AMERICAN CANOE ASSOCIATION, INC.

Financial Statements

For the Year Ended September 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
American Canoe Association, Inc.
Fredericksburg, Virginia

We have audited the accompanying financial statements of American Canoe Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 entity'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 entity'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.

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

Basis for Qualified Opinion

We did not observe the taking of the physical inventories at September 30, 2018 and 2017 (stated at $99,046 and $107,804, respectively), since those dates were prior to the time we were initially engaged as auditors for the American Canoe Association, Inc. We were unable to obtain sufficient appropriate audit evidence about inventory quantities by other auditing procedures.

Qualified Opinion

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of American Canoe Association, Inc. as of September 30, 2018, 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.

Adjustment to Prior Period Financial Statements

The financial statements of American Canoe Association, Inc. as of and for the year ended September 30, 2018, were audited by other auditors who, in their report dated June 26, 2018, expressed an unmodified opinion on those statements. As discussed in Note J, the Association has restated its financial statements for the year ended September 30, 2017, to correct the misclassification of certain net assets from earlier years, in accordance with accounting principles generally accepted in the United States of America. The other auditor reported on those financial statements before the restatement. As part of our audit of the financial statements as of and for the ended September 30, 2018, we also audited adjustments described in Note J that were applied to restate the prior year financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2017 financial statements of the Association other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2017 financial statements as a whole.

Emphasis-of-Matter

As described in Note A to the financial statements, American Canoe Association, Inc., during the year ended September 30, 2018, adopted Accounting Standards Update (ASU) 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-*

For-Profit Entities and Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Emphasis-of-Other-Matter

As described in Note L, in March 2020, the World Health Organization declared a pandemic related to a fast-spreading novel strain of coronavirus. The outbreak caused significant global disruption in commercial and noncommercial activities. The disruption may have a significant impact on future financial performance; however, the ultimate impact of this global concern cannot be determined. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

Other auditors have previously audited the American Canoe Association, Inc's financial statements for the year ended September 30, 2017, and expressed an unmodified audit opinion on those audited financial statements in their report dated June 26, 2018. In our opinion, with the exception of the restatement noted in the Adjustment to Prior Period Financial Statements paragraph, the summarized comparative information presented herein as of and for the year ended September 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McMillen & Company, PLLC

Colorado Springs
December 2, 2020

AMERICAN CANOE ASSOCIATION, INC.

Statement of Financial Position

September 30, 2018

(With Summarized Comparative Amounts for 2017)

ASSETS

	2018	2017
CURRENT ASSETS:		
Cash and cash equivalents	$ 629,239	$ 743,865
Accounts receivable	10,941	17,892
Inventory	99,046	107,804
Prepaid expenses	33,181	30,265
Total current assets	772,407	899,826
INVESTMENTS	205,372	188,135
PROPERTY AND EQUIPMENT		
Land	1,659,221	1,659,221
Computer equipment	95,925	95,925
Furniture and equipment	85,059	82,198
Leasehold improvement	4,835	4,835
Camp assets	5,000	5,000
Less accumulated depreciation	(169,802)	(151,709)
Property and equipment - net	1,680,238	1,695,470
TOTAL ASSETS	$ 2,658,017	$ 2,783,431

LIABILITIES AND NET ASSETS

	2018	2017
CURRENT LIABILITIES:		
Accounts payable	$ 135,700	$ 71,645
Due to related party	9,039	11,279
Accrued liabilities	50,361	45,995
Deferred revenue	164,897	5,087
Note payable	98,314	119,591
Total current liabilities	458,311	253,597
NET ASSETS:		
Without donor restrictions	1,628,252	2,529,834
Without donor restrictions - Board designated	550,371	188,135
With donor restrictions	21,083	
Total net assets	2,199,706	2,717,969
TOTAL LIABILITIES AND NET ASSETS	$ 2,658,017	$ 2,971,566

AMERICAN CANOE ASSOCIATION, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2018
(With Summarized Comparative Totals for 2017)

