

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

**Consolidated Financial Statements
and Supplemental Information**

Year Ended December 31, 2024

(With Independent Auditors' Report Thereon)

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

Year Ended December 31, 2024

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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, 2024, 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, 2024, 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, adjustments were made to certain beginning balances to properly reflect those balances as of January 1, 2024. These adjustments included eliminating accumulated intercompany balances, correcting the classification of donor-restricted contributions, and removing fixed assets that were disposed of in prior periods. Our opinion is not modified with respect to that matter.

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.

Kahn, Litwin, Renya & Co., Ltd.

March 11, 2026

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2024



Assets

Current Assets:

Cash and cash equivalents	\$ 598,169
Accounts receivable, net	144,983
Pledges receivable	343,621
Inventory	262,908
Other current assets	308,497
Total current assets	1,658,178

Right-of-use Asset - Operating Lease	1,322,533
Pledges Receivable, less current portion, net	89,753
Property and Equipment, net	363,411
Investments	3,144,872

Total Assets	\$ 6,578,747
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Liabilities and Net Assets

Current Liabilities:

Accounts payable	\$ 839,829
Accrued expenses	546,888
Line of credit	312,011
Member loans - related party	400,000
Deferred revenue	1,884,881
Current portion of operating lease payable	152,972
Total current liabilities	4,136,581

Operating lease payable, less current portion	806,083
Total liabilities	4,942,664

Net Assets (Deficiency):

Without donor restrictions	(2,267,202)
With donor restrictions	3,903,285
Total net assets	1,636,083

Total Liabilities and Net Assets	\$ 6,578,747
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UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended December 31, 2024



Change in net assets without donor restrictions:	
Operating revenue and support:	
Membership dues	\$ 2,069,347
Educational and program activities	3,193,044
Sponsorship agreements	1,507,458
Contributed nonfinancial assets	1,297,669
U.S. Olympic and Paralympic committee support	1,018,478
Contributions and grant income	677,462
Loss on sale of asset	(32,492)
Other	90,415
Investment income	73,629
Net assets released from restrictions	6,716,898
Total operating revenue and support	<u>16,611,908</u>
Operating expenses:	
Program services	9,317,483
Management and general	9,295,546
Fundraising	376,701
Total operating expenses	<u>18,989,730</u>
Change in net assets without donor restrictions	<u>(2,377,822)</u>
Changes in Net Assets With Donor Restrictions:	
Contributions and grant income	1,389,498
Investment income	301,400
Net assets released from restrictions	(6,716,898)
Change in net assets with donor restrictions	<u>(5,026,000)</u>
Change in Net Assets	(7,403,822)
Net Assets, beginning of year, as previously stated	9,168,988
Prior period adjustment (Note 3)	(129,083)
Net Assets, beginning of year, as restated	<u>9,039,905</u>
Net Assets, end of year	<u><u>\$ 1,636,083</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, 2024



