

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

**Consolidated Financial Statements
and Supplemental Information**

Year Ended December 31, 2025

(With Independent Auditors' Report Thereon)

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

Year Ended December 31, 2025

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities	5
Consolidated Statement of Functional Expenses	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8
SUPPLEMENTAL INFORMATION:	
Consolidating Statements of Financial Position	25
Consolidating Statements of Activities	26

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, 2025, 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, 2025, 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 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.

August 5, 2026

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2025



Assets

Current Assets:

Cash and cash equivalents	\$ 352,231
Accounts receivable	77,954
Pledges receivable	227,871
Inventory	312,435
Other current assets	73,729
Total current assets	1,044,220

Right-of-use Asset - Operating Lease	1,040,669
Pledges Receivable, less current portion, net	106,398
Property and Equipment, net	285,597
Investments	3,679,342

Total Assets	\$ 6,156,226
---------------------	---------------------

Liabilities and Net Assets

Current Liabilities:

Accounts payable	\$ 243,033
Accrued expenses	147,756
Member loans - related party	300,000
Deferred revenue	1,609,107
Current portion of operating lease payable	128,364
Total current liabilities	2,428,260

Operating lease payable, less current portion	524,962
Total liabilities	2,953,222

Net Assets (Deficiency):

Without donor restrictions	(897,599)
With donor restrictions	4,100,603
Total net assets	3,203,004

Total Liabilities and Net Assets	\$ 6,156,226
---	---------------------

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended December 31, 2025



Change in net assets without donor restrictions:

Operating revenue and support:

Membership dues	\$ 2,215,991
Educational and program activities	3,273,281
Sponsorship agreements	954,225
Contributed nonfinancial assets	1,005,905
U.S. Olympic and Paralympic committee support	546,000
Contributions and grant income	1,899,924
Gain on sale of asset	24,000
Other	41,691
Investment return	31,028
Net assets released from restrictions	1,557,995
Total operating revenue and support	<u>11,550,040</u>

Operating expenses:

Program services	6,727,091
Management and general	3,129,541
Fundraising	323,805
Total operating expenses	<u>10,180,437</u>

Change in net assets without donor restrictions	<u>1,369,603</u>
--	-------------------------

Changes in Net Assets With Donor Restrictions:

Contributions and grant income	1,354,983
Investment return	400,330
Net assets released from restrictions	(1,557,995)
Change in net assets with donor restrictions	<u>197,318</u>

Change in Net Assets	1,566,921
-----------------------------	------------------

Net Assets, beginning of year	<u>1,636,083</u>
--------------------------------------	-------------------------

Net Assets, end of year	<u>\$ 3,203,004</u>
--------------------------------	----------------------------

