

DALLAS UNITED CREW, INC.  
CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT  
DECEMBER 31, 2024

DALLAS UNITED CREW, INC.

DECEMBER 31, 2024

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
of Dallas United Crew, Inc.  
Dallas, TX

We have reviewed the accompanying consolidated financial statements of Dallas United Crew, Inc. (a nonprofit organization) ("DUC"), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities and changes in net assets, functional expense and cash flows for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement whether due to fraud or error.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Dallas United Crew, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### **Basis for Qualified Conclusion**

As disclosed in Note 1 to the consolidated financial statements, during 2024 the Organization elected not to consolidate the financial statements of Dallas Kayak Company, Inc. dba Dallas Paddle ("Dallas Paddle") in its consolidated financial statements. Under accounting principles generally accepted in the United States of America, Dallas Paddle should have been consolidated because it is controlled by DUC.

### **Qualified Conclusion**

Based on our review, except for the effect of the matter described in the Basis for Qualified Conclusion paragraph, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Orta & Choate, P.C.*

McKinney, TX  
March 27, 2025

Dallas United Crew, Inc.  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
December 31, 2024  
(See Independent Accountants' Review Report)

ASSETS

CURRENT ASSETS

|  |    |         |
|--|----|---------|
| Cash and cash equivalents  | \$ | 553,774 |
| Cash and cash equivalents - with donor restrictions                        |    | 55,803  |
| Accounts receivables   |    | 5,262   |
| Due from Dallas Paddle, Inc. (net of allowance for credit losses \$57,829) |    | 33,045  |
| Prepaid expenses   |    | 11,113  |
| Other assets   |    | 5,713   |
| Total current assets   |    | 664,710 |

INVESTMENT IN DALLAS PADDLE, INC. 30,010

RIGHT-OF-USE ASSET-OPERATING LEASE 183,158

PROPERTY AND EQUIPMENT - NET 427,212

TOTAL ASSETS \$ 1,305,090

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

|                           |    |         |
|---------------------------|----|---------|
| Accounts payable          | \$ | 15,589  |
| Accrued expenses          |    | 31,288  |
| Operating lease liability |    | 37,472  |
| Deferred revenue          |    | 62,354  |
| Total current liabilities |    | 146,703 |

OPERATING LEASE LIABILITY - LONG-TERM PORTION 151,079

NET ASSETS

|                                  |  |           |
|----------------------------------|--|-----------|
| Without donor restrictions       |  |           |
| Members' equity                  |  | 55,384    |
| Undesignated                     |  | 896,121   |
| Total without donor restrictions |  | 951,505   |
| With donor restrictions          |  | 55,803    |
| Total net assets                 |  | 1,007,308 |

TOTAL LIABILITIES AND NET ASSETS \$ 1,305,090

The accompanying notes are an integral part of these consolidated financial statements.

Dallas United Crew, Inc.  
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
For the Year Ended December 31, 2024  
(See Independent Accountants' Review Report)

|                                       | Without<br>Restriction | With Donor<br>Restriction | Total        |
|---------------------------------------|------------------------|---------------------------|--------------|
| <b>SUPPORT AND REVENUES</b>           |                        |                           |              |
| Contributions and grants              | \$ 195,423             | \$ 77,000                 | \$ 272,423   |
| Program revenue                       | 1,340,229              | -                         | 1,340,229    |
| Other income                          | 17,566                 | -                         | 17,566       |
| Net assets released from restrictions | 171,609                | (171,609)                 | -            |
| Total support and revenue             | 1,724,827              | (94,609)                  | 1,630,218    |
| <b>FUNCTIONAL EXPENSES</b>            |                        |                           |              |
| Program services                      |                        |                           |              |
| Adaptive                              | 9,124                  | -                         | 9,124        |
| Boathouse                             | 10,672                 | -                         | 10,672       |
| Dragon Boat                           | 11,457                 | -                         | 11,457       |
| Rowing                                | 1,325,134              | -                         | 1,325,134    |
| Total program services                | 1,356,387              | -                         | 1,356,387    |
| Supporting services                   |                        |                           |              |
| Management and general                | 248,082                | -                         | 248,082      |
| Total supporting services             | 248,082                | -                         | 248,082      |
| Total functional expenses             | 1,604,469              | -                         | 1,604,469    |
| Changes in net assets                 | 120,358                | (94,609)                  | 25,749       |
| NET ASSETS, at beginning of year      | 831,147                | 150,412                   | 981,559      |
| NET ASSETS, at end of year            | \$ 951,505             | \$ 55,803                 | \$ 1,007,308 |

