

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

**Consolidated Financial Statements
and Supplemental Information**

Year Ended December 31, 2023

(With Independent Auditors' Report Thereon)

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

Year Ended December 31, 2023

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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, 2023, 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, 2023, 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 statements of financial position and consolidating statements 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, 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 21, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

January 30, 2025

Kahn, Litwin, Kenya & Co., Ltd.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2023
(With Comparative Totals at December 31, 2022)



	<u>2023</u>	<u>2022</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 2,173,618	\$ 2,446,896
Accounts receivable, net	49,104	156,393
Pledges receivable, net	2,391,441	3,158,553
Inventory	166,888	189,671
Other current assets	146,340	240,369
Total current assets	4,927,391	6,191,882
Right-of-use Asset - Operating Lease	1,404,764	1,484,554
Pledges Receivable, less current portion, net	3,261,473	4,328,527
Property and Equipment, net	562,032	827,947
Investments	2,642,554	3,260,094
Total Assets	<u>\$ 12,798,214</u>	<u>\$ 16,093,004</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 144,184	\$ 9,535
Accrued expenses	688,328	972,158
Deferred revenue	1,703,672	1,704,961
Current portion of operating lease payable	152,972	131,545
Total current liabilities	2,689,156	2,818,199
Operating lease payable, less current portion	940,070	1,093,042
Total liabilities	<u>3,629,226</u>	<u>3,911,241</u>
Net Assets:		
Without donor restrictions	1,747,353	1,953,991
With donor restrictions	7,421,635	10,227,772
Total net assets	<u>9,168,988</u>	<u>12,181,763</u>
Total Liabilities and Net Assets	<u>\$ 12,798,214</u>	<u>\$ 16,093,004</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, 2023
(With Comparative Totals for the Year Ended December 31, 2022)



	<u>2023</u>	<u>2022</u>
Change in net assets without donor restrictions:		
Operating revenue and support:		
Membership dues	\$ 2,104,803	\$ 2,324,775
Educational and program activities	2,827,113	2,399,833
Sponsorship agreements	1,340,850	2,243,688
Contributed nonfinancial assets	1,009,779	861,805
U.S. Olympic and Paralympic committee support	848,500	816,000
Contributions and grant income	474,415	410,600
Gain on sale of asset	-	4,150
Other	139,956	39,337
Investment income (loss)	201,729	(231,902)
Net assets released from restrictions	4,843,256	7,946,239
Total operating revenue and support	<u>13,790,401</u>	<u>16,814,525</u>
Operating expenses:		
Program services	8,771,671	11,122,746
Management and general	4,826,546	4,388,587
Fundraising	398,822	1,123,993
Total operating expenses	<u>13,997,039</u>	<u>16,635,326</u>
Change in net assets without donor restrictions	<u>(206,638)</u>	<u>179,199</u>
Changes in Net Assets With Donor Restrictions:		
Contributions and grant income	1,896,234	8,558,091
Investment income (loss)	140,885	(152,122)
Net assets released from restrictions	(4,843,256)	(7,946,239)
Change in net assets with donor restrictions	<u>(2,806,137)</u>	<u>459,730</u>
Change in Net Assets	(3,012,775)	638,929
Net Assets, beginning of year	<u>12,181,763</u>	<u>11,542,834</u>
Net Assets, end of year	<u><u>\$ 9,168,988</u></u>	<u><u>\$ 12,181,763</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, 2023
(With Comparative Totals for the Year Ended December 31, 2022)



