

**UNITED STATES ROWING
ASSOCIATION AND AFFILIATE**

CONSOLIDATED FINANCIAL STATEMENTS

**YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE
TOTALS FOR 2017)**

UNITED STATES ROWING ASSOCIATION AND AFFILIATE

YEAR ENDED DECEMBER 31, 2018

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

I N D E X

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statements:	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6-7
Notes to Consolidated Financial Statements	8-28
Consolidating Information:	
Consolidating Statement of Financial Position	29
Consolidating Statement of Activities	30



CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

STEPHEN N. KLEIN, CPA
MICHAEL R. MASSA, CPA
BARRY W. SNYDER, CPA
LAURA WEBER-CARNEVALE, CPA
THOMAS H. MARTIN, CPA
JOHN W. LUTZ, CPA
BRUCE S. LUDLOW, CPA
JEANMARIE F. MOORE, CPA
FRANK G. SWEENEY, CPA
JOHN BLAKE, CPA
CHRISTOPHER S. MAYNARD, CPA

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, 2018, and the related consolidated statements of activities, functional expenses, 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 consolidated 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, 2018, 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 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 19, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Consolidating 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 29 to 30 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. Such 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. The consolidating 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 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
May 3, 2019

UNITED STATES ROWING ASSOCIATION AND AFFILIATE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

	<u>2018</u>	<u>2017</u>
ASSETS		
<u>Current Assets</u>		
Cash and Cash Equivalents.....	\$ 457,786	\$ 533,586
Accounts Receivable.....	372,598	271,702
Inventory.....	11,340	11,340
Prepaid Expenses.....	<u>275,764</u>	<u>146,090</u>
Total Current Assets.....	<u>1,117,488</u>	<u>962,718</u>
Property and Equipment Net of Accumulated		
Depreciation of \$982,837 and \$849,586.....	<u>196,822</u>	<u>209,006</u>
<u>Other Assets</u>		
Pooled Investments Held by the USOE.....	1,427,182	1,548,955
Investments - Restricted.....	<u>428,025</u>	<u>450,764</u>
Total Other Assets.....	<u>1,855,207</u>	<u>1,999,719</u>
TOTAL ASSETS.....	<u>\$ 3,169,517</u>	<u>\$ 3,171,443</u>
LIABILITIES AND NET ASSETS		
<u>Current Liabilities</u>		
Accounts Payable and Other Liabilities.....	\$ 713,784	\$ 324,677
Current Maturities of Long Term Debt.....	-	10,693
Deferred Revenue.....	<u>929,930</u>	<u>935,875</u>
Total Current Liabilities.....	<u>1,643,714</u>	<u>1,271,245</u>
<u>Net Assets</u>		
Without Donor Restrictions.....	1,097,778	1,449,434
With Donor Restrictions.....	<u>428,025</u>	<u>450,764</u>
Total Net Assets.....	<u>1,525,803</u>	<u>1,900,198</u>
TOTAL LIABILITIES AND NET ASSETS.....	<u>\$ 3,169,517</u>	<u>\$ 3,171,443</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, 2018

