



REPORT OF INDEPENDENT AUDITORS  
AND FINANCIAL STATEMENTS

**CELEBRITY FIGHT NIGHT FOUNDATION, INC.**

May 31, 2020 and 2019

## Table of Contents

---

	PAGE
<b>Report of Independent Auditors</b>	1–2
<b>Financial Statements</b>	
Statements of financial position	3
Statements of activities and changes in net assets	4–5
Statements of functional expenses	6–7
Statements of cash flows	8
Notes to financial statements	9–17

## **Report of Independent Auditors**

The Board of Directors  
Celebrity Fight Night Foundation, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Celebrity Fight Night Foundation, Inc. (the "Organization"), which is comprised of the statements of financial position as of May 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility 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; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of May 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

***Substantial Doubt about the Organization's Ability to Continue as a Going Concern***

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 3, the event was postponed due to COVID-19. The lack of event resulted in an operating loss and net asset deficit which raise substantial doubt about the Organization's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

*Moss Adams LLP*

Phoenix, Arizona

April 9, 2021

**Celebrity Fight Night Foundation, Inc.**  
**Statements of Financial Position**

	May 31,	
	2020	2019
<b>ASSETS</b>		
ASSETS		
Cash and cash equivalents	\$ 336,998	\$ 764,948
Investments	10,482	35,056
Receivables	313,014	1,738,034
Related-party loan receivable	152,142	271,689
Prepaid event expenses	226,451	-
Other assets	32,444	32,444
Total assets	\$ 1,071,531	\$ 2,842,171
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES		
Accounts payable	\$ 2,014	\$ 11,607
Accrued liabilities	81,232	89,232
Agency liabilities	450,000	1,814,500
Deferred revenue	538,980	6,000
Loan payable	67,700	-
Total liabilities	1,139,926	1,921,339
NET ASSETS (DEFICIT)		
Without donor restrictions	(68,395)	920,832
Total net assets (deficit)	(68,395)	920,832
Total liabilities and net assets	\$ 1,071,531	\$ 2,842,171

**Celebrity Fight Night Foundation, Inc.**  
**Statements of Activities and Changes in Net Assets**

	Year Ended May 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
Contributions	\$ 410,404	\$ -	\$ 410,404
Contributions designated as agency transactions	(130,000)	-	(130,000)
Contributions, net	280,404	-	280,404
Total revenues and support	280,404	-	280,404
<b>EXPENSES</b>			
Program expenses	452,769	-	452,769
Management and general expenses	129,014	-	129,014
Fundraising expenses	691,194	-	691,194
Total expenses	1,272,977	-	1,272,977
<b>OTHER CHANGES IN NET ASSETS</b>			
Investment income	902	-	902
Interest income	2,444	-	2,444
Total other changes in net assets	3,346	-	3,346
<b>CHANGE IN NET ASSETS</b>	<b>(989,227)</b>	<b>-</b>	<b>(989,227)</b>
NET ASSETS, beginning of year	920,832	-	920,832
NET ASSET DEFICIT, end of year	\$ (68,395)	\$ -	\$ (68,395)

**Celebrity Fight Night Foundation, Inc.**  
**Statements of Activities and Changes in Net Assets (Continued)**

	Year Ended May 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
Special events revenue	\$ 4,456,945	\$ -	\$ 4,456,945
Special events revenue designated as agency transactions	(1,902,500)	-	(1,902,500)
Special events revenue, net	2,554,445	-	2,554,445
Contributions	1,932,750	-	1,932,750
Contributions designated as agency transactions	(808,000)	-	(808,000)
Contributions, net	1,124,750	-	1,124,750
In-kind donations	787,250	-	787,250
Total revenues and support	4,466,445	-	4,466,445
<b>EXPENSES</b>			
Program expenses	56,950	-	56,950
Management and general expenses	203,064	-	203,064
Fundraising expenses	3,521,105	-	3,521,105
Total expenses	3,781,119	-	3,781,119
<b>OTHER CHANGES IN NET ASSETS</b>			
Investment income	6,460	-	6,460
Interest income	761	-	761
Total other changes in net assets	7,221	-	7,221
<b>CHANGE IN NET ASSETS</b>	<b>692,547</b>	<b>-</b>	<b>692,547</b>
<b>NET ASSETS, beginning of year</b>	<b>228,285</b>	<b>-</b>	<b>228,285</b>
<b>NET ASSETS, end of year</b>	<b>\$ 920,832</b>	<b>\$ -</b>	<b>\$ 920,832</b>