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2025



	Education	Store	Adult Programs	Youth Programs	Competition			Total Program Services	Management and General	Fundraising	Total Expenses
					Race Administration	Olympic	Offshore				
Salaries and Benefits											
Salaries and wages	\$ 528,851	\$ 740	\$ 295,995	\$ 455,638	\$ 221,751	\$ 768,456	\$ 361,998	\$ 2,633,429	\$ 904,443	\$ 197,582	\$ 3,735,454
Employee benefits	76,672	-	43,987	31,088	22,603	47,917	29,239	251,506	135,520	23,287	410,313
Payroll taxes	41,668	-	24,133	35,344	18,441	47,069	30,007	196,662	73,805	19,252	289,719
Total salaries and benefits	647,191	740	364,115	522,070	262,795	863,442	421,244	3,081,597	1,113,768	240,121	4,435,486
Operating Expenses											
Advertising	977	-	338	486	346	977	489	3,613	17,149	364	21,126
Certificates	-	-	-	-	15,573	-	118,075	133,648	-	-	133,648
Dues and subscriptions	13,712	930	8,172	5,492	3,656	28,543	5,481	65,986	64,545	-	130,531
Equipment	9,291	-	3,099	6,952	3,099	22,386	4,645	49,472	38,182	-	87,654
Grants	-	-	-	78,442	-	7,500	-	85,942	-	-	85,942
Information technology	32,449	2,750	4,694	7,061	9,201	14,571	13,011	83,737	65,137	20,024	168,898
Insurance	32,688	-	10,905	16,344	10,904	52,267	16,344	139,452	144,900	-	284,352
Interest	3,370	-	1,125	1,685	1,125	3,370	1,685	12,360	27,905	5,733	45,998
Logistics	646	10,666	365	36,379	215	117,602	323	166,196	2,590	-	168,786
Merchandise	664	220,323	10,163	4,591	1,722	987	326	238,776	3,953	132	242,861
Miscellaneous	421	-	379	2,639	13,857	3,565	210	21,071	1,340	-	22,411
Multimedia	2,566	-	522	784	522	1,565	783	6,742	9,377	-	16,119
Occupancy	20,889	119	6,968	10,444	6,968	99,778	10,444	155,610	98,702	-	254,312
Office expenses	27,375	100,179	17,054	84,799	12,675	58,065	13,180	313,327	145,997	22,892	482,216
Professional fees	57,628	-	64,359	348,269	23,274	451,025	28,814	973,369	450,508	22,890	1,446,767
Registration and event fees	23,206	-	60,727	145,783	6,757	14,664	10,362	261,499	78,793	272	340,564
Sponsorship expense	59,905	-	23,983	29,954	19,983	65,977	29,952	229,754	709,715	-	939,469
Travel	22,422	47	56,535	240,227	6,898	282,979	13,252	622,360	66,871	11,377	700,608
Total operating expenses	308,209	335,014	269,388	1,020,331	136,775	1,225,821	267,376	3,562,914	1,925,664	83,684	5,572,262
Depreciation	22,519	-	7,512	11,259	7,512	22,519	11,259	82,580	90,109	-	172,689
Total Expenses	\$ 977,919	\$ 335,754	\$ 641,015	\$ 1,553,660	\$ 407,082	\$ 2,111,782	\$ 699,879	\$ 6,727,091	\$ 3,129,541	\$ 323,805	\$ 10,180,437

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2025



Cash Flows from Operating Activities:	
Change in net assets	\$ 1,566,921
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation expense	172,689
Amortization of right-of-use asset	82,793
Loss on lease modification	26,942
Contributions restricted for endowment	(65,589)
Gain on disposal of property and equipment	(24,000)
Net gain on investments	(270,823)
Donated stock	(721,675)
Forgiveness of member loans - related party	(200,000)
Changes in operating assets and liabilities:	
Accounts receivable	67,029
Pledges receivable	99,105
Inventory	(49,527)
Other current assets	234,768
Accounts payable	(596,796)
Accrued expenses	(399,132)
Deferred revenue	(275,774)
Operating lease payable	(133,600)
Net cash used by operating activities	(486,669)
Cash Flows from Investing Activities:	
Proceeds from sale of investments	727,404
Purchase of investments	(269,376)
Proceeds from sale of property and equipment	24,000
Purchase of property and equipment	(94,875)
Net cash provided by investing activities	387,153
Cash Flows from Financing Activities:	
Net change in line of credit	(312,011)
Proceeds from member loans - related party	100,000
Contributions restricted for endowment	65,589
Net cash used by financing activities	(146,422)
Net Decrease in Cash and Cash Equivalents	(245,938)
Cash and Cash Equivalents, beginning of year	598,169
Cash and Cash Equivalents, end of year	\$ 352,231
Supplemental Cash Flow Information:	
Cash paid for interest	\$ 40,265

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

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025



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 grow American sailing and achieve Olympic excellence through education, competition and community. 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 THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025



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. The Organization has determined that no allowance for credit losses is necessary as of December 31, 2025.

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 THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025



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.

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 useful life of the asset. Amortization of leasehold improvements is included 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, 2025.

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) asset, 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 THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025



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 THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025



Level 2 investment values are determined by obtaining non-binding market prices from the Organization's third-party portfolio managers as of the financial statement reporting date. These investments are less actively traded in the market, but quoted market prices exist for similar instruments that are actively traded.

Realized and unrealized gains or losses are included as a component of investment return 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, 2024 was \$1,884,881.

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 THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025



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 nonfinancial 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 August 5, 2026, which is the date these consolidated financial statements were available to be issued.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025



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	\$ 352,231
Accounts receivable	77,954
Pledges receivable, current portion	227,871
Current financial assets, end of year	<u>658,056</u>

Less: financial assets unavailable for general expenditure

within one year, due to:

Restricted by time and purpose	<u>791,908</u>
--------------------------------	----------------

Deficiency of financial assets available to meet general
expenditure needs within one year

\$ (133,852)

The Organization's financial assets available within one year of the statement of financial position date to meet general expenditures are less than its donor-restricted financial assets expected to be collected within one year. The deficit is primarily attributable to contributions and pledges receivable that are restricted by donor purpose or time.