The accompanying notes are an integral part of these consolidated financial statements.

Dallas United Crew, Inc.  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2024  
(See Independent Accountants' Review Report)

|                                    | Program Services |                  |                  |                     | Total<br>Program<br>Services | Supporting Services          |             |                                 | Total               |
|------------------------------------|------------------|------------------|------------------|---------------------|------------------------------|------------------------------|-------------|---------------------------------|---------------------|
|                                    | Adaptive         | Boathouse        | Dragon Boats     | Rowing              |                              | Management<br>and<br>General | Fundraising | Total<br>Supporting<br>Services |                     |
| Salaries and benefits              | \$ 1,117         | \$ -             | \$ 932           | \$ 500,024          | \$ 502,073                   | \$ 95,419                    | \$ -        | \$ 95,419                       | \$ 597,492          |
| Staff training and education       | -                | -                | -                | 19,358              | 19,358                       | -                            | -           | -                               | 19,358              |
| Awards and grants                  | -                | -                | -                | 77,693              | 77,693                       | -                            | -           | -                               | 77,693              |
| Bank fees and charges              | -                | -                | -                | -                   | -                            | 38,087                       | -           | 38,087                          | 38,087              |
| Regatta expenses                   | -                | -                | -                | 409,706             | 409,706                      | -                            | -           | -                               | 409,706             |
| Professional and contract services | -                | -                | -                | -                   | -                            | 44,831                       | -           | 44,831                          | 44,831              |
| Insurance and memberships          | 1,286            | -                | 952              | 24,133              | 26,371                       | -                            | -           | -                               | 26,371              |
| Equipment maintenance              | 1,797            | 10,672           | 1,244            | 47,717              | 61,430                       | -                            | -           | -                               | 61,430              |
| Depreciation                       | -                | 5,592            | 4,424            | 143,036             | 153,052                      | -                            | -           | -                               | 153,052             |
| Utilities                          | -                | -                | -                | -                   | -                            | 4,915                        | -           | 4,915                           | 4,915               |
| Rental expenses                    | 570              | -                | 475              | 13,055              | 14,100                       | -                            | -           | -                               | 14,100              |
| Marketing and publicity            | 32               | -                | 75               | 4,622               | 4,729                        | -                            | -           | -                               | 4,729               |
| Social and educational             | 350              | -                | 52               | 5,169               | 5,571                        | 35                           | -           | 35                              | 5,606               |
| Credit losses                      | -                | -                | -                | -                   | -                            | 59,203                       | -           | 59,203                          | 59,203              |
| Other expenses                     | 3,971            | -                | 3,304            | 80,621              | 87,896                       | -                            | -           | -                               | 87,896              |
|                                    | <u>\$ 9,123</u>  | <u>\$ 16,264</u> | <u>\$ 11,458</u> | <u>\$ 1,325,134</u> | <u>\$ 1,361,979</u>          | <u>\$ 242,490</u>            | <u>\$ -</u> | <u>\$ 242,490</u>               | <u>\$ 1,604,469</u> |

The accompanying notes are an integral part of these consolidated financial statements.

