United States Eventing Association, Inc.

Financial Statements

For the Year Ended
November 30, 2019

Illinois NFP Audit and Tax, LLP

United States Eventing Association, Inc.

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of United States Eventing Association, Inc., which comprise the statement of financial position as of November 30, 2019, and the related statements of activities, functional expenses and cash flows for the year 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Auditor's Responsibility (Continued)

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 opinion.

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, 2019, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

IL NFP Audit & Tax, LLP

Chicago, Illinois

July 24, 2020

United States Eventing Association, Inc.
Statement of Financial Position
November 30, 2019

Assets

Current Assets		
Cash and Cash Equivalents	$	666,444
Investments		184,260
Accounts Receivable		49,945
Due from Related Party		1,015,012
Prepaid Expenses		100,387
Inventory		62,753
Total Current Assets		2,078,801
Total Fixed Assets, Net		593,349
Total Assets	$	2,672,150

Liabilities and Net Assets

Current Liabilities		
Accounts Payable	$	259,334
Accrued Expenses		46,476
Accrued Wages and Vacation		157,711
Accrued Severance Pay		73,119
Deferred Memberships		315,505
Deferred Events and Sponsorships		67,471
Total Current Liabilities		919,616
Non-Current Liabilities		
Deferred Memberships		198,662
Total Non-Current Liabilities		198,662
Total Liabilities		1,118,278
Net Assets		
Without Donor Restrictions - Undesignated		674,177
Without Donor Restrictions - Designated		649,603
Total Without Donor Restrictions		1,323,780
With Donor Restrictions		230,092
Total Net Assets		1,553,872
Total Liabilities and Net Assets	$	2,672,150

United States Eventing Association, Inc.
Statement of Activities
For the Year Ended November 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Gains			
Competition and Events	$ 1,216,020	$ 0	$ 1,216,020
Membership Dues	1,039,224	0	1,039,224
Area Programs	1,012,121	0	1,012,121
Sponsorships and Contributions	375,061	69,954	445,015
In-Kind Donations	354,122	0	354,122
Xentry and Other Income	226,960	0	226,960
Net Investment Return	131,730	5,253	136,983
Annual Meeting	129,410	0	129,410
Educational Programs	58,025	0	58,025
Publication and Advertising	39,490	0	39,490
Merchandise Sales (Net of Costs of Goods Sold of $73,814)	28,881	0	28,881
Event Supplies	25,028	0	25,028
Net Assets Released from Restrictions	34,481	(34,481)	0
Total Revenue, Support and Gains	4,670,553	40,726	4,711,279
Functional Expenses			
Program Services	3,295,708	0	3,295,708
Management and General	1,331,432	0	1,331,432
Fundraising	47,291	0	47,291
Total Functional Expenses	4,674,431	0	4,674,431
Change in Net Assets	(3,878)	40,726	36,848
Net Assets,			
Beginning of Year	1,358,089	189,366	1,547,455
Prior Period Adjustment	(30,431)	0	(30,431)
Beginning of Year, Restated	1,327,658	189,366	1,517,024
End of Year	$ 1,323,780	$ 230,092	$ 1,553,872

United States Eventing Association, Inc.
Statement of Functional Expenses
For the Year Ended November 30, 2019

	Program Services								
	Areas	Competitions	Education	Media	Memberships	Total Program Services	Total Management and General	Total Fundraising	Total
Advertising	$ 0	$ 5,581	$ 0	$ 60	$ 459	$ 6,100	$ 24,824	$ 0	$ 30,924
Affiliation Dues	0	0	0	0	0	0	3,337	0	3,337
Area Allocations	1,042,908	0	0	0	0	1,042,908	0	0	1,042,908
Awards & Trophies	0	447,038	14,080	0	57,711	518,829	0	0	518,829
Bank & Processing Fees	0	0	0	64	0	64	163,766	0	163,830
Depreciation & Amortization	0	8,919	0	720	0	9,639	62,833	0	72,472
Employee Benefits	3,646	45,579	5,470	18,232	21,878	94,805	82,044	5,470	182,319
Equipment Rental & Software	0	20	0	0	1,994	2,014	79,236	0	81,250
Group Membership & Drug Testing	0	175,000	0	0	0	175,000	0	0	175,000
Insurance	0	93,375	18,720	0	0	112,095	24,923	0	137,018
Miscellaneous	0	1,349	330	310	109	2,098	5,955	0	8,053
Occupancy	0	0	0	0	0	0	75,855	0	75,855
Outside Services	0	96,500	36,071	27,011	3,300	162,882	36,169	0	199,051
Payroll Taxes	1,988	24,851	2,982	9,940	11,929	51,690	44,732	2,982	99,404
Postage & Shipping	0	11,822	400	24,698	24,975	61,895	11,398	0	73,293
Printing	0	5,665	844	69,099	9,919	85,527	7,648	0	93,175
Professional Fees	0	0	0	0	0	0	12,476	0	12,476
Program Development	0	2,720	0	0	0	2,720	1,260	0	3,980
Salaries & Wages	25,892	323,654	38,839	129,462	155,354	673,201	583,105	38,839	1,295,145
Sponsorships & Grants	0	51,906	5,000	0	0	56,906	0	0	56,906
Supplies & Materials	0	5,338	52	315	9,197	14,902	19,085	0	33,987
Telecommunications	0	0	0	0	0	0	32,122	0	32,122
Travel & Meetings	0	28,536	22,868	21,232	149,701	222,337	38,583	0	260,920
Website	0	0	0	96	0	96	22,081	0	22,177
Total Functional Expenses	$ 1,074,434	$ 1,327,853	$ 145,656	$ 301,239	$ 446,526	$ 3,295,708	$ 1,331,432	$ 47,291	$ 4,674,431