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2018 Total</u>	<u>2017 Total</u>
<u>Revenue, Support, and Gains</u>				
Membership Dues.....	\$ 3,054,894	\$ -	\$ 3,054,894	\$ 2,908,941
United States Olympic Committee.....	1,620,190	-	1,620,190	1,613,624
Regattas/Conferences.....	1,927,204	-	1,927,204	1,992,368
Contributions and Grants.....	1,776,310	-	1,776,310	1,424,673
Sponsorship.....	334,150	-	334,150	255,212
National and Junior National Team Events.....	1,701,912	-	1,701,912	1,335,073
Fundraising Events - Revenue of \$244,162 Less Cost of Direct Benefits to Donors of \$148,752 Net Revenues from Fundraising Events.....	95,410	-	95,410	152,905
Merchandise Sales.....	168,261	-	168,261	164,757
In-Kind Revenue.....	508,378	-	508,378	73,528
Miscellaneous.....	20,836	-	20,836	20,021
Net Investment Return.....	<u>(38,122)</u>	<u>(22,739)</u>	<u>(60,861)</u>	<u>273,371</u>
Total Revenue, Support, and Gains.....	11,169,423	(22,739)	11,146,684	10,214,473
Net Assets Released from Restrictions.....	-	-	-	-
Total Revenue, Support, and Gains, and Net Assets Released from Restrictions.....	<u>11,169,423</u>	<u>(22,739)</u>	<u>11,146,684</u>	<u>10,214,473</u>
<u>Expenses</u>				
Program Services:				
National Team and Junior National Team				
Training and Competition.....	5,874,071	-	5,874,071	4,421,453
Domestic Operations.....	5,124,169	-	5,124,169	5,003,513
Management and General.....	309,458	-	309,458	244,595
Fundraising.....	<u>213,381</u>	<u>-</u>	<u>213,381</u>	<u>397,294</u>
Total Expenses.....	<u>11,521,079</u>	<u>-</u>	<u>11,521,079</u>	<u>10,066,855</u>
Change in Net Assets.....	(351,656)	(22,739)	(374,395)	147,618
Net Assets, Beginning of Year.....	<u>1,449,434</u>	<u>450,764</u>	<u>1,900,198</u>	<u>1,752,580</u>
Net Assets, End of Year.....	<u>\$ 1,097,778</u>	<u>\$ 428,025</u>	<u>\$ 1,525,803</u>	<u>\$ 1,900,198</u>

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

UNITED STATES ROWING ASSOCIATION AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>2017 Total</u>
<u>Personnel</u>					
Salaries.....	\$ 2,609,423	\$ 230,520	\$ 29,780	\$ 2,869,723	\$ 2,701,794
Employee Benefits.....	214,672	12,518	1,617	228,807	257,536
Payroll Taxes.....	194,402	15,209	1,965	211,576	207,853
Retirement Plan.....	<u>59,712</u>	<u>4,943</u>	<u>639</u>	<u>65,294</u>	<u>11,172</u>
Total Personnel.....	<u>3,078,209</u>	<u>263,190</u>	<u>34,001</u>	<u>3,375,400</u>	<u>3,178,355</u>
<u>Operating Expenses</u>					
Legal Fees.....	119,028	8,727	4,371	132,126	204,169
Accounting Fees.....	26,127	2,091	430	28,648	27,625
Other Professional Fees.....	81,366	2,648	60,044	144,058	229,521
Advertising and Promotion.....	38,819	35	5,407	44,261	85,012
Office Expense.....	271,665	5,307	14,493	291,465	362,702
Occupancy Costs.....	301,979	6,467	1,329	309,775	276,525
Travel.....	2,730,787	7,996	14,882	2,753,665	1,925,454
Conferences and Conventions.....	459,062	-	55,035	514,097	540,440
Depreciation.....	141,159	9,354	1,922	152,435	160,039
Insurance.....	558,351	548	113	559,012	531,403
Event Expense.....	1,281,248	1,708	141,726	1,424,682	1,301,637
Stipends.....	363,595	-	2,700	366,295	238,371
Rowing Magazine Publishing.....	515,018	-	-	515,018	557,036
Miscellaneous.....	51,331	1,387	285	53,003	118,546
In-Kind Expense.....	505,727	-	25,395	531,122	97,102
Inclusion/VA Expense.....	<u>474,769</u>	<u>-</u>	<u>-</u>	<u>474,769</u>	<u>358,043</u>
Total Operating Expenses.....	<u>7,920,031</u>	<u>46,268</u>	<u>328,132</u>	<u>8,294,431</u>	<u>7,013,625</u>
Total Expenses by Function.....	10,998,240	309,458	362,133	11,669,831	10,191,980
Less Expenses Included with Revenues on the Consolidated Statement of Activities: Cost of Direct Benefits to Donors.....	<u>-</u>	<u>-</u>	<u>(148,752)</u>	<u>(148,752)</u>	<u>(125,125)</u>
Total Expenses Included in the Expense Section on the Consolidated Statement of Activities.....	<u>\$ 10,998,240</u>	<u>\$ 309,458</u>	<u>\$ 213,381</u>	<u>\$ 11,521,079</u>	<u>\$ 10,066,855</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, 2018

