

DALLAS UNITED CREW, INC.  
CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2023

DALLAS UNITED CREW, INC.

DECEMBER 31, 2023

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## Independent Auditors' Report

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

### **Qualified Opinion**

We have audited the accompanying consolidated financial statements of Dallas United Crew, Inc. (a nonprofit organization) ("DUC") and DUC Boathouse, LLC ("DUC Boathouse"), collectively referred to as (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, except for the effects of not consolidating Dallas Kayak Company, Inc. dba Dallas Paddle ("Dallas Paddle"), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of DUC as of December 31, 2023, and the consolidated statements of activities and changes in its net assets, its cash flows and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

### **Basis for Qualified Opinion**

As more described in Note 1 to the financial statements, DUC elected not to consolidate the financial statements of 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.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of DUC 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 Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about DUC's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 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 consolidated financial statements.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)**

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 DUC'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about DUC'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.

*Orta & Choate, P.C.*

McKinney, TX  
July 25, 2024

Dallas United Crew, Inc.  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
December 31, 2023

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 279,912
Cash and cash equivalents - with donor restrictions	150,412
Accounts receivables	1,374
Receivable from Dallas Paddle	88,464
Prepaid expenses	14,629
Other assets	5,713
Total current assets	540,504
INVESTMENT IN DALLAS PADDLE, INC.	30,010
RIGHT-OF-USE ASSET-OPERATING LEASE	221,975
PROPERTY AND EQUIPMENT - NET	466,834
TOTAL ASSETS	\$ 1,259,323

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 16,653
Accrued expenses	14,180
Operating lease liability	28,577
Deferred revenue	29,804
Total current liabilities	89,214
OPERATING LEASE LIABILITY - LONG-TERM PORTION	188,550
NET ASSETS	
Without donor restrictions	
Members' equity	60,976
Undesignated	770,171
Total without donor restrictions	831,147
With donor restrictions	150,412
Total net assets	981,559
TOTAL LIABILITIES AND NET ASSETS	\$ 1,259,323

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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>			
Contributions and grants	\$ 238,336	\$ 168,441	\$ 406,777
Program revenue	1,064,134	-	1,064,134
Interest income	6,101	-	6,101
Other income	11,083	-	11,083
Net assets released from restrictions	25,453	(25,453)	-
Total support and revenue	1,345,107	142,988	1,488,095
<b>EXPENSES</b>			
Program services			
Adaptive	5,071	-	5,071
Boathouse	4,638	-	4,638
Dragon Boat	8,105	-	8,105
Rowing	1,033,098	-	1,033,098
Total program services	1,050,911	-	1,050,911
Supporting services			
Management and general	216,620	-	216,620
Fundraising	1,965	-	1,965
Total supporting services	218,585	-	218,585
Total expenses	1,269,496	-	1,269,496
Changes in net assets	75,611	142,988	218,599
NET ASSETS, at beginning of year	755,536	7,424	762,960
NET ASSETS, at end of year	\$ 831,147	\$ 150,412	\$ 981,559

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, 2023

	Program Services				Total Program Services	Supporting Services			Total
	Adaptive	Boathouse	Dragon Boats	Rowing		Management and General	Fundraising	Total Supporting Services	
Salaries and benefits	\$ 972	\$ -	\$ 811	\$ 435,190	\$ 436,974	\$ 83,045	\$ -	\$ 83,045	\$ 520,019
Awards and grants	-	-	-	-	-	44,336	-	44,336	44,336
Bank fees and charges	-	-	-	-	-	33,687	-	33,687	33,687
Regatta expenses	-	-	-	356,085	356,085	-	-	-	356,085
Professional and contract services	-	-	-	-	-	44,962	-	44,962	44,962
Insurance and memberships	922	-	682	17,305	18,909	-	-	-	18,909
Equipment maintenance	781	4,638	540	20,736	26,695	-	-	-	26,695
Depreciation	-	-	4,273	138,146	142,419	5,592	-	5,592	148,011
Utilities	-	-	-	-	-	4,312	-	4,312	4,312
Rental expenses	267	-	222	6,104	6,593	-	-	-	6,593
Marketing and publicity	160	-	374	23,097	23,631	-	-	-	23,631
Social and educational	638	-	95	9,431	10,164	65	-	65	10,229
Business expenses	-	-	-	-	-	282	-	282	282
Interest expense	2	-	2	32	35	339	-	339	374
Fundraising expense	-	-	-	-	-	-	1,965	1,965	1,965
Other expenses	1,328	-	1,105	26,972	29,406	-	-	-	29,406
	<u>\$ 5,071</u>	<u>\$ 4,638</u>	<u>\$ 8,105</u>	<u>\$ 1,033,098</u>	<u>\$ 1,050,911</u>	<u>\$ 216,621</u>	<u>\$ 1,965</u>	<u>\$ 218,586</u>	<u>\$ 1,269,496</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, 2023

