

**UNITED STATES ROWING
ASSOCIATION AND AFFILIATE**

CONSOLIDATED FINANCIAL STATEMENTS

**YEAR ENDED DECEMBER 31, 2017
(WITH SUMMARIZED COMPARATIVE
TOTALS FOR 2016)**

UNITED STATES ROWING ASSOCIATION AND AFFILIATE

YEAR ENDED DECEMBER 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United States Rowing Association and Affiliate
Princeton, New Jersey

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of UNITED STATES ROWING ASSOCIATION AND AFFILIATE, which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to previously present fairly, in all material respects, the financial position of United States Rowing Association and Affiliate as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the United States Rowing Association and Affiliate's 2016 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 5, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Consolidating and Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 24 to 25 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual entities, and it is not a required part of the consolidated financial statements. The consolidated schedule of functional expenses on page 26 also is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating and other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating and supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Klatzkin & Company, LLP

KLATZKIN & COMPANY_{LLP}

Hamilton, New Jersey
April 19, 2018

UNITED STATES ROWING ASSOCIATION AND AFFILIATE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

| | <u>2017</u> | <u>2016</u> |
|---|----------------------------|----------------------------|
| ASSETS | | |
| <u>Current Assets</u> | | |
| Cash and Cash Equivalents..... | \$ 533,586 | \$ 442,913 |
| Accounts Receivable..... | 271,702 | 81,506 |
| Inventory..... | 11,340 | 11,340 |
| Prepaid Expenses..... | <u>146,090</u> | <u>262,470</u> |
| Total Current Assets..... | <u>962,718</u> | <u>798,229</u> |
| Property and Equipment Net of Accumulated | | |
| Depreciation of \$849,586 and \$689,547..... | <u>209,006</u> | <u>276,934</u> |
| <u>Other Assets</u> | | |
| Pooled Investments Held by the USOF..... | 1,548,955 | 1,404,154 |
| Investments - Restricted..... | <u>450,764</u> | <u>392,710</u> |
| Total Other Assets..... | <u>1,999,719</u> | <u>1,796,864</u> |
| TOTAL ASSETS..... | <u>\$ 3,171,443</u> | <u>\$ 2,872,027</u> |
| LIABILITIES AND NET ASSETS | | |
| <u>Current Liabilities</u> | | |
| Accounts Payable and Other Liabilities..... | \$ 324,677 | \$ 332,997 |
| Current Maturities of Long Term Debt..... | 10,693 | 13,894 |
| Deferred Revenue..... | <u>935,875</u> | <u>761,119</u> |
| Total Current Liabilities..... | 1,271,245 | 1,108,010 |
| Long Term Debt, Net of Current Maturities..... | <u>-</u> | <u>11,437</u> |
| Total Liabilities..... | <u>1,271,245</u> | <u>1,119,447</u> |
| <u>Net Assets</u> | | |
| Unrestricted..... | 1,449,434 | 1,359,870 |
| Temporarily Restricted..... | 200,353 | 142,299 |
| Permanently Restricted..... | <u>250,411</u> | <u>250,411</u> |
| Total Net Assets..... | <u>1,900,198</u> | <u>1,752,580</u> |
| TOTAL LIABILITIES AND NET ASSETS..... | <u>\$ 3,171,443</u> | <u>\$ 2,872,027</u> |

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

UNITED STATES ROWING ASSOCIATION AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>2017 Total</u> | <u>2016 Total</u> |
|---|---------------------|-----------------------------------|-----------------------------------|-----------------------|-----------------------|
| <u>Support and Revenues</u> | | | | | |
| Membership Dues..... | \$ 2,908,941 | \$ - | \$ - | \$ 2,908,941 | \$ 2,586,643 |
| United States Olympic Committee..... | 1,613,624 | - | - | 1,613,624 | 1,802,695 |
| Regattas/Conferences..... | 1,992,368 | - | - | 1,992,368 | 1,564,981 |
| Contributions and Grants..... | 1,424,673 | - | - | 1,424,673 | 1,928,020 |
| Sponsorship..... | 255,212 | - | - | 255,212 | 639,499 |
| National and Junior National Team Events..... | 1,335,073 | - | - | 1,335,073 | 898,690 |
| Fundraising Events, Net of Direct Expenses of \$159,871 and \$169,914..... | 118,159 | - | - | 118,159 | 258,756 |
| Merchandise..... | 164,757 | - | - | 164,757 | 175,303 |
| Miscellaneous..... | 93,549 | - | - | 93,549 | 497,481 |
| Advertising..... | - | - | - | - | 7,965 |
| Investment Return..... | 216,896 | 60,725 | - | 277,621 | 84,505 |
| Total Support and Revenues..... | 10,123,252 | 60,725 | - | 10,183,977 | 10,444,538 |
| Net Assets Released from Restrictions..... | 2,671 | (2,671) | - | - | - |
| Total Support and Revenues, and Net Assets Released from Restrictions..... | 10,125,923 | 58,054 | - | 10,183,977 | 10,444,538 |
| <u>Expenses</u> | | | | | |
| Program Services: National Team and Jr. National Team Training and Competition..... | 4,435,620 | - | - | 4,435,620 | 4,960,201 |
| Events..... | 4,684,292 | - | - | 4,684,292 | 4,446,664 |
| Public Awareness..... | 309,303 | - | - | 309,303 | 434,939 |
| Management and General..... | 244,595 | - | - | 244,595 | 145,926 |
| Fundraising..... | 362,549 | - | - | 362,549 | 527,328 |
| Total Expenses..... | 10,036,359 | - | - | 10,036,359 | 10,515,058 |
| Change in Net Assets..... | 89,564 | 58,054 | - | 147,618 | (70,520) |
| Net Assets, Beginning of Year..... | 1,359,870 | 142,299 | 250,411 | 1,752,580 | 1,823,100 |
| Net Assets, End of Year..... | \$ 1,449,434 | \$ 200,353 | \$ 250,411 | \$ 1,900,198 | \$ 1,752,580 |