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Cash Received from Membership, Support, and Events.....	\$ 11,100,702	\$ 9,890,916
Cash Paid to Vendors and Employees.....	(11,108,945)	(9,767,515)
Interest and Dividends Received.....	27,414	18,406
Interest Paid.....	(266)	(745)
Income Taxes Paid.....	<u>-</u>	<u>-</u>
Net Cash Provided by (Used in) Operating Activities.....	<u>18,905</u>	<u>141,062</u>
Cash Flows from Investing Activities:		
Purchase of Property and Equipment.....	(140,250)	(92,113)
Proceeds from Sale of Investments.....	360,720	298,916
Purchases of Investments.....	<u>(304,481)</u>	<u>(242,553)</u>
Net Cash Provided by (Used in) Investing Activities.....	<u>(84,011)</u>	<u>(35,750)</u>
Cash Flows from Financing Activities:		
Principal Payments on Long Term Debt.....	<u>(10,694)</u>	<u>(14,639)</u>
Net Cash Provided by (Used in) Financing Activities.....	<u>(10,694)</u>	<u>(14,639)</u>
Net (Decrease) Increase in Cash and Cash Equivalents.....	(75,800)	90,673
Cash and Cash Equivalents, Beginning of Year.....	<u>533,586</u>	<u>442,913</u>
Cash and Cash Equivalents, End of Year.....	<u>\$ 457,786</u>	<u>\$ 533,586</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, 2018

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

	<u>2018</u>	<u>2017</u>
Reconciliation of Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Change in Net Assets.....	\$ (374,395)	\$ 147,618
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation.....	152,435	160,039
Realized (Gain) Loss on Investments.....	(56,046)	(124,279)
Unrealized (Gain) Loss on Investments.....	144,321	(134,936)
(Increase) Decrease in Operating Assets:		
Accounts Receivable.....	(100,898)	(190,196)
Prepaid Expenses.....	(129,674)	116,380
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Other Liabilities.....	389,107	(8,320)
Deferred Revenue.....	<u>(5,945)</u>	<u>174,756</u>
Net Cash Provided by (Used in) Operating Activities.....	<u>\$ 18,905</u>	<u>\$ 141,062</u>
Supplemental Schedule of Noncash Investing and Financing Transactions:		
Disposition of Property and Equipment:		
Cost.....	\$ 19,183	\$ -
Accumulated Depreciation.....	<u>(19,183)</u>	<u>-</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 YEAR ENDED DECEMBER 31, 2018

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

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 consolidated 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 U.S. generally accepted accounting principles ("U.S. GAAP"). Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2017, from which the summarized information was derived.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

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

Basis of Presentation:

The consolidated financial statements of the Organization have been prepared in accordance with U.S. GAAP, which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated Statement of Activities.

Management's Use of Estimates and Assumptions:

Management uses estimates and assumptions in preparing its consolidated financial statements in accordance with U.S. GAAP. 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 YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

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. 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.

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 net assets without donor restrictions 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.

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.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

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

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 net assets without donor restrictions 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 net assets with donor restrictions.

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.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

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

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 2018 and 2017 of \$554,273 and \$97,103, respectively, represents an objective estimate of the fair value of goods and services provided. In-kind revenue recognized for 2018 and 2017 includes \$25,395 and \$23,575 in fundraising events revenue and \$20,500 and \$-0- in sponsorship revenue, respectively.

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:

Donated services are included in the consolidated financial statements as support and expenses in those cases where the services provided: (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The value of contributions of casual or occasional services is not included in the consolidated financial statements, since the recognition criteria were not met.