Changes in net assets	\$	218,599
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation		148,011
Operating lease amortization		3,183
Changes in operating assets and liabilities, net		
Accounts receivable		(50)
Receivable from Dallas Paddle		(9,808)
Prepaid expenses		(5,510)
Other assets		(5,713)
Accounts payable		1,376
Accrued expenses		4,047
Operating lease liability		(8,031)
Deferred revenue		(15,328)
Net cash provided by operating activities		<u>330,776</u>
 Cash flows from investing activities:		
Additions of property, plant and equipment		<u>(184,313)</u>
Net cash used in investing activities		<u>(184,313)</u>
 Increase in cash and cash equivalents		146,463
 Cash and cash equivalents, at beginning of year		<u>283,861</u>
 Cash and cash equivalents, at end of year	\$	<u><u>430,324</u></u>
 <b>Supplemental disclosures of cash flow information</b>		
Right-of-use asset obtained in exchange for operating lease	\$	<u>225,158</u>
Establishment of operating lease liability	\$	<u>225,158</u>
 Reconciliation of cash and cash equivalents reported within the statements of financial position to the statements of cash flows:		
Cash and cash equivalents	\$	279,912
Cash and cash equivalents - with donor restrictions		<u>150,412</u>
Total cash and cash equivalents shown in the statements of cash flows	\$	<u><u>430,324</u></u>

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



Dallas United Crew, Inc.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 offers kayak, canoe, and paddle board rentals at White Rock Lake in Dallas, Texas. Dallas Paddle began operations in 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

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 between DUC and DUC Boathouse 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 \$180,000 uninsured cash at December 31, 2023.

Financial Instruments

The carrying value of cash and cash equivalents, cash and cash equivalents – with donor restrictions, receivable from Dallas Paddle, prepaid expenses and other assets, 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

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 statements 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, 2023 was \$45,132 and the ending balance at December 31, 2023 was \$29,804.

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.

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

Dallas United Crew, Inc.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023 was \$2,525.

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, 2023, 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 statements of activities and change in net assets for the year ended December 31, 2023. 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 2020.

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.

Adoption of New Accounting Standards

The Organization adopted ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology in 2023. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. Management has determined no material impact on the financials.

2. LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of December 31, 2023, reduced by amounts not available for general use because of board designations within one year of the statements of financial position date. Amounts available include donor restricted amounts that are available for general expenditure in the following year.

Financial assets	2023
Cash and cash equivalents	\$ 430,324
Accounts receivable	1,374
Total financial assets	431,698
Less amounts not available to be used within one year, due to	
Net assets with donor restrictions	(150,412)
Financial assets available to meet general expenditures within one year	\$ 281,286

Dallas United Crew, Inc.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. LIQUIDITY AND AVAILABILITY (Continued)

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 maintains all assets in FDIC insured accounts. 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.

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2023:

Equipment, Rowing Shells	\$ 648,691
Equipment, Dragon Boats	30,967
Equipment, Accessories	162,435
Equipment, Other	171,613
Boathouse	293,386
Powerplant	6,102
Vehicles	<u>113,809</u>
	1,427,003
Less: accumulated depreciation	<u>(960,169)</u>
	<u>\$ 466,834</u>

Depreciation expense was \$148,011 for the year ended December 31, 2023.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purpose at December 31, 2023:

Scholarships	\$ 26,250
Equipment	48,600
Transportation	13,000
Trainer/coach	12,000
Powerplant	<u>50,562</u>
	<u>\$ 150,412</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose for the year ended December 31, 2023:

Scholarships	\$ 3,758
Program expenses	3,816
Powerplant	<u>17,879</u>
	<u>\$ 25,453</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 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.

Dallas United Crew, Inc.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. LEASES (Continued)

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.

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. Monthly lease payments begin at \$3,077 and then escalate beginning on April 1, 2025.

Quantitative Disclosures

The leases costs and other required information for the year ended December 31, 2023:

Leases costs:	
Amortization of ROU asset	\$ 3,182
Interest expense	<u>749</u>
	<u>\$ 3,931</u>

The following table summarizes the supplemental cash flow information for the year ended December 31, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating lease	\$ 4,848
Right-of-use assets obtained in exchange for lease liabilities:	
Operating lease	\$ 225,158

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

Weighted-average remaining lease terms in years:	
Operating lease	5.25
Weighted-average discount rate:	
Operating lease	4.15%

Dallas United Crew, Inc.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. LEASES (Continued)

The future minimum lease payments under the noncancelable operating lease with terms greater than one year are listed below as of December 31, 2023:

	Operating Lease
Fiscal year 2024	\$ 36,927
Fiscal year 2025	44,480
Fiscal year 2026	48,055
Fiscal year 2027	49,497
Fiscal year 2028	50,982
Thereafter	12,839
	242,780
Less imputed interest	(25,653)
Operating lease liabilities	\$ 217,127

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	\$ 6,200
2025	6,200
2026	6,200
2027	3,100
Total	\$ 21,700

7. RELATED PARTY

During 2022, DUC provided start-up funding to Dallas Paddle. At December 31, 2023, Dallas Paddle owed DUC approximately \$88,464 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.

8. RISKS, ECONOMIC OUTLOOK AND UNCERTAINTIES

The Organization depends heavily on donations, grants and fundraising for its revenues. The ability of the Organization’s donors and grantors to continue giving amounts comparable with prior years December 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 December be dependent on the above factors.

Dallas United Crew, Inc.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. SUBSEQUENT EVENTS

In connection with the preparation of the consolidated financial statements, subsequent events have been evaluated by the Organization through July 25, 2024, which was the date the consolidated financial statements were available for issuance and concluded that no additional disclosures are required.