

**UNITED STATES SAILING
ASSOCIATION, INC. AND SUBSIDIARY**

**Consolidated Financial Statements
and Supplemental Information**

Year Ended December 31, 2022

(With Independent Auditors' Report Thereon)



*Certified Public Accountants
and Business Consultants*

To Management and the Board of Directors:

On July 25, 2023, KLR met with the Finance Committee of United States Sailing Association, Inc. to discuss the audit of United States Sailing Association, Inc. and United States Sailing Foundation (together, the Organization) for the year ended December 31, 2022. The committee members requested that KLR report the results of audit procedures related to the recognition and use of donor-restricted contributions. As in the prior year, KLR performed necessary tests to determine if internal controls over donor-restricted contributions are adequate. We also tested the release of donor-restricted contributions to ensure they are used in accordance with donor wishes, and that the ending net assets with donor restrictions are reasonable and fairly stated at year-end.

Contribution Testing:

KLR obtained the population of contributions received by the Organization during 2022 and selected a sample of transactions. The sample selected resulted in 99% of the total contributions being tested. Each transaction was then tested to determine if the contributions were properly recorded as a contribution with or without donor restrictions and that restricted contributions were properly tracked and documented. Results of testing showed no exceptions (errors) in the sample selected.

Satisfaction of Restrictions Testing:

KLR obtained the population of released restrictions recorded during 2022 and selected a sample of transactions. The sample selected resulted in 99% of the released restrictions being tested. KLR tested each transaction to determine if the expenditures were in accordance with donor restrictions, resulting in appropriate release of restrictions. Results of testing showed no exceptions (errors) in the sample selected.

As a result of the above procedures, we determined that the ending net assets with donor restrictions are reasonable and fairly stated as of December 31, 2022.

Sincerely,

Jamie Z. Hansen

Jamie Z Hansen, CPA, MSNM
Partner, Not-for-Profit Services Division

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

Year Ended December 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United States Sailing Association, Inc. and Subsidiary:

Opinion

We have audited the accompanying consolidated financial statements of United States Sailing Association, Inc. and Subsidiary (the Organization) (a not-for-profit organization) which comprise the consolidated statement of financial position as of December 31, 2022, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis and are 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 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's December 31, 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 12, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Kahn, Litwin, Renya & Co., Ltd.

August 21, 2023

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2022
(With Comparative Totals at December 31, 2021)



	<u>2022</u>	<u>2021</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 2,446,896	\$ 3,823,291
Accounts receivable, net	157,363	152,390
Pledges receivable, net	3,158,553	2,189,270
Inventory	189,671	179,562
Other current assets	239,399	114,636
Total current assets	<u>6,191,882</u>	<u>6,459,149</u>
Right-of-use Asset - Operating Lease	1,484,554	-
Pledges Receivable, less current portion	4,328,527	5,101,546
Property and Equipment, net	827,947	1,192,965
Investments	3,260,094	1,716,612
Deferred Rent	-	220,959
Total Assets	<u>\$ 16,093,004</u>	<u>\$ 14,691,231</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 9,535	\$ 110,116
Accrued expenses	972,158	917,206
Note payable	-	34,660
Deferred revenue	1,704,961	2,086,415
Current portion of operating lease payable	131,545	-
Total current liabilities	<u>2,818,199</u>	<u>3,148,397</u>
Operating lease payable, less current portion	1,093,042	-
Total liabilities	<u>3,911,241</u>	<u>3,148,397</u>
Net Assets:		
Without donor restrictions	1,953,991	1,774,792
With donor restrictions	10,227,772	9,768,042
Total net assets	<u>12,181,763</u>	<u>11,542,834</u>
Total Liabilities and Net Assets	<u>\$ 16,093,004</u>	<u>\$ 14,691,231</u>

See accompanying notes to the consolidated financial statements and independent auditors' report. 4

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended December 31, 2022
(With Comparative Totals at December 31, 2021)



	<u>2022</u>	<u>2021</u>
Change in net assets without donor restrictions:		
Operating revenue and support:		
Membership dues	\$ 2,324,775	\$ 2,159,861
Educational and program activities	2,399,833	2,428,065
Sponsorship agreements	2,243,688	1,301,793
Contributed nonfinancial assets	861,805	725,076
U.S. Olympic and Paralympic committee support	816,000	985,000
Contributions and grant income	410,600	344,235
PPP Loan forgiveness	-	810,500
Gain on sale of asset	4,150	-
Other	39,337	55,998
Investment income (loss)	(231,902)	55,777
Net assets released from restrictions	7,946,239	3,109,330
Total public support and revenues	<u>16,814,525</u>	<u>11,975,635</u>
Operating expenses:		
Program services	11,122,746	9,889,898
Management and general	4,388,587	1,792,817
Fundraising	1,123,993	723,138
Total operating expenses	<u>16,635,326</u>	<u>12,405,853</u>
Change in net assets without donor restrictions	<u>179,199</u>	<u>(430,218)</u>
Changes in Net Assets With Donor Restrictions:		
Contributions and grant income	8,558,091	8,466,508
Investment income (loss)	(152,122)	16,501
Net assets released from restrictions	(7,946,239)	(3,109,330)
Change in net assets with donor restrictions	<u>459,730</u>	<u>5,373,679</u>
Change in Net Assets	638,929	4,943,461
Net Assets, beginning of year, as previously stated	11,542,834	6,719,792
Prior period adjustment	-	(120,419)
Net Assets, beginning of year, as restated	<u>11,542,834</u>	<u>6,599,373</u>
Net Assets, end of year	<u><u>\$ 12,181,763</u></u>	<u><u>\$ 11,542,834</u></u>