The Organization manages its liquidity by maintaining adequate cash reserves and monitoring operating cash flows. Revenue from membership dues, program service fees, sponsorships, events, grants, and contributions is used to fund current operations as obligations become due. To help manage unanticipated liquidity needs, the Organization has a line of credit with a bank for \$500,000 (Note 8).

In addition, the Organization maintains investments designated by the Board for long-term purposes (Note 11). Although the Organization does not intend to expend board-designated funds for current operations, such funds may be made available at the discretion of the Board to support operating and liquidity needs if necessary. The Organization also has endowment resources that may be appropriated in accordance with donor stipulations and applicable spending policies.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025



4. Right-of-Use Asset and Lease Payable

The Organization leases its facility under a non-cancellable operating lease, expiring August 2038, including one 7-year renewal option. During the year ended December 31, 2025, the Organization amended its facility lease to decrease the leased square footage and monthly rent. The Organization recorded decreases in its ROU asset - operating lease of \$199,071 and operating lease payable of \$172,129 and recognized a loss on modification of \$26,942 for the year ended December 31, 2025.

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	\$ 1,362,876
Less accumulated amortization	<u>322,207</u>
	<u><u>\$ 1,040,669</u></u>

The components of lease cost for the year ended December 31, 2025 were as follows:

Operating lease cost	\$ 100,120
Short-term lease cost	<u>85,118</u>
Total lease cost	<u><u>\$ 185,238</u></u>

Other information related to the non-cancellable lease for the year ended December 31, 2025 is as follows:

Operating cash flows from operating leases	\$ 150,921
Weighted average remaining lease term	12.67 years
Weighted average discount rate	3.81%

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025



Future minimum lease payments under the non-cancellable lease as of December 31, 2025 are as follows:

<u>Year Ending</u>	
December 31, 2026	\$ 128,364
December 31, 2027	128,364
December 31, 2028	128,364
December 31, 2029	128,364
December 31, 2030	128,364
Thereafter	85,575
Total future minimum lease payments	<u>727,395</u>
Less imputed interest	<u>74,069</u>
	653,326
Less current portion	<u>128,364</u>
	<u><u>\$ 524,962</u></u>

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 3.48% (the one-year Treasury Bill rate at December 31, 2025) to reflect the present value of those receivables. The promised contributions are due as follows:

Within one year	\$ 227,871
One to two years	89,773
Two to three years	25,000
Total pledges receivable	<u>342,644</u>
Less present value component	<u>8,375</u>
Total pledges receivable, net	<u>334,269</u>
Less current portion	<u>227,871</u>
	<u><u>\$ 106,398</u></u>

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025



6. Property and Equipment

Property and equipment consisted of the following:

Leasehold improvements	\$ 31,250
Furniture and equipment	412,398
Vehicles, boats, and trailers	939,430
Computer equipment and software	2,268,433
Artwork	29,378
	<u>3,680,889</u>
Less accumulated depreciation	<u>3,395,292</u>
 Total property and equipment, net	 <u><u>\$ 285,597</u></u>

7. Investments

The Organization's investments are presented in the consolidated financial statements at their aggregate fair value as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents	<u>\$ 276,459</u>	<u>\$ -</u>	<u>\$ 276,459</u>
Exchange traded funds:			
Foreign Large Blend	85,829	-	85,829
Foreign Small/Mid Blen	130,797	-	130,797
Emerging Markets Bond	119,851	-	119,851
High Yield Bond	68,704	-	68,704
Mid-Cap Growth	136,251	-	136,251
Large Growth	286,492	-	286,492
Diversified Emerging Markets	296,847	-	296,847
Mid-Cap Value	729,792	-	729,792
Intermediate Core-Plus Bond	643,960	-	643,960
Domestic Equity	130,680	-	130,680
International Equity	137,573	-	137,573
Intermediate Core Bond	248,014	-	248,014
Large Value	132,064	-	132,064
Small Cap Growth	160,020	-	160,020
Total exchange traded funds	<u>3,306,874</u>	<u>-</u>	<u>3,306,874</u>

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025



Common stock:			
Materials	494	-	494
Market-linked securities:			
Senior unsecured	-	95,515	95,515
Total investments	<u>\$ 3,583,827</u>	<u>\$ 95,515</u>	<u>\$ 3,679,342</u>

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 (7.75% at December 31, 2025) plus 1.5%. The line of credit is due on demand and is secured by substantially all inventory and property and equipment. As of December 31, 2025, there was no outstanding balance on the line of credit.

