

AMERICAN CANOE ASSOCIATION, INC.
Financial Statements
For the Year Ended September 30, 2020



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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, 2020, 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 audit opinion.

Opinion

In our opinion, 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, 2020, 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 Matter

As described in note A to the financial statements, in 2020, the American Canoe Association, Inc. adopted Accounting standards Update (ASU) 2014-09, *Revenue from Contracts with customers (Topic 606)*. Our opinion is not modified with respect to this matter.

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, 2019, and expressed a qualified audit opinion on those audited financial statements in our report dated December 23, 2020, due to our inability to observe methods of determining beginning and ending inventory balances. In our opinion the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McMillen & Company, PLLC

Colorado Springs
April 30, 2021

AMERICAN CANOE ASSOCIATION, INC.
Statement of Financial Position
September 30, 2020
(With Summarized Comparative Amounts for 2019)

	<u>ASSETS</u>	
	<u>2020</u>	<u>2019</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 768,239	\$ 569,883
Accounts receivable	708	13,306
Inventory	16,229	27,129
Prepaid expenses	35,221	17,042
Total current assets	820,397	627,360
INVESTMENTS	124,108	114,784
PROPERTY AND EQUIPMENT		
Land	1,659,221	1,659,221
Computer equipment	44,566	43,225
Furniture and equipment	46,610	46,610
Leasehold improvement	4,835	4,835
Camp assets	5,000	5,000
Less accumulated depreciation	(94,974)	(90,525)
Property and equipment - net	1,665,258	1,668,366
TOTAL ASSETS	<u>\$ 2,609,763</u>	<u>\$ 2,410,510</u>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:		
Accounts payable	\$ 14,691	\$ 130,698
Accrued liabilities	31,614	44,077
Deferred revenue	93,684	118,969
Note payable	61,054	80,320
Total current liabilities	201,043	374,064
NET ASSETS:		
Without donor restrictions	1,668,732	1,554,324
Without donor restrictions - Board designated	457,810	449,011
With donor restrictions	282,178	33,111
Total net assets	2,408,720	2,036,446
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,609,763</u>	<u>\$ 2,410,510</u>

See Notes to Financial Statements

AMERICAN CANOE ASSOCIATION, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2020
(With Summarized Comparative Totals for 2019)

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2020</u> <u>Totals</u>	<u>2019</u> <u>Totals</u>
SUPPORT AND REVENUE:				
Membership, net discounts and refunds of \$15,515 and \$21,525	\$ 565,223	\$	\$ 565,223	\$ 644,120
Government grants	352,362		352,362	234,723
Contributions and other grants	23,961	293,235	317,196	89,775
Grants from the USOPC	180,272		180,272	165,101
Program income	132,516		132,516	470,145
Paycheck Protection Program	95,200		95,200	
Insurance income	34,399		34,399	39,532
Sales of inventory, net direct costs of \$5,790 and \$29,415	10,826		10,826	4,676
Investment income/loss	8,861	525	9,386	(571)
In-kind income	6,810		6,810	10,597
Other revenue	5,394		5,394	9,728
Loss from obsolete inventory	(8,226)		(8,226)	(59,706)
Satisfied program restrictions	<u>44,693</u>	<u>(44,693)</u>	<u></u>	<u></u>
Total support and revenue	1,452,291	249,067	1,701,358	1,608,120
EXPENSES:				
PROGRAM SERVICES	1,207,706		1,207,706	1,554,793
Supporting services:				
General and administrative	<u>121,378</u>		<u>121,378</u>	<u>216,587</u>
Total supporting services	<u>121,378</u>		<u>121,378</u>	<u>216,587</u>
Total expenses	<u>1,329,084</u>		<u>1,329,084</u>	<u>1,771,380</u>
CHANGE IN NET ASSETS	123,207	249,067	372,274	(163,260)
NET ASSETS, beginning of the year	<u>2,003,335</u>	<u>33,111</u>	<u>2,036,446</u>	<u>2,199,706</u>
NET ASSETS, end of year	<u>\$ 2,126,542</u>	<u>\$ 282,178</u>	<u>\$ 2,408,720</u>	<u>\$ 2,036,446</u>