See accompanying notes to the consolidated financial statements and independent auditors' report. 5

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)



	2022									2021	
	Competition						Total Program Services	Management and General	Fundraising	Total Expenses	Total Expenses
	Education	Adult Programs	Youth Programs	Race Administration	Olympic	Offshore					
Salaries and Benefits											
Salaries and wages	\$ 592,928	\$ 302,623	\$ 989,112	\$ 200,893	\$ 1,504,993	\$ 304,401	\$ 3,894,950	\$ 778,880	\$ 633,018	\$ 5,306,848	4,398,569
Employee benefits	119,929	61,066	189,213	63,665	278,092	49,760	761,725	168,422	109,123	1,039,270	765,485
Payroll taxes	48,579	24,401	93,920	17,307	113,449	31,996	329,652	83,119	45,582	458,353	343,094
Total salaries and benefits	761,436	388,090	1,272,245	281,865	1,896,534	386,157	4,986,327	1,030,421	787,723	6,804,471	5,507,148
Operating Expenses											
Advertising	1,885	583	2,134	1,053	2,198	573	8,426	30,677	3,216	42,319	48,843
Bad debt	-	-	-	-	-	-	-	2,217,851	766	2,218,617	4,519
Certificates	-	35,000	42,811	-	-	-	77,811	-	-	77,811	150,383
Dues and subscriptions	12,358	5,724	19,229	4,342	37,596	5,656	84,905	47,768	12,666	145,339	142,957
Grants	-	-	35,000	-	512,389	-	547,389	-	51,300	598,689	258,176
Information technology	10,392	5,312	36,697	7,852	19,813	5,758	85,824	41,255	36,023	163,102	161,148
Insurance	17,534	8,767	29,257	5,862	54,681	8,767	124,868	70,053	17,534	212,455	212,077
Interest	57	28	95	19	109	28	336	226	57	619	3,475
Logistics	1,512	1,500	16,309	505	410,249	756	430,831	6,043	1,830	438,704	517,973
Merchandise	598	5,393	14,531	164	411	107	21,204	228,096	214	249,514	233,233
Miscellaneous	2,364	2,074	4,384	790	4,536	1,182	15,330	46,573	2,568	64,471	83,490
Multimedia	4,236	1,868	6,233	1,249	16,359	1,868	31,813	14,922	3,736	50,471	39,666
Occupancy	17,325	8,617	28,758	5,761	161,135	8,617	230,213	29,761	17,235	277,209	142,095
Office expenses	29,277	26,388	118,538	15,873	191,159	13,969	395,204	223,924	67,514	686,642	695,570
Professional fees	16,505	51,375	318,348	9,268	1,258,399	8,253	1,662,148	109,216	63,297	1,834,661	1,835,604
Registration and event fees	7,156	76,859	11,691	13,702	103,634	1,184	214,226	9,517	12,607	236,350	183,120
Research and development	-	-	-	-	-	-	-	-	-	-	58,909
Sponsorship expense	5,363	4,182	33,057	1,793	716,289	2,682	763,366	160,635	5,363	929,364	814,796
Travel	41,763	69,855	220,930	16,094	739,641	11,521	1,099,804	76,629	31,378	1,207,811	863,670
Total operating expenses	168,325	303,525	938,002	84,327	4,228,598	70,921	5,793,698	3,313,146	327,304	9,434,148	6,449,704
Depreciation	37,069	25,000	52,515	14,250	195,500	18,386	342,721	45,020	8,966	396,707	449,001
Total Expenses	\$ 966,830	\$ 716,615	\$ 2,262,762	\$ 380,442	\$ 6,320,632	\$ 475,464	\$ 11,122,746	\$ 4,388,587	\$ 1,123,993	\$ 16,635,326	\$ 12,405,853

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)



	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 638,929	\$ 4,943,461
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	396,707	449,001
Amortization of right-of-use asset	77,393	-
Bad debt expense	2,218,617	4,519
Gain on disposal of property and equipment	(29,336)	(39,975)
Net (gain) loss on investments	437,845	(7,899)
Changes in operating assets and liabilities:		
Accounts receivable	(4,973)	(128,709)
Pledges receivable	(2,406,992)	(4,542,116)
Inventory	(17,998)	(30,695)
Other current assets	(124,763)	(78,042)
Deferred rent	12,748	(50,991)
Accounts payable	(100,581)	(106,720)
Accrued expenses	54,952	443,829
Deferred revenue	(381,454)	171,079
Operating lease payable	(129,149)	-
Net cash provided by operating activities	<u>641,945</u>	<u>1,026,742</u>
Cash Flows from Investing Activities:		
Proceeds from sale of investments	535,713	-
Purchase of investments	(2,517,040)	(667,139)
Proceeds from sale of property and equipment	47,000	52,601
Purchase of property and equipment	(49,353)	(58,471)
Net cash used by investing activities	<u>(1,983,680)</u>	<u>(673,009)</u>
Cash Flows from Financing Activities:		
Principal payments on debt	(34,660)	(56,958)
Net cash used by financing activities	<u>(34,660)</u>	<u>(56,958)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,376,395)	296,775
Cash and Cash Equivalents, beginning of year	<u>3,823,291</u>	<u>3,526,516</u>
Cash and Cash Equivalents, end of year	<u>\$ 2,446,896</u>	<u>\$ 3,823,291</u>
Supplemental Cash Flow Information:		
Cash paid for interest	<u>\$ 619</u>	<u>\$ 3,475</u>