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

UNITED STATES ROWING ASSOCIATION AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

| | <u>2017</u> | <u>2016</u> |
|---|---------------------------|---------------------------|
| Cash Flows from Operating Activities: | | |
| Cash Received from Membership, Support, and Events..... | \$ 9,890,916 | \$ 10,486,446 |
| Cash Paid to Suppliers and Employees..... | (9,768,260) | (10,450,301) |
| Interest and Dividends Received..... | 18,406 | 14,924 |
| Interest Paid..... | - | (1,206) |
| Income Taxes Paid..... | - | - |
| | <u> </u> | <u> </u> |
| Net Cash Provided by (Used in) Operating Activities..... | <u>141,062</u> | <u>49,863</u> |
| Cash Flows from Investing Activities: | | |
| Purchase of Property and Equipment..... | (92,113) | (114,715) |
| Proceeds from Sale of Investments..... | 298,916 | 291,635 |
| Purchases of Investments..... | <u>(242,553)</u> | <u>(232,878)</u> |
| | <u> </u> | <u> </u> |
| Net Cash Provided by (Used in) Investing Activities..... | <u>(35,750)</u> | <u>(55,958)</u> |
| Cash Flows from Financing Activities: | | |
| Principal Payments on Long Term Debt..... | <u>(14,639)</u> | <u>(14,638)</u> |
| | <u> </u> | <u> </u> |
| Net Cash Provided by (Used in) Financing Activities..... | <u>(14,639)</u> | <u>(14,638)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents..... | 90,673 | (20,733) |
| Cash and Cash Equivalents, Beginning of Year..... | <u>442,913</u> | <u>463,646</u> |
| Cash and Cash Equivalents, End of Year..... | <u>\$ 533,586</u> | <u>\$ 442,913</u> |

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

UNITED STATES ROWING ASSOCIATION AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

| | <u>2017</u> | <u>2016</u> |
|---|--------------------------|-------------------------|
| Reconciliation of Change in Net Assets to Net Cash Provided by (Used in) Operating Activities: | | |
| Change in Net Assets..... | \$ 147,618 | \$ (70,520) |
| Adjustment to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities: | | |
| Depreciation..... | 160,039 | 140,618 |
| Realized (Gain) Loss on Investments..... | (124,279) | (24,280) |
| Unrealized (Gain) Loss on Investments..... | (134,936) | (45,301) |
| (Increase) Decrease in Operating Assets: | | |
| Accounts Receivable..... | (190,196) | 16,724 |
| Inventory..... | - | (2,307) |
| Prepaid Expenses..... | 116,380 | 55,754 |
| Increase (Decrease) in Operating Liabilities: | | |
| Accounts Payable and Other Liabilities..... | (8,320) | (130,514) |
| Deferred Revenue..... | <u>174,756</u> | <u>109,689</u> |
| Net Cash Provided by (Used in) Operating Activities..... | <u>\$ 141,062</u> | <u>\$ 49,863</u> |
| Supplemental Schedule of Noncash Investing and Financing Transactions: | | |
| Disposition of Property and Equipment: | | |
| Cost..... | \$ - | \$ 4,321 |
| Accumulated Depreciation..... | <u>-</u> | <u>(4,321)</u> |
| Net Book Value..... | <u>\$ -</u> | <u>\$ -</u> |

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

UNITED STATES ROWING ASSOCIATION AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 1. Summary of Significant Accounting Policies

Nature of Organization:

United States Rowing Association (the "Association"), located in Princeton, New Jersey, 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 an Olympic Sport Organization member. 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. The Association's support comes primarily from membership dues, contributors, and various private grants.

Casitas Fund, Inc. (the "Affiliate") is a nonprofit organization whose purpose is to act for the exclusive benefit of the Association. The Fund holds assets in an unrestricted, board designated endowment fund, earnings from which are available to further the purpose of the Association. Shortly after the 1984 Olympic Games, the Los Angeles Olympic Organizing Committee gave the USOC 20% of its net liquid assets to divide evenly among the United States National Governing Bodies. The Fund, created in 1985 as a result of this event, received a substantial contribution, approximately \$980,000 from the USOC.

