

AMERICAN CANOE ASSOCIATION, INC.
Financial Statements
For the Year Ended September 30, 2022



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of American Canoe Association, Inc. (the Association - a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and of cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of September 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the

aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Association's financial statements for the year ended September 30, 2021, and expressed an unmodified audit opinion on those audited financial statements in our report dated December 23, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McMillen & Company, PLLC

Colorado Springs, Colorado

May 31, 2023

AMERICAN CANOE ASSOCIATION, INC.
Statement of Financial Position
September 30, 2022
(With Summarized Comparative Amounts for 2021)

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,246,272	\$ 1,022,839
Accounts receivable	34,151	6,909
USOPC grants receivable		21,874
Inventory	7,976	17,999
Prepaid expenses	53,498	39,171
Total current assets	1,341,897	1,108,792
INVESTMENTS	145,402	163,677
PROPERTY AND EQUIPMENT:		
Land	1,659,221	1,659,221
Computer equipment	17,247	17,247
Furniture and equipment	33,120	33,120
Leasehold improvement		
Camp assets	5,000	5,000
Less accumulated depreciation	(53,996)	(51,954)
Property and equipment - net	1,660,592	1,662,634
TOTAL ASSETS	\$ 3,147,891	\$ 2,935,103
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 95,327	\$ 8,469
Accrued liabilities	32,637	53,135
Deferred revenue	78,978	74,390
Note payable		23,442
Total current liabilities	206,942	159,436
NET ASSETS:		
Without donor restrictions	2,124,155	1,967,789
Without donor restrictions - Board designated	477,560	493,777
With donor restrictions	339,234	314,101
Total net assets	2,940,949	2,775,667
TOTAL LIABILITIES AND NET ASSETS	\$ 3,147,891	\$ 2,935,103

See Notes to Financial Statements

AMERICAN CANOE ASSOCIATION, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2022
(With Summarized Comparative Amounts for 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Totals</u>	<u>2021 Totals</u>
SUPPORT AND REVENUE:				
Membership, net discounts and refunds of \$6,840 and \$15,305	\$ 879,549	\$	\$ 879,549	\$ 810,443
Program income	548,321		548,321	395,937
Grants from the USOPC, excluding value-in-kind	302,733		302,733	339,097
Contributions and other grants	31,000	98,877	129,877	89,723
Government grants	125,000		125,000	164,385
Insurance income and other fees	31,366		31,366	37,213
In-kind income	26,881		26,881	
Other revenue	8,228		8,228	22,130
Sales of inventory, net direct costs of \$14,709 and \$5,997	7,495		7,495	27,168
Gain from sale of assets				6,291
Paycheck Protection Program				91,200
Investment income/loss	(19,567)	1,807	(17,760)	39,684
Satisfied program restrictions	<u>75,551</u>	<u>(75,551)</u>		
Total support and revenue	2,016,557	25,133	2,041,690	2,023,271
EXPENSES:				
Program services:				
Competition	872,833		872,833	752,328
Membership	605,427		605,427	420,204
Safety education & instruction	<u>221,357</u>		<u>221,357</u>	<u>258,676</u>
Total program services	1,699,617		1,699,617	1,431,208
Supporting services:				
General and administrative	<u>176,791</u>		<u>176,791</u>	<u>225,116</u>
Total supporting services	<u>176,791</u>		<u>176,791</u>	<u>225,116</u>
Total expenses	<u>1,876,408</u>		<u>1,876,408</u>	<u>1,656,324</u>
CHANGE IN NET ASSETS	140,149	25,133	165,282	366,947
NET ASSETS, beginning of year	<u>2,461,566</u>	<u>314,101</u>	<u>2,775,667</u>	<u>2,408,720</u>
NET ASSETS, end of year	<u>\$ 2,601,715</u>	<u>\$ 339,234</u>	<u>\$ 2,940,949</u>	<u>\$ 2,775,667</u>

See Notes to Financial Statements

AMERICAN CANOE ASSOCIATION, INC.
Statement of Functional Expenses
For the Year Ended September 30, 2022
(With Summarized Comparative Amounts for 2021)