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2022



1. Nature of Operations

United States Sailing Association, Inc. (the Association) was organized under the laws of the State of New York to provide leadership for the sport of sailing in the United States. The Association's mission is to increase sailing participation and excellence through education, competition, and equal opportunity, while upholding the principles of fair play, sportsmanship and safety. The Association works to achieve this mission through a wide range of programs and events, geared towards providing an equal level playing field for all sailors.

United States Sailing Foundation (the Foundation) is actively committed to the advancement of the Association through development of resources, financial and otherwise, for the Association's campaigns, program initiatives, efforts and activities. As a Type I supporting organization under Section 509(a)(3) of the Internal Revenue Code (IRC) of 1986, as amended, the Foundation shall provide support, financial and otherwise, to the benefit of the Association.

The Association and the Foundation are collectively referred to as the Organization.

2. Summary of Significant Accounting Policies

This summary of the significant accounting policies of the Organization is presented to assist the reader in understanding the Organization's consolidated financial statements. The consolidated financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

Accounting Pronouncements Adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated balance sheet. The most significant change in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under ASU 2016-02, disclosures are required to enable users of consolidated financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective January 1, 2022, and recognized and measured leases existing at, or entered into after, January 1, 2022 (the beginning of the period of adoption) with certain practical expedients available.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2022



As a result of the adoption of the new lease accounting guidance, the Organization recognized on January 1, 2022 an operating lease liability of \$1,353,736, which represents the present value of the remaining operating lease payments of \$1,478,730, discounted using the risk-free rate of 1.84%, and a right-of-use operating asset of \$1,561,947, which represents the right-of-use operating asset of \$1,353,736 adjusted for deferred rent of \$208,211. The adoption of ASU 2016-02 did not have a significant impact on the Organization's results of operations or cash flows.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the consolidated statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a not-for-profit entity received. The adoption of ASU 2020-07 did not have a significant effect on the Organization's consolidated financial statements, with the exception of increased disclosure.

Principles of Consolidation

The consolidated financial statements include all assets, liabilities and activities of the Association and the Foundation. Intercompany accounts and transactions have been eliminated so as not to overstate the consolidated change in net assets and financial position.

Basis of Presentation

The Organization prepares its consolidated financial statements on the accrual basis of accounting and, in accordance with authoritative guidance, reports information regarding its consolidated financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction is satisfied, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of activities.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2022



Comparative Financial Information

The accompanying consolidated financial statements include certain prior year summarized comparative information in total, without accompanying note disclosures and certain functional expense information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Cash and Cash Equivalents

The Organization considers all cash balances and highly liquid investments with original maturities of three months or less to be cash equivalents, with the exception of certain amounts classified as investments.

Accounts Receivable

The Organization carries its accounts receivable at net realizable value. On a periodic basis, the Organization evaluates its receivables and establishes an allowance for doubtful accounts based on a history of past bad debt expense and collections and current credit conditions.

A receivable is considered past due if payment has not been received within stated terms. Once all practical resources to collect the receivable have been utilized without success, the receivable is deemed uncollectable and charged against the allowance for doubtful accounts. At December 31, 2022, the allowance for doubtful accounts for accounts receivable was approximately \$11,600.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected after one year are discounted at an appropriate rate commensurate with the risk involved. If material, receivables with amounts due beyond one year are discounted to their net present value using the interest rate for treasury bills with a remaining term equal to that of future receipts.

On a periodic basis, the Organization evaluates its pledges receivable and establishes an allowance for doubtful accounts, based on a history of past collections and current credit conditions. At year-end, the allowance for doubtful accounts for pledges receivable was \$445,000.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2022



Inventory

Inventory, consisting primarily of sailing publications, clothing, and related accessories, are stated at the lower of cost or net realizable value. Write-downs in inventory value depend on various items, including factors related to customer demand, new publications of sailing materials and economic conditions. Whenever inventory is written down, a new cost basis is established and the inventory is not subsequently written up if market conditions improve. If customer demand for the Organization's inventory is substantially less than the Organization's estimates, inventory write-downs may be required, which could have a material adverse effect on the consolidated financial statements.

