

UNITED STATES ROWING ASSOCIATION

Financial Statements

December 31, 2009

(With Comparative Totals for December 31, 2008)

UNITED STATES ROWING ASSOCIATION

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December 31, 2009

(With Comparative Totals for December 31, 2008)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United States Rowing Association

We have audited the accompanying statement of financial position of United States Rowing Association (the "Association") as of December 31, 2009, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Association's 2008 financial statements and, in our report dated April 27, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United States Rowing Association as of December 31, 2009, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Mercadien, P.C.
Certified Public Accountants

April 30, 2010

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UNITED STATES ROWING ASSOCIATION

STATEMENT OF FINANCIAL POSITION

December 31, 2009

(With Comparative Totals for December 31, 2008)

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 898,878	\$ 406,401
Investments - restricted	189,275	142,349
Accounts receivable	31,804	59,556
Prepaid expenses and deposits	70,628	49,811
Merchandise inventory	29,715	106,347
Property and equipment, net	146,600	181,921
Total Assets	\$ 1,366,900	\$ 946,385
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and other liabilities	\$ 174,098	\$ 256,077
Due to Casitas Fund	35,000	95,000
Notes payable	12,198	41,910
Deferred revenue	753,456	492,265
Total Liabilities	974,752	885,252
Net Assets (Deficit)		
Unrestricted	87,087	(196,647)
Temporarily restricted	60,450	13,169
Permanently restricted	244,611	244,611
Total Net Assets	392,148	61,133
Total Liabilities and Net Assets	\$ 1,366,900	\$ 946,385

UNITED STATES ROWING ASSOCIATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2009

(With Comparative Totals for the Year Ended December 31, 2008)

	2009			2008
	Unrestricted	Temporarily Restricted	Permanently Restricted	Summarized Total
Revenue, gains and other support				
Membership dues	\$ 1,618,999	\$ -	\$ -	\$ 1,584,764
Contributions and grants	1,109,289	-	-	979,028
United States Olympic Committee	988,250	-	-	1,232,620
Sponsorship	617,974	-	-	436,304
Regattas/conferences	647,013	-	-	607,580
National team events	411,423	-	-	409,323
Merchandise	383,100	-	-	449,306
Advertising	11,113	-	-	11,223
Interest and dividends	6,107	-	-	8,353
Miscellaneous	26,822	-	-	29,225
Gain on sale of equipment	722	-	-	-
Total revenue, gains and other support	<u>5,820,812</u>	<u>-</u>	<u>-</u>	<u>5,747,726</u>
Expenses				
Program expenses				
National team training and competition	3,112,449	-	-	3,203,463
Public awareness	244,401	-	-	254,443
Events	1,775,995	-	-	1,830,676
Management and general expenses	137,467	-	-	159,869
Fundraising expenses	24,343	-	-	32,835
Merchandise expenses	242,423	-	-	267,471
Total expenses	<u>5,537,078</u>	<u>-</u>	<u>-</u>	<u>5,748,757</u>
Change in net assets before net investment return (loss)	283,734	-	-	(1,031)
Net investment return (loss)	-	47,281	-	(112,641)
Change in net assets	283,734	47,281	-	(113,672)
Net assets (deficit), beginning of year	(196,647)	13,169	244,611	174,805
Net assets, end of year	<u>\$ 87,087</u>	<u>\$ 60,450</u>	<u>\$ 244,611</u>	<u>\$ 61,133</u>

UNITED STATES ROWING ASSOCIATION

STATEMENT OF CASH FLOWS

Year Ended December 31, 2009
(With Comparative Totals for the Year Ended December 31, 2008)

	2009	2008
Cash Flows from Operating Activities		
Change in net assets	\$ 331,015	\$ (113,672)
Adjustments		
Depreciation	75,110	70,863
Gain on sale of equipment	(722)	-
Unrealized (gain) loss on investments	(44,927)	115,884
Increase (decrease) in cash from		
Accounts receivable	27,752	72,686
Prepaid expenses and deposits	(20,817)	8,944
Merchandise inventory	76,631	(6,689)
Accounts payable and other liabilities	(81,979)	16,900
Deferred revenue	261,191	24,837
Net cash provided by operating activities	623,254	189,753
Cash Flows from Investing Activities		
Purchases of property and equipment	(41,565)	(51,393)
Proceeds from sale of equipment	2,499	-
Reinvested dividends	(1,999)	(1,354)
Net cash used in investing activities	(41,065)	(52,747)
Cash Flows from Financing Activities		
Borrowings from/(repayments to) related party	(60,000)	95,000
Payments against notes payable	(29,712)	(35,824)
Net cash (used in) provided by financing activities	(89,712)	59,176
Net increase in cash	492,477	196,182
Cash, beginning of year	406,401	210,219
Cash, end of year	\$ 898,878	\$ 406,401

