

AMERICAN CANOE ASSOCIATION, INC.

Financial Statements

For the Year Ended September 30, 2021



TABLE OF CONTENTS

Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7





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, 2021, 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, 2021, 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, 2020 and expressed an unmodified opinion on those audited financial statements in our report dated April 30, 2021. In our opinion the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McMillen & Company, PLLC

Colorado Springs, Colorado
December 23, 2021

AMERICAN CANOE ASSOCIATION, INC.
Statement of Financial Position
September 30, 2021
(With Summarized Comparative Amounts for 2020)

	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,022,839	\$ 768,239
Accounts receivable	6,909	708
USOPC grants receivable	21,874	
Inventory	17,999	16,229
Prepaid expenses	39,171	35,221
Total current assets	1,108,792	820,397
INVESTMENTS	163,677	124,108
PROPERTY AND EQUIPMENT		
Land	1,659,221	1,659,221
Computer equipment	17,247	44,566
Furniture and equipment	33,120	46,610
Leasehold improvement		4,835
Camp assets	5,000	5,000
Less accumulated depreciation	(51,954)	(94,974)
Property and equipment - net	1,662,634	1,665,258
TOTAL ASSETS	<u>\$ 2,935,103</u>	<u>\$ 2,609,763</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 8,469	\$ 14,691
Accrued liabilities	53,135	31,614
Deferred revenue	74,390	93,684
Note payable	23,442	61,054
Total current liabilities	159,436	201,043
NET ASSETS:		
Without donor restrictions	1,967,789	1,668,732
Without donor restrictions - Board designated	493,777	457,810
With donor restrictions	314,101	282,178
Total net assets	2,775,667	2,408,720
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,935,103</u>	<u>\$ 2,609,763</u>

See Notes to Financial Statements

AMERICAN CANOE ASSOCIATION, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2021
(With Summarized Comparative Amounts for 2020)

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2021</u> <u>Totals</u>	<u>2020</u> <u>Totals</u>
SUPPORT AND REVENUE:				
Membership, net discounts and refunds of \$15,305 and \$15,515	\$ 810,443	\$	\$ 810,443	\$ 565,223
Program income	395,937		395,937	132,516
Grants from the USOPC	339,097		339,097	180,272
Government grants	164,385		164,385	352,362
Paycheck Protection Program	91,200		91,200	95,200
Contributions and other grants	44,911	44,812	89,723	317,196
Investment income/loss	36,082	3,602	39,684	9,386
Insurance income and other fees	37,213		37,213	34,399
Sales of inventory, net direct costs of \$5,997 and \$5,790	27,168		27,168	10,826
Other revenue	22,130		22,130	5,394
Gain from sale of assets	6,291		6,291	
In-kind income				6,810
Loss from obsolete inventory				(8,226)
Satisfied program restrictions	<u>16,491</u>	<u>(16,491)</u>		
Total support and revenue	1,991,348	31,923	2,023,271	1,701,358
EXPENSES:				
Program Services	1,431,208		1,431,208	1,207,706
Supporting services:				
General and administrative	<u>225,116</u>		<u>225,116</u>	<u>121,378</u>
Total supporting services	<u>225,116</u>		<u>225,116</u>	<u>121,378</u>
Total expenses	<u>1,656,324</u>		<u>1,656,324</u>	<u>1,329,084</u>
CHANGE IN NET ASSETS	335,024	31,923	366,947	372,274
NET ASSETS, beginning of the year	<u>2,126,542</u>	<u>282,178</u>	<u>2,408,720</u>	<u>2,036,446</u>
NET ASSETS, end of year	<u>\$ 2,461,566</u>	<u>\$ 314,101</u>	<u>\$ 2,775,667</u>	<u>\$ 2,408,720</u>

See Notes to Financial Statements

AMERICAN CANOE ASSOCIATION, INC.
Statement of Functional Expenses
For the Year Ended September 30, 2021
(With Summarized Comparative Amounts for 2020)

