

**UNITED STATES EVENTING ASSOCIATION, INC.
REPORT ON THE AUDIT
OF THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
NOVEMBER 30, 2015 AND 2014**

UNITED STATES EVENTING ASSOCIATION, INC.
TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	2 - 3
Statements of Financial Position	4
Statement of Activities	
For the Year Ended November 30, 2015	5
For the Year Ended November 30, 2014	6
Statements of Cash Flows	7 - 8
Notes to the Financial Statements	9 - 19
Schedule of Functional Expenses	
For the Year Ended November 30, 2015	20
For the Year Ended November 30, 2014	21



INDEPENDENT AUDITORS' REPORT

To the Board of Governors
United States Eventing Association, Inc.

We have audited the accompanying financial statements of United States Evening Association, Inc. (a Virginia not-for-profit corporation), which comprise the statements of financial position as of November 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United States Eventing Association, Inc. as of November 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 20 - 21 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Knuttle & Associates, P.C.

**UNITED STATES EVENTING ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
NOVEMBER 30, 2015 AND 2014**

ASSETS

	2015	2014
CURRENT ASSETS		
Cash	\$ 1,040,385	\$ 1,325,688
Investments	872,578	647,897
Accounts Receivable (Net of Allowance for Doubtful Accounts of \$70 and \$420, Respectively)	25,077	40,324
Inventory	40,302	42,552
Prepaid Expenses	109,538	76,005
TOTAL CURRENT ASSETS	2,087,880	2,132,466
FIXED ASSETS		
Land and Building	1,097,303	1,083,226
Software	263,671	263,671
Furniture and Fixtures	174,429	172,089
Computer and Office Equipment	142,549	126,790
	1,677,952	1,645,776
Less -- Accumulated Depreciation	1,078,057	997,895
TOTAL FIXED ASSETS	599,895	647,881
 TOTAL ASSETS	 \$ 2,687,775	 \$ 2,780,347

LIABILITIES AND NET ASSETS

	2015	2014
CURRENT LIABILITIES		
Accounts Payable	\$ 16,230	\$ 18,300
Accrued Expenses	26,203	36,047
Due to Related Party	1,266	17,080
Accrued Wages	64,613	59,872
Accrued Severance Pay	32,809	0
Accrued Vacation	65,580	67,123
Deferred Membership Dues	479,242	437,075
Deferred Events and Sponsorships	166,005	135,517
TOTAL CURRENT LIABILITIES	851,948	771,014
NON-CURRENT LIABILITIES		
Accrued Severance Pay	131,239	0
TOTAL NON-CURRENT LIABILITIES	131,239	0
TOTAL LIABILITIES	983,187	771,014
NET ASSETS		
Unrestricted		
Undesignated	888,815	1,142,366
Designated	747,365	711,826
Total Unrestricted	1,636,180	1,854,192
Temporarily Restricted	68,408	155,141
TOTAL NET ASSETS	1,704,588	2,009,333
TOTAL LIABILITIES AND NET ASSETS	\$ 2,687,775	\$ 2,780,347

See The Accompanying Notes To The Financial Statements.

UNITED STATES EVENTING ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED NOVEMBER 30, 2015