**Celebrity Fight Night Foundation, Inc.**  
**Statements of Functional Expenses**

---

	Year Ended May 31, 2020			
	Program Expenses	Management and General Expenses	Fundraising Expenses	Total
Direct costs of special events	\$ -	\$ -	\$ 52,473	\$ 52,473
Contributions made	452,769	-	-	452,769
Salaries and payroll taxes	-	51,341	427,066	478,407
Rent	-	18,329	36,658	54,987
Public relations and advertising	-	1,076	9,683	10,759
Accounting and legal	-	12,605	25,210	37,815
Contract labor	-	11,306	22,613	33,919
Miscellaneous	-	-	40,024	40,024
Postage and shipping	-	320	641	961
Insurance	-	5,836	52,528	58,364
Office supplies	-	-	7,039	7,039
Website	-	4,053	8,105	12,158
Telephone	-	5,261	-	5,261
Subscriptions	-	18,887	-	18,887
Travel	-	-	9,154	9,154
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 452,769</u>	<u>\$ 129,014</u>	<u>\$ 691,194</u>	<u>\$ 1,272,977</u>

**Celebrity Fight Night Foundation, Inc.**  
**Statements of Functional Expenses (Continued)**

	Year Ended May 31, 2019			
	Program Expenses	Management and General Expenses	Fundraising Expenses	Total
Direct costs of special events	\$ -	\$ -	\$ 2,441,778	\$ 2,441,778
Contributions made	56,950	-	-	56,950
Salaries and payroll taxes	-	54,252	471,492	525,744
Rent	-	19,627	39,255	58,882
Public relations and advertising	-	41,455	373,091	414,546
Accounting and legal	-	14,131	28,263	42,394
Contract labor	-	26,260	52,521	78,781
Miscellaneous	-	-	41,836	41,836
Postage and shipping	-	1,674	3,347	5,021
Insurance	-	6,042	54,380	60,422
Office supplies	-	-	6,669	6,669
Website	-	2,167	4,334	6,501
Telephone	-	7,141	-	7,141
Subscriptions	-	18,215	-	18,215
Travel	-	-	4,139	4,139
Accounts receivable written off	-	12,100	-	12,100
	<u>\$ 56,950</u>	<u>\$ 203,064</u>	<u>\$ 3,521,105</u>	<u>\$ 3,781,119</u>
Total expenses	<u>\$ 56,950</u>	<u>\$ 203,064</u>	<u>\$ 3,521,105</u>	<u>\$ 3,781,119</u>

## Celebrity Fight Night Foundation, Inc.

### Statements of Cash Flows

	Years Ended May 31,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (989,227)	\$ 692,547
Adjustments to reconcile change in net assets to net cash used in operating activities		
Receivables written off	-	12,100
Donated investments	-	(220,311)
Realized and unrealized gains on investments	(902)	(2,316)
Change in assets and liabilities		
Receivables	473,947	(1,535,020)
Prepaid event expenses	(226,451)	-
Accounts payable	(9,593)	(23,609)
Accrued liabilities	(8,000)	-
Agency liabilities	(1,364,500)	760,400
Deferred revenue	532,980	-
Net cash used in operating activities	<u>(1,591,746)</u>	<u>(316,209)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	976,549	200,346
Payments to related party for loan receivable	-	(271,689)
Proceeds from related party for loan receivable	119,547	160,000
Net cash provided by investing activities	<u>1,096,096</u>	<u>88,657</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of loan payable	67,700	-
Net cash provided by financing activities	<u>67,700</u>	<u>-</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(427,950)</b>	<b>(227,552)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>764,948</b>	<b>992,500</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b><u>\$ 336,998</u></b>	<b><u>\$ 764,948</u></b>
<b>NONCASH INVESTING ACTIVITIES</b>		
Investments received as payment for receivables	<u>\$ 951,073</u>	<u>\$ -</u>