See Notes to Financial Statements

AMERICAN CANOE ASSOCIATION, INC.
Statement of Functional Expenses
For the Year Ended September 30, 2020
(With Summarized Comparative Totals for 2019)

	Safety Education & Instruction	Competition	Total Program Services	General & Administrative	2020 Total Expenses	2019 Total Expenses
Salaries	\$ 213,481	\$ 121,398	\$ 377,286	\$ 60,246	\$ 437,532	\$ 495,661
Advertising & promotion	69,648	2,500	234,647	100	234,747	76,936
Insurance	79,178	8,681	79,158	4,214	83,372	106,337
Camp Sebago expense	29,778	69,081	79,178	29	79,178	42,832
Travel	2,962	74,802	74,802	9,100	74,831	321,289
Rent	44,430	2,480	40,530	2,963	49,630	37,541
Outside contract services	5,853	24,332	46,427	44,430	49,390	85,409
Office expenses	8,383	28,605	42,424	104	42,528	73,481
Other direct event costs	17,011	8,384	25,151	8,384	33,535	175,533
Employee benefits	3,679	9,206	29,780	7,405	37,185	65,163
Payroll tax	18,803	16,055	23,079	3,679	26,758	41,052
IT/web expenses	11,595	141	18,944	694	19,638	16,010
Credit card processing fees	11,656	24	11,619	2,205	13,824	22,508
Supplies	10,900	120	11,656	175	12,175	39,493
Memberships & dues	9,694	411	10,900	5	11,661	4,113
Sugar Island improvements	4,935	6,810	6,717	(2,411)	8,240	6,250
Grants expenses	3,995	330	5,435	1,509	8,226	15,000
Bad debts	5,790	5,750	5,790	7,592	7,592	11,684
Telephone	3,995	6,810	6,810	1,221	6,810	21,571
Accounting fees	5,790	330	5,435	1,221	6,656	10,597
In-kind expenses	5,019	5,750	5,750	5,680	5,790	14,436
Utilities	1,135	7	5,026	5,680	5,750	29,415
Cost of goods sold	5,019	902	4,071	5,026	5,026	500
Sponsorship	1,135	60	60	378	4,449	28,335
Equipment rental & maintenance	5,019	875	1,165	3,594	3,594	20,408
Real estate & personal prop tax	290	290	10	3,250	3,250	5,988
Depreciation	10	60	60	1,261	1,321	8,174
Interest - general	290	875	1,165	(671)	494	3,000
Janitorial services	10	10	10	387	397	2,110
Staff development	10	10	10	285	285	6,983
Miscellaneous	10	10	10	285	285	7,769
Bank/finance charge	10	10	10	285	285	35
Business registration fees	10	10	10	285	285	4,884
Legal fees	10	10	10	285	285	298
Property insurance	10	10	10	285	285	298
Less: cost of goods sold	547,035	360,309	1,213,496	121,378	1,334,874	1,800,795
	(5,790)	(5,790)	(5,790)	(5,790)	(5,790)	(29,415)
Total expenses as reported on the statement of activities	\$ 541,245	\$ 360,309	\$ 1,207,706	\$ 121,378	\$ 1,329,084	\$ 1,771,380