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
PUBLIC SUPPORT AND REVENUES				
Competitions and Events	\$ 1,408,934	\$ 0	\$ 0	\$ 1,408,934
Membership Dues	904,815	0	0	904,815
Area Programs	752,802	0	0	752,802
Sponsorships and Contributions	660,742	46,575	0	707,317
Xentry and Other Income	158,773	0	0	158,773
Annual Meeting	104,750	0	0	104,750
Educational Programs	86,938	0	0	86,938
Event Supplies	66,101	0	0	66,101
Publication Advertising	59,084	0	0	59,084
Merchandise Sales (Net of Costs of Goods Sold of \$52,706)	37,727	0	0	37,727
Dividends and Interest	14,328	0	0	14,328
Net Assets Released from Restrictions	133,308	(133,308)	0	0
TOTAL PUBLIC SUPPORT AND REVENUES	4,388,302	(86,733)	0	4,301,569
EXPENSES AND LOSSES				
Functional Expenses				
Program Services				
Competition and Events	1,595,524	0	0	1,595,524
Area Programs	782,154	0	0	782,154
Memberships	352,426	0	0	352,426
Publication and Communication	220,539	0	0	220,539
Educational Programs	207,248	0	0	207,248
Total Program Services	3,157,891	0	0	3,157,891
Management and General	1,181,615	0	0	1,181,615
Fundraising	96,748	0	0	96,748
Total Functional Expenses	4,436,254	0	0	4,436,254
Loss on Disposal of Fixed Assets	3,730	0	0	3,730
Realized Loss on Investments	1,367	0	0	1,367
Unrealized Loss on Investments	915	0	0	915
TOTAL EXPENSES AND LOSSES	4,442,266	0	0	4,442,266
CHANGE IN NET ASSETS	(53,964)	(86,733)	0	(140,697)
NET ASSETS,				
BEGINNING OF YEAR	1,854,192	155,141	0	2,009,333
PRIOR PERIOD ADJUSTMENT	(164,048)	0	0	(164,048)
BEGINNING OF YEAR, RESTATED	1,690,144	155,141	0	1,845,285
END OF YEAR	\$ 1,636,180	\$ 68,408	\$ 0	1,704,588

See The Accompanying Notes To The Financial Statements.

UNITED STATES EVENTING ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED NOVEMBER 30, 2014

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
PUBLIC SUPPORT, REVENUES AND GAINS				
Competitions and Events	\$ 1,472,343	\$ 0	\$ 0	\$ 1,472,343
Membership Dues	901,181	0	0	901,181
Area Programs	720,681	0	0	720,681
Sponsorships and Contributions	620,475	40,010	0	660,485
Xentry and Other Income	117,566	0	0	117,566
Publication Advertising	111,566	0	0	111,566
Annual Meeting	110,815	0	0	110,815
Educational Programs	80,615	0	0	80,615
Event Supplies	77,913	0	0	77,913
Unrealized Gain on Investments	14,709	0	0	14,709
Dividends and Interest	12,812	0	0	12,812
Merchandise Sales (Net of Costs of Goods Sold of \$61,940)	10,781	0	0	10,781
Net Assets Released from Restrictions	28,707	(28,707)	0	0
TOTAL PUBLIC SUPPORT, REVENUES AND GAINS	<u>4,280,164</u>	<u>11,303</u>	<u>0</u>	<u>4,291,467</u>
EXPENSES AND LOSSES				
Functional Expenses				
Program Services				
Competition and Events	1,380,852	0	0	1,380,852
Area Programs	777,677	0	0	777,677
Memberships	307,224	0	0	307,224
Publication and Communication	284,621	0	0	284,621
Educational Programs	201,828	0	0	201,828
Total Program Services	<u>2,952,202</u>	<u>0</u>	<u>0</u>	<u>2,952,202</u>
Management and General	1,242,147	0	0	1,242,147
Fundraising	77,884	0	0	77,884
Total Functional Expenses	<u>4,272,233</u>	<u>0</u>	<u>0</u>	<u>4,272,233</u>
Realized Loss on Investments	558	0	0	558
TOTAL EXPENSES AND LOSSES	<u>4,272,791</u>	<u>0</u>	<u>0</u>	<u>4,272,791</u>
CHANGE IN NET ASSETS	7,373	11,303	0	18,676
NET ASSETS,				
BEGINNING OF YEAR	1,846,819	143,838	0	1,990,657
END OF YEAR	<u>\$ 1,854,192</u>	<u>\$ 155,141</u>	<u>\$ 0</u>	<u>2,009,333</u>

See The Accompanying Notes To The Financial Statements.