	Education	Adult Programs	Youth Programs	Competition			Total Program Services	Management and General	Fundraising	Total Expenses
				Race Administration	Olympic	Offshore				
Salaries and Benefits										
Salaries and wages	\$ 604,982	\$ 295,331	\$ 492,581	\$ 206,059	\$ 986,005	\$ 345,500	\$ 2,930,458	\$ 1,279,169	\$ 298,559	\$ 4,508,186
Employee benefits	88,321	45,968	48,604	22,888	106,634	31,646	344,061	144,281	21,486	509,828
Payroll taxes	51,198	24,872	40,748	18,069	72,364	30,535	237,786	101,994	31,856	371,636
Total salaries and benefits	744,501	366,171	581,933	247,016	1,165,003	407,681	3,512,305	1,525,444	351,901	5,389,650
Operating Expenses										
Advertising	3,370	1,931	3,180	1,173	8,157	1,649	19,460	52,129	-	71,589
Bad debt	-	-	-	-	-	-	-	5,378,131	-	5,378,131
Certificates	-	39,906	48,774	-	-	-	88,680	-	-	88,680
Dues and subscriptions	11,142	6,557	10,099	3,734	36,604	5,363	73,499	79,568	732	153,799
Equipment	3,474	1,990	9,124	1,183	20,535	1,699	38,005	24,577	-	62,582
Grants	4,157	2,381	39,579	1,416	457,026	2,034	506,593	2,662	-	509,255
Information technology	45,050	10,263	24,635	8,810	36,002	10,940	135,700	104,593	7,722	248,015
Insurance	14,392	8,306	13,203	4,919	56,253	7,035	104,108	119,137	315	223,560
Interest	458	263	420	155	1,128	223	2,647	3,230	-	5,877
Logistics	626	358	50,904	213	189,595	307	242,003	4,429	-	246,432
Merchandise	16,484	127,567	53,049	14,573	5,068	266	217,007	18,190	-	235,197
Miscellaneous	1,989	1,183	3,596	12,360	7,201	1,026	27,355	12,994	169	40,518
Multimedia	5,083	2,626	4,222	1,560	11,326	2,242	27,059	29,877	2,553	59,489
Occupancy	10,903	6,295	10,090	3,741	178,373	5,342	214,744	83,269	-	298,013
Office expenses	25,475	21,189	69,397	11,853	178,229	11,770	317,913	216,960	1,345	536,218
Professional fees	52,969	76,511	419,114	20,615	1,189,075	24,471	1,782,755	389,006	65	2,171,826
Registration and event fees	17,461	32,501	169,741	8,569	114,609	7,563	350,444	104,620	4,000	459,064
Sponsorship expense	31,883	23,364	30,208	10,681	334,029	15,547	445,712	958,914	-	1,404,626
Travel	37,271	78,768	262,763	9,209	731,572	23,618	1,143,201	106,934	7,899	1,258,034
Total operating expenses	282,187	441,959	1,222,098	114,764	3,554,782	121,095	5,736,885	7,689,220	24,800	13,450,905
Depreciation	11,838	6,829	10,774	3,946	29,139	5,767	68,293	80,882	-	149,175
Total Expenses	\$ 1,038,526	\$ 814,959	\$ 1,814,805	\$ 365,726	\$ 4,748,924	\$ 534,543	\$ 9,317,483	\$ 9,295,546	\$ 376,701	\$ 18,989,730

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

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2024



Cash Flows from Operating Activities:	
Change in net assets	\$ (7,403,822)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation expense	149,175
Amortization of right-of-use asset	82,231
Contributions restricted for endowment	(9,754)
Bad debt expense	5,378,131
Loss on disposal of property and equipment	32,492
Net gain on investments	(568,528)
Donated stock	(256,394)
Changes in operating assets and liabilities:	
Accounts receivable	(299,976)
Pledges receivable	(153,958)
Inventory	(100,653)
Other current assets	(162,157)
Accounts payable	899,742
Accrued expenses	(141,440)
Deferred revenue	181,209
Operating lease payable	(133,987)
Net cash used by operating activities	<u>(2,507,689)</u>
Cash Flows from Investing Activities:	
Proceeds from sale of investments	728,836
Purchase of investments	(406,232)
Purchase of property and equipment	(112,129)
Net cash provided by investing activities	<u>210,475</u>
Cash Flows from Financing Activities:	
Proceeds from line of credit	312,011
Proceeds from member loans - related party	400,000
Contributions restricted for endowment	9,754
Net cash provided by financing activities	<u>721,765</u>
Net Decrease in Cash and Cash Equivalents	(1,575,449)
Cash and Cash Equivalents, beginning of year	<u>2,173,618</u>
Cash and Cash Equivalents, end of year	<u>\$ 598,169</u>
Supplemental Cash Flow Information:	
Cash paid for interest	<u>\$ 5,877</u>

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2024

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, 2024

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.

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, 2024, the allowance for credit losses for accounts receivable was approximately \$5,200.

Pledges Receivable

Unconditional promises to give (pledges receivable) 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, there was no allowance for doubtful accounts.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2024

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. Amortization of leasehold improvements is include in depreciation.

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, 2024.

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.

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

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2024



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.

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.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2024



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. Deferred revenue at December 31, 2023 was \$1,695,320.

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 Activities - 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.

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.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2024

Contributed Nonfinancial Assets - 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. 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.

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.