	Membership	Safety Education & Instruction	Competition	Total Program Services	General & Administrative	2022 Total Expenses	2021 Total Expenses
Salaries	\$ 183,945	\$ 79,993	\$ 128,284	\$ 392,222	\$ 127,040	\$ 519,262	\$ 467,911
Travel		1,369	266,490	267,859	167	268,026	365,485
Other direct event costs	32,272	2,000	224,818	259,090	1,701	260,791	66,061
Insurance	106,214	489	18,903	125,606	726	126,332	99,899
Equipment rental & maintenance	7,302	2,434	107,002	116,738	2,434	119,172	96,706
Outside contract services	11,345	4,520	68,284	84,149		84,149	44,207
Camp Sebago expense	79,931			79,931		79,931	54,442
Advertising & promotion	689	70,160	620	71,469	268	71,737	98,331
Payroll tax	16,109	8,012	11,992	36,113	10,875	46,988	32,624
IT/web expenses	22,145	6,175	9,119	37,439	6,079	43,518	46,784
Office expenses	23,199	6,030	261	29,490	991	30,481	27,876
Credit card processing fees	14,031	4,209	10,360	28,600		28,600	33,550
Employee benefits	3,280	8,155	10,897	22,332	1,843	24,175	26,016
Rent	14,140	4,713		18,853	4,713	23,566	34,861
Safety and education	560	21,414		21,974		21,974	
DEI initiatives	21,853			21,853		21,853	
Supplies	13,387	2,367		15,754	931	16,685	14,082
Grants expenses	15,436			15,436		15,436	14,850
Sugar Island improvements	14,910			14,910		14,910	15,357
Cost of goods sold	14,709			14,709		14,709	5,997
Staff development	9,000	63	80	9,143	2,615	11,758	656
Accounting fees					10,450	10,450	29,550
Memberships & dues	6,216		1,856	8,072		8,072	6,675
Bank/finance charge			1,832	1,832	5,904	7,736	4,524
Sponsorship			6,200	6,200		6,200	10,311
Legal fees			5,835	5,835		5,835	2,500
Telephone	3,016	998		4,014	998	5,012	7,619
Utilities	2,914	971		3,885	971	4,856	4,789
Depreciation	1,225	408		1,633	408	2,041	2,624
Janitorial services	858	286		1,144	286	1,430	1,200
Real estate & personal prop tax	(376)			(376)	765	389	5,546
Business registration fees	76			76	51	127	31
Medical testing							30,017
Bad debts							(34)
Miscellaneous	1,750	(3,409)		(1,659)	175	(1,484)	7,456
Interest - general					(3,600)	(3,600)	3,818
	620,136	221,357	872,833	1,714,326	176,791	1,891,117	1,662,321
Less: cost of goods sold	(14,709)			(14,709)		(14,709)	(5,997)
Total expenses as reported on the statement of activities	<u>\$ 605,427</u>	<u>\$ 221,357</u>	<u>\$ 872,833</u>	<u>\$ 1,699,617</u>	<u>\$ 176,791</u>	<u>\$ 1,876,408</u>	<u>\$ 1,656,324</u>

See Notes to Financial Statements

AMERICAN CANOE ASSOCIATION, INC.
Statement of Cash Flows
For the Year Ended September 30, 2022
(With Summarized Comparative Amounts for 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 165,282	\$ 366,947
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,041	2,624
Realized and unrealized (gains) losses	19,745	(37,987)
Gain on disposal of equipment		(6,291)
Paycheck Protection Program		(91,200)
(Increase) decrease in operating assets:		
Accounts receivable	(27,242)	(6,201)
Grant receivable	21,874	(21,874)
Inventory	10,023	(1,770)
Prepaid expenses	(14,327)	(3,950)
Increase (decrease) in operating liabilities:		
Accounts payable	86,858	(6,222)
Accrued liabilities	(20,498)	21,521
Deferred revenue	4,588	(19,294)
Total adjustments	<u>83,062</u>	<u>(170,644)</u>
Net cash provided by operating activities	248,344	196,303
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in investments, net	(1,470)	(1,582)
Proceeds from sale of equipment		<u>6,291</u>
Net cash provided (used) by investing activities	(1,470)	4,709
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the Paycheck Protection Program		91,200
Principal payments on note payable	<u>(23,441)</u>	<u>(37,612)</u>
Net cash provided (used) by financing activities	<u>(23,441)</u>	<u>53,588</u>
NET INCREASE IN CASH	223,433	254,600
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,022,839</u>	<u>768,239</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,246,272</u>	<u>\$ 1,022,839</u>

See Notes to Financial Statements

AMERICAN CANOE ASSOCIATION, INC.
Notes to Financial Statements
For the Year Ended September 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

American Canoe Association, Inc. (the Association) is the national governing body for paddle 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 September 2020, the Financial Accounting Standards Board (FASB) issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This ASU allows for the presentation and disclosure of contributions of nonfinancial assets to be more transparent in not-for-profit entities' financial statements. The new guidance requires not-for-profit entities to add a separate line item to the statement of activities, and to include various disaggregated disclosures by category, for contributions of nonfinancial assets. ASU 2020-07 is applied retrospectively and is effective for annual reporting periods beginning after June 15, 2021. The Association adopted ASU 2020-07 during the year ended September 30, 2022, requiring certain reclassifications in presentation and additional disclosure regarding contributed nonfinancial assets.