**UNITED STATES EVENTING ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Grantors and Supporters	\$ 4,091,755	\$ 3,994,075
Dividends and Interest Received	14,328	12,812
Cash Paid to Vendors and Employees	(4,112,505)	(3,986,570)
Transfer to USEA Foundation	(71,500)	0
Interest Paid	0	0
Income Taxes Paid	0	0
	<u>(77,922)</u>	<u>20,317</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for the Purchase of Property	(35,605)	(25,279)
Payments for the Purchase of Investments	(325,603)	(105,300)
Proceeds from the Sale of Investments	153,827	144,994
	<u>(207,381)</u>	<u>14,415</u>
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES		
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(285,303)	34,732
CASH AND CASH EQUIVALENTS,		
BEGINNING OF YEAR	1,325,688	1,290,956
END OF YEAR	<u>\$ 1,040,385</u>	<u>\$ 1,325,688</u>
NON-CASH OPERATING ACTIVITIES		
Donated Goods	<u>\$ 276,407</u>	<u>\$ 256,842</u>
NON-CASH INVESTING ACTIVITIES		
Donated Investments	\$ 55,187	\$ 45,472
Donated Fixed Assets	4,500	0
TOTAL NON-CASH INVESTING ACTIVITIES	<u>\$ 59,687</u>	<u>\$ 45,472</u>

See The Accompanying Notes To The Financial Statements.

**UNITED STATES EVENTING ASSOCIATION, INC.
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**

	2015	2014
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	<u>\$ (140,697)</u>	<u>\$ 18,676</u>
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities:		
Allowance for Doubtful Accounts	(350)	(454)
Depreciation	84,361	78,237
Loss on Disposal of Fixed Assets	3,730	0
Unrealized Loss (Gain) on Investments	915	(14,709)
Realized Loss on Investments	1,367	558
Donated Investments	(55,187)	(45,472)
Donated Fixed Asset	(4,500)	0
Changes in Certain Assets and Liabilities:		
Accounts Receivable	15,597	6,981
Inventory	2,250	(16,726)
Prepaid Expenses	(33,533)	(21,648)
Due from Related Party	0	4,445
Accounts Payable	(2,070)	3,627
Accrued Expenses	(9,844)	8,386
Due to Related Party	(15,814)	17,080
Accrued Wages	4,741	20,611
Accrued Vacation	(1,543)	(3,251)
Deferred Membership Dues	42,167	(24,353)
Deferred Events and Sponsorships	30,488	(11,671)
Total Adjustments	<u>62,775</u>	<u>1,641</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ (77,922)</u></u>	<u><u>\$ 20,317</u></u>

See The Accompanying Notes To The Financial Statements.

**UNITED STATES EVENTING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A) Organization and Nature of Activities

The United States Eventing Association, Inc. (the "Association") was founded in 1959 as a not-for-profit educational association dedicated to promoting and developing equestrian eventing throughout the United States of America. The Association accomplishes its mission by educating and assisting its members, including competitors, event organizers, and officials; maintaining responsible safety standards for events; registering qualified competitions and competitors; and providing training opportunities designed to improve the skills and abilities of both horse and rider. The Association has approximately 12,000 members and affiliates. A summary of the Association's program services are described below:

Competitions and Events - All levels of sanctioned competition are designed to educate and train both horse and rider to safely and enjoyably move up the levels from entry level to Olympic level with courses being created, built and approved by USEA trained officials, course designers, course advisors and officials.

Area Programs - The country is divided into ten areas which serve the members at the local grassroots level. The Areas implement the Association's educational programs to ensure that riders and horses are well-prepared to safely meet the requirements at each level of competition. The Area Programs emphasize on improving the quality of instruction given by professional instructors and providing clinics and seminars to improve riding ability and safety techniques.

Memberships - The Association provides its members indispensable resources for education, safety, horse welfare, certification, training and information at the annual meeting.