Property and Equipment

All expenditures for property and equipment are capitalized at cost; the fair value of donated assets is similarly recorded. Depreciation is calculated using the straight-line basis over the estimated useful lives of the related assets, ranging from 3 to 10 years. Leasehold improvements are stated at cost less accumulated amortization, provided on the straight -line basis over the shorter of the lease term or estimated life of the asset.

The Organization evaluates long-lived assets held and used by the Organization for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognized if the sum of the expected undiscounted future cash flows from the use and disposition of the asset is less than its carrying amount. Generally, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the estimated fair value of the asset. No impairment loss was recognized for the year ended December 31, 2022.

Leases

The Organization leases office space under operating lease arrangements. Operating leases with lease terms in excess of 12 months are included in operating lease right-of-use (ROU) assets, current portion of operating lease payable, and operating lease payable, less current portion, on the accompanying consolidated statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease.

The Organization elected the available practical expedients to account for existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2022



The Organization has elected to apply the short-term lease exemption to three of its facility usage leases.

Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. If a lease does not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms include options to extend or terminate the lease when it is reasonably certain the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Investments and Fair Value Measurement

The Organization reports its investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by authoritative guidance, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.

Level 2 inputs (other than quoted prices included within level 1) are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2022



The Organization reports investments at fair value on a recurring basis. These investments are classified as level 1 within the fair value hierarchy.

Level 1 investments owned by the Organization and listed on a National Securities Exchange are valued at the last recorded sales price as of the consolidated financial statement reporting date or, in the absence of recorded sales, at the last quoted bid price reported as of the consolidated financial statement reporting date.

Realized and unrealized gains or losses are included as a component of investment gain (loss) on the consolidated statement of activities. Gains and losses on investments are reported as changes in net assets without donor restrictions, unless gains and losses on investments are restricted by a donor's explicit stipulation or by a law that extends a donor's restriction.

Dividends are recorded on the ex-dividend date and interest is recorded on the accrual basis of accounting. Purchases and sales of securities are recorded on the trade date. In determining the gains (losses) realized on the sales of securities, the cost of securities sold is determined on a specific identification basis.

Deferred Revenue

Deferred revenue represents membership dues and other program receipts that have been collected in advance. These amounts are recognized as revenue in the period in which the revenue is earned.

PPP Loan Payable

The Organization received a Paycheck Protection Program loan and elected to record the funding as a loan payable. Loan forgiveness is recognized and included in change in net assets without donor restrictions when the Organization satisfies the conditions for loan forgiveness and the forgiveness amount is formally approved by the U.S. Small Business Administration (SBA).

Revenue Recognition

Membership Dues - Revenue related to membership dues is recognized over the period the performance obligation is met. Fees collected in advance of the membership period start date are recognized as deferred revenue. Members are provided with annual access to customer service, programs, events, services and discounts.

Educational and Program Revenue - Educational and program revenue is recognized at the time services are rendered and/or obligations have been met.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Sponsorship Agreements - Sponsorship revenue represents income from corporations in exchange for various recognition at sailing events and activities. Revenue is recognized at the time services are rendered and/or obligations have been met.

Contributions, Grant Income and U.S. Olympic and Paralympic Committee Support - The Organization recognizes contributions, grant income and committee support in the year in which the contribution, grant, and support is made. Contributions, grant and committee support income is recorded either as with or without donor restrictions, depending on the existence and/or nature of any donor/grantor-imposed restrictions. However, it is the policy of the Organization to recognize contributions, grants and committee support with donor restrictions that are both received and fully expended during the same year as contributions without donor restrictions.

Donated Goods and Services – Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills and are provided by individuals possessing those skills and that would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

Advertising

Advertising costs are expensed as incurred.

Income Taxes

The Organization is exempt from income taxes as a public charity under Section 501(c)(3) of the IRC. Management believes that the Organization operates in a manner consistent with its tax-exempt status at both the state and federal levels.

The Organization annually files IRS Form 990, *Return of Organization Exempt From Income Tax*, reporting various information that the IRS uses to monitor the activities of tax-exempt entities. These tax returns are subject to review by the taxing authorities, generally for a period of three years after they were filed. The Organization currently has no tax examinations in progress.

Functional Allocation of Expenses

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation, on a reasonable basis, that is consistently applied across the various programs they support. The expenses that are allocated include occupancy, depreciation, information technology, insurance, legal fees, advertising and promotion, salaries, wages and benefits, payroll taxes, and professional services. Each program is allocated a certain percentage of expenses based on their headcounts as a percentage of the Organization's total headcount.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
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Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management of the Organization has evaluated subsequent events through August 21, 2023, which is the date these consolidated financial statements were available to be issued.

3. Program Accomplishments (Unaudited)

Siebel Sailors Program:

2022 was the third year of the Siebel Sailors Program Grant Cycle. In Years 1 and 2, the Organization's Siebel Regional Coaches embedded themselves in 19 partner centers across the country; learned about the distinctive culture, programs, and sailors at each center and region; and began using the unique elements of the values-based Siebel Method to support sailors in their social-emotional and sailing skill development.

In Year 3, Partner Centers and their staff retrained on the elements of the Siebel Method and shifted from co-teaching alongside the Siebel Regional Coaches to leading their center's classes with Siebel Regional Coaches' support. Partner Centers received direct, in-person feedback, which improved delivery of the Siebel Method on their own after training.