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 March 11, 2026, which is the date these consolidated financial statements were available to be issued.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2024

3. Prior Period Adjustments

During the year ended December 31, 2024, management identified that intercompany accounts between the Association and the Foundation had accumulated balances without corresponding settlements. To correct this, the Organization recorded adjustments reducing intercompany grant payables and receivables by \$4,498,980 for both entities, bringing the balances to zero. As a result, the Association's total net assets decreased by \$4,498,980, and the Foundation's total net assets increased by the same amount as of January 1, 2024.

Management also determined that two donor contributions intended to be held in perpetuity were incorrectly reported as purpose-restricted contributions and spent during 2023. Accordingly, the Organization recorded an adjustment to decrease net assets without donor restrictions by \$1,566,178 and increase net assets with donor restrictions by the same amount as of January 1, 2024. Also, as of January 1, 2024, \$19,727 of restricted donor funds that should have been released in 2023 were reclassified from net assets with donor restrictions to net assets without donor restrictions. These adjustments had no impact on the Organization's total net assets as of January 1, 2024.

Further, a \$15,000 restricted contribution originally recorded by the Foundation was determined to belong to the Association. As a result, net assets were decreased by \$15,000 on the Foundation's books and increased by the same amount on the Association's books.

Lastly, management reviewed the fixed asset listing and identified several boats that should have been removed. The Organization recorded a disposal of fixed assets totaling \$129,083, resulting in a decrease of that amount to net assets without donor restrictions as of January 1, 2024. This adjustment decreased the change in net assets for 2023 by \$129,083.

These prior period adjustments had no impact on cash balances as of January 1, 2024.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2024



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:

Current financial assets:	
Cash and cash equivalents	\$ 598,169
Accounts receivable, net	144,983
Pledges receivable, current portion, net	343,621
Current financial assets, end of year	1,086,773
Less: financial assets unavailable for general expenditure within one year, due to:	
Restricted by purpose	627,402
Restricted by time	343,621
	971,023
Financial assets available to meet general expenditure needs within one year	\$ 115,750

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 12). 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.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2024



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>239,414</u>
	<u><u>\$ 1,322,533</u></u>

The components of lease cost for the year ended December 31, 2024 were approximately as follows:

Operating lease cost	\$ 101,220
Short-term lease cost	<u>156,789</u>
Total lease cost	<u><u>\$ 258,009</u></u>

Other information related to the non-cancellable lease for the year ended December 31, 2024 is as follows:

Operating cash flows from operating leases	\$ 152,972
Weighted average remaining lease term	12.67 years
Weighted average discount rate	1.84%

Future minimum lease payments under the non-cancellable lease as of December 31, 2024 are as follows:

<u>Year Ending</u>	
December 31, 2025	\$ 152,972
December 31, 2026	152,972
December 31, 2027	152,972
December 31, 2028	152,972
December 31, 2029	152,972
Thereafter	<u>254,954</u>
Total future minimum lease payments	1,019,814
Less imputed interest	<u>60,759</u>
	959,055
Less current portion	<u>152,972</u>
Operating lease payable, less current portion	<u><u>\$ 806,083</u></u>

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2024



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 4.16% (the one-year Treasury Bill rate at December 31, 2024) to reflect the present value of those receivables. The promised contributions are due as follows:

Within one year	\$ 343,621
One to two years	69,000
Two to three years	25,000
Three to four years	4,745
Total pledges receivable	442,366
Less present value component	8,992
Total pledges receivable, net	433,374
Less current portion	343,621
Pledges receivable, less current portion, net	\$ 89,753

7. Property and Equipment

Property and equipment consisted of the following:

Leasehold improvements	\$ 31,250
Furniture and equipment	412,398
Vehicles, boats, and trailers	920,425
Computer equipment and software	2,268,433
Artwork	29,378
	3,661,884
Less accumulated depreciation	3,298,473
Total property and equipment, net	\$ 363,411

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2024



8. Investments

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

Cash and cash equivalents	\$ 337,615
Equity securities:	
Foreign large blend	99,122
High yield bond	141,203
Mid-Cap growth	120,771
Large growth	345,332
Diversified emerging markets	68,240
Mid-Cap value	120,143
Intermediate Core-Plus bond	220,217
Domestic equity	310,144
International equity	100,937
Intermediate core bond	216,037
Large value	561,361
Small blend	107,594
Multi sector bond	222,218
Small cap growth	117,726
Market-linked investments	<u>56,212</u>
Total investments	<u><u>\$ 3,144,872</u></u>

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 (8.50% at December 31, 2024) 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, 2024, the outstanding balance on the line of credit was approximately \$312,000.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2024

10. Member Loans - Related Party

During the year ended December 31, 2024, the Organization entered into two loan agreements with two members of the Board. Each loan was for \$200,000, resulting in total proceeds of \$400,000. The loans were provided to support general operations and strategic initiatives.

