

DALLAS UNITED CREW, INC.  
CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
DECEMBER 31, 2021 AND 2020

DALLAS UNITED CREW, INC.  
DECEMBER 31, 2021 AND 2020

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2021	4
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2020	5
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021	6
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2020	7
CONSOLIDATED STATEMENTS OF CASH FLOWS	8
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	9 - 15



**LORI K. ORTA, P.C.**  
Certified Public Accountant

## Independent Auditor's Report

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

### **Opinion**

We have audited the accompanying consolidated financial statements of Dallas United Crew, Inc. (a nonprofit organization) (“DUC”), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of DUC as of December 31, 2021 and 2020, and the consolidated statements of activities and changes in its net assets, its cash flows and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

### **Basis for Opinion**

We conducted our audits 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 audits. 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.

### **Auditor’s 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 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 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.



Dallas, Texas  
February 28, 2023

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

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 263,028	\$ 259,827
Cash and cash equivalents - with donor restrictions	7,424	10,596
Prepaid expenses and other assets	9,466	26,076
Total current assets	279,918	296,499
PROPERTY AND EQUIPMENT - NET	546,964	483,714
<b>TOTAL ASSETS</b>	<b>\$ 826,882</b>	<b>\$ 780,213</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 18,520	\$ 23,446
Accrued expenses	4,113	3,702
Deferred revenue	23,253	62,397
Notes payable - current	13,736	77,058
Total current liabilities	59,622	166,603
NOTES PAYABLE	-	13,737
<b>NET ASSETS</b>		
Without donor restrictions		
Members' equity	72,160	77,752
Board designated	37,901	37,901
Undesignated	649,775	473,624
Total without donor restrictions	759,836	589,277
With donor restrictions	7,424	10,596
Total net assets	767,260	599,873
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 826,882</b>	<b>\$ 780,213</b>

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, 2021

	Without Donor Restriction	With Donor Restriction	Total
<b>SUPPORT AND REVENUES</b>			
Contributions and grants	\$ 113,266	\$ 1,000	\$ 114,266
Program revenue	829,085	-	829,085
Interest income	814	-	814
Extinguishment of debts	127,906	-	127,906
Net assets released from restrictions	4,172	(4,172)	-
Total support and revenue	1,075,243	(3,172)	1,072,071
<b>FUNCTIONAL EXPENSES</b>			
Program services			
Adaptive	4,356	-	4,356
Dragon Boat	6,528	-	6,528
Rowing	742,400	-	742,400
Total program services	760,878	-	760,878
Supporting services			
Management and general	143,316	-	143,316
Fundraising	490	-	490
Total supporting services	143,806	-	143,806
Total functional expenses	904,684	-	904,684
Changes in net assets	170,559	(3,172)	167,387
NET ASSETS, at beginning of year	589,277	10,596	599,873
NET ASSETS, at end of year	\$ 759,836	\$ 7,424	\$ 767,260

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, 2020

	Without Donor Restriction	With Donor Restriction	Total
<b>SUPPORT AND REVENUES</b>			
Contributions and grants	\$ 167,261	\$ 4,341	\$ 171,602
Program revenue	437,562	-	437,562
Interest income	549	-	549
Other income	6,797	-	6,797
Total support and revenue	612,169	4,341	616,510
<b>FUNCTIONAL EXPENSES</b>			
Program services			
Adaptive	2,554	-	2,554
Dragon Boat	5,506	-	5,506
Rowing	427,228	-	427,228
Total program services	435,288	-	435,288
Supporting services			
Management and general	126,202	-	126,202
Fundraising	20,792	-	20,792
Total supporting services	146,994	-	146,994
Total functional expenses	582,282	-	582,282
Changes in net assets	29,887	4,341	34,228
NET ASSETS, at beginning of year	559,390	6,255	565,645
NET ASSETS, at end of year	\$ 589,277	\$ 10,596	\$ 599,873

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, 2021

	Program Services			Total Program Services	Supporting Services			Total
	Adaptive	Dragon Boats	Rowing		Management and General	Fundraising	Total Supporting Services	
Salaries and benefits	\$ 741	\$ 618	\$ 331,654	\$ 333,013	\$ 63,289	\$ -	\$ 63,289	\$ 396,302
Staff training and education	-	-	1,270	1,270	-	-	-	1,270
Bank fees and charges	-	-	-	-	25,539	-	25,539	25,539
Regatta expenses	-	-	209,312	209,312	-	-	-	209,312
Professional and contract services	-	-	-	-	47,663	-	47,663	47,663
Insurance and memberships	853	631	16,003	17,487	-	-	-	17,487
Equipment maintenance	1,279	885	33,955	36,119	7,594	-	7,594	43,713
Depreciation	-	3,663	118,422	122,085	5,592	-	5,592	127,677
Rental expenses	372	310	8,518	9,200	-	-	-	9,200
Marketing and publicity	-	-	-	-	6,192	-	6,192	6,192
Social and educational	830	124	12,270	13,224	84	-	84	13,308
Business expenses	-	-	127	127	-	-	-	127
Interest expense	7	6	107	120	1,149	-	1,149	1,269
Fundraising expense	-	-	-	-	-	490	490	490
Other expenses	232	193	4,710	5,135	-	-	-	5,135
	<u>\$ 4,314</u>	<u>\$ 6,430</u>	<u>\$ 736,348</u>	<u>\$ 747,092</u>	<u>\$ 157,102</u>	<u>\$ 490</u>	<u>\$ 157,592</u>	<u>\$ 904,684</u>

