

AMERICAN CANOE ASSOCIATION, INC.

Financial Statements

For the Year Ended September 30, 2019



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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, 2019, 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.

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, 2019 and 2018 (stated at \$27,129 and \$99,046, 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 matters 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, 2019, 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.

Emphasis-of-Other-Matter

As described in Note K, 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

We have previously audited the American Canoe Association, Inc.'s financial statements for the year ended September 30, 2018, and expressed a qualified audit opinion on those audited financial statements in our report dated December 2, 2020, due to our inability to observe methods of determining ending inventory balances. In our opinion the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McMillen & Company, PLLC

Colorado Springs
December 23, 2020

AMERICAN CANOE ASSOCIATION, INC.
Statement of Financial Position
September 30, 2019
(With Summarized Comparative Amounts for 2018)

	<u>ASSETS</u>	
	<u>2019</u>	<u>2018</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 569,883	\$ 629,239
Accounts receivable	13,306	10,941
Inventory	27,129	99,046
Prepaid expenses	<u>17,042</u>	<u>33,181</u>
Total current assets	627,360	772,407
INVESTMENTS	114,784	205,372
PROPERTY AND EQUIPMENT		
Land	1,659,221	1,659,221
Computer equipment	43,225	95,925
Furniture and equipment	46,610	85,059
Leasehold improvement	4,835	4,835
Camp assets	5,000	5,000
Less accumulated depreciation	<u>(90,525)</u>	<u>(169,802)</u>
Property and equipment - net	1,668,366	1,680,238
TOTAL ASSETS	<u>\$ 2,410,510</u>	<u>\$ 2,658,017</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 130,698	\$ 135,700
Due to related party		9,039
Accrued liabilities	44,077	50,361
Deferred revenue	118,969	164,897
Note payable	<u>80,320</u>	<u>98,314</u>
Total current liabilities	374,064	458,311
NET ASSETS:		
Without donor restrictions	1,554,324	1,628,252
Without donor restrictions - Board designated	449,011	550,371
With donor restrictions	<u>33,111</u>	<u>21,083</u>
Total net assets	2,036,446	2,199,706
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,410,510</u>	<u>\$ 2,658,017</u>

See Notes to Financial Statements

AMERICAN CANOE ASSOCIATION, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2019
(With Summarized Comparative Totals for 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Totals</u>	<u>2018 Totals</u>
SUPPORT AND REVENUE:				
Membership, net discounts and refunds of \$21,525 and \$53,445	\$ 644,120	\$	\$ 644,120	\$ 722,043
Program income	470,145		470,145	489,168
Government grants	234,723		234,723	246,757
Grants from the USOPC	165,101		165,101	208,521
Contributions and other grants	56,082	33,693	89,775	86,259
Insurance income	39,532		39,532	41,240
In-kind income	10,597		10,597	38,172
Other revenue	9,728		9,728	14,728
Sales of inventory, net direct costs of \$29,415 and \$30,643	4,676		4,676	21,073
Investment income/loss	(571)		(571)	17,284
Loss from obsolete inventory	(59,706)		(59,706)	
Satisfied program restrictions	<u>21,665</u>	<u>(21,665)</u>		
Total support and revenue	1,596,092	12,028	1,608,120	1,885,245
EXPENSES:				
PROGRAM SERVICES	1,554,793		1,554,793	1,359,002
Supporting services:				
General and administrative	<u>216,587</u>		<u>216,587</u>	<u>856,371</u>
Total supporting services	<u>216,587</u>		<u>216,587</u>	<u>856,371</u>
Total expenses	<u>1,771,380</u>		<u>1,771,380</u>	<u>2,215,373</u>
CHANGE IN NET ASSETS	(175,288)	12,028	(163,260)	(330,128)
NET ASSETS, beginning of the year	<u>2,178,623</u>	<u>21,083</u>	<u>2,199,706</u>	<u>2,529,834</u>
NET ASSETS, end of year	<u>\$ 2,003,335</u>	<u>\$ 33,111</u>	<u>\$ 2,036,446</u>	<u>\$ 2,199,706</u>