	Membership	Safety Education & Instruction	Competition	Total Program Services	General & Administrative	2021 Total Expenses	2020 Total Expenses
Salaries	\$ 150,356	\$ 101,663	\$ 104,292	\$ 356,311	\$ 111,600	\$ 467,911	\$ 437,532
Travel			364,305	364,305	1,180	365,485	74,831
Insurance	78,534	660	19,954	99,148	751	99,899	83,372
Advertising & promotion	180	97,700	(311)	97,569	762	98,331	234,747
Equipment rental & maintenance			83,398	83,398	13,308	96,706	5,680
Other direct event costs	867		64,813	65,680	381	66,061	42,528
Camp Sebago expense	54,442			54,442		54,442	79,178
IT/web expenses	26,433	5,848	8,070	40,351	6,433	46,784	26,758
Outside contract services	4,175	3,795	32,062	40,032	4,175	44,207	49,390
Rent	20,753	5,765	1,729	28,247	6,614	34,861	49,630
Credit card processing fees	14,595		18,955	33,550		33,550	19,638
Payroll tax	9,601	8,119		4,405	10,499	32,624	37,185
Medical testing			30,017	30,017		30,017	
Accounting fees					29,550	29,550	
Office expenses	23,365			23,365	4,511	27,876	44,430
Employee benefits	6,504	6,504	6,504	19,512	6,504	26,016	33,535
Sugar Island improvements	15,357			15,357		15,357	11,661
Grants expenses		14,850		14,850		14,850	10,900
Supplies	4,180	414		4,594	9,488	14,082	13,824
Sponsorship			10,311	10,311		10,311	5,750
Telephone	4,571	1,269	381	6,221	1,398	7,619	8,226
Miscellaneous	2,796	3,409		6,205	1,251	7,456	494
Memberships & dues		6,675		6,675		6,675	12,175
Cost of goods sold	5,997			5,997		5,997	5,790
Real estate & personal prop tax			(85)	(85)	5,631	5,546	5,026
Utilities	2,873	798	239	3,910	879	4,789	6,656
Bank/finance charge			264	264	4,260	4,524	397
Interest - general					3,818	3,818	3,594
Depreciation	656	1,207	525	2,388	236	2,624	4,449
Legal fees			2,500	2,500		2,500	
Janitorial services					1,200	1,200	3,250
Staff development					656	656	1,321
Business registration fees					31	31	285
In-kind expenses							6,810
Bad debts	(34)			(34)		(34)	8,240
	426,201	258,676	752,328	1,437,205	225,116	1,662,321	1,334,874
Less: cost of goods sold	(5,997)			(5,997)		(5,997)	(5,790)
Total expenses as reported on the statement of activities	<u>\$ 420,204</u>	<u>\$ 258,676</u>	<u>\$ 752,328</u>	<u>\$ 1,431,208</u>	<u>\$ 225,116</u>	<u>\$ 1,656,324</u>	<u>\$ 1,329,084</u>

See Notes to Financial Statements

AMERICAN CANOE ASSOCIATION, INC.
Statement of Cash Flows
For the Year Ended September 30, 2021
(With Summarized Comparative Amounts for 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 366,947	\$ 372,274
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,624	4,449
Realized and unrealized (gains) losses	(37,987)	(8,419)
Gain on disposal of equipment	(6,291)	
Paycheck Protection Program	(91,200)	(95,200)
(Increase) decrease in operating assets:		
Accounts receivable	(6,201)	12,598
Grant receivable	(21,874)	
Inventory	(1,770)	10,900
Prepaid expenses	(3,950)	(18,179)
Increase (decrease) in operating liabilities:		
Accounts payable	(6,222)	(116,007)
Accrued liabilities	21,521	(12,463)
Deferred revenue	(19,294)	(25,285)
Total adjustments	<u>(170,644)</u>	<u>(247,606)</u>
Net cash provided by operating activities	196,303	124,668
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in investments, net	(1,582)	(905)
Proceeds from sale of equipment	6,291	
Aquisition of property and equipment	<u> </u>	<u>(1,341)</u>
Net cash provided (used) by investing activities	4,709	(2,246)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the Paycheck Protection Program	91,200	95,200
Principal payments on note payable	<u>(37,612)</u>	<u>(19,266)</u>
Net cash provided by financing activities	<u>53,588</u>	<u>75,934</u>
NET INCREASE IN CASH	254,600	198,356
CASH AND CASH EQUIVALENTS, beginning of year	<u>768,239</u>	<u>569,883</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,022,839</u>	<u>\$ 768,239</u>

See Notes to Financial Statements

AMERICAN CANOE ASSOCIATION, INC.
Notes to Financial Statements
For the Year Ended September 30, 2021

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 August 2018, the FASB issued ASU 2018-13, Fair Value Measurement: Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement (820). This ASU is effective for fiscal years beginning after December 15, 2019, with early adoption permissible. This ASU removes and modifies certain disclosures, adding disclosures related to fair value measurement. The Association adopted this standard during the year ended September 30, 2021.