Dallas United Crew, Inc.  
CONSOLIDATED STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2024  
(See Independent Accountants' Review Report)

|  |    |                       |
|--|----|-----------------------|
| Changes in net assets  | \$ | 25,749                |
| Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:                                       |    |                       |
| Depreciation   |    | 153,052               |
| Allowance for credit loss  |    | 57,829                |
| Operating lease amortization   |    | 38,817                |
| Gain on sale of property and equipment   |    | (7,800)               |
| Changes in operating assets and liabilities, net   |    |                       |
| Accounts receivable  |    | (3,888)               |
| Due from Dallas Paddle   |    | (2,410)               |
| Prepaid expenses   |    | 3,516                 |
| Accounts payable   |    | (1,064)               |
| Accrued expenses   |    | 17,108                |
| Operating lease liability  |    | (28,576)              |
| Deferred revenue   |    | 32,550                |
| Net cash provided by operating activities  |    | <u>284,883</u>        |
| Cash flows from investing activities:  |    |                       |
| Additions of property, plant and equipment   |    | (113,430)             |
| Proceeds from sale of property and equipment   |    | <u>7,800</u>          |
| Net cash used in investing activities  |    | <u>(105,630)</u>      |
| Increase in cash and cash equivalents  |    | 179,253               |
| Cash and cash equivalents, at beginning of year  |    | <u>430,324</u>        |
| Cash and cash equivalents, at end of year  | \$ | <u><u>609,577</u></u> |
| Reconciliation of cash and cash equivalents reported within the consolidated statement of financial position to the statement of cash flows: |    |                       |
| Cash and cash equivalents  | \$ | 553,774               |
| Cash and cash equivalents - with donor restrictions  |    | <u>55,803</u>         |
| Total cash and cash equivalents shown in the consolidated statement of cash flows  | \$ | <u><u>609,577</u></u> |

The accompanying notes are an integral part of these consolidated financial statements.

Dallas United Crew, Inc.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(See Independent Accountants' Review Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Dallas United Crew, Inc. ("DUC") was organized and incorporated in 2002 in the State of Texas, as a nonprofit corporation for the purposes of:

- To promote and support the sport of rowing and other oar and paddle sports to middle school, junior high school and high school students in the Greater Dallas, Texas metropolitan area and to support rowing and paddling programs for adult participants in the Greater Dallas, Texas metropolitan area.
- To foster rowing competition, including national competition, among middle school, junior high school and high school students in the Greater Dallas, Texas metropolitan area.
- To provide to middle schools, junior high schools and high schools in the Greater Dallas Texas metropolitan area an opportunity for students to participate in the sport of rowing at a time when the middle schools, junior high schools and high schools may not have sufficient funding to maintain such a program.

In addition, DUC maintains relationships with the City of Dallas (the "City") and the Dallas Park and Recreation Department fostering a broader understanding of the lake community, both on and off of the water. DUC is primarily supported by contributions and program revenue.

In April of 2012, DUC formed a wholly owned company, DUC Boathouse, LLC ("DUC Boathouse"), as a step toward a long-term goal to develop a community boathouse. DUC operates and maintains DUC Boathouse that is on the premises that DUC leases from the City. DUC Boathouse promotes and supports the sport of rowing and other oar, paddle and boating activities at the facility to raise awareness of such activities and the furtherance of the purposes of DUC.

Dallas Kayak Company Inc, dba Dallas Paddle ("Dallas Paddle") was organized in May 2022 in the State of Texas and is a for-profit corporation. DUC is the sole shareholder of Dallas Paddle. Dallas Paddle plans to offer kayak, canoe, and paddle board rentals at White Rock Lake in Dallas, Texas. Dallas Paddle began operations in Spring of 2023. Management has elected to not include Dallas Paddle's financial statements in DUC's consolidated financial statements. See Note 7.

On December 31, 2017, the City approved Resolution No. 17-1886, which authorized execution of a Development and Use Agreement (the "City Contract") between Dallas United Crew and the City acting through its Park and Recreation Board. Pursuant to the Development and Use Agreement, DUC was granted a license to operate its programs on a parcel of land at White Rock Lake owned by the City. The City Contract also authorized DUC to construct a dock and a removable equipment storage structure on the site as described in the City Contract. The initial term of the license to operate on the site is for five years with two renewal periods of five years each. See Note 6.

