

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2017 AND 2016

**UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
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INDEPENDENT AUDITORS' REPORT

Board of Directors
United States Sailing Association, Inc. and Subsidiary
Bristol, Rhode Island

We have audited the accompanying consolidated financial statements of United States Sailing Association, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities and changes in their net assets, and their cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of United States Sailing Association, Inc. and Subsidiary, as of December 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, Massachusetts
May 16, 2018

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

ASSETS	2017	2016
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 426,771	\$ 178,162
Investments Held for Short-Term Purposes	178,904	358,146
Accounts Receivable, Net	176,384	106,689
Pledges and Grants Receivable, Net	921,417	635,500
Inventory, Net	268,062	283,041
Prepaid Expenses	273,532	324,477
Total Current Assets	2,245,070	1,886,015
PROPERTY AND EQUIPMENT	3,810,090	3,436,028
Less: Accumulated Depreciation	1,667,814	2,144,999
Net Property and Equipment	2,142,276	1,291,029
OTHER ASSETS		
Long-Term Pledges Receivable, Net	3,206,248	3,578,410
Long-Term Investments	2,539,822	3,074,686
Other Assets, Net	142,155	147,811
Total Other Assets	5,888,225	6,800,907
Total Assets	\$ 10,275,571	\$ 9,977,951

See accompanying Notes to Consolidated Financial Statements.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2017 AND 2016

LIABILITIES AND NET ASSETS	2017	2016
CURRENT LIABILITIES		
Line of Credit	\$ 500,000	\$ -
Current Portion of Note Payable	48,802	-
Current Portion of Capital Lease Obligation	-	3,059
Accounts Payable	511,645	496,804
Accrued Expenses	561,642	322,677
Deferred Revenue:		
Memberships	1,186,357	1,134,045
Program Sponsorship and Other	160,779	240,737
Total Current Liabilities	2,969,225	2,197,322
Deferred Revenue – Memberships	362,538	358,241
Note Payable, Less Current Portion	196,716	-
Capital Lease Obligation, Less Current Portion	-	278
Total Liabilities	3,528,479	2,555,841
NET ASSETS		
Unrestricted:		
Board Designated for Endowment	1,299,947	1,942,235
Board Designated, Other	209,916	186,876
Other Unrestricted	456,709	367,693
Total Unrestricted Net Assets	1,966,572	2,496,804
Temporarily Restricted	4,530,610	4,645,396
Permanently Restricted	249,910	279,910
Total Net Assets	6,747,092	7,422,110
Total Liabilities and Net Assets	\$ 10,275,571	\$ 9,977,951

See accompanying Notes to Consolidated Financial Statements.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUES AND OTHER SUPPORT				
Membership Dues	\$ 2,053,991	\$ -	\$ -	\$ 2,053,991
Educational and Program Activities	2,549,033	-	-	2,549,033
U.S. Olympic Committee Grants	861,075	-	-	861,075
Sponsorship Agreements	1,302,092	-	-	1,302,092
Contributions	1,910,222	809,211	-	2,719,433
Grants	616,512	-	-	616,512
Other	130,788	-	-	130,788
Net Assets Released from Restrictions Operations	980,363	(980,363)	-	-
Total Operating Revenues and Other Support	<u>10,404,076</u>	<u>(171,152)</u>	<u>-</u>	<u>10,232,924</u>
PROGRAM ACTIVITIES				
Support Services	2,626,920	-	-	2,626,920
Program Services	3,356,727	-	-	3,356,727
Olympic Activities	3,755,450	-	-	3,755,450
Total Program Activities	<u>9,739,097</u>	<u>-</u>	<u>-</u>	<u>9,739,097</u>
SUPPORTING SERVICES				
Management and General	1,039,707	-	-	1,039,707
Fundraising and Development	530,668	-	-	530,668
Total Supporting Services	<u>1,570,375</u>	<u>-</u>	<u>-</u>	<u>1,570,375</u>
Total Operating Expenses	<u>11,309,472</u>	<u>-</u>	<u>-</u>	<u>11,309,472</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(905,396)	(171,152)	-	(1,076,548)
NONOPERATING ACTIVITIES				
Change in Donor Restriction	30,000	-	(30,000)	-
Investment Income, Net	345,164	56,366	-	401,530
CHANGE IN NONOPERATING NET ASSETS	<u>375,164</u>	<u>56,366</u>	<u>(30,000)</u>	<u>401,530</u>
CHANGE IN TOTAL NET ASSETS	(530,232)	(114,786)	(30,000)	(675,018)
Net Assets – Beginning of Year	<u>2,496,804</u>	<u>4,645,396</u>	<u>279,910</u>	<u>7,422,110</u>
NET ASSETS – END OF YEAR	<u>\$ 1,966,572</u>	<u>\$ 4,530,610</u>	<u>\$ 249,910</u>	<u>\$ 6,747,092</u>

