

WHITE ROCK BOATHOUSE, INC.

Financial Statements and Independent Accountants'
Compilation Report
December 31, 2022



Malnory, McNeal
& COMPANY, PC

ACCOUNTING • ADVISORY • ASSURANCE

WHITE ROCK BOATHOUSE, INC.

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors of
White Rock Boathouse, Inc.
Dallas, Texas

Management is responsible for the accompanying financial statements of White Rock Boathouse, Inc. (a nonprofit Texas corporation), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Dallas, Texas
March 28, 2023

Certified Public Accountants

White Rock Boathouse, Inc.
STATEMENT OF FINANCIAL POSITION
December 31, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 508,836
Prepaid Federal Income tax	15,000
Boat purchase deposit	41,950
Total current assets	565,786

FIXED ASSETS

Boats and equipment	861,616
Filter Building - tables and chairs	8,269
Rowing - ice machine	4,135
Strength training equipment	36,396
Accumulated depreciation	(562,711)
Total fixed assets	347,705

OTHER ASSETS

Usage and capitalized development costs	2,538,153
Accumulated amortization	(947,437)
Total other assets	1,590,716

TOTAL ASSETS	\$ <u><u>2,504,207</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Boat purchase payable	\$ 20,975
Credit cards	234
Payroll liabilities	10,494
Other current liabilities	277
Deferred Revenue - Filter Building deposits	56,300
Total current liabilities	88,280

TOTAL LIABILITIES	88,280
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NET ASSETS

Net assets without donor restrictions	2,415,927
Total net assets	2,415,927

TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>2,504,207</u></u>
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White Rock Boathouse, Inc.
STATEMENT OF ACTIVITIES
Year ended December 31, 2022

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
REVENUES			
Rowing	\$ 670,487	\$ -	\$ 670,487
Filter Building	486,978	-	486,978
Gain on dispositions	15	-	15
Unrealized gain/(loss)	115	-	115
Dividend income	4,631	-	4,631
Interest income	1,800	-	1,800
 SUPPORT			
Donations	60,167	-	60,167
Total increase in net assets	<u>1,224,193</u>	<u>-</u>	<u>1,224,193</u>
 EXPENSES			
Program services	985,283	-	985,283
Management and general expenses	2,490	-	2,490
Fundraising expenses	172,108	-	172,108
Total decrease in net assets	<u>1,159,881</u>	<u>-</u>	<u>1,159,881</u>
Increase (decrease) in net assets	64,312	-	64,312
Net assets at beginning of year	<u>2,351,615</u>	<u>-</u>	<u>2,351,615</u>
Net assets at end of year	<u>\$ 2,415,927</u>	<u>\$ -</u>	<u>\$ 2,415,927</u>

White Rock Boathouse, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2022

	<u>Program Services</u>		<u>Supporting Services</u>		TOTAL
	Rowing	Management & general	Fundraising		
Advertising	\$ 59,152	\$ -	\$ -	\$ -	\$ 59,152
Amortization expense	19,600	-	46,841	-	66,441
Background check	270	-	-	-	270
Boat house repairs	6,664	-	-	-	6,664
Boat registration	1,607	-	-	-	1,607
Boat house fuel	2,321	-	-	-	2,321
Buoy line	218	-	-	-	218
Depreciation	108,676	-	-	-	108,676
Donation - charities	2,700	-	-	-	2,700
Dues and subscriptions	2,717	-	382	-	3,099
Equipment repairs	1,775	-	-	-	1,775
Fees	7,306	-	31,027	-	38,333
Financial aid	58,197	-	-	-	58,197
Insurance	40,592	-	4,346	-	44,938
Meals	1,492	-	-	-	1,492
Professional fees	522	2,490	1,856	-	4,868
Quickbook expenses	1,260	-	70	-	1,330
Rally at White Rock Lake	338	-	-	-	338
Regattas	225,761	-	-	-	225,761
Reimbursements	1,109	-	-	-	1,109
Rent	1,350	-	39,931	-	41,281
Repair and maintenance	37,570	-	-	-	37,570
Rowing banquet	3,839	-	-	-	3,839
Rowing related expenses	2,675	-	-	-	2,675
Supplies	37,311	-	3,311	-	40,622
Tax - Federal income tax	-	-	23,617	-	23,617
Tax - payroll	26,675	-	-	-	26,675
Tent	14,425	-	-	-	14,425
Utilities	2,129	-	20,727	-	22,856
Workout equipment and part	2,935	-	-	-	2,935
Wages	314,097	-	-	-	314,097
TOTAL	\$ 985,283	\$ 2,490	\$ 172,108	\$ -	\$ 1,159,881