Revenues and support for DUC are primarily derived from program income paid by DUC's members and contributions from donors. DUC's program are as follows:

Adaptive – Adaptive rowing focuses on athletes who have physical mobility constraints (typically lower body) or other disabilities that would prevent them from training with a traditional masters rowing program. It provides them the opportunity to exercise, train and compete in rowing.

Dragon Boat – Dragon boats are twenty-two person canoes that originated in China approximately two thousand years ago. The boats consist of twenty paddlers, one steersperson, and one drummer. There are festivals that incorporate dragon boat racing all around the country including two in the Dallas area.

Rowing – DUC's competitive rowing program offers middle school rowing, youth rowing and masters rowing that all vary in age and level of experience.



Dallas United Crew, Inc.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(See Independent Accountant’s Review Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation

The consolidated financial statements include the accounts of DUC and DUC Boathouse, collectively referred to as “the Organization”. Under accounting principles generally accepted in the United States of America (“U.S. GAAP”), the Organization meets the requirements to consolidate DUC and DUC Boathouse. All intercompany activity has been eliminated.

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. GAAP.

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 available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed 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-imposed restrictions are perpetual in nature, where the donor stipulates that resources 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. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net assets without donor restrictions class. See Note 4.

Liquidity and Availability

Assets are presented in the accompanying consolidated statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash. See Note 2.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an initial maturity of three months or less. The FDIC deposit insurance insures deposits up to \$250,000 per deposit, per insured bank for each ownership category. The Organization maintains cash balances at a financial institution in Dallas, Texas. There was approximately \$360,000 uninsured cash at December 31, 2024.

Financial Instruments

The carrying value of cash and cash equivalents, cash and cash equivalents – with donor restrictions, accounts receivable, due from Dallas Paddle, prepaid expenses, accounts payable, accrued expenses, and deferred revenue approximate fair value due to the short-term maturities of these assets and liabilities.

Dallas United Crew, Inc.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(See Independent Accountant's Review Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are recorded at cost if purchased, or at estimated fair value at the date of donation. The Organization capitalizes expenditures for land, buildings, and equipment in excess of \$1,000 and with an estimated useful life greater than one year. Maintenance and repairs are charged to expense as incurred. Depreciation of property and equipment is computed on a straight-line basis over estimated useful lives.

|                      | <u>Estimated Useful Lives</u> |
|----------------------|-------------------------------|
| Boats and equipment  | 5-7 years                     |
| Vehicle and trailers | 5 years                       |
| Boathouse and dock   | 7-10 years                    |

Revenue Recognition

The Organization recognizes contributions and grants when cash, securities or other assets or an unconditional promise to give is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Amounts received prior to the conditions being met are reported as refundable advances in the consolidated statement of financial position.

Program revenue consist of services fees that are recognized as the Organization satisfies performance obligations for services provided. Program revenues are reported at the estimated transaction price or amounts that reflect consideration to which the Organization expects to be entitled in exchange for services provided. The Organization determines the transaction price based on standard charges for services provided. Deferred revenue arises from advance payment of service fees for the subsequent year. The deferred revenue beginning balance at January 1, 2024 was \$29,804 and the ending balance at December 31, 2024 was \$62,354.

Donated Goods and Services

Donated goods are reflected as contributions in the accompanying consolidated financial statements at their estimated fair value on the date of donation. Donated services are reflected in the consolidated financial statements at the fair value of the services received if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In addition, many individuals volunteer their time and perform a variety of tasks that help the Organization's programs. The value of this donated time is not reflected in the accompanying consolidated financial statements because it does not meet the above criteria.

Advertising costs

The Organization incurs non-direct advertising costs and has adopted the policy of expensing such costs as incurred. Total advertising costs incurred in the year ended December 31, 2024 was \$4,729.

Dallas United Crew, Inc.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 (See Independent Accountant’s Review Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenses that are allocated include the following:

|                       | <u>Method of Allocation</u> |
|-----------------------|-----------------------------|
| Salaries and benefits | Time and effort             |
| Depreciation          | Usage                       |

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business income. For the year ended December 31, 2024, the Organization had no material net unrelated business income. Accordingly, no provision for income taxes is reflected in the accompanying consolidated financial statements.