Publication and Communication - Publications and inventory items are designed to be educational and informative to raise both awareness of the sport of eventing and to ensure participants have the tools required to make certain that they and their horses are able to compete safely and competently and are kept abreast of rule changes and other significant developments to improve the sport.

UNITED STATES EVENTING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

A) Organization and Nature of Activities (Continued)

Educational Programs - The Association informs members about significant developments in the sport over the prior year focusing on riding standards, horse welfare, safety requirements and adequate qualification required to advance in the sport. Improvements and enhancements in all aspect of education and promotional programs are discussed and developed for implementation in the coming year.

B) Basis of Accounting

The Association's accounts are maintained on the accrual basis of accounting. Grants and other contributions are reported as temporarily restricted support if they are received with stipulations that limit the use of the funding. When the restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Expenses are recorded when incurred.

C) Basis of Presentation

The Association reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Association does not use fund accounting.

D) Accounting Policies

Cash and Cash Equivalents - For purposes of reporting cash flows, cash is defined as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes. The Association has deposits at financial institutions in excess of federally insured limits of approximately \$119,415 and \$574,000 as of November 30, 2015 and 2014, respectively. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

UNITED STATES EVENTING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

D) Accounting Policies (Continued)

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values. Fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. Unrealized and realized gains and losses are included in the change in net assets.

Pledges Receivable - When a donor has unconditionally promised to contribute funds in future periods, the Association recognizes the fair value of the pledge receivable. Pledges expected to be collected within one year are recorded as a donation and a receivable at net realizable value, which approximates fair value. Pledges expected to be collected in future years are recorded as a donation and a receivable at the present value of the expected future cash flows. Pledges receivable at November 30, 2015 and 2014 amount to \$0, respectively.

Allowance for Doubtful Accounts - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable receivable. The allowance for doubtful amounts to \$70 and \$420 as of November 30, 2015 and 2014, respectively.

Inventory - Inventory consists primarily of educational publications, videos, eventing materials, and branded logo items purchase for resale. Inventory is valued at the lower of cost or market on an average costs basis. Inventory at November 30, 2015 and 2014 amounts to \$40,302 and \$42,552, respectively, net of a reserve for obsolescence.

Fixed Assets - Purchased fixed assets are stated at cost. Donated assets are recorded at fair value on the date of donation and amount to \$4,500 and \$0 at November 30, 2015 and 2014, respectively. Expenditures for repairs and maintenance are charged to expense as incurred, whereas renewals and betterments that extend the lives of property are capitalized. The Association capitalizes assets with an original cost of \$1,000 or greater. Depreciation is computed on the straight-line method over various useful lives. Depreciation expense amounts to \$84,361 and \$78,237 as of November 30, 2015 and 2014, respectively.

UNITED STATES EVENTING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

D) Accounting Policies (Continued)

Accrued Expenses - Accrued expenses at November 30, 2015 and 2014 amount to \$26,203 and \$36,047, respectively. Of these totals at November 30, 2015 and 2014, \$19,926 and \$25,577, respectively, consist of accrued prizes and awards for events occurring during the current year that are pending completion of the requisite paperwork for disbursement to the winner.

Deferred Revenue - Deferred revenue consists principally of membership dues, sponsorships, and registrations received in advance of the applicable membership period or program event. Membership dues revenue is recognized ratably over the applicable membership terms, which coincide with the Association's fiscal year. Sponsorships are either recognized in conjunction with the event being sponsored or ratably over the sponsorship agreement for agreements covering multiple program activities. Competition events and educational registrations are recognized when the event or education program is held. Deferred revenue amounts to \$645,247 and \$572,592 at November 30, 2015 and 2014, respectively.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Donated Services - Donated services are recognized as revenues at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills which would need to be purchased if they were not donated. Some of the donated services received by the Association include program and clerical support by unpaid volunteers. No amounts have been reflected in the financial statements for those services because the criteria for recognition have not been satisfied.