Principles of Consolidation:

The consolidated financial statements include the accounts of United States Rowing Association and Casitas Fund, Inc. (collectively, the "Organization"). Casitas Fund, Inc. is consolidated since United States Rowing Association has both an economic interest in the Affiliate and control of the Affiliate through a majority voting interest in its governing board. All material intra-entity transactions have been eliminated.

Prior Year Summarized Comparative Information:

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2016, from which the summarized information was derived.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 1. Summary of Significant Accounting Policies (Cont'd)

Basis of Financial Statement Presentation:

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors, or may otherwise be limited by contractual agreements with outside parties.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated Statement of Activities as net assets released from restriction.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or donor-specified purposes.

Management's Use of Estimates and Assumptions:

Management uses estimates and assumptions in preparing its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash Equivalents:

Cash equivalents include highly liquid debt instruments with original maturities of three months or less, unless they are held in the investment portfolio as endowments. Bank certificates of deposit and treasury obligations are considered to be temporary cash investments, not cash equivalents. In addition, the consolidated Statement of Cash Flows excludes restricted cash.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 1. Summary of Significant Accounting Policies (Cont'd)

Receivables:

Receivables consist primarily of accounts and pledges receivable. Accounts receivable include unpaid grants and sponsorships under contractual agreements. Pledges receivable include unconditional promises due in the next year.

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

Inventory:

Merchandise inventory, which consists primarily of sports apparel, is stated at the lower of cost and net realizable value at December 31, 2017, and at the lower of cost or market at December 31, 2016. Cost is determined by the first-in, first-out (FIFO) method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the consolidated Statement of Activities in the period in which it occurs.

Beginning January 1, 2017, the Organization prospectively applied the revised guidance in FASB ASC 330-10-35, which is effective for years beginning after December 15, 2016. FASB ASC 330-10-35 requires that inventory measured using the FIFO method be measured at the lower of cost and net realizable value rather than the lower of cost or market. The adoption of this revised policy did not result in a change to the Organization's financial position or change in net assets.

Investments:

Investments in marketable equity securities with readily determinable fair values, and all investments in debt securities, are reported at their fair values in the consolidated Statement of Financial Position. Unrealized gains and losses are included in the change in net assets. The Organization uses specific identification of basis to determine realized gains or losses on sales. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 1. Summary of Significant Accounting Policies (Cont'd)

Property and Equipment:

Purchased property and equipment are capitalized at cost. Expenditures in excess of \$1,000 are capitalized and depreciated. Expenditures for maintenance and repairs are charged to expenses as incurred. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions, unless the donor has restricted the donated asset for a specific purpose. Property and equipment are depreciated over their estimated useful lives using the straight-line method. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Compensated Absences:

In accordance with the policy of the Organization, certain employees are entitled to paid vacation, holiday, sick, and personal days, depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying consolidated financial statements. The Organization's policy is to recognize the cost of compensated absences when actually paid to employees.

Deferred Revenue:

Deferred revenue consists primarily of dues received from members and organizations for the upcoming membership period. They will be recognized as revenues during the next membership period.

Public Support and Revenue Recognition:

Membership dues are recognized ratably over the membership period.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value.

Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 1. Summary of Significant Accounting Policies (Cont'd)

Public Support and Revenue Recognition (Cont'd):

Sponsorships are recognized ratably over the sponsorship period.

Regattas/conferences and national team events revenue are recognized upon occurrence of the respective events.

Merchandise sales are recognized when the sale occurs.

Fundraising revenue is recognized when the special event occurs.

In-Kind Contributions:

The Organization 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 Organization's control. Revenue recognized in 2017 and 2016 of \$97,103 and \$499,439, respectively, represents an objective estimate of the fair value of goods and services provided.

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

Donated Services:

Contributed services are included in the consolidated financial statements as support and expenses in those cases where the services provided: (1) are significant and form an integral part of the efforts of the Organization, (2) would be performed by salaried personnel if contributed services were not available, and (3) the Organization controls the employment and duties of the service donors. The value of contributions of casual or occasional services is not included in the consolidated financial statements, since such services are not susceptible to objective measurement.

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 1. Summary of Significant Accounting Policies (Cont'd)

Advertising Costs:

The Organization expenses the cost of advertising as incurred. Advertising costs, charged to functional expenses and included in the category advertising and promotion, amounted to \$1,058 and \$16,554 for the years ended December 31, 2017 and 2016, respectively.

Income Taxes:

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. Income generated by activities that would be considered unrelated to the Organization's mission would be subject to tax, which, if incurred, would be recognized as a current expense. No such tax has been recognized for the years ended December 31, 2017 and 2016. The Organization has a net operating loss carryforward of \$26,778, which expires through the years 2030 to 2034.

The Organization's federal exempt and unrelated business income returns are subject to examination by the IRS, generally for three years after they were filed. The statute of limitations does not apply to unfiled returns. The Organization believes that all required tax returns have been filed.

In the event it would be required, the Organization would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Organization has not recognized any amounts for interest and penalties accrued at December 31, 2017 and 2016.