United States Eventing Association, Inc.
Statement of Cash Flows
For the Year Ended November 30, 2019

Cash Flows from Operating Activities		
Received from Supporters and Other Sources	$	4,156,750
Interest and Dividends Received		37,244
Paid to Vendors and Employees		(4,351,624)
Interest Paid		0
Income Taxes Paid		0
Net Cash Used in Operating Activities		(157,630)
Cash Flows from Investing Activities		
Payments for the Purchase of Fixed Assets		(38,903)
Investment Activity Allocations		87,778
Net Cash Provided by Investing Activities		48,875
Net Decrease in Cash and Cash Equivalents		(108,755)
Cash and Cash Equivalents,		
Beginning of Year		775,199
End of Year	$	666,444
Non-cash Operating Activities		
Revenue and Expenses Related to In-Kind Donations	$	354,122
Total Non-cash Operating Activities	$	354,122

United States Eventing Association, Inc.
Statement of Cash Flows (Continued)
For the Year Ended November 30, 2019

Reconciliation of Change in Net Assets to Net Cash Used in Operating Activities

Change in Net Assets	$ 36,848
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:	
Depreciation and Amortization	75,372
Realized Gain on Investments	(3,715)
Unrealized Gain on Investments	(96,024)
Changes in Certain Assets and Liabilities:	
Accounts Receivable	13,303
Due from Related Party	(2,516)
Prepaid Expenses	(41,431)
Inventory	(21,817)
Accounts Payable	85,955
Accrued Expenses	5,653
Accrued Wages and Vacation	(35,889)
Accrued Severance Pay	(25,344)
Deferred Memberships	(67,973)
Deferred Events and Sponsorships	(80,052)
Total Adjustments	(194,478)
Net Cash Used in Operating Activities	$ (157,630)

Note 1 - Principal Activity and Significant Accounting Policies

Organization and Nature of Activities

The United States Eventing Association, Inc. (the "Association"), a 501(c)(3) organization, 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.

Basis of Accounting

The Association's accounts are maintained on the accrual basis of accounting. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions.

Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has not designated any amounts from net assets without donor restrictions as of November 30, 2019.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Note 1 - Principal Activity and Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Association considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Investments and Net Investment Return

Investments are originally recorded at cost if purchased or, if donated, at fair value on the date of donation. Thereafter, investments in marketable equity securities with readily determinable fair values are stated at fair value and real estate investments and equity securities without readily determinable fair values are stated at cost.

Net investment return restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. Net investment return consists of interest and dividend income, and when applicable, unrealized gains and losses, realized gains and losses, and investment fees.

Receivables and Allowance for Doubtful Accounts

The Association records unconditional receivables that are expected to be collected within one year at net realizable value. Generally accepted accounting principles prescribe receivables to be collected in more than one year to be initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset; in subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. As the present value adjustment is immaterial to the Association, receivables are recorded at net realizable value and not at present value. The Association determines the allowance for receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectible.

Note 1 - Principal Activity and Significant Accounting Policies (Continued)

Fixed Assets

The Association records fixed asset additions above $1,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using a straight-line method over the estimated useful lives of the assets of 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Association reviews the carrying values of fixed assets for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended November 30, 2019.

Deferred Revenue

Exchange transactions in which a reciprocal transfer of assets occurs are recorded as deferred revenue if a corresponding performance obligation is yet to be fulfilled by the Association.