	Without Donor Restrictions	With Donor Restrictions	2018 Totals	2017 Totals
SUPPORT AND REVENUE:				
Membership, net discounts and refunds of $53,445 and $51,653	$ 722,043	$	$ 722,043	$ 757,943
Program income	489,168		489,168	118,521
Government grants	246,757		246,757	385,089
Grants from the USOPC	208,521		208,521	
Contributions and other grants	64,178	22,081	86,259	91,348
Insurance income	41,240		41,240	25,857
In-kind income	38,172		38,172	
Sales of inventory, net direct costs of $30,643 and $0	21,073		21,073	75,475
Investment income	17,284		17,284	21,019
Other revenue	14,728		14,728	10,845
Satisfied program restrictions	225,536	(225,536)		
Total support and revenue	2,088,700	(203,455)	1,885,245	1,486,097
EXPENSES:				
PROGRAM SERVICES	1,921,936		1,921,936	1,226,772
Supporting services:				
General and administrative	293,437		293,437	269,384
Total supporting services	293,437		293,437	269,384
Total expenses	2,215,373		2,215,373	1,496,156
CHANGE IN NET ASSETS	(126,673)	(203,455)	(330,128)	(10,059)
NET ASSETS, beginning of the year, as restated	2,305,296	224,538	2,529,834	2,539,893
NET ASSETS, end of year	$ 2,178,623	$ 21,083	$ 2,199,706	$ 2,529,834

See Notes to Financial Statements

AMERICAN CANOE ASSOCIATION, INC.

Statement of Functional Expenses

For the Year Ended September 30, 2018

(With Summarized Comparative Totals for 2017)

	Membership	Safety Education & Instruction	Competition	Total Program Services	General & Administrative	2018 Total Expenses	2017 Total Expenses
Salaries	$ 259,519	$ 149,944	$ 86,506	$ 495,969	$ 80,740	$ 576,709	$ 440,051
Travel		86,472	345,889	432,361		432,361	
Outside contract services	88,906	51,368	29,635	169,909	27,659	197,568	114,785
Other direct event costs		27,268	109,070	136,338		136,338	184,261
Office expenses	51,773	29,913	17,258	98,944	16,107	115,051	82,565
Insurance	47,997	27,732	15,999	91,728	14,933	106,661	104,498
Employee benefits	40,921	23,643	13,640	78,204	12,731	90,935	68,790
Grants expenses		73,697		73,697		73,697	41,937
Advertising and promotion	596	60,955		61,551	1,888	63,439	4,429
Payroll tax	19,884	11,488	6,628	38,000	6,186	44,186	34,074
Rent	19,555	11,299	6,518	37,372	6,084	43,456	48,783
Camp Sebago expense	42,393			42,393		42,393	15,758
Accounting fees					39,400	39,400	52,961
Equipment rental & maintenance		9,386	125	9,511	29,100	38,611	35,716
In-kind expenses			38,172	38,172		38,172	
Credit card processing fees	14,119	8,158	4,706	26,983	4,393	31,376	25,428
Cost of goods sold	30,643			30,643		30,643	73,725
Supplies	13,769	7,955	4,590	26,314	2,323	28,637	27,381
Real estate & personal prop tax					21,366	21,366	18,552
Depreciation expense	2,426	11,143	1,755	15,324	2,769	18,093	17,613
IT/web expenses	6,507	3,760	2,169	12,436	2,025	14,461	18,729
Memberships & dues		650	1,982	2,632	11,599	14,231	9,015
Utilities	6,092	3,520	2,031	11,643	1,895	13,538	16,426
Telephone	5,065	2,927	1,688	9,680	1,576	11,256	10,609
Interest expense - general	2,377	1,374	792	4,543	740	5,283	5,864
Sponsorship			5,250	5,250		5,250	3,600
Janitorial services					3,600	3,600	3,300
Bank/finance charge	1,020	925	534	2,479	498	2,977	2,839
Legal fees					2,017	2,017	19,218
Staff development		325	178	503	1,453	1,956	4,877
Miscellaneous					1,327	1,327	2,976
Property insurance					893	893	1,868
Business registration fees					135	135	25
USCG expenses							5,505
	653,562	603,902	695,115	1,952,579	293,437	2,246,016	1,496,156
Less: cost of goods sold	(30,643)			(30,643)		(30,643)	
Total expenses as reported on the statement of activities	$ 622,919	$ 603,902	$ 695,115	$ 1,921,936	$ 293,437	$ 2,215,373	$ 1,496,156

See Notes to Financial Statements

AMERICAN CANOE ASSOCIATION, INC.