# Celebrity Fight Night Foundation, Inc.

## Notes to Financial Statements

---

### Note 1 – Nature of Business

Celebrity Fight Night Foundation, Inc. (the “Organization”) is an Arizona not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization’s primary purpose is to plan and administer the annual “Celebrity Fight Night” charity event. Celebrity Fight Night is a star-studded evening with celebrities and professional athletes from all over the country participating in a night filled with incredible live auction items, and live musical performances by many of today’s brightest stars. The Barrow Neurological Institute is a significant beneficiary of donations collected from this annual charity event.

The Organization collects donations for this charity event through a live auction, silent auction, table sales, event sponsors, general donations, and in-kind donations. The Organization also raises money through its Founders Club, whose members contribute \$20,000 per year. Half of this money is for the benefit of charities specified by each Founders Club member.

On March 11, 2020, the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic. For public health reasons the 2020 event scheduled for May 2020 was postponed until such time that the event could be held in compliance with the state of Arizona and Maricopa County public health standards. As of the date these financial statements are available to be issued, the event has been rescheduled for March 12, 2022.

### Note 2 – Summary of Significant Accounting Policies

**Basis of accounting** – The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Net asset classification** – The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net assets without donor restrictions* – Net assets without donor restrictions are assets not subject to stipulations imposed by the donor and are currently available for expenditures. Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by explicit donor restrictions. Contributions are reported as net assets without donor restrictions where donor-imposed restrictions are met in the same reporting period as they are received. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law. Net assets without donor restrictions include net assets transferred from net assets with donor restrictions after the restrictions imposed by the donor have been accomplished or the stipulated time period has elapsed.

## Celebrity Fight Night Foundation, Inc.

### Notes to Financial Statements

---

#### Note 2 – Summary of Significant Accounting Policies (continued)

*Net assets with donor restrictions* – Net assets with donor restrictions are assets subject to explicit restrictions imposed by the donor on the expenditure of contributions or income and gains on contributed assets. The restrictions may expire due to the passage of time or the occurrence of expenditures that fulfill the restrictions. The Organization does not have any net assets with donor restrictions as of May 31, 2020 and 2019.

**Accounting estimates** – The preparation of 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and cash equivalents** – The Organization considers all short-term highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less as cash equivalents. At times, the Organization's cash and cash equivalent balances in financial institutions may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

**Investments** – Investments are reported at fair value, with realized and unrealized gains and losses included in the statements of activities. Investments consist solely of domestic common stock. Fair value for these investments is based upon the closing price reported on the active market on which the individual securities are traded. Realized gains or losses are recorded using the specific identification method. Investment transactions, including transfers between the levels of fair value inputs, are recognized as of the date of the end of the year.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the accompanying financial statements.

**Receivables** – Receivables are stated at the amount management expects to collect under the terms of the agreements. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual balances. All receivables at May 31, 2020 and 2019, are considered by management to be fully collectible and accordingly, an allowance for uncollectible amounts has not been provided.

**Prepaid event expenses** – Prepaid event expenses represent deposits and other fundraising costs related to the annual charity event that were paid for but for which the good or service has not yet been received.

## Celebrity Fight Night Foundation, Inc. Notes to Financial Statements

---

### Note 2 – Summary of Significant Accounting Policies (continued)

**Property, equipment, and depreciation** – The Organization capitalizes all expenditures in excess of \$500 for property and equipment at cost. Major renewals and improvements are charged to the asset accounts while replacements, maintenance, and repairs that do not improve or extend the lives of the respective assets are expensed. At the time assets are retired or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved of the applicable amounts. Gains or losses from retirements or sales are credited or charged to changes in net assets. Depreciation is computed on a straight-line basis over terms ranging from five to seven years for financial reporting purposes.