Revenue Recognition - Grants and Contributions

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Conditional promises to give are not recognized until they become unconditional. The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-imposed contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

Note 1 - Principal Activity and Significant Accounting Policies (Continued)

Revenue Recognition - Grants and Contributions (Continued)

Net assets restricted for acquisition of buildings or equipment are reported as net assets with donor restrictions until the specified asset is placed in service by the Association when the restrictions are released. Contributed materials are recorded as contributions, when received, at their fair market value when such value can be objectively and accurately determined.

Revenue Recognition - Registrations and Sponsorships

The Association typically hosts events during the course of the year. Registration fees for these events are billed to the participant at the time of registration. The event revenue is reported at the amount that reflects the consideration to which the Association expects to be entitled in exchange for providing the registrant access to the event and event materials. Revenue from these events are recognized at the point in time the event is held and the Association's performance obligation to hold the event is completed. The Association also provides members the opportunity to sponsor their events. Event sponsors pay for sponsorship packages for events in exchange for access for their representatives to the event itself, access to the event materials, and access to the members attending the events to promote their own businesses. Registration and sponsorships for the Association's events open months before the events are scheduled to be held. Cash receipts for registrations and sponsorships collected in advance of the events are deferred as contract liabilities until the event is held, at which point the revenue is recognized.

Functional Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The Association allocates functional expenses mainly on the basis of estimates of time and effort.

Note 1 - Principal Activity and Significant Accounting Policies (Continued)

Income Taxes

The Association and Foundation are exempt from Federal and State income taxes under Section 501(c)(3), respectively, of the Internal Revenue Code. Therefore, the financial statements do not include a provision for income taxes. The Association reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. This includes positions that the entity is exempt from income taxes or not subject to income taxes on unrelated business income, with the exception of the Association, which is subject to income taxes on unrelated business income on advertising income. The Association recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on the technical merits of the positions. The Association has identified no significant income tax uncertainties. The Association files information returns as a tax-exempt organization. Should that status be challenged in the future, all years since inception could be subject to review by the IRS.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted 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.

Financial Instruments and Credit Risk

The Association manages deposit concentration risk by placing cash and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. As of November 30, 2019, the Association held $242,182 of deposits above federally insured limits. To date, the Association has not experienced losses in any of these accounts. Credit risk associated with receivables and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable donors highly supportive of the Association's mission. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Association believes that the investment policies and guidelines are prudent for the long-term welfare of the Association.

Note 1 - Principal Activity and Significant Accounting Policies (Continued)

Advertising costs

The Association uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed the first time the advertising takes place, except for direct-response advertising, which is capitalized and amortized over its expected period of future benefits. The Association had no direct-response advertising.

Note 2 - Investments

As of November 30, 2019, investments comprise of the following:

Fixed Income	$ 184,260
	$ 184,260

For the year ended November 30, 2019, net investment return comprises of the following:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Interest and Dividends	$ 31,991	$ 5,253	$ 37,244
Unrealized Gain on Investments	96,024	0	96,024
Realized Gain on Investments	3,715	0	3,715
Netted Investment Management Fees	0	0	0
	$ 131,730	$ 5,253	$ 136,983

Note 3 - Fair Value Measurements and Disclosures

When appropriate, the Association reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

Note 3 - Fair Value Measurements and Disclosures (Continued)

Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3: Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

When appropriate, the Association utilizes net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain investments e.g. hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy. The Association has no investments valued at net asset value as of November 30, 2019.

Note 3 - Fair Value Measurements and Disclosures (Continued)

The following assets are measured at fair value as of November 30, 2019:

	Balance at November 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income	$ 184,260	$ 0	$ 184,260	$ 0
	$ 184,260	$ 0	$ 184,260	$ 0

Note 4 - Accounts Receivable

At November 30, 2019, accounts receivable comprises of and are estimated to be collected as follows:

Collectible in Fiscal Year 2020	$ 49,945
Less: Discount to Net Present Value	0
Less: Allowance for Doubtful Accounts	0
Accounts Receivable, Net	$ 49,945

Note 5 - Fixed Assets

At November 30, 2019, fixed assets comprise of the following:

Land and Building	$ 1,154,478
Software	357,508
Machinery and Equipment	202,254
Furniture and Fixtures	172,082
Total Cost	1,886,322
Less: Accumulated Depreciation & Amortization	(1,292,973)
Fixed Assets, Net	$ 593,349

Depreciation and amortization expense amounts to $75,372 of which $2,900 is allocated to the USEA Foundation.