Statement of Cash Flows

For the Year Ended September 30, 2018

(With Summarized Comparative Amounts for 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (330,128)	$ (10,059)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	18,093	17,613
Realized and unrealized gains	(15,909)	(19,814)
(Increase) decrease in operating assets:		
Accounts receivable	6,951	(15,932)
Inventory	8,758	2,494
Prepaid expenses	(2,916)	9,353
Increase (decrease) in operating liabilities:		
Accounts payable	64,055	5,147
Due to related party	(2,240)	8,646
Accrued liabilities	4,366	
Deferred revenue	159,810	(13,349)
Total adjustments	240,968	(5,842)
Net cash used by operating activities	(89,160)	(15,901)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Aquisition of property and equipment	(2,861)	(841)
Change in investments, net	(1,328)	(1,164)
Net cash used by investing activities	(4,189)	(2,005)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	(21,277)	(20,537)
Net cash used by financing activities	(21,277)	(20,537)
NET DECREASE IN CASH	(114,626)	(38,443)
CASH AND CASH EQUIVALENTS, beginning of year	743,865	782,308
CASH AND CASH EQUIVALENTS, end of year	$ 629,239	$ 743,865

See Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

American Canoe Association, Inc. (the Association) is the national governing body for paddling sports, making it responsible for the promotion and development of all styles of this sport in the United States of America. The Association serves the broader paddling public by providing education related to all aspects of paddling, stewardship support to help protect paddling environments, and sanctioning of programs and events to promote paddle-sport competition, exploration, and recreation. The Association was founded in 1880 and incorporated in 1927, in the State of New York. In 2017, it acquired recognition as the national governing body for the sport of paddling with the United States Olympic & Paralympic Committee (USOPC).

Accounting Standards Updates

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Exercising early adoption of the standards update, the Association has adjusted the presentation of the financial statements, accordingly. The new standards change the following aspects of the Association's financial statements:

- The temporarily restricted and permanently restricted net asset classes, have been combined into a single net asset class called net assets with donor restrictions.

- The unrestricted net asset class has been renamed net assets without donor restrictions.

- The financial statements now include a presentation of expenses that describes both the functional nature of the expenses and their natural classification according to the actual usage of resources.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounting Standards Update - continued

- The financial statements include a new disclosure about liquidity and availability of resources (Note B).

The changes have the following effect on net assets at September 30, 2017:

Net Asset Class	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	$ 2,117,161	$
Net assets without donor restrictions		2,117,161
Temporarily restricted net assets	412,673	
Net assets with donor restrictions		412,673
Total net assets	$ 2,529,834	$ 2,529,834

Additionally, In June 2018, the FASB issued standard ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard provides a more robust framework for determining whether an entity should account for a transaction as a contribution or as an exchange transaction. The guidance also helps determine whether a contribution is conditional and better distinguishes a donor-imposed condition from a donor-imposed restriction. The standard is effective for fiscal years beginning after December 15, 2018. However, the Association exercised early adoption of the standard for the year ended September 30, 2018. The accounting change would affect revenue recognition for the government arrangement, as described in Note E.

New Authoritative Pronouncements Not Yet Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This standard implements a single, comprehensive framework for recognition of all revenue earned from customers. The topic's framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating the transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

<u>New Authoritative Pronouncements Not Yet Adopted</u> - continued

Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. For certain entities, including the Association, the standard is effective for fiscal years beginning after December 15, 2018, notwithstanding extensions available under relief from COVID-19 (Note L).

<u>Basis of Presentation</u>

The financial statement presentation follows the recommendations of accounting principles generally accepted in the United States of America (GAAP). The Association held controlling financial interests in two dormant/defunct entities described in Note E. However, since these entities had no financial activity during the years ended September 30, 2018 and 2017, the Association has not presented these financial statements on a consolidated basis.

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

- Net assets without donor restrictions: net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association.

- Net assets with donor restrictions: net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

Cash and cash equivalents consist of the Association's checking and savings accounts.

Accounts Receivable

Accounts receivable are stated at the amount the Association expects to collect from balances outstanding at year-end. Based on the Association's experience with individuals and entities having outstanding balances, Management has determined that an allowance for doubtful accounts is not necessary.

Inventory

The Association used to state its inventories at the lower of cost or market, using the average cost method for inventory valuation. With the application of ASU 2015-11, the inventory is measured instead at the lower of cost and net realizable value. The pronouncement defines net realizable value as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

Property and Equipment

The Association capitalizes property and equipment acquisitions with an initial cost of $1,000 or more. Assets are recorded at cost, or fair market value if donated, and depreciated using the straight-line method over estimated useful lives.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Functional Expenses

The costs of providing the various programs and other activities have been presented on a functional basis.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional Expenses - continued

Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel expenses are allocated on the basis of estimates of time and effort spent by personnel in the various program and supporting services made by the Association's management.

Contributions

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. However, restricted contributions are reported as an increase in net assets without donor restrictions if the restriction is satisfied in the same reporting period in which the support is recognized. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions - temporary in nature, are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfied program restrictions. Conditional promises to give, including government grants, are recognized when the conditions are substantially satisfied.

Donated Services

Many volunteers have donated significant amounts of their time to the Association; these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services under generally accepted accounting principles.