See Notes to Financial Statements

AMERICAN CANOE ASSOCIATION, INC.
Statement of Functional Expenses
For the Year Ended September 30, 2019
(With Summarized Comparative Totals for 2018)

	Membership	Safety Education & Instruction	Competition	Total Program Services	General & Administrative	2019 Total Expenses	2018 Total Expenses
Salaries	\$ 229,650	\$ 132,687	\$ 76,550	\$ 438,887	\$ 56,774	\$ 495,661	\$ 576,709
Travel		32,129	289,160	321,289		321,289	432,361
Other direct event costs		17,553	157,980	175,533		175,533	136,338
Insurance	47,852	27,648	15,951	91,451	14,886	106,337	106,661
Outside contract services	38,434	22,206	12,811	73,451	11,958	85,409	197,568
Advertising & promotion	1,017	63,973		64,990	11,946	76,936	63,439
Office expenses	33,066	19,105	11,022	63,193	10,288	73,481	114,691
Employee benefits	29,323	16,942	9,774	56,039	9,124	65,163	90,935
Camp sebage expense	42,832			42,832		42,832	42,393
Supplies	17,772	10,268	5,924	33,964	5,529	39,493	28,637
Rent	16,893	9,761	5,631	32,285	5,256	37,541	43,456
Cost of goods sold	29,415			29,415		29,415	30,643
Equipment rental & maintenance	1,886	426		2,312	26,023	28,335	38,611
Payroll tax	11,871	6,859	3,957	22,687	18,365	41,052	44,186
Credit card processing fees	10,129	5,852	3,376	19,357	3,151	22,508	31,376
Accounting fees				19,357	21,571	21,571	39,400
Real estate & personal prop tax	20,408			20,408		20,408	21,366
IT/Web expenses	7,205	4,163	2,401	13,769	2,241	16,010	14,461
Grants expenses		15,000		15,000		15,000	73,697
Utilities	6,496	3,753	2,165	12,414	2,022	14,436	13,538
Telephone	5,258	3,038	1,753	10,049	1,635	11,684	11,256
In-kind expenses	4,769	2,755	1,590	9,114	1,483	10,597	38,172
Interest expense - general	3,678	2,125	1,226	7,029	1,145	8,174	5,283
Bank/Finance charge	3,496	2,020	1,165	6,681	1,088	7,769	2,977
Miscellaneous	3,142	1,816	1,047	6,005	978	6,983	1,687
Sugar Island improvements	6,250			6,250		6,250	18,093
Depreciation expense		2,737	1,214	3,951	2,037	5,988	2,017
Legal fees					4,884	4,884	
Memberships & dues	1,851	1,069	617	3,537		4,113	14,231
Janitorial services					576	576	
Staff development	950	549	317	1,816	3,000	3,000	3,600
Sponsorship			500	500	294	2,110	1,956
Property insurance					298	298	5,250
Business registration fees					35	35	893
							135
Less: cost of goods sold	573,643	404,434	606,131	1,584,208	216,587	1,800,795	2,246,016
	(29,415)			(29,415)		(29,415)	(30,643)
Total expenses as reported on the statement of activities	\$ 544,228	\$ 404,434	\$ 606,131	\$ 1,554,793	\$ 216,587	\$ 1,771,380	\$ 2,215,373