See accompanying Notes to Consolidated Financial Statements.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
OPERATING REVENUES AND OTHER SUPPORT				
Membership Dues	\$ 1,989,039	\$ -	\$ -	\$ 1,989,039
Educational and Program Activities	2,429,741	-	-	2,429,741
U.S. Olympic Committee Grants	1,075,400	-	-	1,075,400
Sponsorship Agreements	1,922,310	-	-	1,922,310
Contributions	841,605	3,303,361	-	4,144,966
Grants	270,454	-	-	270,454
Other	20,987	-	-	20,987
Net Assets Released from Restrictions Operations	1,769,659	(1,769,659)	-	-
Total Operating Revenues and Other Support	<u>10,319,195</u>	<u>1,533,702</u>	<u>-</u>	<u>11,852,897</u>
PROGRAM ACTIVITIES				
Education and Certification Programs	2,287,857	-	-	2,287,857
Marketing and Communications	465,921	-	-	465,921
Membership Activities	1,087,274	-	-	1,087,274
Competitive Events	1,074,224	-	-	1,074,224
Olympic Activities	4,292,599	-	-	4,292,599
Total Program Activities	<u>9,207,875</u>	<u>-</u>	<u>-</u>	<u>9,207,875</u>
SUPPORTING SERVICES				
Management and General	1,134,813	-	-	1,134,813
Fundraising and Development	337,797	-	-	337,797
Total Supporting Services	<u>1,472,610</u>	<u>-</u>	<u>-</u>	<u>1,472,610</u>
Total Operating Expenses	<u>10,680,485</u>	<u>-</u>	<u>-</u>	<u>10,680,485</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(361,290)	1,533,702	-	1,172,412
NONOPERATING ACTIVITIES				
Contribution Income – Acquisition	69,077	101,256	176,410	346,743
Investment Income, Net	81,560	3,569	-	85,129
CHANGE IN NONOPERATING NET ASSETS	<u>150,637</u>	<u>104,825</u>	<u>176,410</u>	<u>431,872</u>
CHANGE IN TOTAL NET ASSETS	(210,653)	1,638,527	176,410	1,604,284
Net Assets – Beginning of Year	<u>2,707,457</u>	<u>3,006,869</u>	<u>103,500</u>	<u>5,817,826</u>
NET ASSETS – END OF YEAR	<u>\$ 2,496,804</u>	<u>\$ 4,645,396</u>	<u>\$ 279,910</u>	<u>\$ 7,422,110</u>

See accompanying Notes to Consolidated Financial Statements.

**UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Total Net Assets	\$ (675,018)	\$ 1,604,284
Adjustments to Reconcile Change in Total Net Assets to Net Cash Used by Operating Activities:		
Contribution Income – Acquisition	-	(346,743)
Depreciation and Amortization	376,440	417,566
Net (Gain) Loss on Disposal of Property and Equipment	(79,197)	14,254
In-Kind Donation of Property and Equipment	-	(388,355)
Realized and Unrealized Gains on Investments	(343,188)	(41,584)
Change in Assets and Liabilities:		
Accounts Receivable	(69,695)	53,833
Pledges and Grants Receivable	86,245	(2,247,795)
Inventory	14,979	(73,409)
Prepaid Expenses	50,945	(3,343)
Other Assets	5,656	15,845
Accounts Payable	14,841	307,602
Accrued Expenses	238,965	(10,217)
Deferred Revenue	(23,349)	(170,539)
Net Cash Used by Operating Activities	(402,376)	(868,601)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Property and Equipment	(1,148,490)	(51,202)
Cash Proceeds from Acquisition	-	15,740
Proceeds from the Sale of Investments	1,594,861	4,278,631
Purchase of Investments	(537,567)	(3,547,121)
Net Cash Provided (Used) by Investing Activities	(91,196)	696,048
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligation	(3,337)	(7,396)
Proceeds from Line of Credit	697,541	-
Principal Payments on Line of Credit	(197,541)	-
Proceeds from Note Payable	265,000	-
Principal Payments on Note Payable	(19,482)	-
Net Cash Provided (Used) by Financing Activities	742,181	(7,396)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	248,609	(179,949)
Cash and Cash Equivalents – Beginning of Year	178,162	358,111
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 426,771	\$ 178,162
SUPPLEMENTAL DISCLOSURE		
Interest Paid	\$ 9,480	\$ 1,698
SUMMARY OF NONCASH FINANCING TRANSACTIONS		
Proceeds from Line of Credit	\$ 1,049,314	\$ -
Less: Payoff of Existing Line of Credit	(351,773)	-
Cash Proceeds from Line of Credit	\$ 697,541	\$ -

See accompanying Notes to Consolidated Financial Statements.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 NATURE OF OPERATIONS

United States Sailing Association, Inc. (the Association) and Subsidiary 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 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 the development of resources, financial and otherwise, for the Association campaigns, programs, 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 Foundation (collectively the Organization) prepare their consolidated financial statements in accordance with accounting principles generally accepted in the United States of America established by the Financial Accounting Standards Board (FASB). References to accounting principles generally accepted in the United States of America in these footnotes are to the FASB Accounting Standards Codification.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of 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

Upon consolidation, all significant intercompany and interactivity transactions and balances have been eliminated in order to present the combined total assets, liabilities, and net assets as they would appear if the entities were merged into a single multi-fund organization for accounting and financial reporting purposes.

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities. The Organization's net assets have been broken down into the following three classifications:

Unrestricted Net Assets – consist of those amounts that are available for operations and support in carrying out the mission of the Organization.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Temporarily Restricted Net Assets – consist of those resources that are restricted by donors for specific program activities. When a donor restriction expires, either by the passage of a stipulated time restriction or by the accomplishment of a specific purpose restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities and consolidated changes in net assets as net assets released from restrictions.

Permanently Restricted Net Assets – result from contributions from donors who place restrictions on the use of donated funds mandating that the original principal remain invested in perpetuity.

Performance Indicator

In the accompanying consolidated statement of activities and consolidated change in net assets, the primary indicator of the Organization's results is "change in net assets from operations." As such, it includes all support and revenue, and operating expenses. Transactions such as net realized and unrealized gains on investments, releases from restrictions not used for operations, changes in donor restrictions and contributions related to acquisitions are included as a component of nonoperating activities on the consolidated statement of activities and consolidated change in net assets.

Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of three months or less, except those funds which the board has designated for investment.

