,068</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>				
Bat Licensing Program	\$ 642,383	\$ -	\$ -	\$ 642,383
Accounts Payable and Accrued Expenses	506,494	-	-	506,494
Deferred Revenue	293,500	-	-	293,500
Total Current Liabilities	<u>1,442,377</u>	<u>-</u>	<u>-</u>	<u>1,442,377</u>
<b>NET ASSETS</b>				
Without Donor Restrictions	5,285,832	2,506,458	-	7,792,290
With Donor Restrictions	270,401	-	-	270,401
Total Net Assets	<u>5,556,233</u>	<u>2,506,458</u>	<u>-</u>	<u>8,062,691</u>
Total Liabilities and Net Assets	<u>\$ 6,998,610</u>	<u>\$ 2,506,458</u>	<u>\$ -</u>	<u>\$ 9,505,068</u>

USA BASEBALL  
Combining Statement of Activities and Changes in Net Assets  
For the 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		
<b>REVENUES AND OTHER SUPPORT:</b>								
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 Sale and Memorabilia	1,734,940	-	1,734,940	-	-	-	-	1,734,940
MLB/USAB Joint Events	2,294,304	-	2,294,304	-	-	-	-	2,294,304
MLB Combine	2,202,097	-	2,202,097	-	-	-	-	2,202,097
Prospect Development Pipeline	-	1,381,257	1,381,257	-	-	-	-	1,381,257
Sponsorships, Licensing, and Donations	2,085,441	203,500	2,288,941	-	-	-	-	2,288,941
MLB/USOC Professional Team	-	15,000	15,000	-	-	-	-	15,000
Ticket Sales	594,445	-	594,445	-	-	-	-	594,445
Value In-Kind Donations	173,554	7,464	181,018	-	-	-	-	181,018
Other Income	203,715	-	203,715	-	-	-	(60,000)	143,715
Membership and National Member Organization Revenue	5,843	-	5,843	-	-	-	-	5,843
Dividends and Interest	37,918	-	37,918	11,462	-	11,462	-	49,380
Net Realized and Unrealized Gains on Investments	(253,256)	-	(253,256)	(410,135)	-	(410,135)	-	(663,391)
Total	<u>16,823,952</u>	<u>3,307,221</u>	<u>20,131,173</u>	<u>(398,673)</u>	<u>-</u>	<u>(398,673)</u>	<u>(60,000)</u>	<u>19,672,500</u>
Net Assets Released from Restrictions:								
Satisfaction of Program Restrictions	<u>3,278,297</u>	<u>(3,278,297)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Support	<u>20,102,249</u>	<u>28,924</u>	<u>20,131,173</u>	<u>(398,673)</u>	<u>-</u>	<u>(398,673)</u>	<u>(60,000)</u>	<u>19,672,500</u>
<b>EXPENSES AND DIRECT COSTS:</b>								
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	<u>20,169,127</u>	<u>-</u>	<u>20,169,127</u>	<u>60,000</u>	<u>-</u>	<u>60,000</u>	<u>(60,000)</u>	<u>20,169,127</u>
Direct Costs:								
Merchandise Sales	742,222	-	742,222	-	-	-	-	742,222
Card Sales and Fundraiser	114,960	-	114,960	-	-	-	-	114,960
Total Direct Costs	<u>857,182</u>	<u>-</u>	<u>857,182</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>857,182</u>
Total Expenses and Direct Costs	<u>21,026,309</u>	<u>-</u>	<u>21,026,309</u>	<u>60,000</u>	<u>-</u>	<u>60,000</u>	<u>(60,000)</u>	<u>21,026,309</u>
CHANGES IN NET ASSETS	(924,060)	28,924	(895,136)	(458,673)	-	(458,673)	-	(1,353,809)
NET ASSETS--Beginning of Year	<u>5,285,832</u>	<u>270,401</u>	<u>5,556,233</u>	<u>2,506,458</u>	<u>-</u>	<u>2,506,458</u>	<u>-</u>	<u>8,062,691</u>
NET ASSETS--End 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>

See Independent Auditor's Report on Supplementary Information.