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. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include salaries and benefits, occupancy costs, office expenses and supplies, and travel, which are allocated on the basis of estimates of time and effort.

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 \$8,600 and \$1,058 for the years ended December 31, 2018 and 2017, respectively.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

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

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, 2018 and 2017. The Organization has a net operating loss carryforward of \$41,124, 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.

The Organization has determined that there are no material uncertain tax positions that require disclosure in the consolidated financial statements.

Adoption of New Accounting Pronouncement:

For the year ended December 31, 2018, the Organization adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities* (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented. A key change required by ASU 2016-14 is the new asset classes used in these consolidated financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

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

New Accounting Pronouncements:

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This standard outlines a single comprehensive model for organizations to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. Transfer of control is not the same as transfer of risks and rewards, as it is considered in current guidance. The Organization will also need to apply new guidance to determine whether revenue should be recognized over time or at a point in time. The standard will be effective for annual reporting periods beginning after December 15, 2018.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard is intended to address questions stemming from ASU 2014-09 regarding its implications on the grants and contracts of not-for-profit organizations. ASU 2018-08 provides guidance to determine if a grant or contract is a contribution or exchange transaction. The standard also provides guidance to help in determining if a contribution is conditional. ASU 2018-08 is effective for fiscal years that start after December 15, 2018. The Organization is currently evaluating the impact of the pending adoption of ASU 2014-09 and ASU 2018-08 on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated Statement of Financial Position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated Statement of Activities. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Organization is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

Date of Management Evaluation of Subsequent Events:

Management has evaluated subsequent events through May 3, 2019, 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 YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

Note 2. Concentration of Risk

The Organization derived approximately 15% and 16% of its support and revenues from the United States Olympic Committee for the years ended December 31, 2018 and 2017, respectively.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Note 3. Available Resources and Liquidity

The Organization's goal is to maintain a cash reserve of greater than \$100,000 at all times. This goal is achieved through the Organization's budgeting process and expenditures policies. The Organization has a board-designated endowment in pooled investments held by the United States Olympic Endowment ("USOE"). The board has designated these investments to be held for long-term growth. The Organization's endowment spending policy calls for annual distribution of 3% to 5% of the investment's value to be used for general expenditures of the National Team. The Organization maintains a \$125,000 line-of-credit available to assist with temporary cash flow needs. The entire balance remained available as of December 31, 2018.

The Organization has certain donor-restricted net assets that are available for general expenditures within one year of December 31, 2018, because the restrictions on the net assets are expected to be met by conducting the normal activities of the programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year. The Organization has other assets limited to use for donor-restricted purposes, which are not included. Additionally, because of the board's designation of the endowment in pooled investments held by the USOE, those investments are not available for general expenditures within the next year; however, the board could make them available, if necessary.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

Note 3. Available Resources and Liquidity (Cont'd)

The following represents the Organization's financial assets at December 31, 2018:

Financial assets at year-end:	
Cash and cash equivalents	\$ 457,786
Accounts receivable	372,598
Distribution from board-designated endowment for use over the next twelve months	71,359
Investments	<u>1,855,207</u>
 Total financial assets	 2,756,950
Less amounts not available to be used within one year:	
Restricted investments	(428,025)
Investments held for quasi-endowments	<u>(1,427,182)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 901,743</u>

Note 4. 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 USOE pursuant to an agreement dated May 2011. The investments held by USOE 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 USOE is based on a percentage interest in USOE's fair value as represented by USOE's management. This unit of ownership and NAV is provided by USOE 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.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

Note 4. Investments (Cont'd)

The USOE portfolio consists of the following investments at December 31:

	<u>2018</u>	<u>2017</u>
Alternative investments	39%	31%
Domestic equities	29%	30%
International equities	18%	20%
Domestic bonds	7%	9%
International bonds	4%	3%
Cash and other	<u>3%</u>	<u>7%</u>
Total	<u>100%</u>	<u>100%</u>