Before any sailors attended the program, six Siebel Coaches and the Program Manager spent 200+ hours training, virtually and in-person, with 95 center staff and volunteers. Training topics included how to create a Welcoming Environment for novice and diverse participants and families; how to implement Social and Emotional Learning (SEL) techniques to improve sailing skill development and participant retention; and applying the latest best practices surrounding teaching sailing to novice, beginner, and intermediate levels.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
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In 2022, over 650 sailors participated in the Siebel Sailors Program, across 19 different Partner Centers in seven states and the District of Columbia. These 19 Partner Centers hosted over 2,500 hours of student programming co-taught by Partner Center staff and a Siebel Regional Coach; over 2,600 hours of student programming lead by Partner Center staff with Siebel Regional Coach support; and Partner Centers used the grant sailboats to host an additional 2,800 hours of programming outside of the Siebel Sailors Program. Of these 650 sailors, 50% identified as female or non-binary; 45% identified as non-white; 38% received some form of scholarship for program tuition; and 49% of sailors that have participated since 2020 are still participating in the program with 22% leveling up to intermediate level and above classes.

Olympic Program:

2022 was about new practices: comprehensive support at major events, more technology being applied, more dedicated and focused coaching, Team development, getting comfortable in Marseille (site of the 2024 Olympics), all while continuing to support a pipeline of talent.

The Organization continued to support its domestic training platform with a holistic approach encompassing coaching, equipment, nutrition, mental health, and teamwork. Several opportunities this year set the team up for future success: a new “All Team” camp in January brought athletes, staff, and coaches to not only progress skills and knowledge but also build team culture; international competition such as the Princess Sofia Regatta in Palma de Majorca, Hyeres Olympic Week, the Hague test event (site of next year’s combined World Championships and the first country qualifier for the Paris 2024 Games), along with the arrival of two Olympic containers arriving in Marseille forming a base camp at the 2024 Olympic venue, all built momentum towards success.

The West Marine US Open Sailing Series, which provided a circuit of six events and several development clinics for Olympic Development Program (ODP) athletes, continued US Sailing’s efforts to support a pipeline of talent.

Results from the improvements to the Olympic program are clear and will continue to be a key focus moving forward.

The Reach Initiative:

Science, Technology, Engineering, Math (STEM), has been a top education focus and mantra. In 2012, the Organization launched “Reach,” a national education initiative to inspire schools and sailing programs to utilize sailing as an educational platform for STEM topics. The Reach Initiative continues to create systemic change in how youth perceive and interact with STEM, sailing, and their environment.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
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The Reach Initiative utilizes sailing as a middle-school level educational platform that enables youth of all backgrounds to embrace education, establish a love of learning, and see the opportunities of productive careers requiring STEM competencies. Historically, 200+ sailing centers implemented the Reach Initiative curriculum, building STEM skills for approximately 200,000 youth since 2012 (*numbers since 2020 have been rebuilding due to Covid-19*). The Reach Initiative embraces the allure of sailing and leverages the sailing community's resources to address a critical need to encourage youth to aspire to higher levels of STEM focused academic achievement, environmental connection, and career ambitions.

At the forefront of education innovation, the Reach Initiative has given educators the tools to make STEM and sailing relevant to students and has fostered new connections to sustain the environment. With a solid foundation of publications (17 learning modules and educator guide), virtual Reach Educator course, and ten grants by application, the Reach Initiative has become the gold standard in STEM sailing. Capitalizing on this success, the Organization looks forward to growing the Reach Initiative by updating the publications with new learning modules, developing more Reach Educator Course Instructor Trainers, and continue supporting sailing centers through grants.

4. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the consolidated statement of financial position date, comprise the following:

Financial assets:

Cash and cash equivalents	\$ 2,446,896
Accounts receivable, net	157,363
Pledges receivable, current portion, net	<u>3,158,553</u>
Financial assets at December 31, 2022	<u>5,762,812</u>

Less: financial assets unavailable for general expenditure
within one year, due to:

Restricted by purpose	436,173
Restricted by time	<u>3,158,553</u>
	<u>3,594,726</u>

Financial assets available to meet general expenditure needs
within one year

\$ 2,168,086

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
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The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The investments of the Organization are invested for long-term appreciation and current income but may be spent at the discretion of the Board. To help management with unanticipated liquidity needs, the Organization has board-designated funds reserved for judges, youth championships, and an endowment (Note 11). Although the Organization does not intend to spend from its board-designated funds, at the Board's discretion, the Organization could expend the funds in the event of an emergency.

5. Right-of-Use Asset and Lease Payable

Right-of-Use Asset – Operating Lease

The Organization leases its facility under a non-cancellable operating lease, expiring August 2038, including one 7-year renewal option.

The Organization also leases storage space on a month-to-month basis, as well as facilities under three short-term leases.