	2023									2022	
	Competition										
	Education	Adult Programs	Youth Programs	Race Administration	Olympic	Offshore	Total Program Services	Management and General	Fundraising	Total Expenses	Total Expenses
Salaries and Benefits											
Salaries and wages	\$ 589,474	\$ 323,382	\$ 490,324	\$ 213,978	\$ 895,305	\$ 341,184	\$ 2,853,647	\$ 1,360,879	\$ 169,086	\$ 4,383,612	5,306,848
Employee benefits	104,786	57,247	69,060	40,519	158,174	40,643	470,429	212,187	31,315	713,931	1,039,270
Payroll taxes	49,079	27,112	41,930	18,765	74,286	29,731	240,903	109,930	13,294	364,127	458,353
Total salaries and benefits	743,339	407,741	601,314	273,262	1,127,765	411,558	3,564,979	1,682,996	213,695	5,461,670	6,804,471
Operating Expenses											
Advertising	1,371	2,075	1,151	441	1,900	577	7,515	51,076	2,229	60,820	42,319
Credit loss	-	-	-	-	-	-	-	1,176,636	-	1,176,636	2,218,617
Certificates	-	39,652	48,464	-	-	-	88,116	-	-	88,116	77,811
Dues and subscriptions	15,897	7,658	14,734	5,418	31,663	7,658	83,028	68,303	8,962	160,293	145,339
Equipment	5,585	2,793	16,489	1,863	41,248	2,792	70,770	29,860	-	100,630	-
Grants	4,728	2,365	47,229	1,578	479,709	2,364	537,973	-	25,283	563,256	681,705
Information technology	23,406	11,703	37,112	12,209	38,615	11,703	134,748	120,592	15,572	270,912	163,102
Insurance	22,749	10,874	21,749	7,257	56,146	10,874	129,649	108,243	14,469	252,361	212,455
Interest	-	-	-	-	-	-	-	-	-	-	619
Logistics	276	2,487	47,023	93	289,599	138	339,616	1,448	-	341,064	438,704
Merchandise	2,063	11,059	11,707	1,166	2,347	269	28,611	145,401	343	174,355	249,514
Miscellaneous	-	-	-	-	-	-	-	30,391	-	30,391	64,471
Multimedia	4,049	2,025	4,049	1,351	6,680	2,025	20,179	15,278	2,694	38,151	50,471
Occupancy	18,652	9,327	18,653	6,224	203,051	9,326	265,233	35,576	12,411	313,220	277,209
Office expenses	35,353	31,709	100,551	15,241	99,656	16,533	299,043	136,891	24,192	460,126	415,706
Professional fees	45,070	64,193	365,478	14,257	1,020,086	18,666	1,527,750	154,160	27,115	1,709,025	1,834,661
Registration and event fees	19,485	72,584	90,452	5,615	137,149	8,275	333,560	77,478	11,012	422,050	424,270
Sponsorship expense	10,834	9,418	10,834	3,615	281,531	5,417	321,649	736,566	7,208	1,065,423	929,364
Travel	44,756	109,772	240,250	8,324	436,285	18,900	858,287	107,828	13,927	980,042	1,207,811
Total operating expenses	254,274	389,694	1,075,925	84,652	3,125,665	115,517	5,045,727	2,995,727	165,417	8,206,871	9,434,148
Depreciation	32,850	16,425	32,850	9,855	52,560	16,425	160,965	147,823	19,710	328,498	396,707
Total Expenses	\$ 1,030,463	\$ 813,860	\$ 1,710,089	\$ 367,769	\$ 4,305,990	\$ 543,500	\$ 8,771,671	\$ 4,826,546	\$ 398,822	\$ 13,997,039	\$ 16,635,326

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)