See Notes to Financial Statements

AMERICAN CANOE ASSOCIATION, INC.
Statement of Cash Flows
For the Year Ended September 30, 2020
(With Summarized Comparative Amounts for 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 372,274	\$ (163,260)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	4,449	5,988
Realized and unrealized (gains) losses	(8,419)	5,535
Gain on disposal of equipment		(626)
Paycheck Protection Program	(95,200)	
(Increase) decrease in operating assets:		
Accounts receivable	12,598	(2,365)
Inventory	10,900	71,917
Prepaid expenses	(18,179)	16,139
Increase (decrease) in operating liabilities:		
Accounts payable	(116,007)	(5,002)
Due to related party		(9,039)
Accrued liabilities	(12,463)	(6,284)
Deferred revenue	(25,285)	(45,928)
Total adjustments	<u>(247,606)</u>	<u>30,335</u>
Net cash provided (used) by operating activities	124,668	(132,925)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Gross proceeds from investments		90,000
Change in investments, net	(905)	(4,947)
Proceeds from sale of equipment		6,510
Aquisition of property and equipment	<u>(1,341)</u>	
Net cash provided (used) by investing activities	(2,246)	91,563
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the Paycheck Protection Program	95,200	
Principal payments on note payable	<u>(19,266)</u>	<u>(17,994)</u>
Net cash provided (used) by financing activities	<u>75,934</u>	<u>(17,994)</u>
NET INCREASE (DECREASE) IN CASH	198,356	(59,356)
CASH AND CASH EQUIVALENTS, beginning of year	<u>569,883</u>	<u>629,239</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 768,239</u>	<u>\$ 569,883</u>

See Notes to Financial Statements

AMERICAN CANOE ASSOCIATION, INC.
Notes to Financial Statements
For the Year Ended September 30, 2020

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 Accounting Pronouncements

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). During the year ended September 30, 2020, the Association adopted ASU 2014-09 using the full retrospective adoption method. In accordance with transition guidance, the Association elected to retroactively adjust only those contracts that did not meet the definition of a completed contract at the date of initial application. This guidance did not significantly impact the timing of the Association's revenue recognition.

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 described in Note E. However, since these entities had no financial activity during the years ended September 30, 2020 and 2019, 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, 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.

Revenue Recognition:

The Association has analyzed the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers*, and have concluded that no changes are necessary to conform with the new standard. The Association's revenue recognition policies are as follows:

- Grant revenue - The Association receives grants from the USOPC and the United States Coast Guard to support its High-Performance program and other initiatives related to the Association's exempt purpose. The Association assesses grants to determine if an exchange transaction exists. If so, revenue is recognized upon substantially satisfying the performance obligations under such exchange transactions. Grants that are considered non-exchange transactions without donor-imposed restrictions are reported as increases in net assets without donor restrictions as the associated barriers are overcome, which generally is as allowable expenditures under such

AMERICAN CANOE ASSOCIATION, INC.
Notes to Financial Statements
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agreements are incurred. The Association has elected a policy to report awards where the condition and restriction are met in the same reporting period within net assets without donor restrictions.

- Membership registrations - Membership registration revenue is recognized in an amount that reflects the consideration that the Association is entitled to in exchange for renewing membership. Registrations are recognized as revenue upon a member's registration or renewal. Amounts collected on members' registrations are not refundable.
- Program income - Program income, including income from Camp Sebago, contains a specific delivery element and revenue is recognized at a single point in time when ownership, risks, and rewards transfer. Revenue is recognized when events are successfully conducted.
- Merchandise sales - Merchandise sales income contains a single delivery element and revenue is recognized at a single point in time when ownership, risks, and rewards transfer. Revenue is recognized when sales occur.

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

AMERICAN CANOE ASSOCIATION, INC.
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criteria for recognition as contributed services under generally accepted accounting principles.

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.

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, 2020, the Association did not pay any income taxes; the Association paid \$3,594 and \$8,174 of interest during the years ended September 30, 2020 and 2019, respectively.

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, 2019, from which the summarized information was derived.