Cost and fair value of investments are as follows:

<u>December 31, 2018</u>	<u>Amortized cost</u>	<u>Fair value</u>	<u>Gross unrealized gains (losses)</u>
Pooled investments held by USOE	\$1,221,161	\$1,427,182	\$ 206,021
Investments - restricted	<u>433,780</u>	<u>428,025</u>	<u>(5,755)</u>
	<u>\$1,654,941</u>	<u>\$1,855,207</u>	<u>\$ 200,266</u>
<u>December 31, 2017</u>	<u>Amortized cost</u>	<u>Fair value</u>	<u>Gross unrealized gains (losses)</u>
Pooled investments held by USOE	\$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 YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

Note 4. Investments (Cont'd)

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

<u>Year ended December 31, 2018</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Interest and dividend income	\$ 17,423	\$ 14,511	\$ 31,934
Realized gain (loss) on investments.	34,629	21,417	56,046
Unrealized gain (loss) on investments.....	(90,174)	(54,147)	(144,321)
Investment expenses	<u>-</u>	<u>(4,520)</u>	<u>(4,520)</u>
	<u>\$(38,122)</u>	<u>\$(22,739)</u>	<u>\$(60,861)</u>

<u>Year ended December 31, 2017</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Interest and dividend income	\$ 10,230	\$ 8,176	\$ 18,406
Realized gain (loss) on investments.	106,962	17,317	124,279
Unrealized gain (loss) on investments.....	98,125	36,811	134,936
Investment expenses	<u>-</u>	<u>(4,250)</u>	<u>(4,250)</u>
	<u>\$215,317</u>	<u>\$ 58,054</u>	<u>\$273,371</u>

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

Note 5. Fair Value Measurement

The Organization is required to use a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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.

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 Organization's investment in the USOE portfolio is valued at fair value using the net asset value of the portfolio provided by the USOE. Certain alternative investments within the USOE portfolio are stated at the estimated net asset values of the underlying investments. The Organization's investment in this portfolio is classified as Level 2.

The Organization may terminate its investment agreement with the USOE effective at the end of any calendar month upon the giving of at least 90 days written notice or upon shorter notice acceptable to the USOE if the USOE determines that adequate liquidity exists in the portfolio to permit early termination.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

Note 5. Fair Value Measurement (Cont'd)

There have been no changes in valuation techniques and related inputs. Fair values of assets measured on a recurring basis are as follows:

<u>December 31, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value total</u>
Investments - restricted:				
Money market funds	\$ 9,019	\$ -	\$ -	\$ 9,019
Exchange traded funds....	419,006	-	-	419,006
Pooled investments held by USOE	<u>-</u>	<u>1,427,182</u>	<u>-</u>	<u>1,427,182</u>
Total	<u>\$ 428,025</u>	<u>\$1,427,182</u>	<u>\$ -</u>	<u>\$1,855,207</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	\$ 8,735	\$ -	\$ -	\$ 8,735
Exchange traded funds....	442,029	-	-	442,029
Pooled investments held by USOE	<u>-</u>	<u>1,548,955</u>	<u>-</u>	<u>1,548,955</u>
Total	<u>\$ 450,764</u>	<u>\$1,548,955</u>	<u>\$ -</u>	<u>\$1,999,719</u>

There were no transfers in or out of Level 1 and Level 2 within the fair value hierarchy as of December 31, 2018 and 2017. The Organization follows the investment objectives of USOE, 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 YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

Note 6. Property and Equipment

The following is a summary of property and equipment:

	<u>Estimated useful lives in years</u>	<u>2018</u>	<u>2017</u>
Office equipment.....	3-5	\$ 730,850	\$ 626,268
Rowing equipment	4-10	<u>448,809</u>	<u>432,324</u>
Total		1,179,659	1,058,592
Accumulated depreciation		<u>982,837</u>	<u>849,586</u>
Total net property and equipment		<u>\$ 196,822</u>	<u>\$ 209,006</u>

Depreciation expense was \$152,435 and \$160,039 for the years ended December 31, 2018 and 2017, respectively.