Recent Accounting Pronouncement:

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the consolidated Statement of Activities. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change certain aspects of the presentation of the Organization's consolidated financial statements, it is not expected to alter the Organization's reported financial position.

Date of Management Evaluation of Subsequent Events:

Management has evaluated subsequent events through April 19, 2018, the date on which the consolidated financial statements were available to be issued.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 2. Concentration of Risk

The Organization derived approximately 16% and 17% of its support and revenues from the United States Olympic Committee for the years ended December 31, 2017 and 2016, respectively. The Organization also derived approximately 9% and 14% of its support and revenues from the National Rowing Foundation for the years ended December 31, 2017 and 2016, respectively.

The Organization's cash and cash equivalent accounts and interest bearing deposits in banks and other financial institutions may at times exceed the federally insured limits. The Organization has not experienced any losses in these accounts. Management believes that the Organization is not exposed to any significant risk on these deposits.

Note 3. Investments

Restricted investments consist of money market and exchange traded funds restricted to the donor endowment fund. Investments consisting of the board designated endowment are held in pooled funds invested with the United States Olympic Foundation ("USOF") pursuant to an agreement dated May 2011. The investments held by USOF consist principally of domestic bonds and equities, international equities, hedge equity funds, and limited partnerships that invest primarily in foreign and domestic common stocks and commodities. The fair value of the Organization's interest in the investments held by USOF is based on a percentage interest in USOF's fair value as represented by USOF's management. This unit of ownership and NAV is provided by USOF to the Organization on a monthly basis. The pool is revalued periodically and income and gains or losses are allocated to the participants based on their units.

Cost and fair value of investments are as follows:

| <u>December 31, 2017</u> | <u>Amortized cost</u> | <u>Fair value</u> | <u>Gross unrealized gains (losses)</u> |
|---------------------------------------|----------------------------------|------------------------------|---|
| Pooled investments held by USOF | \$1,252,760 | \$1,548,955 | \$ 296,195 |
| Investments - restricted..... | <u>402,371</u> | <u>450,764</u> | <u>48,393</u> |
| | <u>\$1,655,131</u> | <u>\$1,999,719</u> | <u>\$ 344,588</u> |

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 3. Investments (Cont'd)

| <u>December 31, 2016</u> | <u>Amortized cost</u> | <u>Fair value</u> | <u>Gross unrealized gains (losses)</u> |
|---------------------------------------|----------------------------------|------------------------------|---|
| Pooled investments held by USOF | \$1,206,084 | \$1,404,154 | \$ 198,070 |
| Investments - restricted..... | <u>381,128</u> | <u>392,710</u> | <u>11,582</u> |
| | <u>\$1,587,212</u> | <u>\$1,796,864</u> | <u>\$ 209,652</u> |

Investment return and its classification in the consolidated Statement of Activities is summarized as follows:

| <u>Year ended December 31, 2017</u> | <u>Unrestricted</u> | <u>Temporarily restricted</u> | <u>Total</u> |
|---|----------------------------|--|-------------------------|
| Interest and dividend income | \$ 11,809 | \$ 6,597 | \$ 18,406 |
| Realized gain (loss) on investments. | 106,962 | 17,317 | 124,279 |
| Unrealized gain (loss) on investments..... | <u>98,125</u> | <u>36,811</u> | <u>134,936</u> |
| | <u>\$216,896</u> | <u>\$ 60,725</u> | <u>\$277,621</u> |

| <u>Year ended December 31, 2016</u> | <u>Unrestricted</u> | <u>Temporarily restricted</u> | <u>Total</u> |
|---|----------------------------|--|-------------------------|
| Interest and dividend income | \$ 9,554 | \$ 5,370 | \$ 14,924 |
| Realized gain (loss) on investments. | 26,970 | (2,690) | 24,280 |
| Unrealized gain (loss) on investments..... | <u>33,719</u> | <u>11,582</u> | <u>45,301</u> |
| | <u>\$ 70,243</u> | <u>\$ 14,262</u> | <u>\$ 84,505</u> |

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 4. Fair Value Measurement

Valuation techniques used to measure fair value are prioritized into the following hierarchy:

Level 1 - Determined using quoted market prices in active markets for identical assets and liabilities.

Level 2 - Determined using quoted market prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the market for substantially the full term of the assets or liabilities. Also included in Level 2 are investments measured using a net asset value ("NAV") per share, or its equivalent, that may be redeemed at that NAV at the date of the consolidated Statement of Financial Position or in the near term, which is generally considered to be within 90 days.