The line of credit agreement contains various covenants and restrictions. At December 31, 2025, management believes the Organization was in compliance with the covenants and restrictions.

9. Member Loans - Related Party

During the year ended December 31, 2025, the Organization maintained loan arrangements with two members of its Board to support general operations and strategic initiatives. The loans were unsecured, bore interest at an annual rate of 4.30%, compounded annually, and matured on December 31, 2029. The Organization may prepay all or part of the outstanding principal and accrued interest at any time without penalty.

During the year ended December 31, 2025, one Board member forgave a loan with an outstanding balance of \$200,000, together with all related accrued interest. The amount forgiven, totaling \$205,733, was recognized as contribution revenue in the accompanying financial statements.

In addition, during the year ended December 31, 2025, the Organization borrowed an additional \$100,000 from the remaining Board member under the same terms.

As of December 31, 2025, the outstanding principal balance was \$300,000 and was payable to one Board member. No principal repayments were made during the year. Interest expense was recognized in accordance with the terms of the loan agreement. The Organization intends to repay the outstanding balance from future operating cash flows; however, the loan does not require scheduled principal payments prior to maturity on December 31, 2029.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025



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

Subsequent to December 31, 2025, the outstanding principal balance of \$300,000 was repaid in full. In connection with the repayment, the Board member forgave all accrued and unpaid interest outstanding at the date of repayment.

10. Net Assets

A summary of net assets is as follows:

Net Assets (Deficiency) Without Donor Restrictions:

Undesignated	\$ (1,402,707)
Board-designated for judges	14,861
Board-designated for youth championships	125,086
Board-designated endowment	79,564
Invested in property and equipment	285,597
	<u>(897,599)</u>

Net Assets With Donor Restrictions

Subject to expenditure for specified purpose:

Schoonmaker - Sailor's grant program	13,374
Train and Retain Elite Athletes who excel Internationally (Project Pinnacle)	139,327
David Storrs Match Racing grant program	64,152
Lattimore - Women and Girls Racing grant program	56,916
Youth Championship support	1,380
Championship Trophies promotion and support	7,665
IT Database	78,258
Olympics - IT	135,912
Olympics - Female kiteboarding	50,000
Scholarships	3,939
Other	13,114
	<u>564,037</u>

Subject to expenditure due to time	<u>334,269</u>
------------------------------------	----------------

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025



Subject to spending policy and appropriation:

Gamble - Teaching and training pre-Olympic sailors	51,284
Teaching and promoting sportsmanship	7,482
Supporting youth Multihull events and training	215
The Tuna Fund – supporting quality umpiring match/team racing	10,949
Schoonmaker Endowment Project Pinnacle	471,319
Kevin Burnham Memorial Grant – financial support of Olympic and developing Olympic athletes	40,655
Olympic medalist and paralympic sailing fund	13,917
Trevor Moore Endowment and Trophy Fund	14,022
Kohler – Olympic sailing team coaching program	12,211
	<u>622,054</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	22,510
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	230,568
Schoonmaker Endowment Project Pinnacle	2,002,190
Trevor Moore Endowment and Trophy Fund	65,475
	<u>2,580,243</u>

Total net assets with donor restrictions	<u>4,100,603</u>
--	------------------

Total net assets	<u><u>\$ 3,203,004</u></u>
------------------	----------------------------

11. 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.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025



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.

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, 2025 is as follows:

	Without Donor Restrictions	With Donor Restrictions
Endowment Net Assets, beginning of year	\$ 69,891	\$ 2,842,511
Contributions	-	65,589
Investment return, net	9,673	400,330
Appropriations under spending policy	-	(106,133)
Endowment net assets, end of year	<u>\$ 79,564</u>	<u>\$ 3,202,297</u>

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025



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). There were no such deficiencies at December 31, 2025.

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.