As of May 31, 2020 and 2019, there was \$29,390 of office equipment which was fully depreciated.

**Agency transactions** – The Organization collects contributions (including promises to give) on behalf of unrelated not-for-profit entities and remits such contributions directly to these entities as directed by donors. The Organization records these transactions as an increase in cash (or promises to give if cash is not collected during the event) and agency liabilities in the statements of financial position. The cash received in connection with these agency transactions is not required to be segregated in a separate account. The Organization does not guarantee the collectability of promises to give as they are subject to the credit risk of the individual donor. To the extent promises to give are not ultimately collected, the Organization will reduce the amount of its agency liability by this amount.

**Deferred revenue** – Deferred revenue consists of cash received in advance for the annual charity event that will be recognized as revenue upon occurrence of the event. As a result of the postponement of the 2020 event, deferred revenue as of May 31, 2020, consisted of \$478,980 of pre-sold table sales and \$60,000 of pre-sold sponsorships related to the postponed 2020 event.

**Special events revenue** – Special events revenue is comprised of proceeds from table sales, the live and silent auction, and sponsorship for the annual Celebrity Fight Night fundraising event. Special events revenue is recorded net of proceeds from the live auction that represent agency transactions. These agency transaction amounts totaled \$407,500 for the year ended May 31, 2019. The Organization also raised donations during the event for the Alzheimer's and Memory Disorders Program at Barrow Neurological Institute totaling \$1,495,000 for the year ended May 31, 2019, recorded as agency transactions. There was no special events revenue or related agency transactions for the year ended May 31, 2020, due to the postponement of the 2020 event. The direct costs associated with organizing and conducting special events are recorded as fundraising expenses on the statements of activities and changes in net assets.

## Celebrity Fight Night Foundation, Inc.

### Notes to Financial Statements

---

#### Note 2 – Summary of Significant Accounting Policies (continued)

**Contribution revenue and support** – Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets less contributions representing agency transactions. These agency transaction amounts totaled \$130,000 and \$808,000 for the years ended May 31, 2020 and 2019, respectively. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the discounted present value of future contributions. Gifts of goods and equipment are reported at fair value as 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 net assets with donor restrictions.

Absent donor stipulations about how those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Contributed services** – A substantial number of volunteers donate time to the Organization's program services and fundraising campaigns; however, these donated services are not reflected in the financial statements since these services do not require specialized skills. A number of entertainers donate their time and skills to the Organization for the night of the Organization's main event. The Organization recognizes amounts as in-kind donation revenue and entertainment expense. For the year ended May 31, 2019, in-kind donations were \$787,250, representing donated live auction items and event sponsorships. There were no such in-kind donations for the year ended May 31, 2020, due to the postponement of the 2020 event.

**Allocation of expenditures** – The costs of providing the various program services and supporting activities of the Organization have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the program services and supporting activities based upon the nature of the services provided, or allocated based on management's estimates. Program expenses consist of donations made to various charitable organizations based on available funds. Management and general expenses and fundraising expenses consist primarily of general overhead expenses as summarized in the statements of functional expenses. Administrative costs are allocated based on usage and headcount. All other expenses are allocated based on direct costs.

**Reclassifications** – Certain prior year amounts have been reclassified to conform with the current year's presentation. The reclassifications had no effect on the Organization's financial condition, results of operations, or cash flows.

**Public relations and advertising** – Advertising and promotional costs are charged to operations as incurred. For the years ended May 31, 2020 and 2019, advertising and promotional expenses totaled \$10,759 and \$414,546, respectively, of which \$0 and \$366,250, respectively, were in-kind donations from media partners.