The related cost of the right-of-use asset and accumulated amortization were as follows:

Right-of-use asset – operating lease	\$ 1,561,947
Less accumulated amortization	<u>77,393</u>
	<u><u>\$ 1,484,554</u></u>

The components of lease expense for the year ended December 31, 2022 were approximately as follows:

Operating lease cost	\$ 77,400
Short-term lease cost	<u>139,100</u>
Total lease cost	<u><u>\$ 216,500</u></u>

Other information related to the lease for the year ended December 31, 2022, is as follows:

Operating cash flows from operating leases	\$ (152,972)
Weighted Average Remaining Lease Term	16.67 years
Weighted Average Discount Rate	1.84%

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Future minimum lease payments under the non-cancellable lease as of December 31, 2022 are as follows:

<u>Year Ending</u>	
December 31, 2023	\$ 152,972
December 31, 2024	152,972
December 31, 2025	152,972
December 31, 2026	152,972
December 31, 2027	152,972
Thereafter	560,899
Total future minimum lease payments	1,325,759
Less imputed interest	(101,172)
	<hr/>
Lease payable	\$ 1,224,587
	<hr/>

6. Pledges Receivable

Pledges receivable consist of unconditional promises to give from contributors to support the Organization's charitable mission.

At year-end, long-term pledges receivable have been discounted using the risk-free rate of 4.73% (the one-year Treasury Bill rate at December 31, 2022) to reflect the present value of those receivables. The promised contributions are due as follows:

Within one year, net of allowance for doubtful accounts of \$445,000	\$ 3,158,553
One to two years	2,476,194
Two to three years	1,468,000
Three to four years	1,172,000
Four to five years	24,750
Total pledges receivable	8,299,497
Less present value component	812,417
Total pledges receivable, net	7,487,080
Less current portion	3,158,553
	<hr/>
Pledges receivable, less current portion, net	\$ 4,328,527
	<hr/>

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2022



7. Property and Equipment

Property and equipment consisted of the following:

Leasehold improvements	\$ 31,250
Furniture and equipment	343,386
Vehicles, boats, and trailers	2,114,080
Computer equipment and software	2,331,013
Artwork	29,378
CIP	2,000
	<hr/> 4,851,107
Less accumulated depreciation	<hr/> 4,023,160
	<hr/>
Total property and equipment, net	<hr/> <hr/> \$ 827,947

8. Investments

The Organization's investments are presented in the consolidated financial statements at their aggregate fair value and consist of the following:

	<hr/> Level 1
Cash and cash equivalents	\$ 1,133,478
Equity securities:	
Large blend	421,717
Mid-cap growth	221,045
Nontraditional bond	385,759
Diversified emerging markets	454,020
Foreign blend	396,277
Intermediate core-plus bond	175,469
Large growth	72,329
	<hr/>
Total investments	<hr/> <hr/> \$ 3,260,094

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2022



9. Line of Credit

The Organization has a \$500,000 line of credit with a local financial institution. Interest on any outstanding principal amount is at the Prime Rate as quoted in the Wall Street Journal (7.27% at December 31, 2022) plus 1.5%. The line of credit is due on demand and is secured by substantially all inventory and property and equipment. At December 31, 2022, there was no outstanding balance on the line of credit.

10. Note Payable

The Organization has a note payable agreement for an original amount of \$265,000 at an interest rate of 5.21% for five years, with payments due monthly. The collateral for this loan is all inventory and property and equipment. Interest expense incurred on the note payable during the year ended December 31, 2022 was approximately \$600. As of December 31, 2022, there was no outstanding balance on the note payable.

11. Net Assets

A summary of net assets is as follows:

Net Assets Without Donor Restrictions:

Undesignated	\$ 730,500
Board-designated for judges	14,861
Board-designated for youth championships	218,831
Board-designated endowment	161,852
Invested in property and equipment	827,947
	<u>1,953,991</u>

Net Assets With Donor Restrictions:

Subject to expenditure for specified purpose:

Schoonmaker - Sailor's grant program	44,714
Train and Retain Elite Athletes who excel Internationally (Project Pinnacle)	1,155,302
David Storrs Match Racing Grant Program	86,833
Lattimore - Women and Girls Racing grant program	50,101
Youth Championship support	24,057
Championship Trophies Promotion and Support	16,756
Gamble - Teaching and training pre-Olympic sailors	10,548
Other	37,068
	<u>1,425,379</u>

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
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Year Ended December 31, 2022



Subject to expenditure due to time	7,887,080
Subject to spending policy and appropriation:	
Gamble - Teaching and training pre-Olympic sailors	32,887
Teaching and promoting sportsmanship	6,146
The Tuna Fund – supporting quality umpiring match/team racing	325
Kohler – Olympic sailing team coaching program	360
	<u>39,718</u>
Subject to restriction in perpetuity:	
Gamble - Teaching and training pre-Olympic sailors	100,000
Teaching and promoting sportsmanship	3,500
Supporting youth Multihull events and training	31,000
The Tuna Fund – supporting quality umpiring match/team racing	22,410
Kohler - USA Olympic and paralympic sailing program	100,000
Kohler - Olympic sailing team coaching program	25,000
Kevin Burnham Memorial Grant – financial support of Olympic and developing Olympic athletes	160,847
Schoonmaker Endowment Project Pinnacle	462,500
Trevor Moore Endowment and Trophy Fund	30,000
Underwater endowments	(59,662)
	<u>875,595</u>
 Total net assets with donor restrictions	 <u>10,227,772</u>
 Total net assets	 <u>\$ 12,181,763</u>

12. Endowment

As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

Donor-restricted Endowment

The Organization's donor-restricted endowment consists of individual funds established at the request of the donors for specific purposes.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2022



Board-designated Funds Functioning as Endowment

The Board designated certain net assets without donor restrictions as funds functioning as endowment to support the mission of the Organization. Since the funds resulted from an internal designation and are not donor-restricted, they are classified and reported as net assets without donor restrictions. However, they are managed in the same manner as the donor-restricted endowment funds described below.