Note 6 - Conditional Sponsorships Receivable

The Association has sponsorship agreements with several donors that consist of providing conditional funding in future years. A corresponding sponsorships receivable has not been recorded on the statement of financial position as the conditional sponsorships are contingent upon the Association providing a reciprocal transfer of assets and services to the sponsors. Conditional promises to give and sponsorship arrangements are recognized when the conditions on which they depend upon are substantially met. Conditional sponsorships receivable amounts to $259,500.

Note 7 - Accrued Severance Pay

On February 5, 2008, the Association entered into an employment contract with its Executive Director who is now the former Executive Director. 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 recognized accrued severance payable equally to the Executive Director over five years beginning December 1, 2015.

On December 1, 2015, the Association entered into an employment contract with its current Executive Director. The contract stipulates that if the contact is cancelled, the Association would be required to provide severance pay equating to eight weeks of salary plus two additional weeks of salary for each year of completed service. As the Association will be required to pay the severance pay in any eventuality, the Association has recorded accrued severance pay to the current Executive Director.

Accrued severance pay related to the former Executive Director amounts to $35,230 and accrued severance pay related to the current Executive Director amounts to $37,889. Total accrued severance pays amounts to $73,119.

Note 8 - Commitments

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. The Association paid $175,000 to the USA Equestrian Federation and reported no accrued liability associated with the contractual agreement. 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 - In-Kind Donations

Donated Services, Donated Space, and Donated Goods

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. Volunteers contribute significant amounts of time to the Association's program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. For the year ended November 30, 2019, no amounts meet the donated services recognition criteria prescribed by generally accepted accounting principles.

Donated space is recorded at estimated fair value on the date of donation. The Association received no donated space during the year ended November 30, 2019.

Note 9 - In-Kind Donations (Continued)

Donated Services, Donated Space, and Donated Goods (Continued)

Donated goods are recorded at estimated fair value on the date of donation. The Association received $354,122 of donated goods during the year ended November 30, 2019.

Donated goods are recorded within in-kind donations revenue on the statement of activities, and within expenses on the statement of functional expenses as follows:

	Program Services	Management & General	Fundraising
Awards and Trophies	$ 354,122	$ 0	$ 0
	$ 354,122	$ 0	$ 0

Note 10 - Net Asset Designations

The Board of Governors may internally designate a portion of the Association's net assets as funds earmarked for specific purposes.

Board Designated - Net Assets Without Restrictions	
Internally Designated for Specific Purpose:	
Area-YR	$ 225,876
Area-AR	200,882
Area Administration Funds	176,089
Equine Research Fund	46,756
Total Net Assets Designations	$ 649,603

Note 11 - Net Asset Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

Net Asset Restrictions - Temporary	
Subject to Expenditure for Specific Purpose:	
Roger Hall Education Fund	$ 123,381
Collapsible Fence Study	45,181
Future Horse Event	36,440
Cardio Research Study	16,579
ICP II Booster	5,342
Young Event USBred Prize	1,647
VIP	1,522
Total Subject to Expenditure for Specific Purpose	230,092
Subject to Satisfaction of Timing Restrictions	
None	0
Total Subject to Satisfaction of Timing Restrictions	0
Total Net Assets with Restrictions	$ 230,092

Note 11 - Net Asset Restrictions (Continued)

Net assets were released from restrictions during year ended November 30, 2019 as follows:

Purpose Restrictions Accomplished:		
Collapsible Fence Study	$	13,000
Roger Hall Education Fund		10,000
Future Horse Event		9,655
VIP		724
Young Event USBred Prize		500
Cardio Research Study		197
Other Adjustments		405
Total Purpose Restrictions Accomplished		34,481
Time Restrictions Satisfied:		
None		0
Total Time Restrictions Satisfied		0
Total Restrictions Released	$	34,481

Note 12 - Retirement Plan

The Association maintains a 403(b) defined contribution retirement plan for all of its eligible employees. The plan allows its eligible employees to make contributions to the plan by reducing their salaries (elective contributions). The annual maximum elective contribution an employee can make to the 403(b) Plan is limited by Department of Treasury Regulations which is $18,500 for tax year 2018. The Association makes voluntary matches up to certain levels for its eligible employees. The Association made $47,923 in matching contributions for the year ended November 30, 2019.

Note 13 - Related Party Transactions

The USEA Foundation (the "Foundation"), a 501(c)(3) organization, supports the charitable, scientific, literary, and educational activities of the Association and performs certain charitable functions on behalf of the Association.