Donated Investments - Donated investments are recorded at their fair value on the date of donation. The Association's policy is to liquidate donated investments promptly upon their receipt. During the years end November 30, 2015 and 2014, the Association received donations of investments valued at \$55,187 and \$45,472, respectively. These amounts are included in sponsorships and contributions revenue on the Statements of Activities.

**UNITED STATES EVENTING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**

**NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

D) Accounting Policies (Continued)

Donated Goods - Donated goods are recorded at their estimated fair value on the date of donation. The Association received donated goods in the amount of \$276,407 and \$256,842 during the years ended November 30, 2015 and 2014, respectively. These amounts are included in sponsorships and contributions revenue in the Statements of Activities and in awards, trophies and certificates expense in the Schedules of Functional Expenses.

NOTE 2 - INVESTMENTS

At November 30, 2015, investments are stated at fair value and consist of certificates of deposit, mutual funds and government bonds as follows:

	Balance at November 30, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)
Certificates of Deposit	\$ 418,283	\$ 0	\$ 418,283
Mutual Funds	282,389	282,389	0
Government Bonds	171,906	0	171,906
	<u>\$ 872,578</u>	<u>\$ 282,389</u>	<u>\$ 590,189</u>

At November 30, 2014, investments are stated at fair value and consist of certificates of deposit, mutual funds and government bonds as follows:

	Balance at November 30, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)
Certificates of Deposit	\$ 298,717	\$ 0	\$ 298,717
Mutual Funds	168,369	168,369	0
Government Bonds	180,811	0	180,811
	<u>\$ 647,897</u>	<u>\$ 168,369</u>	<u>\$ 479,528</u>

**UNITED STATES EVENTING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**

NOTE 2 - INVESTMENTS (CONTINUED)

Generally accepted accounting principles provide the definition of fair value for financial reporting, establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, and require disclosure about the use of fair value measurements. The Association uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Association measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. When Level 1 inputs were not available, the Association utilized Level 2 estimates to derive fair value. No Level 3 inputs were used.

Level 1 Fair Value Measurements

The fair value of mutual funds is based on unadjusted quoted market prices in active markets for identical assets.

Level 2 Fair Value Measurements

The fair value of certificates of deposits and government bonds is based on quoted prices in inactive markets, or whose values are based on models, however, the inputs to those models are observable either directly or indirectly for substantially the full term of the asset.

The following schedule summarizes investment return and its classification in the Statements of Activities:

November 30, 2015:

	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Dividends and Interest	\$ 14,328	\$ 14,328	\$ 0
Unrealized Loss on Investments	(915)	(915)	0
Realized Loss on Investments	(1,367)	(1,367)	0
	<u>\$ 12,046</u>	<u>\$ 12,046</u>	<u>\$ 0</u>

November 30, 2014:

	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Dividends and Interest	\$ 12,812	\$ 12,812	\$ 0
Unrealized Gain on Investments	14,709	14,709	0
Realized Loss on Investments	(558)	(558)	0
	<u>\$ 26,963</u>	<u>\$ 26,963</u>	<u>\$ 0</u>

**UNITED STATES EVENTING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**

NOTE 3 - RELATED PARTY TRANSACTIONS

At November 30, 2015 and 2014, the Association owed the Foundation \$1,266 and \$17,080 primarily related to grants and fees collected by the Association on behalf of the Foundation.

During the years ended November 30, 2015 and 2014, the Foundation received \$16,381 and \$15,750 of donated services from the Association, respectively.

The Foundation may also provide grants and sponsorships in support of the Association's program activities. During the years ended November 30, 2015 and 2014, the Foundation donated \$68,500 and \$103,050, respectively, for educational grants on behalf of the Association's program activities.

During the year ended November 30, 2015, the Association's Board of Governors voted to make the Foundation recipient of all grants received by USEA. As such, \$71,500 of grants received in prior years by the Association were transferred to the Foundation during the year ended November 30, 2015.