	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	\$ (3,012,775)	\$ 638,929
Adjustments to reconcile change in net assets		
to net cash provided (used) by operating activities:		
Depreciation expense	328,498	396,707
Amortization of right-of-use asset	79,790	77,393
Contributions restricted for endowment	(3,465)	-
Credit loss expense	1,176,636	2,218,617
Gain on disposal of property and equipment	(25,036)	(29,336)
Net (gain) loss on investments	(253,227)	437,845
Donated stock	(532,526)	-
Changes in operating assets and liabilities:		
Accounts receivable	107,289	(4,973)
Pledges receivable	660,795	(2,406,992)
Inventory	19,518	(17,998)
Other current assets	94,029	(124,763)
Deferred rent	-	12,748
Accounts payable	134,649	(100,581)
Accrued expenses	(283,830)	54,952
Deferred revenue	(1,289)	(381,454)
Operating lease payable	(131,545)	(129,149)
Net cash provided (used) by operating activities	(1,642,489)	641,945
Cash Flows from Investing Activities:		
Proceeds from sale of investments	3,789,338	535,713
Purchase of investments	(2,386,045)	(2,517,040)
Proceeds from sale of property and equipment	40,465	47,000
Purchase of property and equipment	(78,012)	(49,353)
Net cash provided (used) by investing activities	1,365,746	(1,983,680)
Cash Flows from Financing Activities:		
Principal payments on debt	-	(34,660)
Contributions restricted for endowment	3,465	-
Net cash used by financing activities	3,465	(34,660)
Net Decrease in Cash and Cash Equivalents	(273,278)	(1,376,395)
Cash and Cash Equivalents, beginning of year	2,446,896	3,823,291
Cash and Cash Equivalents, end of year	\$ 2,173,618	\$ 2,446,896
Supplemental Cash Flow Information:		
Cash paid for interest	\$ -	\$ 619

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

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2023



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.

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.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2023



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.

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, 2022, 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 provides for expected credit losses through a charge to earnings and a credit to a valuation allowance based on historical experience, current conditions, and reasonable and supportable forecasts.

A receivable is considered past due if payment has not been received within stated terms. The Organization will then exhaust all methods in-house to collect the receivable. Once all practical resources to collect the receivable have been utilized without success, the receivable is deemed uncollectable and charged against the allowance for credit losses. At December 31, 2023, the allowance for credit losses for accounts receivable was approximately \$10,600.

Pledges Receivable

Unconditional promises (pledges receivable) 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.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2023



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 \$1,163,600.

Inventory

Inventory, consisting primarily of sailing publications, clothing, and related accessories, is 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, 2023.

Leases

The Organization leases office space and storage 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.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2023



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

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 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 cost 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, 2023



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.

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.

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.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2023



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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2023



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.

Reclassifications

Certain amounts in the 2022 consolidated financial statements have been reclassified to conform to the 2023 consolidated financial statement presentation.

Subsequent Events

Management of the Organization has evaluated subsequent events through January 30, 2025, which is the date these consolidated financial statements were available to be issued.

3. 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:

Current financial assets:

Cash and cash equivalents	\$ 2,173,618
Accounts receivable, net	49,104
Pledges receivable, current portion, net	2,391,441
Current financial assets, end of year	<u>4,614,163</u>

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

Restricted by purpose	582,244
Restricted by time	2,391,441
	<u>2,973,685</u>

Financial assets available to meet general
expenditure needs within one year

\$ 1,640,478

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2023



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 10). 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.

4. 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>157,183</u>
	<u><u>\$ 1,404,764</u></u>

The components of lease cost for the year ended December 31, 2023 were approximately as follows:

Operating lease cost	\$ 101,220
Short-term lease cost	<u>172,130</u>
Total lease cost	<u><u>\$ 273,350</u></u>

Other information related to the non-cancellable lease for the year ended December 31, 2023 is as follows:

Operating cash flows from operating leases	\$ (152,972)
Weighted average remaining lease term	14.67 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, 2023 are as follows:

<u>Year Ending</u>	
December 31, 2024	\$ 152,972
December 31, 2025	152,972
December 31, 2026	152,972
December 31, 2027	152,972
December 31, 2028	152,972
Thereafter	407,926
Total future minimum lease payments	1,172,786
Less imputed interest	79,744
	1,093,042
Less current portion	152,972
	940,070
Operating lease payable, less current portion	\$ 940,070

5. 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 4.79% (the one-year Treasury Bill rate at December 31, 2023) 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 \$1,163,566	\$ 2,391,441
One to two years	2,108,700
Two to three years	1,308,000
Three to four years	66,750
Total pledges receivable	5,874,891
Less present value component	221,977
Total pledges receivable, net	5,652,914
Less current portion	2,391,441
Pledges receivable, less current portion, net	\$ 3,261,473