New Authoritative Pronouncements - Not Yet Adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued *Accounting Standards Update (ASU) 2016-02 - Leases*, which created a new topic section of the Accounting Standards Codification (ASC), ASC 842. This guidance requires the recognition of all leases as rights and obligations to be presented on the statement of financial position as assets and

liabilities. The standard further defines the proper initial and subsequent recognition and required disclosure of leases based on the type of lease, as defined under the new ASC 842. For nonpublic entities, the update is effective for fiscal years beginning after December 15, 2021. The Association is evaluating the impact this will have on its financial statements.

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, 2022 and 2021, 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*. 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.
- 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

The Association receives in-kind sponsorships and donations from various supporters, including affiliated organizations (Note H).

The Association's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Association. If an asset is provided that does not allow the Association to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or other method depending on the type of asset.

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 Allocations of 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 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, 2022, the Association did not pay any income taxes; the Association paid \$394 and \$3,818

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of interest during the years ended September 30, 2022 and 2021, 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, 2021, 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 May 31, 2023, 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, 2022 and 2021, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	<u>2022</u>	<u>2021</u>
Cash and Cash equivalents	\$ 1,246,272	\$ 1,022,839
Accounts Receivable	<u>34,151</u>	<u>28,783</u>
Total	<u>\$ 1,280,423</u>	<u>\$ 1,051,622</u>

As of September 30, 2022 and 2021, the Association also has investments of \$145,402 and \$163,677, respectively. Of these amounts, the Board has designated \$132,560 and \$148,777 for certain purposes (Note F) as of September 30, 2022 and 2021, respectively. Also, the Association had restricted net assets of \$339,234 and \$314,101 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 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

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

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

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

The following table presents assets that are measured at fair value on a recurring basis at September 30, 2022 and 2021:

Assets at Fair Value as of September 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
USOE pooled funds	\$ _____	\$ 145,402	\$ _____	\$ 145,402

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

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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, 2022:

Alternative investments	45.63%
Domestic equities	29.22
International equities	14.82
Domestic bonds	8.01
Cash & cash equivalents	<u>2.32</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.

E. RELATED PARTIES

The USOPC provided grant revenue of \$302,733 to the Association for the year ended September 30, 2022. As of September 30, 2022, \$34,551 of the USOPC grants were deferred for future recognition. The Association also received \$26,881 of lodging credits during the year ended September 30, 2022 (Note H). 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

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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, 2022 and 2021.

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>2022</u>	<u>2021</u>
ACA Olympic Fund	\$ 132,560	\$ 148,777
Fredericksburg land	<u>345,000</u>	<u>345,000</u>
Total	<u>\$ 477,560</u>	<u>\$ 493,777</u>

G. NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY IN NATURE

Temporarily restricted net assets are available for the following purpose as of September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Club Development Program	\$ 150,000	\$ 150,000
Slalom programs	75,000	93,595
Other programs	56,352	48,254
Canoe Polo	41,090	
Leadership programs	12,842	14,900
Special grant	<u>3,950</u>	<u>7,352</u>
Total	<u>\$ 339,234</u>	<u>\$ 314,101</u>

During the years ended September 30, 2022 and 2021, temporary restrictions were released for the following purposes:

	<u>2022</u>	<u>2021</u>
Other programs	\$ 48,478	\$ 16,491
Slalom programs	18,595	

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Special grant	3,402	
Leadership programs	3,866	
Canoe Polo	<u>1,210</u>	
Total	<u>\$ 75,551</u>	<u>\$ 16,491</u>

H. DONATED GOODS AND SERVICES

The amounts reflected in the accompanying financial statements as in-kind contributions are offset by equal amounts included in expenses. During the years ended September 30, 2022 and 2021, the Association recognized revenue and related expense of \$26,881 and \$0, respectively, for contributed goods and services. For the year ended September 30, 2022, these amounts represented lodging credits provided by the USOPC (Note E). The Association measured the lodging credits received at the market rates shared by the USOPC.

I. 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 accrued on the outstanding balance at a rate of 4.25% per annum.

The forbearance agreement terminated May 1, 2013. However, the Association continued to make principal and interest payments under the same terms; the debt was paid off during the year ended September 30, 2022.

J. LEASE COMMITMENT

The Association previously leased office space under an agreement through November 30, 2021. The Association's most recent agreement for that previous office space required payments of \$1,500 per month from December 1, 2020, through November 30, 2021. As of November 30, 2021, the Association was paying the lease on a month-to-month basis for the previous office space.

Subsequent to the year ended September 30, 2022, the Association entered into a new lease for office space on

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February 28, 2023, for a 12-month term, expiring March 31, 2024, requiring payments of \$1,735 per month.

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, 2022 and 2021, rent expense was \$23,566 and \$34,861, respectively.

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

2023	\$ 28,688
2024	20,825
2025	12,150
2026	12,150
2027	12,150

K. 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.