NOTE 4 - NET ASSET DESIGNATIONS

The Board of Governors may internally designate a portion of the Association's net assets as funds earmarked for specific purposes. Additionally, board designated funds may be redirected by the Board of Governors.

The Association reported internally designated funds for the following purposes at November 30:

	2015	2014
Area Young and Adult Rider	\$ 404,208	\$ 395,023
Area Administrative Funds	257,854	254,476
Equine Research Fund	49,736	46,357
Course Design	19,597	0
Building Improvement Fund	15,970	15,970
	<u>\$ 747,365</u>	<u>\$ 711,826</u>

**UNITED STATES EVENTING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**

NOTE 5 - TEMPORARILY RESTRICTED NET ASSET RESTRICTIONS

Temporarily restricted net assets are available for the following purposes or periods at November 30:

	2015	2014
Future Event Horse	\$ 45,306	\$ 35,947
Cardio Research Study	11,425	30,017
ICP II Booster	9,177	9,177
Young Event Horse	2,500	75,000
Worth the Trust Scholarship	0	5,000
	<u>\$ 68,408</u>	<u>\$ 155,141</u>

Net assets were released from the following temporarily restricted donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors during the years ended November 30, 2015 and 2014:

	2015	2014
Young Event Rider (Including \$66,500 Transferred to the Foundation)	\$ 79,000	\$ 0
Future Event House	25,641	20,852
Cardio Research Study	18,667	2,356
Worth the Trust Scholarship (Including \$5,000 Transferred to the Foundation)	10,000	5,000
ICP II Booster	0	499
	<u>\$ 133,308</u>	<u>\$ 28,707</u>

NOTE 6 - LEASE COMMITMENTS

The Association leases office equipment (digital copiers and postage machines) under several non-cancelable operating leases that expire between 2014 and 2016 with minimum monthly payments of approximately \$1,000. Office equipment rental expense amounts to \$11,513 and \$12,680 for the years ended November 30, 2015 and 2014, respectively. Future minimum rent payments for office equipment are as follows:

For the Year Ended November 30, 2016 \$ 3,800

UNITED STATES EVENTING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014

NOTE 7 - RETIREMENT PLAN

The Association maintains a 401(k) qualified retirement plan covering all employees meeting certain minimum requirements are eligible to participate in the retirement plan. The Association makes matching contributions to the Association based upon 50% of the participants' contributions up to a maximum of 6% of participants' salary deferral contributions. During the years ended November 30, 2015 and 2014, the Association incurred \$31,559 and \$22,186, respectively, in retirement plan expense associated with matching contributions.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Competition and Events: The Association endorses or sponsors various competitive riding events throughout the United States of America. Given the risk associated with eventing, the Association obtains competition liability insurance coverage of \$1,000,000 per competition and \$2,000,000 aggregate. No assurance can be given regarding the adequacy of insurance coverage although the Association has not experienced losses in excess of its insurance coverage in the past.

Group Membership and Drug Testing Agreement: The Association contracts with USA Equestrian Federation for group membership and drug testing services. During the years ended November 30, 2015 and 2014, the Association paid \$175,000, respectively, to the USA Equestrian Federation and reported no accrued liability associated with the contractual agreement.

Hotel Contracts: The Association has hotel contracts for future meetings and conferences. These contracts contain cancellation clauses that require the Association to pay certain liquidating damages in the event of cancellation. The amount of damages varies depending upon the date of cancellation, numbers of rooms reserved, percentage of rooms resold by the hotel, etc. In the event of cancellation, the Association may also risk forfeiture of any deposits held by the hotels. The Association also considers cancellation insurance for its annual meeting.

NOTE 9 - PRIOR PERIOD ADJUSTMENT

For the year ended November 30, 2015, a prior period adjustment of \$164,048 was recorded to beginning net asset in order to recognize accrued severance pay as of November 30, 2014. See Note 10 for details.