12. 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 THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025



The following contributed nonfinancial assets were received for the year ended December 31, 2025:

12-month technology license software subscription	\$ 325,000
Sailing equipment and apparel	195,000
Hardware, products and lubrication services	200,000
Housing	15,000
Ropes	60,000
Engineer services and simulators	50,000
Boat	53,581
Professional services	61,374
Sailing leadership forum	45,950
Total	\$ 1,005,905

13. 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.

14. 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, 2025 was approximately \$45,000.

15. Concentrations of Risk

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

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2025



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. Cash balances in excess of \$250,000 are generally uninsured. The Organization monitors its exposure with regard to cash and cash equivalents and has not experienced losses on such accounts.

At December 31, 2025, 47% of the accounts receivable balance was due from three vendors. 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, 2025, 83% 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, 2025



	United States Sailing Association, Inc.	United States Sailing Foundation	Eliminations	Consolidated
Assets				
Current Assets:				
Cash and cash equivalents	\$ 318,424	\$ 33,807	\$ -	\$ 352,231
Accounts receivable	153,376	-	(75,422)	77,954
Pledges receivable	227,871	-	-	227,871
Inventory	312,435	-	-	312,435
Other current assets	73,729	-	-	73,729
Total current assets	1,085,835	33,807	(75,422)	1,044,220
Right-of-use Asset - Operating Lease	1,040,669	-	-	1,040,669
Pledges Receivable, less current portion	106,398	-	-	106,398
Property and Equipment, net	285,597	-	-	285,597
Investments	537,852	3,141,490	-	3,679,342
Total Assets	\$ 3,056,351	\$ 3,175,297	\$ (75,422)	\$ 6,156,226
Liabilities and Net Assets				
Current Liabilities:				
Accounts payable	\$ 243,033	\$ 75,422	\$ (75,422)	\$ 243,033
Accrued expenses	147,756	-	-	147,756
Line of credit	-	-	-	-
Member loans - related party	300,000	-	-	300,000
Deferred revenue	1,609,107	-	-	1,609,107
Current portion of operating lease payable	128,364	-	-	128,364
Total current liabilities	2,428,260	75,422	(75,422)	2,428,260
Operating lease payable, less current portion	524,962	-	-	524,962
Total liabilities	2,953,222	75,422	(75,422)	2,953,222
Net Assets (Deficiency):				
Without donor restrictions	(785,607)	(111,992)	-	(897,599)
With donor restrictions	888,736	3,211,867	-	4,100,603
Total net assets	103,129	3,099,875	-	3,203,004
Total Liabilities and Net Assets	\$ 3,056,351	\$ 3,175,297	\$ (75,422)	\$ 6,156,226

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF ACTIVITIES
Year Ended December 31, 2025



	United States Sailing Association, Inc.	United States Sailing Foundation	Eliminations	Consolidated
Change in net assets without donor restrictions:				
Operating revenue and support:				
Membership dues	\$ 2,215,991	\$ -	\$ -	\$ 2,215,991
Educational and program activities	3,273,281	-	-	3,273,281
Sponsorship agreements	954,225	-	-	954,225
Contributed nonfinancial assets	1,005,905	-	-	1,005,905
U.S. Olympic and Paralympic committee support	546,000	-	-	546,000
Contributions and grant income	2,102,256	38,078	(240,410)	1,899,924
Loss on sale of asset	24,000	-	-	24,000
Other	41,691	-	-	41,691
Investment gain	13,179	17,849	-	31,028
Net assets released from restrictions	955,446	602,549	-	1,557,995
Total public support and revenues	11,131,974	658,476	(240,410)	11,550,040
Operating expenses:				
Program services	6,668,734	298,767	(240,410)	6,727,091
Management and general	3,092,034	37,507	-	3,129,541
Fundraising	302,653	21,152	-	323,805
Total operating expenses	10,063,421	357,426	(240,410)	10,180,437
Change in net assets without donor restrictions	1,068,553	301,050	-	1,369,603
Changes in Net Assets With Donor Restrictions:				
Contributions and grant income	1,289,003	65,980	-	1,354,983
Investment gain	25,207	375,123	-	400,330
Net assets released from restrictions	(955,446)	(602,549)	-	(1,557,995)
Change in net assets with donor restrictions	358,764	(161,446)	-	197,318
Change in Net Assets	1,427,317	139,604	-	1,566,921
Net Assets, beginning of year	(1,324,188)	2,960,271	-	1,636,083
Net Assets, end of year	\$ 103,129	\$ 3,099,875	\$ -	\$ 3,203,004