Level 3 - Determined using inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The market for assets and liabilities using Level 3 measures is typically inactive.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to measurements involving significant unobservable inputs (Level 3). Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

Realized and unrealized gains and losses from investments are reported in the consolidated Statement of Activities as they occur. There have been no changes in valuation techniques and related inputs. Fair values of assets measured on a recurring basis are as follows:

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 4. Fair Value Measurement (Cont'd)

| <u>December 31, 2017</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Fair value total</u> |
|--|-----------------------|-----------------------|-----------------------|--------------------------------|
| Investments - restricted: | | | | |
| Money market funds | \$ 8,735 | \$ - | \$ - | \$ 8,735 |
| Exchange traded funds.... | 442,029 | - | - | 442,029 |
| Pooled investments held by USOF | - | <u>1,548,955</u> | - | <u>1,548,955</u> |
| Total | <u>\$ 450,764</u> | <u>\$1,548,955</u> | <u>\$ -</u> | <u>\$1,999,719</u> |

| <u>December 31, 2017</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Fair value total</u> |
|--|-----------------------|-----------------------|-----------------------|--------------------------------|
| Investments - restricted: | | | | |
| Money market funds | \$ 6,899 | \$ - | \$ - | \$ 6,899 |
| Exchange traded funds.... | 385,811 | - | - | 385,811 |
| Pooled investments held by USOF | - | <u>1,404,154</u> | - | <u>1,404,154</u> |
| Total | <u>\$ 392,710</u> | <u>\$1,404,154</u> | <u>\$ -</u> | <u>\$1,796,864</u> |

There were no transfers in or out of Level 1 and Level 2 within the fair value hierarchy as of December 31, 2017 and 2016. Because the Organization has the ability to redeem its investment held by USOF at NAV, upon delivery of written ninety day notice, the investment is considered Level 2. Further, the Organization has no unfunded commitments as of December 31, 2017 and 2016 with USOF. The Organization follows the investment objectives of USOF, which is the long term maximization of total return through the use of investment strategies designed to maximize the long term total return in a manner consistent with reasonable efforts to preserve the real value of capital.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 5. Property and Equipment

The following is a summary of property and equipment:

| | Estimated useful lives in years | <u>2017</u> | <u>2016</u> |
|--|--|--------------------|--------------------|
| Office equipment..... | 3-5 | \$ 626,268 | \$ 544,013 |
| Rowing equipment | 4-10 | <u>432,324</u> | <u>422,468</u> |
| Total | | 1,058,592 | 966,481 |
| Accumulated depreciation | | <u>849,586</u> | <u>689,547</u> |
| Total net property and equipment | | <u>\$ 209,006</u> | <u>\$ 276,934</u> |

Depreciation expense was \$160,039 and \$140,618 for the years ended December 31, 2017 and 2016, respectively.

Note 6. Long Term Debt

Long term debt consists of the following:

| | <u>2017</u> | <u>2016</u> |
|--|--------------------|--------------------|
| Note payable to Ally Financial; payable in total monthly installments of \$1,220 including interest at 3.39%; maturing December 2018; secured by a vehicle with a total book value of \$14,902 | \$ 10,693 | \$ 25,331 |
| Current maturities | <u>10,693</u> | <u>13,894</u> |
| | <u>\$ -</u> | <u>\$ 11,437</u> |

Annual maturities of long term debt for each of the remaining years are as follows:

| <u>Year ended December 31,</u> | <u>Amount</u> |
|---------------------------------------|----------------------|
| 2018..... | \$ 10,693 |
| 2019 and thereafter..... | \$ - |

Interest expense was \$745 and \$1,206 for the years ended December 31, 2017 and 2016, respectively.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 7. Net Assets

Unrestricted:

The Organization's board has chosen to place the following limitations on unrestricted net assets at December 31, 2017 and 2016:

| | <u>2017</u> | <u>2016</u> |
|--|---------------------------|---------------------------|
| Designated for endowment purposes..... | \$1,548,955 | \$1,404,154 |
| Designated for Collegiate Rowing | 14,153 | - |
| Undesignated (deficit)..... | <u>(113,674)</u> | <u>(44,284)</u> |
| Total..... | <u>\$1,449,434</u> | <u>\$1,359,870</u> |

Temporarily restricted:

Temporarily restricted net assets are available for the following purpose at December 31, 2017 and 2016:

| | <u>2017</u> | <u>2016</u> |
|-----------------------------|-------------------------|-------------------------|
| Women's endowment fund..... | <u>\$200,353</u> | <u>\$142,299</u> |

Net assets released from donor restrictions (from accumulated investment income) totaled \$2,671 and \$4,458 for the years ended December 31, 2017 and 2016, respectively.

Permanently restricted:

Permanently restricted net assets consist of endowment fund assets to be held indefinitely. The income from assets of the endowment fund, including realized and unrealized gains, is available to be expended for use in the US Women's Open Weight and Lightweight programs. The permanently restricted net assets are as follows:

| | <u>2017</u> | <u>2016</u> |
|---|-------------------------|-------------------------|
| US Women's Open Weight and Lightweight programs | <u>\$250,411</u> | <u>\$250,411</u> |

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 8. Endowment Policy

Endowment Description and Interpretation of Relevant Law:

The Organization's donor-restricted endowment consists of several individual funds established for the purpose of the US Women's Open Weight and Lightweight programs as a result of donor contributions. The Organization's board-designated endowment consists of its pooled investments held by the USOF. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the New Jersey Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift, as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until endowment resources are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Endowment Spending Policies:

The Organization has elected not to spend principal from the donor-restricted endowment pursuant to a 10-year investment horizon and a \$750,000 goal established by the Board of Directors in June 2009. For the years ended December 31, 2017 and 2016, there were no principal amounts appropriated or spent on the women's programs from the donor-restricted endowment fund.