UNITED STATES ROWING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

A. NATURE OF ORGANIZATION

The United States Rowing Association (the "Association") is the designated National Governing Body for the Olympic sport of rowing. The Association was so designated by the United States Olympic Committee (the "USOC") and is a Group A member of the USOC. The Association is also the United States representative to the Federation Internationale des Societes d'Aviron ("FISA"), an organization whose purpose is to promote the development of the sport of rowing throughout the world. In addition to organizing the United States Olympic Rowing Team and other national teams, the Association supports and promotes the sport through athlete and coach development, event sanctioning, education and safety.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Association has all three classes of net assets. The Association reports its endowment activity (permanently restricted net assets) in accordance with the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for all Endowment Funds. The guidance is intended to improve the quality and consistency of financial reporting of endowments held by not-for-profit organizations.

Codification

In June 2009, the Financial Accounting Standards Board ("FASB") issued the FASB Accounting Standards Codification (Codification). The Codification became the single source for all authoritative Generally Accepted Accounting Principles (GAAP) recognized by the FASB to be applied for financial statements issued for periods ending after September 15, 2009. The Codification did not change GAAP and has not affected the Association's financial position, change in net assets or liquidity.

Revenue Recognition

Dues revenue is recognized ratably over the membership period. Program service fees and event sponsorships are recognized upon completion of the respective event. National sponsorships are recognized ratably over the sponsorship period. Contributions and grants are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional.

In-Kind Contributions

The Association records the value of in-kind goods and services as revenue and expense when the in-kind contribution is both budget-relieving and relates to events and programs under the Association's control. Revenue recognized in 2009 and 2008 of \$407,817 and \$296,806, respectively, represents an objective estimate of the goods and services provided.

UNITED STATES ROWING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Contributions (Continued)

National sponsors of the Association contribute cash and in-kind goods and services to various rowing events and programs in the United States. The Association directs sponsor support to outside programs and events, but it does not maintain control over the events and programs selected, and the support does not reduce Association budgeted expenses. Furthermore, the Association does not contribute funds to these outside events and programs, and the sponsor support is not passed through the Association. For these reasons, the value of sponsorship cash and in-kind contributions for these events and programs is not reflected in the accompanying financial statements.

Donated Services

The Association receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statement of activities, because the criteria for recognition have not been satisfied.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Website Development

All costs incurred in the planning stage of developing a website are expensed as incurred, as are internal and external training costs and maintenance costs. Fees charged by internet service providers in return for hosting a website on their servers are expensed over the periods of benefit.

Cash Equivalents

Cash equivalents includes unrestricted time deposits, certificates of deposit and highly liquid debt instruments with original maturities of three months or less.

Investments - Restricted

The Association carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Interest and dividend income is recognized when earned.

The Association measures fair value by reference to a framework in accordance with generally accepted accounting principles. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the investment in an orderly transaction between market participants on the measurement date. The Association values investments using quoted market prices in active markets for identical investments to the extent possible (Level 1). To the extent that such market prices are not available, the Association values such investments using observable

UNITED STATES ROWING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments - Restricted (Continued)

measurement criteria, including quoted market prices of similar investments in active markets and other corroborated factors (Level 2). In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Association will develop measurement criteria based on the best information available (Level 3).

Accounts Receivable

The Association considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to change in net assets when that determination is made.

Merchandise Inventory

Merchandise inventory is stated at the lower of cost or market determined on a first-in, first-out basis. Inventory consists primarily of sports apparel.

Property and Equipment

Property and equipment are recorded at cost at date of acquisition or fair value at date of donation in the case of in-kind gifts. Depreciation is provided by the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives are as follows:

Office equipment	3-5 years
Rowing equipment	3-10 years

Net Assets

Net assets are allocated to and accounted for in individual classifications based upon the purposes for which they are intended. Unrestricted net assets have no donor-imposed restrictions placed upon them. Temporarily restricted net assets include assets whose use by the Association is limited by donor-imposed stipulations for a specific purpose or time period. Permanently restricted net assets (Endowment Fund) have been restricted by donors to be maintained by the Association in perpetuity.