Income Tax

The Association qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. Accordingly, no income tax provision has been recorded. The Association's Form 990, Return of Organization Exempt from Income Tax, is subject to examination by various taxing authorities, generally for three years after the date of filing. Management of the Association believes that it does not have any uncertain tax positions that are material to the financial statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Supplemental Cash Flow Information

During the year ended September 30, 2018, the Association did not pay any income taxes; the Association paid $5,283 and $5,864 of interest during the years ended September 30, 2018 and 2017, respectively.

Revenue Recognition

Membership dues are generally recognized upon receipt of the membership dues. Program fees are recognized when earned.

Prior-Year Comparisons

The financial statements include certain prior-year summarized comparative information in total but not by net asset activity nor by natural classification of expenses. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended September 30, 2017, from which the summarized information was derived.

Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through December 2, 2020, the date that the financial statements were available to be issued.

B. AVAILABLE RESOURCES AND LIQUIDITY

The Association regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Association has cash and cash equivalents as a current source of liquidity at its disposal.

The Association operates under an approved budget and anticipates collecting sufficient revenue in the future to cover general expenditures over the next 12 months not covered by donor-restricted resources or by planned liquidation of investments.

B. AVAILABLE RESOURCES AND LIQUIDITY – Continued

As of September 30, 2018, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	2018	2017
Cash and cash equivalents	$ 629,239	$ 743,862
Accounts Receivable	10,941	17,892
Total	$ 640,180	$ 761,754

As of September 30, 2018 and 2017, the Association also has investments of $205,372 and $188,135, respectively. These investments are designated for specific uses by the Board. Although the Association does not intend to liquidate the investments in the next 12 months, the remaining funds are available, at the Board's discretion, if necessary.

C. FAIR MARKET VALUE

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Association have the ability to access at the measurement date.

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Association records transfers between levels at the end of the reporting period.

C. FAIR MARKET VALUE - Continued

The Association's investment in the United States Olympic Endowment (USOE) portfolio is valued at fair value using the net asset value of the portfolio provided by the USOE. The Association's investment in this portfolio is classified as Level 2.

The Association may request partial withdrawals (including allocation gains and interest once allocations are approved) following a 30-day notification period. The Association may request full liquidation of its investments with the USOE effective at the end of any calendar month upon the giving of at least 90-days written notice or upon shorter notice acceptable to the USOE if the USOE determines that adequate liquidity exists in the portfolio to permit early termination.

The USOE portfolio contains certain alternative investments. The Endowment's alternative investments, including investments held solely as agent, for the Association, consist of hedge equity funds, limited partnerships, real estate funds, private equity funds, bond fund trusts, and fund of funds. Collectively, the managers of alternative investments invest in a variety of securities including, but not limited to, foreign and domestic publicly traded equity and debt securities, foreign and domestic fixed income investments, domestic commercial and residential real estate, options, warrants, derivatives, and contracts. When available, fair value is based on the last sale price for securities listed on national exchanges. For securities not listed on national exchanges, fair value is determined at the last bid or asking price depending on the long or short position of the security. Investments for which quotations are not available are valued at an estimated fair value by the fund managers using various models, comparisons, and assumptions. Consideration is given to several factors, including the type of investment, risks, marketability, restrictions on disposition, quotations from other market participants and values of similar investments.

There was no significant change to the valuation methodologies used during the year.

The following table presents assets that are measured at fair value on a recurring basis at September 30, 2018 and 2017, respectively:

C. FAIR MARKET VALUE - Continued

Assets at Fair Value as of September 30, 2018

	Level 1	Level 2	Level 3	Total
USOE pooled funds	$	$ 205,372	$	$ 205,372

Assets at Fair Value as of September 30, 2017

	Level 1	Level 2	Level 3	Total
USOE pooled funds	$	$ 188,135	$	$ 188,135

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the recorded amount of investments in the Association's financial statements. Allocation of the USOE investment pool to the Association consisted of the following at September 30, 2018:

Alternative investments	37.08%
Domestic equities	31.46
International equities	19.16
Domestic bonds	6.77
Cash & cash equivalent	2.99
International bonds	2.54
	100.00%

D. SUGAR ISLAND - LAND AND BUILDING

In 1901, the Association was granted possession of eight islands located in the St. Lawrence river in Canada. In 2009, a Canadian court concluded that the Association was the sole and absolute owner in fee simple of these islands. Upon receiving that court's conclusion, the Association recognized this land based on the value assessed by the Canadian authorities, $1,300,000.