Interpretation of Relevant Law

The Rhode Island Uniform Prudent Management of Institutional Funds Act (RIUPMIFA) requires the preservation of the fair value of the original gift as of the gift date of the donor-imposed endowment funds absent explicit donor stipulations to the contrary. As a result, the Organization classifies as net assets with donor restrictions (a) the original value of the initial and subsequent gift amounts donated to the fund and, (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the donor's direction expressed in the gift instrument. The remaining portion of the donor-restricted fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions subject to the spending policy and appropriation until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by RIUPMIFA.

In accordance with RIUPMIFA, the Organization considers the long and short-term needs of the Organization in carrying out its mission, the Organization's present and anticipated financial requirements, expected total returns on the Organization's investments, and general economic conditions in making a determination to appropriate or accumulate donor-restricted endowment funds.

Change in endowment net assets for the year ended December 31, 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	\$ 213,596	\$ 509,365
Contributions	-	575,229
Investment losses, net	(41,699)	(152,122)
Appropriations under spending policy	(10,045)	(17,159)
Endowment net assets, end of year	<u>\$ 161,852</u>	<u>\$ 915,313</u>

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2022



Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or RIUPMIFA requires the Organization to retain as a fund of perpetual duration (underwater endowments). At December 31, 2022 three assets with a total original gift value of \$291,847, fair value of \$232,185, and deficiencies of \$59,662, were reported in net assets with donor restrictions. During the year, the Organization did not appropriate any expenditures from underwater endowments. Management expects these amounts to be fully recovered during fiscal year 2023 due to favorable market fluctuations.

Return Objective and Risk Parameters

The Organization has adopted investment policies for endowment assets that attempt to provide a reasonably stable predictable stream of earnings to support the operations of the Organization and to preserve and enhance over time the real (inflation adjusted) value of the endowment assets. Given the relationship between risk and return, a fundamental step in determining the investment policy for endowment funds is the determination of an appropriate risk tolerance. After taking into consideration such factors as corporate financial stability, uncertainty of cash flows in and out of the endowment funds over the long term and capital market volatility, the Board believes a moderate risk strategy is prudent. Under this policy, as approved by the Board, the goal is to have stable returns over the long term, with a reduced potential of negative returns in any given year.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return 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 a diversified asset allocation to achieve its long-term return objectives with prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Organization has a policy of appropriating for distribution each year up to five percent of its endowment fund's average fair value over the prior 12 quarters preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow. This is consistent with the Organization's objective to maintain the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2022



13. Contributed Nonfinancial Assets

The Organization actively solicits and receives support from the community and local businesses in the form of contributed goods and services related to its efforts in responding to local needs, fundraising and administrative functions.

The approximate fair value of contributed nonfinancial assets for the year ended December 31, 2022, which was recorded in the accompanying consolidated statement of activities, is as follows:

12-month technology license software subscription	\$ 325,000
Sailing equipment and apparel	320,000
Hardware, products and lubrication services	100,000
Ropes	83,000
Engineer services and simulators	17,000
Boat	17,000
	<hr/>
Total	<u>\$ 862,000</u>

The Organization records the value of contributed nonfinancial assets at fair value at the date of the donation based on values determined by the donor.

14. Commitments and Contingencies

Legal Contingencies

Various legal claims arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the Organization's consolidated financial statements.

Employment Contracts

The Organization has an employment agreement with the Executive Director, in which the significant terms provide for an annual salary and benefits. This agreement is an at-will agreement and is reviewed annually, unless written notice is provided to terminate the agreement. Subsequent to year-end, the executive director terminated their contract.

The Organization also has an employment agreement (the Agreement) with the Chief Executive Officer. The significant terms of the Agreement provides for an annual salary, benefits, bonuses and severance. The Agreement expires on May 2, 2024, unless such employment is terminated earlier. This agreement may be renewed and extended annually, effective May 3, 2024, for successive terms of one year each, upon which it will automatically terminate unless it is further renewed. If the Organization chooses not to renew this agreement, the Organization must provide written notice six months before the expiration date.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2022



15. Employee Benefit Plan

The Organization has a 403(b) retirement plan, which is available to full-time and part-time employees. Employees are eligible to participate at their hire date. The Organization matches up to 5% of an employee's compensation starting 30 days after their hire date. Employees are fully vested to receive that match after 24 months of employment with the Organization. Total contribution expense for the year ended December 31, 2022 was approximately \$255,000.