Accounts, Pledges, and Grants Receivable

Accounts and grants receivable are carried at anticipated net realizable value. Pledges receivable are measured based on the present value of their future cash flows. Doubtful accounts are provided for on the basis of anticipated collection losses. The estimated losses are determined from historical collection experience and a review of outstanding receivables. A receivable is considered past due if the Organization has not received payment within stated terms. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. The allowance for doubtful accounts for accounts receivable was \$16,023 and \$16,050 for the years ended December 31, 2017 and 2016, respectively. The allowance for doubtful accounts for pledges and grants receivable was \$65,000 and \$40,000 for the years ended December 31, 2017 and 2016.

The Organization does not accrue interest on receivables.

Inventory

Inventory, consisting primarily of sailing publications and related accessories, are stated at the lower of cost or net realizable value on a weighted average basis. Reserves for excess and obsolete inventory are estimated by management based on past usage and anticipated demand. Inventory is recorded net of an allowance for obsolete publications of \$18,713 and \$24,000 for the years ended December 31, 2017 and 2016, respectively.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost. Expenditures for maintenance and repairs are expensed as incurred. Renewals and betterments that materially extend the life of the assets are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets, which range from 3 to 10 years.

Other Assets

The Organization, from time-to-time, publishes books related to sailing and sailing rules. The costs incurred related to these books are capitalized and amortized over the estimated life of the book at the time the books are published.

Deferred Revenue

Deferred revenue represents amounts received by the Organization for programs and services not yet provided.

Fair Value Measurements

In accordance with authoritative guidance, each of the Organization's fair value measurements is categorized into one of the following three levels based on the lowest level input that is significant to the fair value measurement in its entirety.

Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization have 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 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 Levels 1, 2, and 3 within the fair value hierarchy as follows:

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.

Level 2 – investment values are determined by obtaining nonbinding market prices from the Organization's third-party portfolio managers as of the consolidated 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.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Level 3 – investment values are provided by the Organization’s fund managers who develop their valuations using assumptions that market participants would use in pricing the assets and liabilities of the fund. These valuations rely on monthly statements and estimates obtained from the underlying fund managers, which are considered unobservable market inputs in accordance with authoritative guidance.

The Organization reports net investment income at each reporting date in the Organization’s consolidated statement of activities and consolidated change in net assets as a component of total change in net assets. Dividends and interest are recorded as received. Purchases and sales of securities are recorded on the trade date. In determining gains (losses) realized on the sales of securities, the costs of the securities sold have been determined on a specific identification basis.

Revenue Recognition

The Organization recognizes contributions in the year in which the pledge is made, measured based on the present value of future cash flows. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor-imposed restrictions.

The Organization recognizes membership revenue ratably over the term of the membership.

Educational and program revenue is recognized when services have been rendered and/or obligations have been met.

Sponsorship revenue represents support for various sailing events and activities provided by corporate entities. Revenue is recognized as the events and activities occur.

New Accounting Pronouncements

Presentation of Financial Statements of Not-for-Profit Entities

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), which will modify the presentation of net asset classifications and enhance disclosures about liquidity and functional classification of expenses. The ASU is effective for financial statements issued for fiscal years beginning after December 15, 2017. Management has not yet evaluated the effects of the new standard on its financial statements.

Income Taxes

The Organization is a public charity exempt from federal income taxes in accordance with 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 Internal Revenue Service (IRS) Form 990, IRS Form 990-T, and various state filings, reporting various information that the IRS and state taxing authorities use to monitor the activities of tax-exempt entities.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for the years ended December 31 2017 and 2016 were \$20,749 and \$45,842, respectively.

Donated Services

The Organization utilizes the services of volunteers in carrying out its programs. In accordance with authoritative guidance, the Organization recognizes the value of these donated services in the consolidated financial statements. The services are valued at rates comparable to independent contractors providing similar services.

Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities and change in net assets. Accordingly, management has allocated certain costs among the various programs and supporting services benefited. Personnel and other costs have been allocated based upon actual time spent or usage. In 2017, management changed its departments within the program function and as such the allocations for the program expenses by major program category have changed. Management has not reclassified the 2016 program expenses by major program category as this is a change in accounting estimate.

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, receivables and investments. Receivables consist of amounts due from individuals and businesses derived from sales, grants, and contributions. The Organization has not historically experienced significant losses related to receivables.

The Organizations' cash and cash equivalents are with several financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to specified limits. From time to time, the Organization had bank balances in excess of federally insured limits.

The Organization has a diversified portfolio for all of its investments and retains an investment advisor to attain a prudent level of diversification, and as such, management believes that significant market risks that exist at year-end have been managed to the greatest degree possible.

Use of 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 and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management has evaluated subsequent events through May 16, 2018, which is the date these consolidated financial statements were available to be issued.

NOTE 3 ACQUISITION

On October 14, 2016, the Organization gained sole control over United States Sailing Foundation, a nonprofit organization, which was founded to train and support USA teams competing in international sailing events, and was a direct supporting organization of the United States Sailing Association, Inc. The amalgamation is to better further the mission of both the Association and the Foundation. Control was obtained by a majority vote from the board and no consideration was transferred as part of the transaction. Management has accounted for this transaction as an acquisition. The following table summarizes the assets acquired and liabilities assumed recognized at the acquisition date.