White Rock Boathouse, Inc.
STATEMENT OF CASH FLOWS
Year ended December 31, 2022

Cash flows from operating activities	
Increase (decrease) in net assets	\$ 64,312
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities	
Depreciation	108,676
Amortization	66,441
(Gain) on sale of assets	(15)
Changes in operating assets and liabilities:	
Prepaid Federal Income tax	(5,000)
Boat purchase deposit	126,318
Boat purchase payable	(79,991)
Credit card	(6,551)
Payroll liabilities	1,475
Deferred revenues	(48,200)
Net cash provided by (used in) operating activities	<u>227,465</u>
Cash flows from investing activities	
Purchase of property and equipment	(185,266)
Proceeds of property and equipment	700
Net cash provided by (used in) investing activities	<u>(184,566)</u>
Net increase (decrease) in cash	42,899
Cash and cash equivalents at beginning of year	465,937
Cash and cash equivalents at end of year	<u>\$ 508,836</u>

Supplemental disclosures:

Cash paid for income taxes	\$ <u>28,617</u>
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White Rock Boathouse, Inc.
Notes to the Financial Statements
December 31, 2022

NOTE A – Summary of significant accounting principles

1. Description of Entity

White Rock Boathouse, Inc. (the “Organization”) is a non-profit corporation chartered on October 3, 2003 under the Texas Non-Profit Corporation Act. The purposes for which the Organization was formed and to be operated are exclusively education, charitable, and to foster national or international amateur sports competition within the meaning of section 501(c)(3) and 501(j) of the Code. In accomplishment of such purposes, the Organization will:

- i. Promote the physical and mental well-being of the youth of the Dallas-Fort Worth metropolitan area, through the promotion and instruction of amateur rowing by providing clinics, workshops, or lessons,
- ii. Promote, sponsor, and advance an understanding and appreciation of the sport of rowing in the Dallas-Fort Worth metropolitan area, through participation in recreational and competitive rowing at all ability levels,
- iii. Restoration, maintenance, leasing, and operation of the historic White Rock Boathouse, owned by the City of Dallas, Texas,
- iv. Support and develop amateur athletes for national or international competition in the sport of rowing; and
- v. Perform such other functions as may be necessary or appropriate to fulfill the purposes of the Organization.

2. Basis of Accounting

The financial statements of White Rock Boathouse, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

3. Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- i. Net Assets without Donor Restrictions – Net assets not subject to donor-imposed stipulations.
- ii. Net Assets with Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met by actions of the organization and/or the passage of time.

Revenues are reported as increases in net assets without donor restrictions unless use of related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

White Rock Boathouse, Inc.
Notes to the Financial Statements
December 31, 2022

NOTE A – Summary of significant accounting principles (continued)

3. Basis of Presentation (continued)

Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or stipulated time period has elapsed) are reported as reclassification between the applicable classes of net assets. Contributions of assets other than cash are recorded at their estimated fair value.

4. Cash and cash equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial original maturity dates of three months or less to be cash equivalents.

The Organization maintains its cash account with two commercial banks. The accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to a maximum of \$250,000. Balances of cash did not exceed FDIC coverage.

5. Property and Equipment

Property and equipment are stated at cost or fair value at date of donation. Expenditures for maintenance and repairs are expensed as incurred. Depreciation is computed using the straight line method generally over a five to fifteen year period. Depreciation expense was \$108,676 for the year ended December 31, 2022.

6. Other Assets

Other assets consist of the design, restoration, and development costs for the historic White Rock Lake Filter Building and boat storage buildings. The capitalized costs are being amortized over a seven to thirty-nine year period. Amortization expense was \$66,441 for the year ended December 31, 2022.

7. Deferred Revenue

Deferred revenue represents reservation deposits and rental income for the usage of the historic White Rock Lake Filter Building received in advance and is deferred and recognized over the periods to which the deposits and rents relate.

8. Estimates

Management uses estimates and assumptions in preparing financial statements. 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. On an ongoing basis, management evaluates the estimates and assumptions based on new information.

White Rock Boathouse, Inc.
Notes to the Financial Statements
December 31, 2022

NOTE A – Summary of significant accounting principles (continued)

8. Estimates (continued)

Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

9. Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as personnel costs, professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

10. Income Taxes

The Organization has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990). Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization is annually required to file an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income. The Organization's Federal Return of Organization Exempt from Income Tax (Form 990 and Form 990T) for 2019, 2020, and 2021 are open to examination by the IRS for a period of three years from the date the returns are filed.

11. Accounting for Uncertainty in Income Taxes

Management has concluded that any tax provisions that would not meet the more-likely-than-not criterion of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740-10, Accounting for Income Taxes, would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision of uncertain tax positions, and no related interest or penalties have been recorded in the operating statements or accrued in the statement of assets, liabilities and net assets.