UNITED STATES EVENTING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014

NOTE 10 - ACCRUED SEVERANCE PAY

On February 5, 2008, the Association entered into an employment contract for the Executive Director position. The contract stipulated that if the contract is not renewed at the end of the contract period and subsequent renewal periods, the Association would be required to provide severance pay to the Executive Director equating to one-year of salary, all accrued but unused annual leave, and the monetary value of one year of benefits. During the year ended November 30, 2015, the former Executive Director did not renew the corresponding employment contract, and as such, the Association accrued severance pay of \$164,048, which will be paid equally to the Executive Director over five years. In accordance with generally accepted accounting principles, one-time termination benefits are recorded on the date the plan has been communicated to employees; as such, the \$164,048 prior period adjustment discussed in Note 9 has been recorded to retroactively recognize the contract severance liability as of February 5, 2008.

Future minimum payments of the accrued severance pay liability are as follows:

For the Year Ended November 30, 2016	\$	32,809
2017		32,809
2018		32,809
2019		32,809
2020		32,812
		<u>\$ 164,048</u>

NOTE 11 - UNRELATED BUSINESS INCOME TAXES AND TAX CONSIDERATIONS

The Association files its tax returns with the U.S. federal and various state and local tax jurisdictions. With few exceptions, the Association is no longer subject to examinations by major tax jurisdictions for years ending November 30, 2012 and prior. The Association has no income tax expense for the years ended November 30, 2015 and 2014.

The Association has experienced losses on its unrelated business activities and has accumulated net operating loss deductions totaling \$34,780 through the years ended November 30, 2015, including utilization of \$8,422 and expiration of \$0 of net operating loss deductions during the year ended November 30, 2015. The remaining net operating loss deductions may be carried forward to offset any taxable income resulting from unrelated business income through the years ending November 30, 2016 - 2033. Management is currently unable to determine if or when the Association may benefit from the carryover deductions and any potential deferred tax asset is, therefore, fully reserved by a valuation allowance.

**UNITED STATES EVENTING ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED NOVEMBER 30, 2015 AND 2014**

**NOTE 11 - UNRELATED BUSINESS INCOME TAXES AND TAX CONSIDERATIONS
(CONTINUED)**

As such, the accompanying financial statements include no provision for current or deferred income taxes based upon the net operating losses experienced.

The Association includes penalties and interest assessed by taxing authorities in its operating expenses. These total to \$0 for the years ended November 30, 2015 and 2014, respectively.

NOTE 12 - SUBSEQUENT EVENTS

The date to which events occurring after November 30, 2015, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is January 29, 2016, the date the financial statements were available to be issued.