Cash	\$	15,740
Investments		332,003
Other Payables		<u>(1,000)</u>
Temporarily Identifiable Net Assets - Contribution Income	<u>\$</u>	<u>346,743</u>

NOTE 4 INVESTMENTS

Investments are presented in the consolidated financial statements at their aggregate fair value and consist of the following:

	2017			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ -	\$ 73,007	\$ -	\$ 73,007
Exchange Traded Funds	<u>2,495,817</u>	<u>-</u>	<u>-</u>	<u>2,495,817</u>
Total Investments at Fair Value	<u>\$ 2,495,817</u>	<u>\$ 73,007</u>	<u>\$ -</u>	2,568,824
Cash and Money Markets				149,902
Total Investments				<u>\$ 2,718,726</u>
	2016			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ -	\$ 54,993	\$ -	\$ 54,993
Exchange Traded Funds	<u>2,988,112</u>	<u>-</u>	<u>-</u>	<u>2,988,112</u>
Total Investments at Fair Value	<u>\$ 2,988,112</u>	<u>\$ 54,993</u>	<u>\$ -</u>	3,043,105
Cash and Money Markets				389,727
Total Investments				<u>\$ 3,432,832</u>

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 4 INVESTMENTS (CONTINUED)

Investments Held for Short-Term Purposes

Investment income includes \$10,722 and \$157 of interest and dividends earned on these accounts for the years ended December 31, 2017 and 2016, respectively, as well as \$9,846 and \$466 of realized and unrealized gains/(losses) for the years ended December 31, 2017 and 2016, respectively.

Investments Held for Long-Term Purposes

The Organization maintains separate accounting for operating, board designated, and endowment investments (see tables below).

Board designated investments consist of monies received from the United States Olympic Committee which represent distributions from the surplus generated by the Los Angeles Olympic games which took place in 1984. The intention is to provide for long-term appreciation and stability, and use in perpetuity solely for the support of Olympic sailing, including training and development, organizational overhead, and operating expenses. The spending policy in place allows the Olympic Sailing Division (the Division) to request up to 4.5% of the value of the fund determined as of September 30th previous to the budget year in question, to be included in the Division's annual budget.

The Division may make such other requests directly to the board as the Division considers necessary for the good of the Olympic sailing program. The board shall determine if the disbursement is prudent based on considerations of the long-term preservation of the fund, economic conditions, the fund's expected total return, other resources available for the same purpose, the importance of the activity the disbursement will support, and other considerations as deemed appropriate by the board. Approvals of funding requests not taken by the Division by the close of business on December 31st of each budget year shall expire and shall not carry forward to succeeding budget years.

Long-term investment activity for the Organization is broken down into four categories and is reflected for the year ended December 31, 2017 as follows:

	<u>Unrestricted</u>	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Endowment</u>	<u>Total</u>
Investments – December 31, 2016	\$ 405,174	\$ 2,128,878	\$ 260,724	\$ 279,910	\$ 3,074,686
Investment Returns:					
Dividends and Interest	12,788	46,899	12,354	-	72,041
Net Realized and Unrealized (Gains) Losses	57,759	229,366	56,063	-	343,188
Investment Management Fees	(3,830)	(15,963)	(3,752)	-	(23,545)
Total Investment Return	66,717	260,302	64,665	-	391,684
Satisfaction of Restrictions through Operating Funds	28,691	-	(28,691)	-	-
Transfers Out	(3,000)	(879,548)	(14,000)	(30,000)	(926,548)
Investments – December 31, 2017	<u>\$ 497,582</u>	<u>\$ 1,509,632</u>	<u>\$ 282,698</u>	<u>\$ 249,910</u>	<u>\$ 2,539,822</u>

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 4 INVESTMENTS (CONTINUED)

Long-term investment activity for the Organization is reflected for the year ended December 31, 2016 as follows:

	<u>Unrestricted</u>	<u>Designated</u>	<u>Restricted</u>	<u>Endowment</u>	<u>Total</u>
Investments – December 31, 2015	\$ 336,341	\$ 2,238,955	\$ 162,202	\$ 103,500	\$ 2,840,998
Transfers In through Acquisition	60,640	-	94,953	176,410	332,003
Investment Returns:					
Dividends and Interest	8,474	52,016	7,919	-	68,409
Net Realized and Unrealized (Gains) Losses	3,544	39,722	(1,682)	-	41,584
Investment Management Fees	(3,825)	(18,371)	(2,668)	-	(24,864)
Total Investment Return	<u>8,193</u>	<u>73,367</u>	<u>3,569</u>	<u>-</u>	<u>85,129</u>
Transfers Out	-	(183,444)	-	-	(183,444)
Investments – December 31, 2016	<u>\$ 405,174</u>	<u>\$ 2,128,878</u>	<u>\$ 260,724</u>	<u>\$ 279,910</u>	<u>\$ 3,074,686</u>

NOTE 5 PLEDGES AND GRANTS RECEIVABLE

At year-end, the Organizations' contributors have pledged to give \$4,639,899 due through 2024. The present value of pledges receivable has been calculated using the applicable treasury rates ranging from 2.65% to 2.91%. Promised contributions are due as follows:

Within One Year	\$ 921,417
Due in 2019 and Beyond	3,718,482
Subtotal	<u>4,639,899</u>
Less: Reserve for Allowance	(65,000)
Less: Present Value Component	(447,234)
Present Value of Pledges and Grants Receivable, Net	<u>\$ 4,127,665</u>

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2017</u>	<u>2016</u>
Leasehold Improvements	\$ 31,250	\$ 103,667
Furniture and Equipment	333,834	400,049
Computers	318,807	387,716
Boats	1,153,809	1,011,433
Equipment Held Under Capital Leases	-	39,121
Software	1,943,012	1,494,042
Artwork	29,378	-
Total Property and Equipment	<u>\$ 3,810,090</u>	<u>\$ 3,436,028</u>

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 6 PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation and amortization (on software and publications) for the years ended December 31, 2017 and 2016 was \$376,440 and \$417,566, respectively.

Software in the amount of \$300,000 was recorded during both the year ended December 31, 2017 and 2016, which was the result of an exchange transaction. The Organization agreed to exchange consideration of an equal value, in the form of sponsorship rights, recognition, and privileges to the software provider, in exchange for software development services.

NOTE 7 OTHER ASSETS

As of December 31, 2017 and 2016, publications in process were \$139,243 for each year. Completed publications as of December 31, 2017 and 2016 were \$354,475 and \$411,086, respectively. Accumulated amortization on the completed publications was \$352,465 and \$402,518 as of December 31, 2017 and 2016, respectively.