## Celebrity Fight Night Foundation, Inc. Notes to Financial Statements

---

### Note 2 – Summary of Significant Accounting Policies (continued)

**Income tax status** – The Organization is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and under Section 43, 1201(4) of the Arizona Revised Statutes. The Organization files an exempt organization return in the United States federal jurisdiction and with the State of Arizona. The Organization evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts. As of May 31, 2020, the Organization had no uncertain tax positions.

**Recent accounting pronouncements** – The Organization adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* effective June 1, 2019, using the modified retrospective method. The adoption of this guidance did not have a significant impact on the financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU will replace all current U.S. GAAP guidance on this topic and eliminate all industry-specific guidance. The new revenue recognition standard provides a unified model to determine when and how revenue is recognized. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. This guidance will be effective at the beginning of the Organization's 2021 fiscal year and can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Organization will continue to evaluate the impact, if any, of adopting this new accounting standard on its financial statements.

**Subsequent events** – Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued.

The Organization has evaluated subsequent events through April 9, 2021, which is the date the financial statements are available to be issued.

## Celebrity Fight Night Foundation, Inc.

### Notes to Financial Statements

---

#### Note 3 – Availability and Liquidity

The Organization donates the proceeds from the annual event and contributions, net of direct costs of the event and agency transactions to charities, primarily to the Muhammad Ali Parkinson Center at the Barrow Neurological Institute. The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments as they come due, so that it can direct as much proceeds as possible to its beneficiaries after its annual event each year.

The following represents the Organization's financial assets available to meet general expenditures over the next twelve months as of May 31, 2020:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 336,998	\$ 764,948
Investments	10,482	35,056
Receivables due in upcoming year	113,014	1,438,034
Related-party note receivable due in upcoming year	152,142	271,689
Less: agency liabilities	<u>(450,000)</u>	<u>(1,814,500)</u>
Total financial assets available	<u>\$ 162,636</u>	<u>\$ 695,227</u>

As a result of COVID-19, the 2020 event scheduled for March 2020 was postponed and the next event is scheduled for March 12, 2022. As shown in the accompanying financial statements, without the event, the Organization had an excess of expenses over revenues of \$989,227 during the year ended May 31, 2020, and a net asset deficit of \$68,395 as of May 31, 2020. Those factors create uncertainty about the Organization's ability to continue as a going concern for the year following the date the financial statements are available to be issued. The ability of the Organization to continue as a going concern and meet its obligations as they become due is dependent on the March 12, 2022, event being held or other online auctions or small dinner fundraisers being held in order to raise funds to meet obligations as they become due. The Organization held one such online auction in September 2020 for which proceeds of \$414,000 were received. In addition, the Organization decided not to renew its office lease and consequent related expenses such as phone, internet, plants care, copier lease, etc., resulting in a reduction of approximately \$7,835 in expenses per month. As of the date these financial statements are available to be issued, state and local government officials have not indicated when restrictions on mass gatherings will be lifted. Therefore, due to the uncertainty of government restrictions on mass gatherings and uncertainty on the timing and amounts to be raised through other fundraising events, we are obligated to mention there is substantial doubt as to the Organization's ability to continue as a going concern for the year following the date that the financial statements are available to be issued. The financial statements do not include any adjustments that might be necessary if the Organization is unable to continue as a going concern.

## Celebrity Fight Night Foundation, Inc. Notes to Financial Statements

---

### Note 4 – Investments and Fair Value of Assets

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described as follows:

**Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

**Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These 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, inputs other than quoted prices that are observable for the asset or liability, and market corroborated inputs.

**Level 3** – Unobservable inputs for the asset or liability.

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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table summarizes the valuation of the Organization's assets and liabilities measured at fair value on a recurring basis as of May 31:

	2020 (Level 1)	2019 (Level 1)
Domestic common stock	\$ 10,482	\$ 35,056

### Note 5 – Agency Liabilities

Agency liabilities consist of contributions received on behalf of unrelated nonprofit entities, but not yet paid by the Organization. As of May 31, 2020, total agency liabilities were \$450,000, of which \$300,000 was due to the Alzheimer's and Memory Disorders Program at Barrow Neurological Institute and the remainder due to various charities to be selected by Founders Club members. Total agency liabilities were \$1,814,500 as of May 31, 2019, of which \$1,745,000 was due to the Alzheimer's and Memory Disorders Program at Barrow Neurological Institute and the remainder due to various charities selected by Founders Club members and auction item donors.