12. Advertising

Advertising costs are charged to operations when incurred.

White Rock Boathouse, Inc.
Notes to the Financial Statements
December 31, 2022

NOTE B – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date are Cash and cash equivalents of \$508,836 and Prepaid Federal Income taxes of \$15,000. The Organization maintains a savings account to invest any excess cash.

NOTE C – Revenues

Revenue Recognition

Revenue is recognized as the Organization satisfies performance obligations in an amount that reflects the consideration that it expects to receive in exchange for goods or services. The amount and timing of revenue recognition varies based on the nature of the goods or services provided. Performance obligations are determined based on the nature of the goods or services provided by the Organization. Revenue for performance obligations satisfied over time is recognized ratably over the period based on time elapsed. The Organization believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Revenue for performance obligations satisfied at a point in time is generally recognized when the goods or services are provided to participants at a single point in time and the Organization does not believe it is required to provide additional services related to that transaction. The Organization’s revenue streams do not have significant financing components.

Reservation deposits and rental income for the use of the Filter Building received in advance are deferred and recognized over the periods to which the deposits and rents relate. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Sources of revenues for program activities for the year ended December 31, 2022 is as follows:

	Rowing	Boomerang
Adult fees – all	\$ 47,540	\$ -
Launch use – Creighton	300	-
Fall activities - all	164,775	-
Spring activities - all	149,815	-
Summer activities – all	5,290	-
Athlete Fees	15,575	-
Summer camps revenue	20,860	-
Regatta revenue	172,933	-
Participant fees	-	10,050
Private lessons	9,150	-
Storage fees	69,200	5,000
Total	\$ <u>655,438</u>	\$ <u>15,050</u>

White Rock Boathouse, Inc.
Notes to the Financial Statements
December 31, 2022

NOTE C – Revenues (continued)

Revenue Recognition

The Organization receives boat rack storage fees from local educational institutions.

The Organization receives rental income from the general public for single day event usage of the restored historic White Rock Lake Filter Building and reimbursements for security services and other personal property rentals. This source of revenues is described as Filter Building Revenues in accompanying Statement of Activities. All of the net revenues received from Filter Building rentals are used to partially offset the operating costs of providing the Organization’s rowing related programs.

Sources of revenues for the Filter Building for the year ended December 31, 2022 are as follows:

	Extras/ Pass-through		Rental Income	Total
Filter Building	\$ 123,778	\$	348,200	\$ 471,978
Filter Building additional rental hours	-		15,000	15,000
Total	\$ 123,778	\$	363,200	\$ 486,978

NOTE D – Commitments

The Organization is party to a Use Agreement with the City of Dallas for the renovation, operation, and maintenance of the White Rock Lake Boat House located at 3240 West Lawther Drive authorized by City Council Resolution No. 03-1530 adopted by the City Council on May 28, 2003. The terms of the agreement provide for a primary term of 10 years and two five-year options. As consideration and in exchange for usage of the City of Dallas owned facilities, the Organization pays annually to the City the greater of a 5% of its gross receipts from the use of the premises or an annual fee ranging from \$750 per year to \$1,350 per year. A supplemental agreement adopted effective July 15, 2018 increased the percentage rental rate from 5% to 10%.

The fee paid under the agreement to the City during the year ended December 31, 2022 was \$1,350.

The Organization is a party to a Development Agreement with the City of Dallas for the construction, renovation, operation, and maintenance of the Filter Building, two sedimentation basins, rowing docks, and the grounds immediately surrounding the facilities located at 2900 White Rock Road authorized by City Council Resolution No. 06-2234 approved by City Council on August 23, 2006. The terms of the agreement provide for a primary term of 19 years and two ten years options. As consideration and in exchange for usage of the City of Dallas owned facilities, the Organization pays annually to the City the greater of a 10% fee from the rental of the Filter Building or an annual fee ranging from \$500 per year to \$2,000 per year.

White Rock Boathouse, Inc.
Notes to the Financial Statements
December 31, 2022

NOTE D – Commitments (continued)

The fee paid under the agreement to the City during the year ended December 31, 2022 was \$38,431.

The Organization entered into a contract with Culinaire to manage the catering and day-to-day operations of the special events facility “The Filter Building on White Rock Lake”. Food Glorious Food (“FGF”) is Culinaire’s Dallas based off premise catering company. FGF is a full-service catering company located in North Texas, offering a wide range of expertise.

NOTE E - Subsequent Event

Subsequent events were evaluated through March 28, 2023, which is the date the financial statements were available to be issued.