Income Taxes

The Association received a determination letter in September of 1974 from the Internal Revenue Service concluding that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income generated from activities unrelated to the Association's tax-exempt status is subject to Federal tax.

The Association is required to evaluate and measure the cost/benefit of uncertain tax positions related to its exempt status under new accounting guidance. The Association has evaluated its tax position under the two-step approach for recognition and measurement of uncertain tax positions and there is no material impact on its financial position or results of operations.

UNITED STATES ROWING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

C. CONCENTRATION OF RISK AND UNCERTAINTIES

The Association derived approximately 28% of its revenue, gains and other support through membership dues for both of the years ended December 31, 2009 and 2008. The Association also derived 17% and 22% of its revenue, gains and other support from the United States Olympic Committee and 15% and 12% from the National Rowing Foundation for the years ended December 31, 2009 and 2008, respectively.

The Association maintains cash and investment balances which may exceed Federal and other insurance limits. It historically has not experienced any credit-related losses. The risk is managed by maintaining all deposits in high-quality financial institutions. The investments are primarily financial instruments which are monetary in nature. Accordingly, interest rates have a more significant impact on performance than do the effects of general levels of inflation. Interest rates generally do not move in the same direction or with the same magnitude as prices of goods and services as measured by the consumer price index. The investments are subject to risk conditions of the investments' objectives, stock market performance, interest rates, economic conditions and world affairs.

D. INVESTMENTS - RESTRICTED

Investments are stated at fair value and consist solely of mutual funds. All investments are considered Level 1 investments in accordance with the fair value hierarchy:

	<u>December 31, 2009</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Depreciation</u>
Mutual funds	<u>\$ 240,172</u>	<u>\$ 189,275</u>	<u>\$ (50,897)</u>
	<u>December 31, 2008</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Depreciation</u>
Mutual funds	<u>\$ 238,173</u>	<u>\$ 142,349</u>	<u>\$ (95,824)</u>

UNITED STATES ROWING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

D. INVESTMENTS - RESTRICTED (CONTINUED)

Investment return (loss) consists of:

	<u>December 31</u>	
	<u>2009</u>	<u>2008</u>
Interest and dividends	\$ 2,354	\$ 3,243
Net unrealized gain (loss)	44,927	(115,884)
Total investment return (loss)	<u>\$ 47,281</u>	<u>\$ (112,641)</u>

E. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>Year Ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
Office equipment	\$ 136,350	\$ 143,021
Rowing equipment	194,377	230,839
Subtotal	330,727	373,860
Less accumulated depreciation	184,127	191,939
Total	<u>\$ 146,600</u>	<u>\$ 181,921</u>

Depreciation expense charged to operations was \$75,110 and \$70,863 for the years ended December 31, 2009 and 2008, respectively.

F. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
Women's Endowment Fund	<u>\$ 60,450</u>	<u>\$ 13,169</u>

Net assets were released from donor restrictions as follows:

	<u>Year Ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
Purpose restriction accomplished		
Expense incurred to satisfy donor restrictions	<u>\$ -</u>	<u>\$ 2,688</u>

G. ENDOWMENT POLICY

Endowment Description and Interpretation of the Gift Instrument

In 1992, the Association received a bequest of \$244,611 to establish a nonexpendable endowment fund (the "Endowment Fund"). Earnings, such as interest and dividends from the endowment are expendable but restricted to use in the US Women's Open Weight and Lightweight programs. The last document which governs the restriction is the donor's last will and testament which refers to use of income for specific purposes, but "income" is not specifically defined by the donor. The Association has interpreted the restriction to apply to interest and dividends as well as realized and unrealized gains to accumulate on a temporary basis. This means that all investment returns of the invested funds are charged to temporarily restricted for use in the designated programs.

UNITED STATES ROWING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

G. ENDOWMENT POLICY (CONTINUED)

Endowment Description & Interpretation of the Gift Instrument

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. During 2008, the Board of Directors of the Association had interpreted the Uniform Management of Institutional Funds Act ("UMIFA") to require standard care that is reasonable and prudent over its Endowment Fund. The Association classified permanently restricted net assets as the original value of the gift donated to the Endowment Fund. The remaining portion of the endowment earnings were classified as temporarily restricted net assets if donor-restricted in purpose or unrestricted net assets if no specific purpose had been designated.