The loans are unsecured, bear interest at an annual rate of 4.30%, compounded annually, and are due in full no later than December 31, 2029. The Organization may prepay all or part of the outstanding principal and accrued interest at any time without penalty.

As of December 31, 2024, the outstanding principal balance was \$400,000, and no principal payments were made during the year. Interest was accrued during the year in accordance with the stated terms. The Organization intends to repay the loans from future operating cash flows; however, there is no formal repayment schedule.

Management believes that the terms of the loans are consistent with those that could have been obtained from an unrelated third party.

Subsequent to year end, one Board member converted their \$200,000 loan, including any accrued interest, into a contribution to the Organization. This conversion will be reflected in the Organization's financial statements for the year ending December 31, 2025.

11. Net Assets

A summary of net assets is as follows:

Net Assets (Deficiency) Without Donor Restrictions:	
Undesignated	\$ (2,840,451)
Board-designated for judges	14,861
Board-designated for youth championships	125,086
Board-designated endowment	69,891
Invested in property and equipment	363,411
	<hr style="width: 100%; border: 0.5px solid black;"/> <u>(2,267,202)</u>

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2024



Net Assets With Donor Restrictions	
Subject to expenditure for specified purpose:	
Schoonmaker - Sailor's grant program	20,624
Train and Retain Elite Athletes who excel Internationally (Project Pinnacle) - Schoonmaker	61,760
David Storrs Match Racing Grant Program	69,331
Lattimore - Women and Girls Racing grant program	66,622
Championship Trophies Promotion and Support	16,756
Tom Siebel - Increase Opportunity for Diversity in Sailing	322,038
Women's coaching initiative	15,000
IT Database	38,000
Other	17,271
	<u>627,402</u>
Subject to expenditure due to time	<u>433,374</u>
Subject to spending policy and appropriation:	
Gamble - Teaching and training pre-Olympic sailors	42,392
Teaching and promoting sportsmanship	6,836
The Tuna Fund – supporting quality umpiring match/team racing	7,744
Schoonmaker Endowment Project Pinnacle	233,629
Kevin Burnham Memorial Grant – financial support of Olympic and developing Olympic athletes	17,477
Olympic medalist and paralympic sailing fund	2,970
Trevor Moore Endowment and Trophy Fund	9,791
Kohler – Olympic sailing team coaching program	8,635
	<u>329,474</u>

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2024



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	200,554
Schoonmaker Endowment Project Pinnacle	2,002,190
Trevor Moore Endowment and Trophy Fund	30,000
Underwater endowments	(1,619)
	<u>2,513,035</u>
Total net assets with donor restrictions	<u>3,903,285</u>
Total net assets	<u>\$ 1,636,083</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.

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.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2024

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, 2024 is as follows:

	Without Donor Restrictions	With Donor Restrictions
Endowment Net Assets, beginning of year, as restated	\$ 174,195	\$ 2,603,904
Contributions	-	9,754
Investment return, net	11,220	301,400
Appropriations under spending policy	(115,524)	(72,549)
Endowment net assets, end of year	\$ 69,891	\$ 2,842,509

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, 2024, one asset with a total original gift value of \$31,000, fair value of \$29,381, and deficiency of \$1,619 was 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 2025 due to favorable market fluctuations.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2024

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.

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.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2024



The following contributed nonfinancial assets were received for the year ended December 31, 2024:

12-month technology license software subscription	\$ 325,000
Sailing equipment and apparel	370,000
Hardware, products and lubrication services	185,000
Housing	264,669
Ropes	83,000
Engineer services and simulators	50,000
Boat	<u>20,000</u>
 Total	 <u><u>\$ 1,297,669</u></u>

14. 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.