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, 2020

	Program Services				Supporting Services			Total
	Adaptive	Dragon Boats	Rowing	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and benefits	\$ 417	\$ 347	\$ 255,574	\$ 256,338	\$ 59,788	\$ -	\$ 59,788	\$ 316,126
Bank fees and charges	-	-	-	-	11,157	-	11,157	11,157
Regatta expenses	100	-	12,499	12,599	-	-	-	12,599
Professional and contract services	-	-	-	-	39,113	-	39,113	39,113
Insurance and memberships	889	742	13,110	14,741	-	-	-	14,741
Equipment maintenance	403	336	20,120	20,859	4,372	-	4,372	25,231
Depreciation	-	3,355	108,468	111,823	5,592	-	5,592	117,415
Rental expenses	375	310	5,515	6,200	-	-	-	6,200
Marketing and publicity	50	42	1,807	1,899	4,331	13,639	17,970	19,869
Social and educational	3	3	2,398	2,404	-	-	-	2,404
Interest expense	3	2	270	275	1,849	-	1,849	2,124
Fundraising expense	-	-	-	-	-	7,153	7,153	7,153
Other expenses	314	369	7,467	8,150	-	-	-	8,150
	<u>\$ 2,554</u>	<u>\$ 5,506</u>	<u>\$ 427,228</u>	<u>\$ 435,288</u>	<u>\$ 126,202</u>	<u>\$ 20,792</u>	<u>\$ 146,994</u>	<u>\$ 582,282</u>

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

Dallas United Crew, Inc.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Years Ended December 31,

	2021	2020
Changes in net assets	\$ 167,387	\$ 34,228
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	127,677	117,415
Non-cash extinguishment of debts	(127,906)	-
Changes in operating assets and liabilities, net		
Prepaid expenses and other assets	16,610	(19,544)
Accounts payable	(4,926)	(17,697)
Accrued expenses	411	(686)
Deferred revenue	(39,144)	35,324
Net cash provided by operating activities	140,109	149,040
Cash flows from investing activities:		
Additions of property, plant and equipment	(190,927)	(28,880)
Net cash used in investing activities	(190,927)	(28,880)
Cash flows from financing activities:		
Proceeds from note payable	63,953	63,953
Payments on notes payable	(13,106)	(12,407)
Net cash provided by financing activities	50,847	51,546
Increase in cash and cash equivalents	29	171,706
Cash and cash equivalents, at beginning of year	270,423	98,717
Cash and cash equivalents, at end of year	\$ 270,452	\$ 270,423
<b>Supplemental disclosures of cash flow information</b>		
Cash paid during the year for		
Interest	\$ 1,269	\$ 2,124
Reconciliation of cash and cash equivalents reported within the statements of financial position to the statements of cash flows:		
Cash and cash equivalents	\$ 263,028	\$ 259,827
Cash and cash equivalents - with donor restrictions	7,424	10,596
Total cash and cash equivalents shown in the statements of cash flows	\$ 270,452	\$ 270,423

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.

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. Following execution of the City Contract, DUC officially commenced construction of the equipment storage structure in August 2018 and construction was completed during 2019. See Note 8.

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 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. See Note 4.

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 5.

Liquidity and Availability

Assets are presented in the accompanying consolidated statements 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 \$20,000 and \$14,000 uninsured cash at December 31, 2021 and 2020.

Financial Instruments

The carrying value of cash and cash equivalents, cash and cash equivalents – with donor restrictions, 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 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.

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 years ended December 31, 2021 and 2020, was \$6,192 and \$1,899, respectively.

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)

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 years ended December 31, 2021 and 2020, 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 years ended December 31, 2021 and 2020. 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 2018.

Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

2. LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of December 31, 2021 and 2020, 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	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 270,452	\$ 270,423
Less amounts not available to be used within one year, due to:		
Board designated net assets	<u>(37,901)</u>	<u>(37,901)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 232,551</u>	<u>\$ 232,522</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 maintains all assets in FDIC insured accounts. 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

3. PROPERTY AND EQUIPMENT

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

	2021	2020
Equipment, Rowing Shells	\$ 511,851	\$ 427,851
Equipment, Dragon Boats	20,459	20,459
Equipment, Accessories	146,436	144,261
Equipment, Other	142,569	123,486
Boathouse	293,386	251,151
Vehicles	106,192	62,758
	1,220,893	1,029,966
Less: accumulated depreciation	(673,929)	(546,252)
	\$ 546,964	\$ 483,714

Depreciation expense was \$127,677 and \$117,415 for the years ended December 31, 2021 and 2020, respectively.

4. BOARD DESIGNATED NET ASSETS

The Organization's board has designated \$37,901 from net assets without donor restrictions for various purposes. The board designated net assets are comprised of the following at December 31,:

	2021	2020
Rowing	\$ 28,410	\$ 28,410
Dragon boating	4,901	4,901
Other	4,590	4,590
	\$ 37,901	\$ 37,901

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following at December 31,:

Subject to expenditure for specified purpose:

	2021	2020
Scholarships	\$ 3,608	\$ 3,608
Program expenses	3,816	6,988
	\$ 7,424	\$ 10,596

Released from net assets with donor restrictions consisted of the following for the years ended December 31,:

	2021	2020
Satisfaction of purpose restrictions:		
Program expense	\$ 4,172	\$ -

Dallas United Crew, Inc.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. NOTES PAYABLE

In December 2018, the Organization acquired a vehicle and financed the acquisition with a note payable. The note is secured by the vehicle and requires monthly payments of \$1,188 for a period of 48 months, commencing in January 2019. The interest rate on the note is 5.5%. As of December 31, 2021, the scheduled principal payments due on the note are as follows:

2022	\$ <u>13,736</u>
------	------------------

On April 28, 2020, the Organization received loan proceeds in the amount of \$63,953 under the Paycheck Protection Program (“PPP”). Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business’s average monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period” (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. In March 2021, the Organization received full forgiveness of the PPP loan and is not required to repay any of the balance or interest.

On February 8, 2021, the Organization received loan proceeds in the amount of \$63,953 under the second round of the Paycheck Protection Program (“PPP2”). Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP2 provides for loans to qualifying businesses in amounts up to 2.5 times the business’s average monthly payroll expenses. PPP2 loans and accrued interest are forgivable after a “covered period” (24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP2 loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. In July 2021, the Organization received full forgiveness of the PPP2 loan and is not required to repay any of the balance or interest.

The Organization has elected to record the PPP and the PPP2 under ASC 470, Debt, in which any subsequent forgiveness of the debts would result in a gain on extinguishment in the period when the Organization is legally released from the obligations of the debts.

7. LINE OF CREDIT

On April 3, 2020, the Organization obtained a \$200,000 line of credit with a financial institution. The interest rate is variable with an initial rate of 3.75%. The line of credit matured on April 3, 2021 and was not renewed.

8. COMMITMENTS AND CONTINGENCIES

During 2014, the Organization terminated payments being made to a certain vendor on a contract for services that had been entered into during 2013. In October 2015, the Organization entered into a full and final settlement agreement with the vendor for contract services that reduced the total agreement to \$55,000. The Organization agreed to make two lump sum payments of \$5,000 each (one in November 2015 and one in February 2016) and began monthly payments of \$750 over 59 months. On May 7, 2020, the Organization entered into another settlement agreement with the vendor for contract services, where the vendor released and discharged the Organization from any and all claims for a final payment of \$1,795.



Dallas United Crew, Inc.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. COMMITMENTS AND CONTINGENCIES (Continued)

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. See Note 10.

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

2022	\$ <u>6,200</u>
------	-----------------

9. 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.

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its liquidity and is actively working to minimize the impact of these declines.

The Organization was subjected to several governing bodies regarding operations during the COVID-19 pandemic. These include the State of Texas, City of Dallas, County of Dallas, and US Rowing. In mid-March 2020, all in-person operations were suspended, and the 2020 Spring programs were converted to remote experiences. This consisted of athletes training at home with weekly video calls with coaching staff. In early June 2020, the State of Texas and City of Dallas provided direction that the Organization was approved to begin in-person training following the Organization’s COVID-19 preventive measures. Additionally, the Organization’s Board of Directors reviewed monthly COVID-19 statistics and directives at the monthly board meetings. During the fall of 2021, the Organization was back to operations.

The extent of the impact of COVID-19 on the Organization’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization’s donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization’s consolidated financial position and changes in net assets and cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.

10. SUBSEQUENT EVENTS

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.

In connection with the preparation of the consolidated financial statements, subsequent events have been evaluated by the Organization through February 28, 2023, which was the date the consolidated financial statements were available for issuance, and concluded that no additional disclosures are required.