**UNITED STATES EVENTING ASSOCIATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED NOVEMBER 30, 2015**

	Program Services					Supporting Services			Total
	Competitions and Events	Area Programs	Memberships	Publication and Communication	Educational Programs	Program Services Total	Management and General	Fundraising	
Advertising and Promotion	\$ 14,950	\$ 0	\$ 0	\$ 180	\$ 0	\$ 15,130	\$ 25,700	\$ 0	\$ 40,830
Affiliation Dues	100	0	0	0	0	100	2,703	0	2,803
Area Allocations	63,909	740,202	0	0	0	804,111	0	0	804,111
Awards, Trophies and Certificates	388,356	0	11,677	0	0	400,033	1,560	0	401,593
Bank Fees and Charges	0	0	0	0	0	0	105,692	0	105,692
Communications	35	0	15	77	0	127	25,971	0	26,098
Compensation and Benefits	255,138	22,860	165,602	82,733	83,958	610,290	653,698	96,748	1,360,736
Computer and Equipment Lease	1,277	0	0	601	0	1,878	65,757	0	67,635
Depreciation	37,789	19,092	8,602	5,383	5,059	75,925	8,436	0	84,361
Group Membership and Drug Testing	175,000	0	0	0	0	175,000	0	0	175,000
Insurance	91,760	0	0	0	17,080	108,840	21,040	0	129,880
Miscellaneous	8,928	0	1,248	0	58	10,234	11,755	0	21,989
Occupancy	36,016	0	0	0	0	36,016	84,570	0	120,586
Outside Services	132,747	0	5,470	30,450	58,761	227,428	52,931	0	280,359
Postage and Shipping	58,967	0	28,961	28,122	932	116,982	5,306	0	122,288
Printing	31,581	0	22,104	64,781	0	118,466	3,979	0	122,445
Professional Fees	0	0	0	0	0	0	23,555	0	23,555
Program Development	325	0	0	0	0	325	403	0	728
Scholarships and Contributions	47,365	0	0	0	0	47,365	0	0	47,365
Supplies and Materials	28,599	0	7,619	249	473	36,940	39,317	0	76,257
Transfer to USEA Foundation	71,500	0	0	0	0	71,500	0	0	71,500
Travel and Meetings	151,182	0	101,128	7,963	40,928	301,201	49,242	0	350,443
	<u>\$ 1,595,524</u>	<u>\$ 782,154</u>	<u>\$ 352,426</u>	<u>\$ 220,539</u>	<u>\$ 207,248</u>	<u>\$ 3,157,891</u>	<u>\$ 1,181,615</u>	<u>\$ 96,748</u>	<u>\$ 4,436,254</u>

**UNITED STATES EVENTING ASSOCIATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED NOVEMBER 30, 2014**

	Program Services					Supporting Services			Total
	Competitions and Events	Area Programs	Memberships	Publication and Communication	Educational Programs	Program Services Total	Management and General	Fundraising	
Advertising and Promotion	\$ 16,530	\$ 0	\$ 0	\$ 950	\$ 0	\$ 17,480	\$ 25,655	\$ 0	\$ 43,135
Affiliation Dues	0	0	0	0	0	0	3,080	0	3,080
Area Allocations	63,852	738,029	0	0	0	801,881	0	0	801,881
Awards, Trophies and Certificates	381,865	0	9,024	0	0	390,889	2,908	0	393,797
Bank Fees and Charges	45	0	0	0	0	45	95,391	0	95,436
Communications	59	0	0	387	0	446	23,581	0	24,027
Compensation and Benefits	204,133	18,098	122,480	71,552	73,025	489,288	703,581	73,972	1,266,841
Computer and Equipment Lease	0	0	0	1,901	0	1,901	54,535	0	56,436
Depreciation	31,507	20,662	5,028	5,799	3,505	66,501	7,824	3,912	78,237
Group Membership and Drug Testing	175,000	0	0	0	0	175,000	0	0	175,000
Insurance	94,679	0	0	0	18,600	113,279	20,483	0	133,762
Miscellaneous	15,658	0	215	350	128	16,351	7,023	0	23,374
Occupancy	53,327	0	0	0	0	53,327	83,419	0	136,746
Outside Services	121,201	0	7,080	45,553	67,116	240,950	62,732	0	303,682
Postage and Shipping	6,947	0	28,087	54,135	1,463	90,632	30,603	0	121,235
Printing	17,661	0	22,815	92,519	237	133,232	24,364	0	157,596
Professional Fees	0	0	0	0	0	0	15,534	0	15,534
Program Development	125	0	0	0	0	125	0	0	125
Scholarships and Contributions	15,450	0	0	0	0	15,450	0	0	15,450
Supplies and Materials	12,126	0	6,838	265	779	20,008	38,850	0	58,858
Travel and Meetings	170,687	888	105,657	11,210	36,975	325,417	42,584	0	368,001
	<u>\$ 1,380,852</u>	<u>\$ 777,677</u>	<u>\$ 307,224</u>	<u>\$ 284,621</u>	<u>\$ 201,828</u>	<u>\$ 2,952,202</u>	<u>\$ 1,242,147</u>	<u>\$ 77,884</u>	<u>\$ 4,272,233</u>