Other assets also include inventory of trophies and soft goods designated for certified race officers totaling \$902 and \$-0- as of December 31, 2017 and 2016, respectively.

NOTE 8 LINE OF CREDIT

The Organization has a line of credit with a financial institution providing for maximum borrowings up to \$600,000. Interest is payable at the bank's prime rate (3.50% at December 31, 2016) plus 0.75%. As part of the agreement, the Organization must maintain unrestricted investments of marketable securities including unrestricted cash and liquid investments of no less than \$1,200,000. In May 2017, the Organization opened a new line of credit for \$500,000 and paid off previous line of credit. Interest is payable at the bank's prime rate plus 1.50% (5.50% at December 31, 2017). This line of credit is collateralized by substantially all inventory, equipment, and fixtures. The agreement will remain in effect until either party terminates or is paid in full. The balance was \$500,000 and \$-0- as of December 31, 2017 and 2016, respectively.

NOTE 9 NOTE PAYABLE

The Organization has a note payable agreement for an original amount of \$265,000 at an interest rate of 5.21% for five years, with payments due monthly. The collateral for this loan is all inventory, equipment, and fixtures. The note payable amounted to \$245,518 as of December 31, 2017.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 9 NOTE PAYABLE (CONTINUED)

Future payments under these agreements are as follows:

<u>Year Ending December 31.</u>	<u>Amount</u>
2018	\$ 48,802
2019	51,406
2020	54,149
2021	57,039
2022	34,122
Total	<u>\$ 245,518</u>

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS

Released from Restrictions

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Purpose restrictions accomplished are as follows:

	<u>2017</u>	<u>2016</u>
Training	\$ 16,695	\$ 62,406
Inshore	23,011	26,976
Championships	1,667	113,404
Youth Programs	55	101,879
Race Administration	-	4,733
Offshore	-	12,930
Olympics	899,541	1,426,881
Disabled	3,000	20,450
Muldoon Pledge	17,000	-
Walker Fund	4,000	-
Race Administration	793	-
Trustee Designation	14,601	-
Total	<u>\$ 980,363</u>	<u>\$ 1,769,659</u>

Temporarily Restricted

Temporarily restricted contributions and fundraising revenue were received for the following programs:

	<u>2017</u>	<u>2016</u>
Training	\$ -	\$ 8,361
Inshore	-	90
Olympics	659,211	3,294,910
Rutter Pledge	100,000	-
Muldoon Pledge	50,000	-
Total Contributions	<u>\$ 809,211</u>	<u>\$ 3,303,361</u>

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Temporarily restricted net assets were available for the following programs:

	2017	2016
Training	\$ 3,540	\$ 20,235
Inshore	4,438	27,441
Championships	96,631	98,242
Race Administration	2,442	2,437
Offshore	6,290	5,016
Olympics	4,121,022	4,331,195
Disabled	61,041	64,041
Trustee Designation	51,469	52,842
Race Administration	12,912	10,926
Olympics	14,814	11,626
Walker Fund	22,101	20,484
Rutter Pledge	100,000	-
Muldoon Pledge	33,000	-
Foundation	910	911
Temporarily Restricted Net Assets	\$ 4,530,610	\$ 4,645,396

NOTE 11 ENDOWMENT

The Organization's endowment consists of funds established to support operating and program activities. The endowment includes board designated and donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Board Designated Funds

The Organization's board designated funds consist of Olympic windfall funds. These funds do not have any donor-imposed restrictions so the board may choose to spend them at any time. Notwithstanding the absence of donor restrictions, the board has designated these funds for long-term use and has presented them accordingly.

Donor Restricted Funds

Interpretation of Relevant Law – The Rhode Island Uniform Prudent Management of Institutional Funds Act (RI UPMIFA) 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 of this interpretation, the Organization classifies as permanently restricted (a) the original value of the gift donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by RI UPMIFA.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 11 ENDOWMENT (CONTINUED)

In accordance with RI UPMIFA, the Organization considers the duration and preservation of the fund, the purposes of the Organization and the donor-restricted endowment fund, the general economic conditions, the possible effect of inflation and deflation, the expected total return from income and appreciation of investments, other resources of the Organization and the investment policies of the Organization.

Endowment Funds

Endowment net asset composition by type of fund as of December 31 is as follows:

	2017			Total
	Board Designated	Temporarily Restricted	Permanently Restricted	
Olympic Windfall Funds, Income Designated for General Operations	\$ 1,299,947	\$ -	\$ -	\$ 1,299,947
Sportsmanship Program	-	6,514	3,500	10,014
Gamble Endowment, Income Available for General Operations	-	104,910	100,000	204,910
Foundation Endowment	-	27,726	146,410	174,136
Total Endowment Funds	<u>\$ 1,299,947</u>	<u>\$ 139,150</u>	<u>\$ 249,910</u>	<u>\$ 1,689,007</u>

	2016			Total
	Board Designated	Temporarily Restricted	Permanently Restricted	
Olympic Windfall Funds, Income Designated for General Operations	\$ 1,942,235	\$ -	\$ -	\$ 1,942,235
Sportsmanship Program	-	5,240	3,500	8,740
Gamble Endowment, Income Available for General Operations	-	103,886	100,000	203,886
Foundation Endowment	-	39,371	176,410	215,781
Total Endowment Funds	<u>\$ 1,942,235</u>	<u>\$ 148,497</u>	<u>\$ 279,910</u>	<u>\$ 2,370,642</u>

Change in endowment net assets for the years ended December 31 is as follows:

	2017			Total
	Board Designated	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets, Beginning of Year	\$ 1,942,235	\$ 148,497	\$ 279,910	\$ 2,370,642
Withdrawal	(879,548)	(28,691)	-	(908,239)
Donor Reclassifications	-	(22,441)	(30,000)	(52,441)
Investment Return	237,260	41,785	-	279,045
Total Funds - End of Year	<u>\$ 1,299,947</u>	<u>\$ 139,150</u>	<u>\$ 249,910</u>	<u>\$ 1,689,007</u>

	2016			Total
	Board Designated	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets, Beginning of Year	\$ 2,059,546	\$ 100,861	\$ 103,500	\$ 2,263,907
Endowment Assets Acquired through Acquisition	-	42,982	176,410	219,392
Withdrawal	(184,409)	-	-	(184,409)
Investment Return	67,098	4,654	-	71,752
Total Funds - End of Year	<u>\$ 1,942,235</u>	<u>\$ 148,497</u>	<u>\$ 279,910</u>	<u>\$ 2,370,642</u>

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 11 ENDOWMENT (CONTINUED)

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 RI UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies at December 31, 2017 and 2016.

Return Objective and Risk Parameters – The Organization has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the board of directors, the endowment assets are invested with Charles Schwab. The Organization relies upon the experience and judgment of Windhaven Investment Management, a subsidiary of Charles Schwab to invest the funds under their direction in a manner as to achieve the established goal. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is in compliance with Global Investment Performance Standards (GIPS®) index while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 8% annually. Actual results in any given year may vary from this amount.

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 that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Association Spending Rule – Spending from the Associations endowment shall be determined by an expenditure rule that smooths the volatility of spending from year-to-year using a weighted-average formula which takes into account the 16 quarter Trailing Average of the overall value of the Organizations endowment (the Trailing Average) and the current market value of endowment. Spending for a fiscal year shall be calculated by adding 70% of the 16 quarter Trailing Average, to 30% of the market value of Associations endowment at the end of the preceding quarter, times the spending rate of 4.5%.

Foundation Spending Rule – Income to the Foundation from fund investments may only be used in furtherance of its exempt purposes retaining the principal within the Foundation as an endowment. Income is defined as the total return derived from capital, including the net of realized and unrealized appreciation and depreciation. All money or other property received as interest or as dividends on corporate shares shall be deemed income. Income not expended in a year may be accumulated and added to principal or held as undistributed income for future distribution, absent donor stipulation to the contrary.

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 12 PENSION PLAN

The Organization maintains an IRC Section 403(b) retirement plan (the Plan) covering substantially all employees employed for 90 days or more. Employees may elect to defer up to 15% of their compensation by contributing to the Plan. After two years of employment, the Organization matches employee contributions up to 5% of an employee's compensation. The participant is at all times 100% vested in elective deferrals and employer matching contributions. For the years ended December 31, 2017 and 2016, pension plan expense was approximately \$106,570 and \$117,743, respectively.

NOTE 13 COMMITMENTS

The Organization has the following commitments:

Operating Lease Commitments

The Organization leased its office and storage space under an operating lease that expired in September of 2017. The Organization entered into a new lease which expires in August of 2038 at a new office location. The initial lease term is for 14 years with an option to extend for an additional seven years. The Organization also leases storage space on a month-to-month basis. Total rent expense for each of the years ended December 31, 2017 and 2016 was approximately \$121,000 and 118,900, respectively.

Approximate aggregate minimum lease payments under this operating lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 152,972
2019	152,972
2020	152,972
2021	152,972
2022	152,972
Thereafter	1,342,753
Total	<u>\$ 2,107,613</u>

NOTE 14 DONATED SERVICES

The Organization recognized contribution revenue in 2017 and 2016 for donated services related to the editing and publishing of various instruction books related to learning to sail, adaptive sailing, the Racing Rules of Sailing (RRS), and safety at sea. Contribution revenue from services was measured based on the fair value of those services, and the amounts recognized were \$100,000 and \$111,140 for the years ended December 31, 2017 and 2016, respectively.

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

Board of Directors
United States Sailing Association, Inc. and Subsidiary
Bristol, Massachusetts

We have audited the consolidated financial statements of United States Sailing Association, Inc. and Subsidiary as of and for the years ended December 31, 2017 and 2016, and have issued our report thereon dated May 16, 2018, which contained an unmodified opinion on the consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for the purpose of additional analysis and is 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.