In June 2009, the State of New Jersey enacted a version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") which replaced the prior UMIFA. During 2009, the Board of Directors interpreted the new Act as allowing the Association the powers to manage and invest the funds in good faith and with the care an ordinarily prudent person, in a like position, would exercise under similar circumstances. The Board of Directors also interpreted UPMIFA as requiring the assets in an endowment fund to be donor-restricted assets until appropriated for expenditure by the Board of Directors, unless stated otherwise in the gift instrument. As a result of this interpretation, the Association has not changed the way permanently restricted net assets are classified. The original value of all gifts donated to the Endowment Fund will be classified as permanently restricted net assets with endowment earnings classified as temporarily restricted net assets until those amounts are appropriated for expenditure.

Endowment Spending Policy

The Association has elected not to spend funds from the Endowment pursuant to the 10-year investment horizon and \$750,000 goal established by the Board of Directors in the Statement of Investment Policy.

For the years ended December 31, 2009 and 2008, there were no amounts appropriated or spent on the women's programs from the Women's Endowment Fund.

Endowment Fund Investment Statement

The Association adopted a formal written investment statement in 2009 detailing its investment strategy for the Endowment Fund. The funds of the Endowment were invested in large value and large blend mutual funds during the year ended December 31, 2009. Investments are restricted to certain types of investment vehicles including any combination of common stocks, securities convertible to common stock, preferred stocks, fixed income securities, mutual funds and cash reserves.

UNITED STATES ROWING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

G. ENDOWMENT POLICY (CONTINUED)

To satisfy its long-term objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets diversified mutual funds to achieve its long-term return objectives within prudent risk constraints.

Under the provisions of the UPMIFA accounting guidance, losses in the market value of donor-restricted endowment funds are required to be offset by reductions in temporarily restricted net assets or unrestricted net assets, or both. The Association classified permanently restricted net assets as the original value of gift donated to the Endowment Fund. An endowment fund that has become "underwater" will therefore result in decreases in temporarily restricted or unrestricted net assets, despite the absence of any legal obligation to restore the endowment fund for such losses. Unrestricted net assets that have been reduced because of this requirement will be restored from future gains for that reduction.

Changes in Endowment Net Assets

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, January 1, 2008	\$ -	\$ 115,430	\$ 256,879	\$ 372,309
Investment return (loss)				
Investment income	-	1,355	-	1,355
Net depreciation (realized and unrealized)	-	(115,884)	-	(115,884)
Total investment return (loss)	-	(114,529)	-	(114,529)
Reclassification	-	12,268	(12,268)	-
Endowment net assets, December 31, 2008	-	13,169	244,611	257,780
Investment return				
Investment income	-	2,354	-	2,354
Net appreciation (realized and unrealized)	-	44,927	-	44,927
Total investment return	-	47,281	-	47,281
Endowment net assets, December 31, 2009	<u>\$ -</u>	<u>\$ 60,450</u>	<u>\$ 244,611</u>	<u>\$ 305,061</u>

UNITED STATES ROWING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

H. SUPPORTING ORGANIZATIONS

United States Olympic Committee (USOC)

The USOC provides support for sport development, international competition and team preparation.

Support from the USOC consists of:

	Year Ended December 31,	
	2009	2008
Performance pool funding	\$ 988,250	\$ 1,232,620

Casitas Fund

The Casitas Fund (the "Fund") is a nonprofit organization incorporated in 1985 whose purpose is to act for the exclusive benefit of the Association. Pursuant to the terms of an agreement entered into for the 1984 Olympic Games, the Los Angeles Olympic Organizing Committee (the "LAOOC") gave the USOC 20% of its net liquid assets to divide evenly among the United States National Governing Bodies.

The Association receives periodic discretionary amounts from the Fund. In 2008, the Association received approximately 5% of the Fund's beginning net assets, which amounted to \$89,791. Also in 2008, the Association received a loan from the Fund in the amount of \$95,000 which was related to the 2008 Olympics. In 2009 the Association's liability to the Fund was reduced by \$60,000 in lieu of a cash payment which approximated 6.5% of the Fund's beginning net assets. The Association expects to receive \$60,000 from the Fund in 2010 and have the remaining loan balance of \$35,000 forgiven.