Note 7. Long Term Debt

Long term debt consists of the following:

	<u>2018</u>	<u>2017</u>
Note payable to Ally Financial; payable in total monthly installments of \$1,220 including interest at 3.39%; matured December 2018; secured by a vehicle with a total book value of \$-0-	\$ -	\$ 10,693
Current maturities	<u>-</u>	<u>10,693</u>
	<u>\$ -</u>	<u>\$ -</u>

Interest expense was \$266 and \$745 for the years ended December 31, 2018 and 2017, respectively.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

Note 8. Net Assets

Net assets without donor restrictions for the years ended December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Board designated for endowment purposes.....	\$1,427,182	\$1,548,955
Board designated for Collegiate Rowing	20,407	14,153
Undesignated (deficit).....	<u>(349,811)</u>	<u>(113,674)</u>
Total without donor restrictions.....	<u>\$1,097,778</u>	<u>\$1,449,434</u>

Net assets with donor restrictions for the years ended December 31, 2018 and 2017 are restricted for the following purposes and/or periods:

	<u>2018</u>	<u>2017</u>
Subject to endowment spending policy and appropriation:		
US Women's Open Weight and Lightweight programs.....	\$177,614	\$200,353
Perpetual endowment for US Women's Open Weight and Lightweight programs.....	<u>250,411</u>	<u>250,411</u>
Total with donor restrictions	<u>\$428,025</u>	<u>\$450,764</u>

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

Note 9. Endowment Policy

Endowment Description and Interpretation of Relevant Law:

The Organization's donor-restricted endowment consists of several individual funds established by donors to provide funding for the US Women's Open Weight and Lightweight programs. The Organization also has established a board-designated endowment consisting of its pooled investments held by the USOE.

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 retains in perpetuity (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity 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, 2018 and 2017, 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, 2018 and 2017, the total amount appropriated and spent for general operations was \$77,448 and \$70,011, respectively.

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.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

Note 9. Endowment Policy (Cont'd)

Endowment Investment Policies (Cont'd):

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 USOE 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 cash 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, 2018 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$1,427,182	\$ -	\$1,427,182
Donor-restricted endowment funds:			
Original donor-restricted gift amount ..	-	250,411	250,411
Accumulated investment gains.....	<u>-</u>	<u>177,614</u>	<u>177,614</u>
	<u>\$1,427,182</u>	<u>\$ 428,025</u>	<u>\$1,855,207</u>
 Endowment net assets, beginning of year.....	 <u>\$1,548,955</u>	 <u>\$ 450,764</u>	 <u>\$1,999,719</u>
Net investment return:			
Interest and dividends.....	11,220	14,511	25,731
Net appreciation (depreciation)			
- realized and unrealized	(55,545)	(32,730)	(88,275)
Investment expenses	<u>-</u>	<u>(4,520)</u>	<u>(4,520)</u>
Total investment return	<u>(44,325)</u>	<u>(22,739)</u>	<u>(67,064)</u>
Appropriation for expenditure	<u>(77,448)</u>	<u>-</u>	<u>(77,448)</u>
Endowment net assets, end of year	<u>\$1,427,182</u>	<u>\$ 428,025</u>	<u>\$1,855,207</u>