The Organization has a formal endowment spending policy relating to the board-designated endowment fund, which distributes 3% to 5% of the investment value on an annual basis. For the years ended December 31, 2017 and 2016, the total amount appropriated and spent for general operations was \$70,011 and \$67,711, respectively.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 8. Endowment Policy (Cont'd)

Endowment Investment Policies:

The Organization has a formal written investment policy detailing its investment strategy for the donor-restricted endowment. 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.

The Organization has a formal written investment policy detailing its investment strategy for the board-designated endowment. In May 2011, the Organization began to follow the investment policy of the USOF as part of their agreement for management of the pool. The policy is similar in strategy to the Organization's existing written policy. Investments are restricted to certain types of investment vehicles including any combination of cash and equivalents, domestic bonds, international bonds, convertible securities, domestic equities, international equities, and alternative investments.

To satisfy its long term objectives, the Organization 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 Organization targets diversified mutual funds to achieve its long term return objectives within prudent risk constraints.

Endowment net assets by type of fund and changes in endowment net assets for the year ended December 31, 2017 are as follows:

| | <u>Unrestricted</u> | <u>Temporarily restricted</u> | <u>Permanently restricted</u> | <u>Total</u> |
|--|----------------------------|--|--|---------------------|
| Donor-restricted funds | \$ - | \$ 200,353 | \$ 250,411 | \$ 450,764 |
| Board-designated funds | <u>1,548,955</u> | <u>-</u> | <u>-</u> | <u>1,548,955</u> |
| | <u>\$1,548,955</u> | <u>\$ 200,353</u> | <u>\$ 250,411</u> | <u>\$1,999,719</u> |
| Endowment net assets, beginning of year | <u>\$1,404,154</u> | <u>\$ 142,299</u> | <u>\$ 250,411</u> | <u>\$1,796,864</u> |
| Investment return: | | | | |
| Interest and dividends | 9,725 | 6,597 | - | 16,322 |
| Net appreciation (depreciation) - realized and unrealized | <u>205,087</u> | <u>54,128</u> | <u>-</u> | <u>259,215</u> |
| Total investment return | <u>214,812</u> | <u>60,725</u> | <u>-</u> | <u>275,537</u> |
| Appropriation for expenditure | <u>(70,011)</u> | <u>(2,671)</u> | <u>-</u> | <u>(72,682)</u> |
| Endowment net assets, end of year | <u>\$1,548,955</u> | <u>\$ 200,353</u> | <u>\$ 250,411</u> | <u>\$1,999,719</u> |

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 8. Endowment Policy (Cont'd)

Endowment Investment Policies (Cont'd):

Endowment net assets by type of fund and changes in endowment net assets for the year ended December 31, 2016 are as follows:

| | <u>Unrestricted</u> | <u>Temporarily restricted</u> | <u>Permanently restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|--------------------|
| Donor-restricted funds | \$ - | \$ 142,299 | \$ 250,411 | \$ 392,710 |
| Board-designated funds | <u>1,404,154</u> | <u>-</u> | <u>-</u> | <u>1,404,154</u> |
| | <u>\$1,404,154</u> | <u>\$ 142,299</u> | <u>\$ 250,411</u> | <u>\$1,796,864</u> |
| Endowment net assets, beginning of year | <u>\$1,403,134</u> | <u>\$ 132,495</u> | <u>\$ 250,411</u> | <u>\$1,786,040</u> |
| Investment return: | | | | |
| Interest and dividends | 8,042 | 5,370 | - | 13,412 |
| Net appreciation (depreciation) - realized and unrealized | <u>60,689</u> | <u>8,892</u> | <u>-</u> | <u>69,581</u> |
| Total investment return | <u>68,731</u> | <u>14,262</u> | <u>-</u> | <u>82,993</u> |
| Appropriation for expenditure | <u>(67,711)</u> | <u>(4,458)</u> | <u>-</u> | <u>(72,169)</u> |
| Endowment net assets, end of year | <u>\$1,404,154</u> | <u>\$ 142,299</u> | <u>\$ 250,411</u> | <u>\$1,796,864</u> |

Note 9. Supporting Organization

The United States Olympic Committee ("USOC") provides support for sport development, international competition, and team preparation.

Support from the USOC for the years ended December 31, 2017 and 2016 consists of:

| | <u>2017</u> | <u>2016</u> |
|--------------------------------|--------------------|--------------------|
| Performance pool funding | \$1,613,624 | \$1,802,695 |
| In-kind travel | <u>73,147</u> | <u>78,061</u> |
| Total | <u>\$1,686,771</u> | <u>\$1,880,756</u> |

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 10. Retirement Plan

The Association has established a defined contribution retirement plan (the "Plan") for all eligible employees. The Association's discretionary annual contribution is equal to 3% of each employee's annual salary, as defined by the Plan, and vests immediately. The Association will match an additional 50% of the first 4% an eligible employee defers, which vests over two years. Total retirement plan matching contributions were \$10,376 and \$-0- for 2017 and 2016, respectively. Total retirement plan administrative expenses were \$796 and \$2,324 for 2017 and 2016, respectively.