AMERICAN CANOE ASSOCIATION, INC.
Notes to Financial Statements
September 30, 2020

Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 30, 2021, 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, 2020 and 2019, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 768,239	\$ 569,883
Accounts Receivable	<u>708</u>	<u>13,306</u>
Total	<u>\$ 768,947</u>	<u>\$ 583,189</u>

As of September 30, 2020 and 2019, the Association also has investments of \$124,108 and \$114,784, 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 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'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

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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, 2020 and 2019, respectively:

Assets at Fair Value as of September 30, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
USOE pooled funds	\$ _____	\$ 124,108	\$ _____	\$ 124,108

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

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, 2020:

Alternative investments	34.77%
Domestic equities	27.72
Domestic bonds	20.01
International equities	15.42
Cash & cash equivalents	<u>2.08</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 grant revenue of \$180,272 to the Association for the year ended September 30, 2020. As of September 30, 2020, \$77,763 of the USOPC grants were deferred for future recognition.

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 years ended September 30, 2020 and 2019.

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:

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	<u>2020</u>	<u>2019</u>
ACA Olympic Fund	\$ 112,810	\$ 104,011
Fredericksburg land	<u>345,000</u>	<u>345,000</u>
Total	<u>\$ 457,810</u>	<u>\$ 449,011</u>

G. NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY IN NATURE

Temporarily restricted net assets are available for the following purpose as of September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Club Development Program	\$ 150,000	\$
Slalom programs	84,742	
Other programs	28,786	14,986
Leadership programs	11,298	10,773
Special grant	<u>7,352</u>	<u>7,352</u>
Total	<u>\$ 282,178</u>	<u>\$ 33,111</u>

During the years ended September 30, 2020 and 2019, temporary restrictions were released for the following purposes:

	<u>2020</u>	<u>2019</u>
Other programs	\$ 44,693	\$ 3,139
Special grant	<u></u>	<u>18,526</u>
Total	<u>\$ 44,693</u>	<u>\$ 21,665</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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I. LEASE COMMITMENT

The Association leases office space under an agreement through November 30, 2021. 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's most recent agreement for office space requires payments of \$1,500 per month from December 1, 2020, through November 30, 2021.

The Association also leases certain camp areas, namely Camp Sebago, on a 10-year lease and certain office equipment. For the years ended September 30, 2020 and 2019, rent expense was \$49,630 and \$37,541, respectively.

Future minimum lease payments for the years ending September 30 are as follows:

2021	\$ 36,286
2022	19,543
2023	16,543
2024	12,150
2025	12,150
2026	12,150
2027	12,150

J. PENSION PLAN

The Association sponsors a 401(k) plan (the 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. COVID-19 PANDEMIC AND SUBSEQUENT EVENT

In March 2020, the World Health Organization declared a pandemic related to the fast-spreading COVID-19 virus. As a result of the global attention and concern arising from this disease, many event organizers have taken measures that are considered appropriate responses to limit the spread of the disease such as postponing events, including the 2020 Olympics and Paralympics. Impacts to the Association included disruptions or restrictions on the Association's ability to perform services and/or conduct events, which impeded its ability to secure sponsorships and other funding.

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In April 2020, the Association acquired a federal loan in the amount of \$95,200 pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020, further amended by the Paycheck Protection Program Flexibility Act. The PPP provides loans to qualifying businesses for amounts up to two months of the average monthly payroll expenses plus an additional 25% of that amount, subject to limitations. The loans and accrued interest are forgivable after 24 weeks if the borrower uses the loan proceeds for qualified purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels at certain prescribed levels. The amount of loan forgiveness would have been reduced if the borrower terminated employees or reduces salaries below the prescribed level during the 24-week period. During the year ended December 31, 2020, the Association satisfied the forgiveness requirements of the program. Therefore, it has recorded the revenue in the year ended September 30, 2020, applying provisions of ASC 958-605.

In December 2020, Congress passed the Consolidated Appropriations Act, which included the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act. This legislation allowed for additional funding under the PPP for certain entities. Subsequent to the year ended September 30, 2020, the Association applied for additional support of \$91,000 under the modified PPP, which it expects to use for purposes that would result in forgiveness of the loan.

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.