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

Note 9. 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, 2017 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$1,548,955	\$ -	\$1,548,955
Donor-restricted endowment funds:			
Original donor-restricted gift amount ..	-	250,411	250,411
Accumulated investment gains.....	<u>-</u>	<u>200,353</u>	<u>200,353</u>
	<u>\$1,548,955</u>	<u>\$ 450,764</u>	<u>\$1,999,719</u>
Endowment net assets, beginning of year.....	<u>\$1,404,154</u>	<u>\$ 392,710</u>	<u>\$1,796,864</u>
Investment return:			
Interest and dividends.....	9,725	8,176	17,901
Net appreciation (depreciation)			
- realized and unrealized	205,087	54,128	259,215
Investment expenses	<u>-</u>	<u>(4,250)</u>	<u>(4,250)</u>
Total investment return	<u>214,812</u>	<u>58,054</u>	<u>272,866</u>
Appropriation for expenditure	<u>(70,011)</u>	<u>-</u>	<u>(70,011)</u>
Endowment net assets, end of year	<u>\$1,548,955</u>	<u>\$ 450,764</u>	<u>\$1,999,719</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). Management has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of December 31, 2018 and 2017, there were no donor-restricted endowment funds with fair values less than the amount required to be maintained by the donor.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

Note 10. Supporting Organization

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

Support from the USOC for the years ended December 31, 2018 and 2017 consists of:

	<u>2018</u>	<u>2017</u>
Performance pool funding	\$1,620,190	\$1,613,624
In-kind travel	<u>72,224</u>	<u>73,147</u>
Total.....	<u>\$1,692,414</u>	<u>\$1,686,771</u>

Note 11. 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. Total retirement plan contributions were \$65,294 and \$10,376 for 2018 and 2017, respectively.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

Note 12. Commitments and Contingencies

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 years ended December 31, 2018 and 2017, the Association recognized royalty income of \$101,778 and \$99,180, respectively.

Effective April 24, 2018, the Association entered into a three (3) year Supply, License, and Marketing Agreement with a limited liability company (LLC). Under the terms of the agreement, the Association appointed the LLC as the exclusive supplier of apparel for the teams at US Rowing designated events. During the term of the agreement, the Association agrees not to provide to the teams or accept donations to the teams of, apparel from any other supplier except as mutually discussed and agreed upon in writing. In addition, the Association granted to the LLC an exclusive worldwide license to use the Association's trademarks in any media in connection with the manufacture, distribution, promotion, advertising, and sale of licensed products. In consideration, the Association will receive quarterly royalty payments equal to 15% of retail sales once net sales for the year exceed \$275,000 for calendar year 2018 and \$400,000 for calendar years 2019 and 2020. For the year ended December 31, 2018, the Association recognized royalty income of \$30,000 related to this agreement.

Additional royalty income of \$15,399 and \$25,836 was received on expired and other agreements during the years ended December 31, 2018 and 2017, respectively. Total royalty income for the years ended December 31, 2018 and 2017 was \$147,177 and \$125,016, 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, 2018 and 2017, the magazine expense was \$515,018 and \$557,036, respectively.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

Note 13. Operating Lease Commitments

The Association has leases for office space in New Jersey, a training center in New Jersey, and various office equipment through 2021. Rental expense under all operating leases aggregated \$284,753 and \$253,586 for the years ended December 31, 2018 and 2017, respectively.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2018 for each of the remaining years and in the aggregate are as follows:

<u>Year ended December 31,</u>	<u>Amount</u>
2019	\$189,404
2020	194,813
2021	32,639
2022 and thereafter	<u> -</u>
Total minimum future rental payments	<u>\$416,856</u>

Note 14. Line-of-Credit

The Organization has an agreement with a commercial bank for a \$125,000 open line-of-credit. Interest on balances drawn on the line will be charged at prime rate plus .49% (prime rate was 5.5% at December 31, 2018). The line is secured by a blanket lien on all business assets of the Organization. This agreement expires January 13, 2020. There were no borrowings on the line as of December 31, 2018 and 2017.

Note 15. Financial Statement Presentation

Certain amounts in the 2017 summarized comparative totals on the consolidated Statement of Activities have been reclassified to conform to the 2018 presentation. Such reclassifications have no effect on the previously reported change in net assets.