## **Celebrity Fight Night Foundation, Inc.**

### **Notes to Financial Statements**

---

#### **Note 6 – Loan payable**

In April 2020, the Organization was granted a loan for \$67,700 under the Paycheck Protection Program (PPP) offered by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The loan is subject to full or partial forgiveness in accordance with the CARES Act. The loan bears interest at 1%. The original term included no payments for the first 6 months with monthly principal and interest payments beginning in November 2020 and the remaining principal balance and accrued interest payable upon maturity in April 2022, if required. The payment terms were deferred with the issuance of the Paycheck Protection Program Flexibility Act of 2020 enacted June 5, 2020. The deferral period will last until the SBA remits the loan forgiveness amount to the lender.

#### **Note 7 – Retirement Plan**

The Organization has established a defined contribution plan as authorized under Internal Revenue Code Section 401(k). The Plan requires the Organization to match 50% of employee contributions up to 6% of the employee’s salary. The Organization made contributions of \$7,440 and \$10,088 for the years ended May 31, 2020 and 2019, respectively.

#### **Note 8 – Related-Party Transactions**

Celebrity Fight Night Foundation International, Inc. (“CFNF Int’l”) was established in January 2015 and granted status as a 501(c)(3) entity in January 2016. A member of the board of directors for the Organization serves on the board of directors of CFNF Int’l. The Organization does not have a majority voting interest, economic interest, or control over CFNF Int’l. Therefore, the operations of CFNF Int’l are not consolidated with the Organization and are not presented within these financial statements.

During the year ended May 31, 2018, the Organization loaned \$160,000 to CFNF Int’l. The loan was noninterest-bearing and was paid in full during the year ended May 31, 2019. During the year ended May 31, 2019, the Organization loaned an additional \$271,689 to CFNF Int’l. This loan is also noninterest-bearing and does not have a maturity date. The Organization collected \$119,547 on this loan during the year ended May 31, 2020, with the remaining balance expected to be collected during the year ending May 31, 2021.

#### **Note 9 – Commitments**

The Organization has a commercial rental agreement to lease a facility in Phoenix, Arizona, ending February 28, 2021. Rent expense for the facilities was \$54,987 and \$58,882 for the years ended May 31, 2020 and 2019, respectively. Future minimum rental payments are \$48,458 due in the year ending May 31, 2021.

**Celebrity Fight Night Foundation, Inc.**  
**Notes to Financial Statements**

---

**Note 10 – Concentrations**

During the year ended May 31, 2019, 47% of total table sales and live auction sales were contributed by two individuals and 79% of in-kind donations were contributed by three individuals. There were no such concentrations for the year ended May 31, 2020, due to the postponement of the 2020 event.

**Note 11 – Charitable Support**

In addition to contributions made directly to nonprofit entities, included in program expenses, the Organization raises certain funds on behalf of unrelated not-for-profit entities (See Note 2). The Organization also makes contributions to unrelated nonprofit entities in exchange for certain auction items and celebrity performances during the event, included in fundraising expenses on the statements of activities and changes in net assets. The table below summarizes all sources of support for unrelated nonprofit entities for the years ended May 31:

	<u>2020</u>	<u>2019</u>
Contributions made	\$ 452,769	\$ 56,950
Special events revenue designated by donors for other nonprofit entities	-	1,902,500
Founders Club and other contributions designated for other nonprofit entities	130,000	808,000
Payments made to nonprofit entities in exchange for celebrity performances	<u>-</u>	<u>757,000</u>
Total charitable support	<u>\$ 582,769</u>	<u>\$ 3,524,450</u>