Additionally, the Association received a donation of land located in Fredericksburg, Virginia, several years ago. The land was recorded at fair market value of $345,000 when received. Any decisions related to the use or disposal of this land require two-thirds of the Board members' vote.

E. RELATED PARTIES

The USOPC provided grants of $208,521 to the Association for the year ended September 30, 2018.

The Association was an 83.3% shareholder of Paddlesport Publishing. Inc. (PPI), a separate for-profit corporation. This corporation is dormant and is no longer active in business. All investments and amounts advanced to PPI by the Association have been written-off, and PPI does not have any realizable assets at this time.

No accounts payables or other liabilities of PPI are reflected on these financial statements, as they are not expected to be paid.

During the year ended September 30, 2015, the Association entered into an operating agreement to form Outdoor Surety Services, LLC (OSS), along with its former CEO who owned 1% of the entity. The Association owned the other 99% of OSS. This entity was dormant/defunct as of September 30, 2017, and had no reportable financial activity during the year ended September 30, 2018.

F. NET ASSETS WITHOUT DONOR RESTRICTIONS: BOARD DESIGNATED

The Association's Board of Directors has identified certain purposes for designated funds. Board designated net assets are available for the following areas:

	2018
ACA Olympic Fund	$ 205,371
Fredericksburg Land	345,000
	$ 550,371

G. NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY IN NATURE

Temporarily restricted net assets are available for the following purpose as of September 30, 2018:

	2018	2017
Other programs	$ 11,083	$ 48,552
Leadership programs	10,000	
Government grants		175,986
Total	$ 21,083	$ 224,538

G. NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY IN NATURE - Continued

During the year ended September 30, 2018, temporary restrictions were released for the following purposes:

	2018	2017
Government grant US Coast	$ 175,987	$ 273,091
Other programs	49,549	59,820
Total	$ 225,536	$ 332,911

H. NOTE PAYABLE

The Association entered into a Promissory Note Agreement with a commercial bank in August 2008, for a line of credit with a ceiling of $350,000. The Association initially borrowed approximately $240,000. In July 2011, the note was restructured under a Forbearance Agreement, whereby the Association would make monthly principal and interest payments totaling $2,200. Interest accrues on the outstanding balance at a rate of 4.25% per annum. The forbearance agreement terminated May 1, 2013. However, the Association continues to make principal and interest payments under the same terms; however, no formal renewal of the agreement has been reached as of the date of these financial statements. The note is secured by all of the Association's personal property.

I. LEASE COMMITMENT

The Association leases office space under a three-year agreement through December 31, 2020. The office space lease requires monthly payments of $2,372 between January through June, 2018, and $3,732 beginning July 2018 through December 31, 2020.

The Association also leases certain camp sites like Camp Sebago on a 10-year lease and certain office equipment. For the years ended September 30, 2018 and 2017, the rent expense was at $43,456 and $48,783, respectively.

J. PENSION PLAN

The Association sponsors a 401(k) plan for the benefit of its employees. Employees may defer a portion of their salary into the Plan, up to the statutory limit. The Association currently does not match or contribute to the Plan.

K. PRIOR PERIOD ADJUSTMENT

During the year ended September 30, 2018, Management discovered misclassified net assets relating to funds received from the Los Angeles Organizing Olympic Committee in 1984, when the revenue surplus from the Olympic games was allocated to each national governing body, including the Association. The misclassification applied to the USOE funds of $188,135 as of September 30, 2017, that had been historically classified as net assets with donor restrictions.

Although the Association's Board of Directors approves all activity related to these funds, the amounts were not restricted by the donor. Additionally, the Board has added certain funds with sources from unrestricted donations. Therefore, the Association has restated prior year financial statements to reflect the change in classification to net assets without donor restriction (Board designated). Overall, the Association's change in net assets nor its total net assets were impacted.

As a result of the restatement, for the year ended September 30, 2017, restricted net assets were decreased by $188,135 and net assets without restrictions were increased by the same amount.

L. SUBSEQUENT EVENT

In March 2020, the World Health Organization declared a pandemic related to a fast-spreading novel strain of coronavirus. As a result of the global attention and concern arising from this disease (COVID-19), many event organizers have taken measures that are considered appropriate responses to limit the spread of the disease, such as postponing events and closing businesses. Potential impacts to the Association include disruptions or restrictions on the Association's ability to perform services and/or conduct events, which could inhibit its ability to secure sponsorships and other funding. Furthermore, the financial impacts of COVID-19 on the Association's sponsors and grantors are unknown.

Management continues to evaluate options for appropriate responses to this global concern within the context of its operations and events. However, the ultimate impact of the COVID-19 outbreak is unknown.