Note 11. Commitments and Contingencies

Effective January 1, 2013, the Association entered into a four (4) year Supply, License, and Marketing Agreement ("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. The Association received royalty payments each quarter based on a percentage of sales, with a minimum of no less than \$100,000 in each calendar year. In exchange, the Corporation had the exclusive right to use the Association's trademark and was provided with booth space at all events sponsored by the Association. The Association provided the Corporation with signage at national team events, access to national team athletes, and advertisement in a variety of media channels. The Agreement expired December 31, 2016 and was not renewed. For the years ended December 31, 2017 and 2016, the Association recognized royalty income of \$25,836 and \$129,868, respectively.

Effective September 18, 2017, the Association entered into a new three (3) year Agreement with a new Corporation. Under the terms of the new Agreement, the new Corporation has the right to use the Association's championship event-specific logos in connection with the manufacture, distribution, sale, advertising, and promotion of event merchandise at the Association's nine (9) championship rowing events in the United States each year. The Association will receive royalty payments based on a percentage of sales. The Association will also receive guaranteed royalty payments of \$200,000 over the term of the new Agreement ending September 1, 2020. For the year ended December 31, 2017, the Association recognized royalty income of \$99,180.

Total royalty income for the years ended December 31, 2017 and 2016 was \$125,016 and \$129,868, respectively.

Effective August 25, 2014, the Association entered into a two year agreement with a corporation to publish and distribute a monthly magazine to non-basic members. On October 3, 2015, the agreement was extended to September 30, 2020. For the years ended December 31, 2017 and 2016, the magazine expense was \$557,036 and \$556,956, respectively.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 12. Operating Lease Commitments

The Association has leases for office space in New Jersey, a training center in New Jersey, and various office equipment through 2019. Rental expense under all operating leases aggregated \$253,586 and \$247,323 for the years ended December 31, 2017 and 2016, respectively.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2017 for each of the remaining years and in the aggregate are as follows:

| <u>Year ended December 31,</u> | <u>Amount</u> |
|---|----------------------|
| 2018 | \$258,995 |
| 2019 | 189,404 |
| 2020 and thereafter | <u>-</u> |
| Total minimum future rental payments | <u>\$448,399</u> |

Note 13. Financial Statement Presentation

Certain amounts in the 2016 summarized comparative totals on the consolidated Statement of Activities have been reclassified to conform to the 2017 presentation. Such reclassifications have no effect on the previously reported change in net assets.

**CONSOLIDATING AND
SUPPLEMENTARY INFORMATION**

UNITED STATES ROWING ASSOCIATION AND AFFILIATE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

| ASSETS | United States Rowing Association | Casitas Fund, Inc. | Total |
|---|---|-------------------------------|----------------------------|
| <u>Current Assets</u> | | | |
| Cash and Cash Equivalents..... | \$ 533,586 | \$ - | \$ 533,586 |
| Accounts Receivable..... | 271,702 | - | 271,702 |
| Inventory..... | 11,340 | - | 11,340 |
| Prepaid Expenses..... | <u>146,090</u> | <u>-</u> | <u>146,090</u> |
| Total Current Assets..... | <u>962,718</u> | <u>-</u> | <u>962,718</u> |
| Property and Equipment Net of Accumulated | | | |
| Depreciation of \$849,586..... | <u>209,006</u> | <u>-</u> | <u>209,006</u> |
| <u>Other Assets</u> | | | |
| Pooled Investments Held by the USOF..... | - | 1,548,955 | 1,548,955 |
| Investments - Restricted..... | <u>450,764</u> | <u>-</u> | <u>450,764</u> |
| Total Other Assets..... | <u>450,764</u> | <u>1,548,955</u> | <u>1,999,719</u> |
| TOTAL ASSETS..... | <u>\$ 1,622,488</u> | <u>\$ 1,548,955</u> | <u>\$ 3,171,443</u> |
| LIABILITIES AND NET ASSETS | | | |
| <u>Current Liabilities</u> | | | |
| Accounts Payable and Other Liabilities..... | \$ 324,677 | \$ - | \$ 324,677 |
| Current Maturities of Long Term Debt..... | 10,693 | - | 10,693 |
| Deferred Revenue..... | <u>935,875</u> | <u>-</u> | <u>935,875</u> |
| Total Current Liabilities..... | 1,271,245 | - | 1,271,245 |
| Long Term Debt, Net of Current Maturities..... | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Liabilities..... | <u>1,271,245</u> | <u>-</u> | <u>1,271,245</u> |
| <u>Net Assets</u> | | | |
| Unrestricted..... | (99,521) | 1,548,955 | 1,449,434 |
| Temporarily Restricted..... | 200,353 | - | 200,353 |
| Permanently Restricted..... | <u>250,411</u> | <u>-</u> | <u>250,411</u> |
| Total Net Assets..... | <u>351,243</u> | <u>1,548,955</u> | <u>1,900,198</u> |
| TOTAL LIABILITIES AND NET ASSETS.... | <u>\$ 1,622,488</u> | <u>\$ 1,548,955</u> | <u>\$ 3,171,443</u> |