An unaudited summary of net assets, which includes investments (at fair value) owned by the Fund, is as follows:

	December 31,	
	2009	2008
Investments		
Common stocks	\$ 1,270,016	\$ 921,533
Cash and cash equivalents	5,815	5,826
Net investments	1,275,831	927,359
Due from United States Rowing Association	35,000	95,000
Balance at end of year	\$ 1,310,831	\$ 1,022,359

An unaudited summary of changes in net assets is as follows:

	December 31,	
	2009	2008
Changes in net assets		
Balance at beginning of year	\$ 1,022,359	\$ 1,795,532
Investment income	19,946	14,185
Grant to the Association	(60,000)	(89,791)
Unrealized gain (loss) in fair value of investments	328,526	(697,567)
Balance at end of year	\$ 1,310,831	\$ 1,022,359

UNITED STATES ROWING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

I. RETIREMENT PLAN

In 1991, the Association established a defined contribution retirement plan (the "Plan") for all eligible employees. The Association's annual contribution was equal to 5% of each participant's annual salary, as defined by the Plan. Until the Plan was amended effective January 1, 2009, the participant's interest in the Association's contributions vested pro-rata over five years. The amendment reduced the annual contribution to 3% of each participant's salary and vests immediately. The Association will match an additional 50% of the first 4% an employee defers which vests over two years. Total retirement plan expense was \$51,142 and \$55,014 for 2009 and 2008, respectively.

J. COMMITMENTS AND CONTINGENCIES

The Association has entered into several different employment agreements with its head and assistant coaches for various terms expiring through October 2012, with options to renew.

The Association has a wrongful death claim that is being settled by the Association's insurance company. The anticipated settlement amount will be fully covered under the insurance policy.

Effective May 1, 2009, the Association entered into a Supply, License and Marketing Agreement (the "Agreement") with a corporation (the "Corporation"). Under the terms of the Agreement, the Association appointed the Corporation as the exclusive supplier of apparel to, and exclusive online merchandising and event partner for, the Association. During the term of the Agreement, the Association will receive \$937,760 of apparel (\$234,440 per year) plus apparel for the 2012 Olympics valued at \$143,500. The agreement also entitles the Association to purchase additional apparel at 50% of the manufacturer's suggested retail price ("MSRP"). Starting in the 4th quarter of 2009, the Association will receive royalty payments each quarter equal to 25% and 12.5%, respectively, of net sales of non-discounted licensed and discounted licensed Association apparel, respectively, with a minimum payment of \$100,000 per year. In addition, the Corporation created an Association store on its website. In exchange, the Corporation has the exclusive right to use the Association's trademark and will be provided with booth space at all events sponsored by the Association. The Association will provide the Corporation with signage at national team events, access to national team athletes and advertising placement in a variety of media channels. The Agreement expires October 1, 2013. For the year ended December 31, 2009, the Association recognized \$16,667 of revenue related to royalty payments.

Effective December 21, 2009, the Association entered into a supply contract - boat sponsor agreement (the "Supply Agreement"). For each of the years ended December 31, 2010 through 2012, the Association has the right to acquire a fleet of rowing boats at a 35% discount off of the Supplier's price list. Payment is due to the Supplier within 18 months from the date the rowing boats are shipped. The Supplier will also provide the Association access to 10 additional boats to use in the European regattas. In exchange, the Supplier will be recognized as the exclusive supplier of rowing boats to the Association and placement of the Supplier's logo with a link on the Association's website. The contract expires December 31, 2012.

UNITED STATES ROWING ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

K. NOTES PAYABLE

A summary of the Association's notes payable consists of the following:

	December 31,	
	2009	2008
Note payable, GMC truck, payable in monthly installments of \$1,283, which includes interest at 4.9%, due in 2009, secured by the vehicle.	\$ -	\$ 11,094
 Note payable, GMC truck, payable in monthly installments of \$1,409, which includes interest at 3.9%, due in 2010, secured by the vehicle.	 <u>12,198</u>	 <u>30,816</u>
	12,198	41,910
Less current maturities	<u>12,198</u>	<u>29,712</u>
Long-term portion	<u>\$ -</u>	<u>\$ 12,198</u>

L. OPERATING LEASE COMMITMENTS

The Association has leases for office space in New Jersey, a training center and various office equipment through May 31, 2013. Rental expense for the leases consisted of \$126,235 and \$75,016 for the years ended December 31, 2009 and 2008, respectively.

Future minimum lease payments under the rental space and equipment leases are as follows:

Year ending December 31,	
2010	\$ 166,474
2011	168,721
2012	164,669
2013	<u>36,982</u>
Total	<u>\$ 536,846</u>

M. SUBSEQUENT EVENTS

Management has evaluated subsequent events that occurred after the statement of financial position date but before April 30, 2010, the date the financial statements were available to be issued. No items were determined by management to require disclosure.