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, 2021 and 2020, 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:

American Canoe Association, Inc.
Notes to Financial Statements
September 30, 2021

- 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*. 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 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 memberships. 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.

American Canoe Association, Inc.
Notes to Financial Statements
September 30, 2021

- 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 criteria for recognition as contributed services under generally accepted accounting principles.

Functional Expenses

The costs of providing 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

American Canoe Association, Inc.
Notes to Financial Statements
September 30, 2021

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, 2021, the Association did not pay any income taxes; the Association paid \$3,818 and \$3,594 of interest during the years ended September 30, 2021 and 2020, 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, 2020, 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 23, 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.

American Canoe Association, Inc.
Notes to Financial Statements
September 30, 2021

As of September 30, 2021 and 2020, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,022,839	\$ 768,239
Accounts Receivable	<u>28,783</u>	<u>708</u>
Total	<u>\$ 1,051,622</u>	<u>\$ 768,947</u>

As of September 30, 2021 and 2020, the Association also has investments of \$163,677 and \$124,108, respectively. Of these amounts, the Board has designated \$148,777 and \$112,810 for certain purposes (Note F) as of September 30, 2021 and 2020, respectively. Also, the Association had restricted net assets of \$314,101 and \$282,178 that were temporarily restricted (Note G). 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

American Canoe Association, Inc.
Notes to Financial Statements
September 30, 2021

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 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.

American Canoe Association, Inc.
Notes to Financial Statements
September 30, 2021

The following table presents assets that are measured at fair value on a recurring basis at September 30, 2021 and 2020:

Assets at Fair Value as of September 30, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
USOE pooled funds	\$ _____	\$ 163,677	\$ _____	\$ 163,677

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

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, 2021:

Alternative investments	39.41%
Domestic equities	26.80
International equities	15.71
Domestic bonds	15.38
Cash & cash equivalents	<u>2.70</u>
	<u>100.00%</u>

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.

American Canoe Association, Inc.
Notes to Financial Statements
September 30, 2021

E. RELATED PARTIES

The USOPC provided grant revenue of \$339,097 to the Association for the year ended September 30, 2021. Of this grant funding, the Association has recorded a receivable of \$21,874 as of September 30, 2021. As of September 30, 2021, \$74,390 of the USOPC grants were deferred for future recognition. The Association is economically dependent on support from the USOPC to sustain its operations at current levels.

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, 2021 and 2020.

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:

	<u>2021</u>	<u>2020</u>
ACA Olympic Fund	\$ 148,777	\$ 112,810
Fredericksburg land	<u>345,000</u>	<u>345,000</u>
Total	<u>\$ 493,777</u>	<u>\$ 457,810</u>

American Canoe Association, Inc.
Notes to Financial Statements
September 30, 2021

G. NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY IN NATURE

Temporarily restricted net assets are available for the following purpose as of September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Club Development Program	\$ 150,000	\$ 150,000
Slalom programs	93,595	84,742
Other programs	48,254	28,786
Leadership programs	14,900	11,298
Special grant	<u>7,352</u>	<u>7,352</u>
Total	<u>\$ 314,101</u>	<u>\$ 282,178</u>

During the years ended September 30, 2021 and 2020, temporary restrictions were released for the following purposes:

	<u>2021</u>	<u>2020</u>
Other programs	<u>\$ 16,491</u>	<u>\$ 44,693</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.

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

American Canoe Association, Inc.
Notes to Financial Statements
September 30, 2021

payments of \$1,500 per month from December 1, 2020, through November 30, 2021. As of November 30, 2021, the Association is paying the lease on a month-to-month basis.

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, 2021 and 2020, rent expense was \$34,861 and \$49,630, respectively.

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

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

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.

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

American Canoe Association, Inc.
Notes to Financial Statements
September 30, 2021

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 reduced salaries below the prescribed level during the 24-week period. During the year, the Association satisfied the forgiveness requirements of the program. Therefore, it 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. During the year ended September 30, 2021, the Association received additional support of \$91,200 under the modified PPP, which it used for purposes that would result in forgiveness of the loan. Therefore, it recorded the revenue in the year ended September 30, 2021, applying provisions of ASC 958-605.

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.