USA BASEBALL  
Combining Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2021

	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		
<b>REVENUES AND OTHER SUPPORT:</b>								
Major League Baseball Funding	\$ 1,462,323	\$ 1,462,323	\$ 2,924,646	\$ -	\$ -	\$ -	\$ -	\$ 2,924,646
Bat Licensing Program Royalties	2,901,674	-	2,901,674	-	-	-	-	2,901,674
Event Registration and Room Rebates	1,925,294	-	1,925,294	-	-	-	-	1,925,294
Merchandise Sale and Memorabilia	1,755,623	-	1,755,623	-	-	-	-	1,755,623
MLB/USAB Joint Events	1,541,663	-	1,541,663	-	-	-	-	1,541,663
MLB Combine	1,471,501	-	1,471,501	-	-	-	-	1,471,501
Prospect Development Pipeline	-	1,268,411	1,268,411	-	-	-	-	1,268,411
Sponsorships, Licensing, and Donations	1,016,025	203,500	1,219,525	-	-	-	-	1,219,525
MLB/USOC Professional Team	617,343	8,000	625,343	-	-	-	-	625,343
Ticket Sales	471,526	-	471,526	-	-	-	-	471,526
Value In-Kind Donations	226,552	5,066	231,618	-	-	-	-	231,618
Other Income	145,209	-	145,209	-	-	-	(100,000)	45,209
Membership and National Member Organization Revenue	4,613	-	4,613	-	-	-	-	4,613
SBA Paycheck Protection Program	-	614,870	614,870	-	-	-	-	614,870
Dividends and Interest	35,497	163,464	198,961	2,418	-	2,418	-	201,379
Net Realized and Unrealized Gains on Investments	(43,541)	-	(43,541)	186,444	-	186,444	-	142,903
Total	<u>13,531,302</u>	<u>3,725,634</u>	<u>17,256,936</u>	<u>188,862</u>	<u>-</u>	<u>188,862</u>	<u>(100,000)</u>	<u>17,345,798</u>
Net Assets Released from Restrictions:								
Satisfaction of Program Restrictions	<u>3,592,692</u>	<u>(3,592,692)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Support	<u>17,123,994</u>	<u>132,942</u>	<u>17,256,936</u>	<u>188,862</u>	<u>-</u>	<u>188,862</u>	<u>(100,000)</u>	<u>17,345,798</u>
<b>EXPENSES AND DIRECT COSTS:</b>								
Expenses:								
Program Services	13,823,524	-	13,823,524	-	-	-	-	13,823,524
Management and General	1,069,178	-	1,069,178	100,000	-	100,000	(100,000)	1,069,178
Fundraising	135,859	-	135,859	-	-	-	-	135,859
Total Expenses	<u>15,028,561</u>	<u>-</u>	<u>15,028,561</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>(100,000)</u>	<u>15,028,561</u>
Direct Costs:								
Merchandise Sales	832,874	-	832,874	-	-	-	-	832,874
Card Sales and Fundraiser	36,750	-	36,750	-	-	-	-	36,750
Total Direct Costs	<u>869,624</u>	<u>-</u>	<u>869,624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>869,624</u>
Total Expenses and Direct Costs	<u>15,898,185</u>	<u>-</u>	<u>15,898,185</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>(100,000)</u>	<u>15,898,185</u>
CHANGES IN NET ASSETS	1,225,809	132,942	1,358,751	88,862	-	88,862	-	1,447,613
NET ASSETS-- Beginning of Year	<u>4,060,023</u>	<u>137,459</u>	<u>4,197,482</u>	<u>2,417,596</u>	<u>-</u>	<u>2,417,596</u>	<u>-</u>	<u>6,615,078</u>
NET ASSETS--End of Year	<u>\$ 5,285,832</u>	<u>\$ 270,401</u>	<u>\$ 5,556,233</u>	<u>\$ 2,506,458</u>	<u>\$ -</u>	<u>\$ 2,506,458</u>	<u>\$ -</u>	<u>\$ 8,062,691</u>

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