CliftonLarsonAllen LLP

Boston, Massachusetts
May 16, 2018

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	United States Sailing Association, Inc.	United States Sailing Foundation	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 270,340	\$ 156,431	\$ -	\$ 426,771
Investments Held for Short-Term Purposes	178,904	-	-	178,904
Accounts Receivable, Net	176,384	-	-	176,384
Pledges and Grants Receivable, Net	854,750	66,667	-	921,417
Inventory, Net	268,062	-	-	268,062
Prepaid Expenses	273,532	-	-	273,532
Total Current Assets	<u>2,021,972</u>	<u>223,098</u>	<u>-</u>	<u>2,245,070</u>
PROPERTY AND EQUIPMENT	3,810,090	-	-	3,810,090
Less: Accumulated Depreciation	1,667,814	-	-	1,667,814
Net Property and Equipment	<u>2,142,276</u>	<u>-</u>	<u>-</u>	<u>2,142,276</u>
OTHER ASSETS				
Long-Term Pledges Receivable, Net	3,145,021	61,227	-	3,206,248
Long-Term Investments	2,219,114	320,708	-	2,539,822
Other Assets, Net	142,155	-	-	142,155
Total Other Assets	<u>5,506,290</u>	<u>381,935</u>	<u>-</u>	<u>5,888,225</u>
Total Assets	<u>\$ 9,670,538</u>	<u>\$ 605,033</u>	<u>\$ -</u>	<u>\$ 10,275,571</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Line of Credit	\$ 500,000	\$ -	\$ -	\$ 500,000
Current Portion of Note Payable	48,802	-	-	48,802
Accounts Payable	509,329	2,316	-	511,645
Accrued Expenses	561,642	-	-	561,642
Deferred Revenue:				
Memberships	1,186,357	-	-	1,186,357
Program Sponsorship and Other	160,779	-	-	160,779
Total Current Liabilities	<u>2,966,909</u>	<u>2,316</u>	<u>-</u>	<u>2,969,225</u>
Deferred Revenue – Memberships	362,538	-	-	362,538
Note Payable, Less Current portion	196,716	-	-	196,716
Capital Lease Obligation, Less Current Portion	-	-	-	-
Total Liabilities	<u>3,526,163</u>	<u>2,316</u>	<u>-</u>	<u>3,528,479</u>
NET ASSETS				
Unrestricted:				
Board Designated for Endowment	1,299,947	-	-	1,299,947
Board Designated, Other	209,916	-	-	209,916
Other Unrestricted	235,608	221,101	-	456,709
Total Unrestricted Net Assets	<u>1,745,471</u>	<u>221,101</u>	<u>-</u>	<u>1,966,572</u>
Temporarily Restricted	4,295,404	235,206	-	4,530,610
Permanently Restricted	103,500	146,410	-	249,910
Total Net Assets	<u>6,144,375</u>	<u>602,717</u>	<u>-</u>	<u>6,747,092</u>
Total Liabilities and Net Assets	<u>\$ 9,670,538</u>	<u>\$ 605,033</u>	<u>\$ -</u>	<u>\$ 10,275,571</u>

UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS	United States Sailing Association, Inc.	United States Sailing Foundation	Eliminations	Total
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 144,745	\$ 33,417	\$ -	\$ 178,162
Investments Held for Short-Term Purposes	358,146	-	-	358,146
Accounts Receivable, Net	106,689	-	-	106,689
Pledges and Grants Receivable, Net	635,500	-	-	635,500
Inventory, Net	283,041	-	-	283,041
Prepaid Expenses	324,477	-	-	324,477
Total Current Assets	<u>1,852,598</u>	<u>33,417</u>	<u>-</u>	<u>1,886,015</u>
PROPERTY AND EQUIPMENT				
Property and Equipment	3,436,028	-	-	3,436,028
Less: Accumulated Depreciation	2,144,999	-	-	2,144,999
Net Property and Equipment	<u>1,291,029</u>	<u>-</u>	<u>-</u>	<u>1,291,029</u>
OTHER ASSETS				
Long-Term Pledges Receivable, Net	3,578,410	-	-	3,578,410
Long-Term Investments	2,748,148	326,538	-	3,074,686
Other Assets, Net	147,811	-	-	147,811
Total Other Assets	<u>6,474,369</u>	<u>326,538</u>	<u>-</u>	<u>6,800,907</u>
Total Assets	<u>\$ 9,617,996</u>	<u>\$ 359,955</u>	<u>\$ -</u>	<u>\$ 9,977,951</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Portion of Capital Lease Obligation	\$ 3,059	\$ -	\$ -	\$ 3,059
Accounts Payable	496,804	-	-	496,804
Accrued Expenses	322,677	-	-	322,677
Deferred Revenue:				
Memberships	1,134,045	-	-	1,134,045
Program Sponsorship and Other	240,737	-	-	240,737
Total Current Liabilities	<u>2,197,322</u>	<u>-</u>	<u>-</u>	<u>2,197,322</u>
Deferred Revenue - Memberships	358,241	-	-	358,241
Capital Lease Obligation, Less Current Portion	278	-	-	278
Grants Payable, Less Current Portion	-	-	-	-
Total Liabilities	<u>2,555,841</u>	<u>-</u>	<u>-</u>	<u>2,555,841</u>
NET ASSETS				
Unrestricted:				
Board Designated for Endowment	1,942,235	-	-	1,942,235
Board Designated, Other	186,876	-	-	186,876
Other Unrestricted	280,937	86,756	-	367,693
Total Unrestricted Net Assets	<u>2,410,048</u>	<u>86,756</u>	<u>-</u>	<u>2,496,804</u>
Temporarily Restricted	4,548,607	96,789	-	4,645,396
Permanently Restricted	103,500	176,410	-	279,910
Total Net Assets	<u>7,062,155</u>	<u>359,955</u>	<u>-</u>	<u>7,422,110</u>
Total Liabilities and Net Assets	<u>\$ 9,617,996</u>	<u>\$ 359,955</u>	<u>\$ -</u>	<u>\$ 9,977,951</u>

**UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2017
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

	United States Sailing Association, Inc.				United States Sailing Foundation				Elimination Entries	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total		
CHANGE IN OPERATING NET ASSETS										
OPERATING REVENUES AND OTHER SUPPORT										
Membership Dues	\$ 2,053,991	\$ -	\$ -	\$ 2,053,991	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,053,991
Educational and Program Activities	2,549,033	-	-	2,549,033	-	-	-	-	-	2,549,033
U.S. Olympic Committee Grants	861,075	-	-	861,075	-	-	-	-	-	861,075
Sponsorship Agreements	1,302,092	-	-	1,302,092	-	-	-	-	-	1,302,092
Contributions	1,756,014	659,211	-	2,415,225	544,797	150,000	-	694,797	(390,589)	2,719,433
Grants	616,512	-	-	616,512	-	-	-	-	-	616,512
Other	130,085	-	-	130,085	703	-	-	703	-	130,788
Net Assets Released from Restrictions Operations	943,969	(943,969)	-	-	36,394	(36,394)	-	-	-	-
Total Operating Revenues and Other Support	10,212,771	(284,758)	-	9,928,013	581,894	113,606	-	695,500	(390,589)	10,232,924
PROGRAM ACTIVITIES										
Support Services	2,626,920	-	-	2,626,920	-	-	-	-	-	2,626,920
Program Services	3,336,727	-	-	3,336,727	20,000	-	-	20,000	-	3,356,727
Olympic Activities	3,755,450	-	-	3,755,450	-	-	-	-	-	3,755,450
Total Program Activities	9,719,097	-	-	9,719,097	20,000	-	-	20,000	-	9,739,097
SUPPORTING SERVICES										
Management and General	956,394	-	-	956,394	83,313	-	-	83,313	-	1,039,707
Fundraising and Development	530,668	-	-	530,668	390,589	-	-	390,589	(390,589)	530,668
Total Supporting Services	1,487,062	-	-	1,487,062	473,902	-	-	473,902	(390,589)	1,570,375
Total Operating Expenses	11,206,159	-	-	11,206,159	493,902	-	-	493,902	(390,589)	11,309,472
CHANGE IN NET ASSETS FROM OPERATIONS	(993,388)	(284,758)	-	(1,278,146)	87,992	113,606	-	201,598	-	(1,076,548)
NONOPERATING ACTIVITIES										
Change in Donor Restriction	-	-	-	-	30,000	-	(30,000)	-	-	-
Investment Income (Loss), Net	328,811	31,555	-	360,366	16,353	24,811	-	41,164	-	401,530
CHANGE IN NONOPERATING NET ASSETS	328,811	31,555	-	360,366	46,353	24,811	(30,000)	41,164	-	401,530
CHANGE IN TOTAL NET ASSETS	(664,577)	(253,203)	-	(917,780)	134,345	138,417	(30,000)	242,762	-	(675,018)
Net Assets – Beginning of Year	2,410,048	4,548,607	103,500	7,062,155	86,756	96,789	176,410	359,955	-	7,422,110
NET ASSETS – END OF YEAR	<u>\$ 1,745,471</u>	<u>\$ 4,295,404</u>	<u>\$ 103,500</u>	<u>\$ 6,144,375</u>	<u>\$ 221,101</u>	<u>\$ 235,206</u>	<u>\$ 146,410</u>	<u>\$ 602,717</u>	<u>\$ -</u>	<u>\$ 6,747,092</u>

**UNITED STATES SAILING ASSOCIATION, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

	United States Sailing Association, Inc.				United States Sailing Foundation				Elimination Entries	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total		
CHANGE IN OPERATING NET ASSETS										
OPERATING REVENUES AND OTHER SUPPORT										
Membership Dues	\$ 1,989,039	\$ -	\$ -	\$ 1,989,039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,989,039
Educational and Program Activities	2,429,741	-	-	2,429,741	-	-	-	-	-	2,429,741
U.S. Olympic Committee Grants	1,075,400	-	-	1,075,400	-	-	-	-	-	1,075,400
Sponsorship Agreements	1,922,310	-	-	1,922,310	-	-	-	-	-	1,922,310
Contributions	821,605	3,303,361	-	4,124,966	20,000	-	-	20,000	-	4,144,966
Grants	270,454	-	-	270,454	-	-	-	-	-	270,454
Other	20,987	-	-	20,987	-	-	-	-	-	20,987
Net Assets Released from Restrictions	1,769,659	(1,769,659)	-	-	-	-	-	-	-	-
Total Operating Revenues and Other Support	10,299,195	1,533,702	-	11,832,897	20,000	-	-	20,000	-	11,852,897
PROGRAM ACTIVITIES										
Education and Certification Programs	2,287,857	-	-	2,287,857	-	-	-	-	-	2,287,857
Marketing and Communications	465,921	-	-	465,921	-	-	-	-	-	465,921
Membership Activities	1,087,274	-	-	1,087,274	-	-	-	-	-	1,087,274
Competitive Events	1,074,224	-	-	1,074,224	-	-	-	-	-	1,074,224
Olympic Activities	4,292,599	-	-	4,292,599	-	-	-	-	-	4,292,599
Total Program Activities	9,207,875	-	-	9,207,875	-	-	-	-	-	9,207,875
SUPPORTING SERVICES										
Management and General	1,133,488	-	-	1,133,488	1,325	-	-	1,325	-	1,134,813
Fundraising and Development	337,797	-	-	337,797	-	-	-	-	-	337,797
Total Supporting Services	1,471,285	-	-	1,471,285	1,325	-	-	1,325	-	1,472,610
Total Operating Expenses	10,679,160	-	-	10,679,160	1,325	-	-	1,325	-	10,680,485
CHANGE IN NET ASSETS FROM OPERATIONS	(379,965)	1,533,702	-	1,153,737	18,675	-	-	18,675	-	1,172,412
NONOPERATING ACTIVITIES:										
Contribution Income – Acquisition	-	-	-	-	69,077	101,256	176,410	346,743	-	346,743
Investment Loss, Net	82,556	8,036	-	90,592	(996)	(4,467)	-	(5,463)	-	85,129
CHANGE IN NONOPERATING NET ASSETS	82,556	8,036	-	90,592	68,081	96,789	176,410	341,280	-	431,872
CHANGE IN TOTAL NET ASSETS	(297,409)	1,541,738	-	1,244,329	86,756	96,789	176,410	359,955	-	1,604,284
Net Assets - Beginning of Year	2,707,457	3,006,869	103,500	5,817,826	-	-	-	-	-	5,817,826
NET ASSETS - END OF YEAR	<u>\$ 2,410,048</u>	<u>\$ 4,548,607</u>	<u>\$ 103,500</u>	<u>\$ 7,062,155</u>	<u>\$ 86,756</u>	<u>\$ 96,789</u>	<u>\$ 176,410</u>	<u>\$ 359,955</u>	<u>\$ -</u>	<u>\$ 7,422,110</u>