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2023



6. Property and Equipment

Property and equipment consisted of the following:

Leasehold improvements	\$ 31,250
Furniture and equipment	412,398
Vehicles, boats, and trailers	1,640,992
Computer equipment and software	2,331,013
Artwork	29,378
Construction in progress	2,000
	<hr/> 4,447,031
Less accumulated depreciation	3,884,999
	<hr/>
Total property and equipment, net	<u><u>\$ 562,032</u></u>

7. Investments

The Organization's investments are presented in the consolidated financial statements at their aggregate fair value, level 1, and consist of the following:

Cash and cash equivalents	\$ 877,646
Equity securities:	
Foreign large blend	72,914
High yield bond	99,890
Mid-Cap growth	88,910
Large growth	205,940
Diversified emerging markets	62,657
Mid-Cap value	85,302
Intermediate Core-Plus bond	100,525
Domestic equity	212,556
International equity	76,848
Intermediate core bond	100,322
Large value	380,795
Small blend	88,454
Multi sector bond	100,723
Small cap growth	89,072
	<hr/>
Total investments	<u><u>\$ 2,642,554</u></u>

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2023



8. 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 (8.50% at December 31, 2023) 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, 2023, there was no outstanding balance on the line of credit.

9. Net Assets

A summary of net assets is as follows:

Net Assets Without Donor Restrictions:

Undesignated	\$ 871,179
Board-designated for judges	14,861
Board-designated for youth championships	125,086
Board-designated endowment	174,195
Invested in property and equipment	562,032
	<u>1,747,353</u>

Net Assets With Donor Restrictions

Subject to expenditure for specified purpose:

Schoonmaker - Sailor's grant program	44,714
David Storrs Match Racing Grant Program	73,691
Lattimore - Women and Girls Racing grant program	107,423
Youth Championship support	24,057
Championship Trophies Promotion and Support	16,756
Gamble - Teaching and training pre-Olympic sailors	18,392
Tom Siebel -Increase Opportunity for Diversity in Sailing	393,710
Other	52,254
	<u>730,997</u>

Subject to expenditure due to time	<u>5,652,914</u>
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UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Subject to spending policy and appropriation:

Gamble - Teaching and training pre-Olympic sailors	39,182
Teaching and promoting sportsmanship	6,603
The Tuna Fund – supporting quality umpiring match/team racing	3,497
Schoonmaker Endowment Project Pinnacle	64,540
Trevor Moore Endowment and Trophy Fund	4,186
Kohler – Olympic sailing team coaching program	3,898
	<u>121,906</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	163,312
Schoonmaker Endowment Project Pinnacle	463,500
Trevor Moore Endowment and Trophy Fund	30,000
Underwater endowments	(22,904)
	<u>915,818</u>

Total net assets with donor restrictions	<u>7,421,635</u>
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Total net assets	<u><u>\$ 9,168,988</u></u>
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10. 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, 2023



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, 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	\$ 161,852	\$ 915,313
Contributions	-	3,465
Investment return, net	17,221	140,885
Appropriations under spending policy	(4,878)	(21,939)
Endowment net assets, end of year	<u>\$ 174,195</u>	<u>\$ 1,037,724</u>

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2023



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, 2023, three assets with a total original gift value of \$294,312, fair value of \$271,408, and deficiencies of \$22,904 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, 2023



11. 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, 2023, 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	338,120
Hardware, products and lubrication services	132,500
Housing	93,659
Ropes	83,000
Engineer services and simulators	17,500
Boat	<u>20,000</u>
Total	<u><u>\$ 1,009,779</u></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.

12. 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.

13. 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, 2023 was approximately \$214,100.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2023



14. Concentrations of 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 \$1,553,000. The Organization monitors its exposure with regard to cash and cash equivalents and has not experienced losses on such accounts.

At December 31, 2023, 21%, or \$15,010, of the accounts 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 accounts receivable.