Note 13 - Related Party Transactions (Continued)

At November 30, 2019, the Foundation maintains the following payable to the Association which represents the Association's funds pooled with the Foundation's investments and payables due by the Foundation to the Association:

Funds Related to General Association Investments and General Payables	$846,450
Funds Related to Roger Haller Education Fund	123,381
Funds Related to Collapsible Technology Study	45,181
	$ 1,015,012

Related party transactions comprise of the following activity:

Related Party Receivable - November 30, 2018	$ 1,012,496
Investment Gains and Losses, Net of Fees	111,681
Payments to Association	(320,000)
Contributions Transferred to Association	(180,081)
Overhead Expenses Billed to Foundation	
Salaries and Benefits*	131,385
Depreciation Expense*	2,900
Reimbursable Expenses Paid by Association	
Sponsorships and Grants*	205,995
Prepaid Expenses for Fiscal Year 2020	17,225
Equipment Lease & Software*	7,876
Advertising*	7,500
Supplies & Materials*	6,691
Miscellaneous*	5,121
Professional Fees*	3,700
Travel & Meetings*	2,093
Postage & Shipping*	430
Related Party Receivable - November 30, 2019	$ 1,015,012

*Foundation's functional expenses amount to $389,796. Of this amount, $373,691 of the notated expenses relate to charges billed from the Association to the Foundation.

Note 14 - Liquidity and Availability of Financial Assets

At November 30, 2019, the Association has $900,649 of financial assets, excluding non-spendable financial assets, available for general expenditures within one year of the balance sheet date. Of this amount, $230,092 of financial assets are subject to donor timing or purpose restrictions, excluding general operation restrictions, expiring within one year. Additionally, no financial assets are pledged as collateral and no other contractual restrictions exist that make current financial assets unavailable for general expenditure within one year of the balance sheet date. As of November 30, 2019, the Association does not expect that its liquidity will deteriorate.

Financial assets available within one year of the balance sheet for general expenditures comprise of the following:

Financial Assets Available for General Expenditure:	
Cash	$ 666,444
Investments	184,260
Accounts Receivable	49,945
Total Financial Assets Available for General Expenditure	900,649
Less: Assets Pledged as Collateral	0
Less: Assets Subject to Donor Timing or Purpose Restrictions Excluding General Operation Restrictions	(230,092)
Total Financial Assets Available to Meet Cash Needs for General Use Within One Year	$ 670,557

Note 15 - Prior Period Adjustment

In order to correct the balances of certain accounts, the following prior period adjustment was made as of November 30, 2018:

	Increase (Decrease)		
	Assets	Liabilities	Net Assets
Accrued Severance Pay	$ 0	$ 30,431	$ 0
Net Assets Without Donor Restrictions	0	0	(30,431)

Note 16 - Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Association has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented. The reclassifications corresponding to the retrospective application of ASU 2016-14 are summarized as follows: On the statement of financial position and statement of activities, amounts previously reported as unrestricted net assets have been reclassified to net assets without donor restrictions, and amounts previously reported as temporarily and permanently restricted net assets have been reclassified to net assets with donor restrictions.

Note 17 - Recent Accounting Guidance

Upcoming Accounting Pronouncement - Revenue Recognition

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which will supersede the current revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Association's year ending November 30, 2020. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods: retrospectively to each period presented (full retrospective method) or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the cumulative catch-up transition method). The Association has not yet determined which application method it will use. Management has begun analyzing revenue streams that will be impacted and believes that the pattern of revenue recognition could change upon adoption of the pronouncement. Management is currently analyzing the disclosures that will be required with this pronouncement.

Note 17 - Recent Accounting Guidance (Continued)

Upcoming Accounting Pronouncement - Leases

In February 2016, the FASB issued ASU No. 2016-02, Leases, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statement of financial position. The reporting of lease-related expenses in the statement of activities and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Association's year ending November 30, 2021 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is not expected to have a significant effect on the Association's statement of financial position.

Note 18 - Concentration of Funding

The Association continuously attempts to diversify its donor and revenue base, and as such, does not have a major revenue concentration from a specific funder as of November 30, 2019.

Note 19 - Subsequent Events

The date to which events occurring after November 30, 2019, the date of the most recent balance sheet, have been evaluated for possible adjustment or disclosure is July 24, 2020, which is the date on which the financial statements were available to be issued.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Association characterized COVID-19 as a pandemic. Future potential impacts may include continued disruptions or restrictions on the Association's employees' ability to work and impairment of the Association's ability to obtain contributions and volunteers. The future effects of these issues are unknown.