See Notes to Financial Statements

AMERICAN CANOE ASSOCIATION, INC.
Statement of Cash Flows
For the Year Ended September 30, 2019
(With Summarized Comparative Amounts for 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (163,260)	\$ (330,128)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	5,988	18,093
Realized and unrealized (gains) losses	5,535	(15,909)
Gain on disposal of equipment	(626)	
(Increase) decrease in operating assets:		
Accounts receivable	(2,365)	6,951
Inventory	71,917	8,758
Prepaid expenses	16,139	(2,916)
Increase (decrease) in operating liabilities:		
Accounts payable	(5,002)	64,055
Due to related party	(9,039)	(2,240)
Accrued liabilities	(6,284)	4,366
Deferred revenue	<u>(45,928)</u>	<u>159,810</u>
Total adjustments	<u>30,335</u>	<u>240,968</u>
Net cash used by operating activities	(132,925)	(89,160)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Gross proceeds from investments	90,000	
Change in investments, net	(4,947)	(1,328)
Proceeds from sale of equipment	6,510	
Aquisition of property and equipment	<u> </u>	<u>(2,861)</u>
Net cash provided (used) by investing activities	91,563	(4,189)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	<u>(17,994)</u>	<u>(21,277)</u>
Net cash used by financing activities	<u>(17,994)</u>	<u>(21,277)</u>
NET DECREASE IN CASH	(59,356)	(114,626)
CASH AND CASH EQUIVALENTS, beginning of year	<u>629,239</u>	<u>743,865</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 569,883</u>	<u>\$ 629,239</u>

See Notes to Financial Statements

AMERICAN CANOE ASSOCIATION, INC.
Notes to Financial Statements
For the Year Ended September 30, 2019

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).

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. 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 K).

Basis of Presentation

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

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described in Note E. However, since these entities had no financial activity during the years ended September 30, 2019 and 2018, 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.

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 states its inventories, using the average cost method for inventory valuation, at the lower of cost or net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business,

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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. 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.

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Notes to Financial Statements
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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.

Supplemental Cash Flow Information

During the year ended September 30, 2019, the Association did not pay any income taxes; the Association paid \$8,174 and \$5,283 of interest during the years ended September 30, 2019 and 2018, 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, 2018, from which the summarized information was derived.

AMERICAN CANOE ASSOCIATION, INC.
Notes to Financial Statements
September 30, 2019

Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through December 23, 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.

As of September 30, 2019, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 569,883	\$ 629,239
Accounts Receivable	<u>13,306</u>	<u>10,941</u>
Total	<u>\$ 583,189</u>	<u>\$ 640,180</u>

As of September 30, 2019 and 2018, the Association also has investments of \$114,784 and \$205,372, respectively. This investment is 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

AMERICAN CANOE ASSOCIATION, INC.
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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.

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

AMERICAN CANOE ASSOCIATION, INC.
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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, 2019 and 2018, respectively:

Assets at Fair Value as of September 30, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
USOE pooled funds	\$ _____	\$ 114,784	\$ _____	\$ 114,784

Assets at Fair Value as of September 30, 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
USOE pooled funds	\$ _____	\$ 205,372	\$ _____	\$ 205,372

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, 2019:

Alternative investments	39.11%
Domestic equities	29.74
International equities	18.32
Domestic bonds	6.77
Cash & cash equivalent	3.64
International bonds	<u>2.42</u>
	<u>100.00%</u>

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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 \$165,101 to the Association for the year ended September 30, 2019.

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, 2019 and 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:

AMERICAN CANOE ASSOCIATION, INC.
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	<u>2019</u>	<u>2018</u>
ACA Olympic Fund	\$ 104,011	\$ 205,371
Fredericksburg land	<u>345,000</u>	<u>345,000</u>
Total	<u>\$ 449,011</u>	<u>\$ 550,371</u>

G. NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY IN NATURE

Temporarily restricted net assets are available for the following purpose as of September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Other programs	\$ 14,986	\$ 11,083
Leadership programs	10,773	10,000
Special grant	<u>7,352</u>	<u> </u>
Total	<u>\$ 33,111</u>	<u>\$ 21,083</u>

During the years ended September 30, 2019 and 2018, temporary restrictions were released for the following purposes:

	<u>2019</u>	<u>2018</u>
Special grant	\$ 18,526	\$ 49,549
Other programs	3,139	
Government grant US Coast	<u> </u>	<u>175,987</u>
Total	<u>\$ 21,665</u>	<u>\$ 225,536</u>

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; 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.

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Notes to Financial Statements
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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, 2019 and 2018, rent expense was \$37,541 and \$43,456, 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. 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.