CONSOLIDATING INFORMATION

UNITED STATES ROWING ASSOCIATION AND AFFILIATE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

	<u>United States Rowing Association</u>	<u>Casitas Fund, Inc.</u>	<u>Total</u>
ASSETS			
<u>Current Assets</u>			
Cash and Cash Equivalents.....	\$ 457,786	\$ -	\$ 457,786
Accounts Receivable.....	372,598	-	372,598
Inventory.....	11,340	-	11,340
Prepaid Expenses.....	<u>275,764</u>	<u>-</u>	<u>275,764</u>
Total Current Assets.....	<u>1,117,488</u>	<u>-</u>	<u>1,117,488</u>
Property and Equipment Net of Accumulated			
Depreciation of \$982,837.....	<u>196,822</u>	<u>-</u>	<u>196,822</u>
<u>Other Assets</u>			
Pooled Investments Held by the USOE.....	-	1,427,182	1,427,182
Investments - Restricted.....	<u>428,025</u>	<u>-</u>	<u>428,025</u>
Total Other Assets.....	<u>428,025</u>	<u>1,427,182</u>	<u>1,855,207</u>
TOTAL ASSETS.....	<u>\$ 1,742,335</u>	<u>\$ 1,427,182</u>	<u>\$ 3,169,517</u>
LIABILITIES AND NET ASSETS			
<u>Current Liabilities</u>			
Accounts Payable and Other Liabilities.....	\$ 713,784	\$ -	\$ 713,784
Deferred Revenue.....	<u>929,930</u>	<u>-</u>	<u>929,930</u>
Total Current Liabilities.....	<u>1,643,714</u>	<u>-</u>	<u>1,643,714</u>
<u>Net Assets</u>			
Without Donor Restrictions.....	(329,404)	1,427,182	1,097,778
With Donor Restrictions.....	<u>428,025</u>	<u>-</u>	<u>428,025</u>
Total Net Assets.....	<u>98,621</u>	<u>1,427,182</u>	<u>1,525,803</u>
TOTAL LIABILITIES AND NET ASSETS.....	<u>\$ 1,742,335</u>	<u>\$ 1,427,182</u>	<u>\$ 3,169,517</u>

See independent auditors' report.

UNITED STATES ROWING ASSOCIATION AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

	<u>United States Rowing Association</u>	<u>Casitas Fund, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
<u>Revenue, Support, and Gains</u>				
Membership Dues.....	\$ 3,054,894	\$ -	\$ -	\$ 3,054,894
United States Olympic Committee.....	1,620,190	-	-	1,620,190
Regattas/Conferences.....	1,927,204	-	-	1,927,204
Contributions and Grants.....	1,853,758	-	(77,448)	1,776,310
Sponsorship.....	334,150	-	-	334,150
National and Junior National Team Events.....	1,701,912	-	-	1,701,912
Fundraising Events, Net of Cost of Direct Benefits to Donors of \$148,752..	95,410	-	-	95,410
Merchandise Sales.....	168,261	-	-	168,261
In-Kind Revenue.....	508,378	-	-	508,378
Miscellaneous.....	20,836	-	-	20,836
Net Investment Return.....	(16,536)	(44,325)	-	(60,861)
Total Revenue, Support, and Gains.....	<u>11,268,457</u>	<u>(44,325)</u>	<u>(77,448)</u>	<u>11,146,684</u>
<u>Expenses</u>				
Program Services: National Team and Junior National Team Training and Competition.....	5,874,071	77,448	(77,448)	5,874,071
Domestic Operations.....	5,124,169	-	-	5,124,169
Management and General.....	309,458	-	-	309,458
Fundraising.....	213,381	-	-	213,381
Total Expenses.....	<u>11,521,079</u>	<u>77,448</u>	<u>(77,448)</u>	<u>11,521,079</u>
Change in Net Assets.....	(252,622)	(121,773)	-	(374,395)
Net Assets, Beginning of Year.....	<u>351,243</u>	<u>1,548,955</u>	<u>-</u>	<u>1,900,198</u>
Net Assets, End of Year.....	<u>\$ 98,621</u>	<u>\$ 1,427,182</u>	<u>\$ -</u>	<u>\$ 1,525,803</u>

See independent auditors' report.