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, 2024 was approximately \$186,600.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2024

16. 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 \$634,000. The Organization monitors its exposure with regard to cash and cash equivalents and has not experienced losses on such accounts.

At December 31, 2024, 12% of the accounts receivable balance was due from one donor. 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, 2024, 90% of the pledges receivable balance was due from four 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, 2024



	United States Sailing Association, Inc.	United States Sailing Foundation	Eliminations	Consolidated
Assets				
Current Assets:				
Cash and cash equivalents	\$ 597,145	\$ 1,024	\$ -	\$ 598,169
Accounts receivable, net	144,983	-	-	144,983
Pledges receivable, net	113,621	230,000	-	343,621
Inventory	262,908	-	-	262,908
Other current assets	308,497	-	-	308,497
Total current assets	1,427,154	231,024	-	1,658,178
Right-of-use Asset - Operating Lease	1,322,533	-	-	1,322,533
Pledges Receivable, less current portion	85,144	4,609	-	89,753
Property and Equipment, net	363,411	-	-	363,411
Investments	420,234	2,724,638	-	3,144,872
Total Assets	\$ 3,618,476	\$ 2,960,271	\$ -	\$ 6,578,747
Liabilities and Net Assets				
Current Liabilities:				
Accounts payable	\$ 839,829	\$ -	\$ -	\$ 839,829
Accrued expenses	546,888	-	-	546,888
Line of credit	312,011	-	-	312,011
Member loans - related party	400,000	-	-	400,000
Deferred revenue	1,884,881	-	-	1,884,881
Current portion of operating lease payable	152,972	-	-	152,972
Total current liabilities	4,136,581	-	-	4,136,581
Operating lease payable, less current portion	806,083	-	-	806,083
Total liabilities	4,942,664	-	-	4,942,664
Net Assets:				
Cumulative deficit	(1,854,160)	(413,042)	-	(2,267,202)
With donor restrictions	529,972	3,373,313	-	3,903,285
Total net assets	(1,324,188)	2,960,271	-	1,636,083
Total Liabilities and Net Assets	\$ 3,618,476	\$ 2,960,271	\$ -	\$ 6,578,747

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF ACTIVITIES
Year Ended December 31, 2024



	United States Sailing Association, Inc.	United States Sailing Foundation	Eliminations	Consolidated
Change in net assets without donor restrictions:				
Operating revenue and support:				
Membership dues	\$ 2,069,347	\$ -	\$ -	\$ 2,069,347
Educational and program activities	3,193,044	-	-	3,193,044
Sponsorship agreements	1,507,458	-	-	1,507,458
Contributed nonfinancial assets	1,297,669	-	-	1,297,669
U.S. Olympic and Paralympic committee support	1,018,478	-	-	1,018,478
Contributions and grant income	677,462	-	-	677,462
Loss on sale of asset	(32,492)	-	-	(32,492)
Other	90,280	135	-	90,415
Investment gain	38,831	34,798	-	73,629
Net assets released from restrictions	783,692	5,933,206	-	6,716,898
Total public support and revenues	10,643,769	5,968,139	-	16,611,908
Operating expenses:				
Program services	9,273,768	43,715	-	9,317,483
Management and general	3,697,474	5,598,072	-	9,295,546
Fundraising	250,529	126,172	-	376,701
Total operating expenses	13,221,771	5,767,959	-	18,989,730
Change in net assets without donor restrictions	(2,578,002)	200,180	-	(2,377,822)
Changes in Net Assets With Donor Restrictions:				
Contributions and grant income	878,076	511,422	-	1,389,498
Investment gain	11,394	290,006	-	301,400
Net assets released from restrictions	(783,692)	(5,933,206)	-	(6,716,898)
Change in net assets with donor restrictions	105,778	(5,131,778)	-	(5,026,000)
Change in Net Assets	(2,472,224)	(4,931,598)	-	(7,403,822)
Net Assets, beginning of year, as previously stated	5,761,099	3,407,889	-	9,168,988
Prior period adjustment (Note 3)	(4,613,063)	4,483,980	-	(129,083)
Net Assets, beginning of year, as restated	1,148,036	7,891,869	-	9,039,905
Net Assets, end of year	\$ (1,324,188)	\$ 2,960,271	\$ -	\$ 1,636,083