The Organization has concluded that it does not have any unrecognizable tax benefits resulting from the current or prior period tax positions. Accordingly, no additional disclosures have been made on the consolidated financial statements regarding ASC 740, *Income Taxes*. The Organization does not have any outstanding interest or penalties, and none have been recorded in the consolidated statement of activities and change in net assets for the year ended December 31, 2024. The Organization’s informational returns filed are generally subject to examination for three years after the later of the due date or date of filing. As a result, the Organization is no longer subject to income tax examinations by tax authorities for years prior to 2021.

Estimates

Management uses estimates and assumptions in preparing consolidated financial statements in accordance with U.S. GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could vary from the estimates that were used.

2. LIQUIDITY AND AVAILABILITY

The following reflects the Organization’s financial assets as of December 31, 2024, reduced by amounts not available for general use because of board designations within one year of the consolidated statement of financial position date. Amounts available include donor restricted amounts that are available for general expenditure in the following year.

|   |                   |
|---|-------------------|
| Financial assets  |                   |
| Cash and cash equivalents   | \$ 609,577        |
| Accounts receivable   | <u>5,262</u>      |
| Total financial assets  | 614,839           |
| Less amounts not available to be used within one year, due to           |                   |
| Net assets with donor restrictions                                      | <u>(55,803)</u>   |
| Financial assets available to meet general expenditures within one year | <u>\$ 559,036</u> |

As a part of the Organization’s liquidity management, it structured its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization’s Board of Directors strives to maintain at least three months of board designated funds to cover program expenditures. Generally, the Organization purchases long-term assets with cash and avoids taking on large debt balances. Management and the Board Treasurer review monthly revenue and operating expenditures to operate within the budget approved by the Board of Directors. The Board of Directors also receives and reviews the Organization’s consolidated financial statements monthly.

Dallas United Crew, Inc.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(See Independent Accountant's Review Report)

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2024:

|                                |                    |
|--------------------------------|--------------------|
| Equipment, Rowing Shells       | \$ 687,172         |
| Equipment, Dragon Boats        | 43,604             |
| Equipment, Accessories         | 196,710            |
| Equipment, Other               | 179,794            |
| Boathouse                      | 293,386            |
| Powerplant                     | 15,183             |
| Vehicles                       | <u>113,809</u>     |
|                                | 1,529,658          |
| Less: accumulated depreciation | <u>(1,102,446)</u> |
|                                | <u>\$ 427,212</u>  |

Depreciation expense was \$153,052 for the year ended December 31, 2024:

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purpose at December 31, 2024:

|                |                  |
|----------------|------------------|
| Transportation | \$ 23,000        |
| Trainer/coach  | 12,000           |
| Powerplant     | <u>20,803</u>    |
|                | <u>\$ 55,803</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose for the year ended December 31, 2024:

|              |                   |
|--------------|-------------------|
| Scholarships | \$ 26,250         |
| Equipment    | 48,600            |
| Powerplant   | <u>96,759</u>     |
|              | <u>\$ 171,609</u> |

5. LEASES

With the adoption of FASB ASC 842, the Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the consolidated statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or financing at the lease commencement date.

The Organization separates the lease and nonlease components, in calculating the ROU assets and lease liabilities for leases. At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at the commencement date to determine the present value of lease payments.

Dallas United Crew, Inc.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(See Independent Accountant's Review Report)

5. LEASES (Continued)

The Organization considers leases with initial terms of twelve months or less, and no option to purchase the underlying assets, to be short-term leases. Accordingly, short-term leases costs are expensed over the remaining lease term, with no corresponding ROU asset or lease liability.

Operating Lease

During November 2023, DUC entered into a commercial lease to lease approximately 3,400 square feet for office and program space. The lease commenced December 1, 2023 and expires on March 31, 2029.