See independent auditors' report.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

| | <u>United States Rowing Association</u> | <u>Casitas Fund, Inc.</u> | <u>Eliminations</u> | <u>Total</u> |
|---|--|--------------------------------------|----------------------------|----------------------------|
| <u>Support and Revenues</u> | | | | |
| Membership Dues..... | \$ 2,908,941 | \$ - | \$ - | \$ 2,908,941 |
| United States Olympic Committee... | 1,613,624 | - | - | 1,613,624 |
| Regattas/Conferences..... | 1,992,368 | - | - | 1,992,368 |
| Contributions and Grants..... | 1,494,684 | - | (70,011) | 1,424,673 |
| Sponsorship..... | 255,212 | - | - | 255,212 |
| National and Jr. National Team Events..... | 1,335,073 | - | - | 1,335,073 |
| Fundraising, Net of Direct Expenses of \$159,871..... | 118,159 | - | - | 118,159 |
| Merchandise..... | 164,757 | - | - | 164,757 |
| Miscellaneous..... | 93,549 | - | - | 93,549 |
| Advertising..... | - | - | - | - |
| Investment Return..... | 62,809 | 214,812 | - | 277,621 |
| Total Support and Revenues... | <u>10,039,176</u> | <u>214,812</u> | <u>(70,011)</u> | <u>10,183,977</u> |
| <u>Expenses</u> | | | | |
| Program Services: | | | | |
| National Team and Jr. National Team Training and Competition.... | 4,435,620 | 70,011 | (70,011) | 4,435,620 |
| Events..... | 4,684,292 | - | - | 4,684,292 |
| Public Awareness..... | 309,303 | - | - | 309,303 |
| Management and General..... | 244,595 | - | - | 244,595 |
| Fundraising..... | 362,549 | - | - | 362,549 |
| Total Expenses..... | <u>10,036,359</u> | <u>70,011</u> | <u>(70,011)</u> | <u>10,036,359</u> |
| Change in Net Assets..... | 2,817 | 144,801 | - | 147,618 |
| Net Assets, Beginning of Year..... | <u>348,426</u> | <u>1,404,154</u> | - | <u>1,752,580</u> |
| Net Assets, End of Year..... | <u>\$ 351,243</u> | <u>\$ 1,548,955</u> | <u>\$ -</u> | <u>\$ 1,900,198</u> |

See independent auditors' report.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE

CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|--------------------------------------|------------------------------------|--|---------------------------|--------------------------|
| <u>Personnel</u> | | | | |
| Salaries..... | \$ 2,421,523 | \$ 181,755 | \$ 98,516 | \$ 2,701,794 |
| Employee Benefits..... | 239,751 | 11,118 | 6,667 | 257,536 |
| Payroll Taxes..... | 185,611 | 15,099 | 7,143 | 207,853 |
| Retirement Plan..... | <u>9,981</u> | <u>590</u> | <u>601</u> | <u>11,172</u> |
| Total Personnel..... | <u>2,856,866</u> | <u>208,562</u> | <u>112,927</u> | <u>3,178,355</u> |
| <u>Operating Expenses</u> | | | | |
| Legal Fees..... | 118,393 | 5,940 | 79,836 | 204,169 |
| Accounting Fees..... | 24,890 | 1,602 | 1,133 | 27,625 |
| Other Professional Fees..... | 188,151 | 1,858 | 65,012 | 255,021 |
| Advertising and Promotion..... | 109,300 | 250 | 930 | 110,480 |
| Office Expense..... | 758,294 | 2,896 | 8,262 | 769,452 |
| Occupancy Costs..... | 268,109 | 4,931 | 3,485 | 276,525 |
| Travel..... | 1,963,611 | 3,947 | 4,387 | 1,971,945 |
| Conferences and Conventions..... | 478,156 | - | - | 478,156 |
| Depreciation..... | 146,664 | 7,836 | 5,539 | 160,039 |
| Insurance..... | 530,700 | 412 | 291 | 531,403 |
| Event Expense..... | 1,443,180 | 1,456 | 74,079 | 1,518,715 |
| Stipends..... | 299,171 | - | 3,200 | 302,371 |
| Miscellaneous..... | 110,550 | 4,684 | 3,312 | 118,546 |
| In-Kind Expense..... | 73,150 | 221 | 156 | 73,527 |
| Grant Expense..... | <u>60,030</u> | <u>-</u> | <u>-</u> | <u>60,030</u> |
| Total Operating Expenses..... | <u>6,572,349</u> | <u>36,033</u> | <u>249,622</u> | <u>6,858,004</u> |
| Total Expenses..... | <u>\$ 9,429,215</u> | <u>\$ 244,595</u> | <u>\$ 362,549</u> | <u>10,036,359</u> |

See independent auditors' report.