At December 31, 2023, 71%, 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 STATEMENTS OF FINANCIAL POSITION
December 31, 2023



	United States Sailing Association, Inc.	United States Sailing Foundation	Eliminations	Consolidated
Assets				
Current Assets:				
Cash and cash equivalents	\$ 1,206,160	\$ 967,458	\$ -	\$ 2,173,618
Accounts receivable, net	289,624	5,490,125	(5,730,645)	49,104
Grants receivable	10,229,625	-	(10,229,625)	-
Pledges receivable, net	21,995	2,369,446	-	2,391,441
Inventory	166,888	-	-	166,888
Other current assets	146,340	-	-	146,340
Total current assets	12,060,632	8,827,029	(15,960,270)	4,927,391
Right-of-use Asset - Operating Lease	1,404,764	-	-	1,404,764
Pledges Receivable, less current portion	68,133	3,193,340	-	3,261,473
Property and Equipment, net	562,032	-	-	562,032
Investments	1,025,280	1,617,274	-	2,642,554
Total Assets	\$ 15,120,841	\$ 13,637,643	\$ (15,960,270)	\$ 12,798,214
Liabilities and Net Assets				
Current Liabilities:				
Accounts payable	\$ 5,874,829	\$ -	\$ (5,730,645)	\$ 144,184
Grant payable	-	10,229,625	(10,229,625)	-
Accrued expenses	688,328	-	-	688,328
Deferred revenue	1,703,543	129	-	1,703,672
Current portion of operating lease payable	152,972	-	-	152,972
Total current liabilities	8,419,672	10,229,754	(15,960,270)	2,689,156
Operating lease payable, less current portion	940,070	-	-	940,070
Total liabilities	9,359,742	10,229,754	(15,960,270)	3,629,226
Net Assets:				
Without donor restrictions	5,332,178	(3,584,825)	-	1,747,353
With donor restrictions	428,921	6,992,714	-	7,421,635
Total net assets	5,761,099	3,407,889	-	9,168,988
Total Liabilities and Net Assets	\$ 15,120,841	\$ 13,637,643	\$ (15,960,270)	\$ 12,798,214

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF ACTIVITIES
Year Ended December 31, 2023



	United States Sailing Association, Inc.	United States Sailing Foundation	Eliminations	Consolidated
Change in net assets without donor restrictions:				
Operating revenue and support:				
Membership dues	\$ 2,104,803	\$ -	\$ -	\$ 2,104,803
Educational and program activities	2,827,113	-	-	2,827,113
Sponsorship agreements	1,340,850	-	-	1,340,850
Contributed nonfinancial assets	1,009,779	-	-	1,009,779
U.S. Olympic and Paralympic committee support	848,500	-	-	848,500
Contributions and grant income	4,294,809	245,819	(4,066,213)	474,415
Gain on sale of asset	-	-	-	-
Other	139,283	673	-	139,956
Investment gain	106,964	94,765	-	201,729
Net assets released from restrictions	777,043	4,066,213	-	4,843,256
Total public support and revenues	13,449,144	4,407,470	(4,066,213)	13,790,401
Operating expenses:				
Program services	8,789,644	4,048,240	(4,066,213)	8,771,671
Management and general	3,547,550	1,278,996	-	4,826,546
Fundraising	133,876	264,946	-	398,822
Total operating expenses	12,471,070	5,592,182	(4,066,213)	13,997,039
Change in net assets without donor restrictions	978,074	(1,184,712)	-	(206,638)
Changes in Net Assets With Donor Restrictions:				
Contributions and grant income	740,609	1,155,625	-	1,896,234
Investment gain	17,820	123,065	-	140,885
Net assets released from restrictions	(777,043)	(4,066,213)	-	(4,843,256)
Change in net assets with donor restrictions	(18,614)	(2,787,523)	-	(2,806,137)
Change in Net Assets	959,460	(3,972,235)	-	(3,012,775)
Net Assets, beginning of year	4,801,639	7,380,124	-	12,181,763
Net Assets, end of year	\$ 5,761,099	\$ 3,407,889	\$ -	\$ 9,168,988