16. Concentrations of Credit and Market Risk

Financial instruments that potentially subject the Organization to concentrations of credit and market risk consist principally of cash and cash equivalents, receivables and investments.

The Organization maintains its operating accounts in two financial institutions. The balance at each institution is insured by the Federal Deposit Insurance Corporation up to \$250,000. At year-end, the uninsured portion of these balances was approximately \$1,881,000. The Organization monitors its exposure with regard to cash and cash equivalents and has not experienced losses on such accounts.

At December 31, 2022, 32%, or \$52,000, of the accounts receivable balance was due from one donor. Management has performed an analysis of this receivable at year-end and does not believe that significant credit risk exists relating to accounts receivable.

At December 31, 2022, 57%, or \$5,000,000, of the pledges receivable balance was due from two donors. Management has performed an analysis of these receivables at year-end and does not believe that significant credit risk exists relating to pledges receivable.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in values of investment securities could occur in the near term and that such changes could materially affect investment balances and activity included in the consolidated financial statements. The Organization's investments are maintained in a diversified portfolio in an attempt to minimize potential risk associated with marketable securities to the extent possible. The Organization retained an investment advisor to make recommendations to the Investment Committee and the Board on an appropriate and prudent level of diversification.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2022



	United States Sailing Association, Inc.	United States Sailing Foundation	Eliminations	Consolidated
Assets				
Current Assets:				
Cash and cash equivalents	\$ 560,511	\$ 1,886,385	\$ -	\$ 2,446,896
Accounts receivable, net	157,363	3,000,402	(3,000,402)	157,363
Grants receivable	6,163,412	-	(6,163,412)	-
Pledges receivable, net	30,000	3,128,553	-	3,158,553
Inventory	189,671	-	-	189,671
Other current assets	237,137	2,262	-	239,399
Total current assets	7,338,094	8,017,602	(9,163,814)	6,191,882
Right-of-use Asset - Operating Lease	1,484,554	-	-	1,484,554
Pledges Receivable, less current portion	82,696	4,245,831	-	4,328,527
Property and Equipment, net	827,947	-	-	827,947
Investments	1,972,491	1,287,603	-	3,260,094
Total Assets	\$ 11,705,782	\$ 13,551,036	\$ (9,163,814)	\$ 16,093,004
Liabilities and Net Assets				
Current Liabilities:				
Accounts payable	\$ 3,009,937	\$ -	\$ (3,000,402)	\$ 9,535
Grant payable	-	6,163,412	(6,163,412)	-
Accrued expenses	972,158	-	-	972,158
Deferred revenue	1,697,461	7,500	-	1,704,961
Current portion of operating lease payable	131,545	-	-	131,545
Total current liabilities	5,811,101	6,170,912	(9,163,814)	2,818,199
Operating lease payable, less current portion	1,093,042	-	-	1,093,042
Total liabilities	6,904,143	6,170,912	(9,163,814)	3,911,241
Net Assets:				
Without donor restrictions	4,354,104	(2,400,113)	-	1,953,991
With donor restrictions	447,535	9,780,237	-	10,227,772
Total net assets	4,801,639	7,380,124	-	12,181,763
Total Liabilities and Net Assets	\$ 11,705,782	\$ 13,551,036	\$ (9,163,814)	\$ 16,093,004

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended December 31, 2022



	United States Sailing Association, Inc.	United States Sailing Foundation	Eliminations	Consolidated
Change in net assets without donor restrictions:				
Operating revenue and support:				
Membership dues	\$ 2,324,775	\$ -	\$ -	\$ 2,324,775
Educational and program activities	2,399,833	-	-	2,399,833
Sponsorship agreements	2,243,688	-	-	2,243,688
Contributed nonfinancial assets	861,805	-	-	861,805
U.S. Olympic and Paralympic committee support	816,000	-	-	816,000
Contributions and grant income	6,319,733	254,279	(6,163,412)	410,600
Gain on sale of asset	4,150	-	-	4,150
Other	39,337	-	-	39,337
Investment loss	(151,977)	(79,925)	-	(231,902)
Net assets released from restrictions	1,782,827	6,163,412	-	7,946,239
Total public support and revenues	16,640,171	6,337,766	(6,163,412)	16,814,525
Operating expenses:				
Program services	11,065,134	6,221,024	(6,163,412)	11,122,746
Management and general	2,843,221	1,545,366	-	4,388,587
Fundraising	438,861	685,132	-	1,123,993
Total operating expenses	14,347,216	8,451,522	(6,163,412)	16,635,326
Change in net assets without donor restrictions	2,292,955	(2,113,756)	-	179,199
Changes in Net Assets With Donor Restrictions:				
Contributions and grant income	17,655	8,540,436	-	8,558,091
Investment loss	(43,373)	(108,749)	-	(152,122)
Net assets released from restrictions	(1,782,827)	(6,163,412)	-	(7,946,239)
Change in net assets with donor restrictions	(1,808,545)	2,268,275	-	459,730
Change in Net Assets	484,410	154,519	-	638,929
Net Assets, beginning of year	4,317,229	7,225,605	-	11,542,834
Net Assets, end of year	\$ 4,801,639	\$ 7,380,124	\$ -	\$ 12,181,763