Quantitative Disclosures

The leases costs and other required information for the year ended December 31, 2024:

|                       |                  |
|-----------------------|------------------|
| Leases costs:         |                  |
| Operating leases cost | \$ <u>47,168</u> |

The following table summarizes the supplemental cash flow information for the year ended December 31, 2024:

|   |                  |
|---|------------------|
| Cash paid for amounts included in the measurement of lease liabilities: |                  |
| Operating cash flows from operating lease                               | \$ <u>36,927</u> |

The following summarizes the weighted-average remaining lease term and weight-average discount rate:

|  |       |
|--|-------|
| Weighted-average remaining lease terms in years: |       |
| Operating lease                                  | 4.25  |
| Weighted-average discount rate:                  |       |
| Operating lease                                  | 4.15% |

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of December 31, 2024:

|                             |                   |
|-----------------------------|-------------------|
| 2025                        | \$ 44,480         |
| 2026                        | 48,055            |
| 2027                        | 49,497            |
| 2028                        | 50,982            |
| Thereafter                  | <u>12,839</u>     |
|                             | 205,853           |
| Less imputed interest       | <u>(17,302)</u>   |
| Operating lease liabilities | <u>\$ 188,551</u> |

Dallas United Crew, Inc.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(See Independent Accountant’s Review Report)

6. COMMITMENTS AND CONTINGENCIES

As described in Note 1, the Organization entered into an agreement with the City of Dallas (the “City”) to operate its programs on a parcel of land owned by the City on White Rock Lake. In accordance with the terms of the agreement, the Organization will pay the City \$3,100 every six months for the duration of the agreement, commencing in January 2018. On June 1, 2022, the Organization renewed the management agreement with the City of Dallas for a second five-year term to operate on a parcel of land owned by the City of Dallas.

Under the minimum terms of the agreements, the following are the minimum payments due by the Organization for the year ended December 31, 2024:

|       |    |                  |
|-------|----|------------------|
| 2025  | \$ | 6,200            |
| 2026  |    | 6,200            |
| 2027  |    | <u>3,100</u>     |
| Total |    | <u>\$ 15,500</u> |

7. RELATED PARTY

During 2022, DUC provided start-up funding to Dallas Paddle. At December 31, 2024, Dallas Paddle owed DUC approximately \$33,045 for start-up cash and expenses paid on Dallas Paddle’s behalf. Additionally, the President of Dallas Paddle serves on the Board of Directors of DUC, and day-to-day operations of Dallas Paddle are managed by the Executive Director of DUC.

On December 16, 2024, the Organization elected to exercise section 16 of the agreement with the Dallas Park and Recreation Department to terminate for convenience. After two years of operations, the Organization determined that the contract is not viable to continue business.

At December 31, 2024, the Organization had a receivable due from Dallas Paddle totaling \$33,045 and an investment of \$30,010. The Organization has recorded an allowance for credit losses of \$57,829 based on an assessment of the fair value of the assets owned by Dallas Paddle.

|                                      | Receivable       | Investment       | Total            |
|--------------------------------------|------------------|------------------|------------------|
| Beginning balance                    | \$ 88,464        | \$ 30,010        | \$ 118,474       |
| Net activity during the period       | 2,410            | -                | 2,410            |
| Provision for expected credit losses | (57,829)         | -                | (57,829)         |
| Ending balance                       | <u>\$ 33,045</u> | <u>\$ 30,010</u> | <u>\$ 63,055</u> |

8. RISKS, ECONOMIC OUTLOOK AND UNCERTAINTIES

The Organization depends heavily on donations and program revenue for its revenue. The ability of the Organization’s donors and grantors to continue giving amounts comparable with prior years may be dependent, among other things, upon current and future overall economic conditions and the continued deductibility for income tax purposes of donations of the Organization. While the Organization’s Board of Directors believes the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues to be dependent on the above factors.

9. SUBSEQUENT EVENTS

In connection with the preparation of the consolidated financial statements, subsequent events have been evaluated by the Organization through March 27, 2025, which was the date the consolidated financial statements were available for issuance, and concluded that no disclosures are required.