UNITED STATES EQUESTRIAN TEAM FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021 and 2020
## Contents

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INDEPENDENT AUDITORS’ REPORT

The Board of Trustees
United States Equestrian Team Foundation, Inc.

Report on the Financial Statements

Opinion

We have audited the financial statements of the United States Equestrian Team Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United States Equestrian Team Foundation, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for each of the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (“GAAS”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Foundation’s 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.
Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

• Exercise professional judgment and maintain professional skepticism throughout the audit.

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation’s internal control. Accordingly, no such opinion is expressed.

• Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

• Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

EisnerAmper LLP
New York, New York
May 11, 2022
## Statements of Financial Position

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 4,188,828</td>
</tr>
<tr>
<td>Contributions and pledges receivable, net</td>
<td>4,552,679</td>
</tr>
<tr>
<td>Accrued investment income receivable</td>
<td>32,816</td>
</tr>
<tr>
<td>Investments</td>
<td>22,395,055</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>60,339</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>867,341</td>
</tr>
<tr>
<td></td>
<td><strong>$ 32,097,058</strong></td>
</tr>
<tr>
<td><strong>LIABILITIES AND NET ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$ 68,081</td>
</tr>
<tr>
<td>Amounts held on behalf of others</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>68,081</strong></td>
</tr>
<tr>
<td>Commitments and other uncertainty (see Note M)</td>
<td></td>
</tr>
<tr>
<td>Net assets:</td>
<td></td>
</tr>
<tr>
<td>Without donor restrictions:</td>
<td></td>
</tr>
<tr>
<td>Undesignated fund, available for general activities</td>
<td>3,789,258</td>
</tr>
<tr>
<td>Board-designated funds, functioning as endowment</td>
<td>6,095,708</td>
</tr>
<tr>
<td></td>
<td><strong>9,884,966</strong></td>
</tr>
<tr>
<td>With donor restrictions:</td>
<td></td>
</tr>
<tr>
<td>Purpose restrictions</td>
<td>8,106,241</td>
</tr>
<tr>
<td>Time-restricted for future periods</td>
<td>1,449,213</td>
</tr>
<tr>
<td>Perpetual in nature</td>
<td>12,588,557</td>
</tr>
<tr>
<td></td>
<td><strong>22,144,011</strong></td>
</tr>
<tr>
<td>Total net assets with donor restrictions</td>
<td><strong>32,028,977</strong></td>
</tr>
<tr>
<td></td>
<td><strong>$ 32,097,058</strong></td>
</tr>
</tbody>
</table>

See notes to financial statements.
UNITED STATES EQUESTRIAN TEAM FOUNDATION, INC.

Statements of Activities

Year Ended December 31,

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2020</td>
<td></td>
<td>2021</td>
<td>2020</td>
<td></td>
</tr>
<tr>
<td>Public support and revenue:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions and grants (including donated services of $2,400 and $3,900 in 2021 and 2020, respectively)</td>
<td>$2,363,366</td>
<td>$1,364,272</td>
<td>$3,727,638</td>
<td>$2,008,419</td>
<td>$2,027,502</td>
<td>$4,035,921</td>
</tr>
<tr>
<td>Special events (net of direct benefits to participants of $50,310 and $253,725 in 2021 and 2020, respectively)</td>
<td>194,902</td>
<td>-</td>
<td>194,902</td>
<td>762,275</td>
<td>-</td>
<td>762,275</td>
</tr>
<tr>
<td>Bequests</td>
<td>1,220,849</td>
<td>1,500,000</td>
<td>2,720,849</td>
<td>28,600</td>
<td>-</td>
<td>28,600</td>
</tr>
<tr>
<td>Interest and dividend income, net</td>
<td>17,331</td>
<td>189,765</td>
<td>207,096</td>
<td>86,912</td>
<td>164,174</td>
<td>251,086</td>
</tr>
<tr>
<td>Facility income</td>
<td>56,799</td>
<td>-</td>
<td>56,799</td>
<td>779</td>
<td>-</td>
<td>779</td>
</tr>
<tr>
<td>Other income</td>
<td>13,677</td>
<td>-</td>
<td>13,677</td>
<td>33,254</td>
<td>-</td>
<td>33,254</td>
</tr>
<tr>
<td>Total public support and revenue before net assets released from restrictions</td>
<td>3,866,924</td>
<td>3,054,037</td>
<td>6,920,961</td>
<td>2,920,239</td>
<td>2,191,676</td>
<td>5,111,915</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>2,400,121</td>
<td>(2,400,121)</td>
<td>-</td>
<td>3,449,663</td>
<td>(3,449,663)</td>
<td>-</td>
</tr>
<tr>
<td>Total public support and revenue</td>
<td>6,267,045</td>
<td>653,916</td>
<td>6,920,961</td>
<td>6,369,902</td>
<td>(1,257,987)</td>
<td>5,111,915</td>
</tr>
</tbody>
</table>

Expenses:

Program services:
| Competition and training – grants | 4,201,884 | - | 4,201,884 | 2,423,518 | - | 2,423,518 |
| Competition and training | 1,724,055 | - | 1,724,055 | 1,401,395 | - | 1,401,395 |
| Total program expenses | 5,925,939 | - | 5,925,939 | 3,824,913 | - | 3,824,913 |

Supporting services:
| General and administrative | 448,335 | - | 448,335 | 855,265 | - | 855,265 |
| Fund-raising | 675,559 | - | 675,559 | 842,274 | - | 842,274 |
| Total supporting services | 1,123,894 | - | 1,123,894 | 1,697,539 | - | 1,697,539 |
| Total expenses before depreciation | 7,049,833 | - | 7,049,833 | 5,522,452 | - | 5,522,452 |
| Depreciation | 124,606 | - | 124,606 | 149,121 | - | 149,121 |
| Total expenses | 7,174,439 | - | 7,174,439 | 5,671,573 | - | 5,671,573 |

Change in net assets before net realized and unrealized gains on investments
| (907,394) | 653,916 | (253,478) | 698,329 | (1,257,987) | (559,658) |
| 854,015 | 1,675,212 | 2,529,227 | 607,704 | 1,119,514 | 1,727,218 |

Change in net assets
| (53,379) | 2,329,128 | 2,275,749 | 1,306,033 | (138,473) | 1,167,560 |
| Net assets, beginning of year | 9,938,345 | 19,814,883 | 29,753,228 | 8,632,312 | 19,953,356 | 28,585,668 |
| Net assets, end of year | $9,884,966 | $22,144,011 | $32,028,977 | $9,938,345 | $19,814,883 | $29,753,228 |

See notes to financial statements.
## Statement of Functional Expenses

**Year Ended December 31, 2021**
(with summarized financial information for 2020)

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Supporting Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Competition and Training</td>
<td>General and Administrative</td>
<td>Fund-Raising</td>
</tr>
<tr>
<td>Grants – United States Equestrian Federation, Inc.</td>
<td>$4,000,000</td>
<td>$4,000,000</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>Grants – domestic individual athletes</td>
<td>201,884</td>
<td>201,884</td>
<td>201,884</td>
</tr>
<tr>
<td>Salaries and wages – officers</td>
<td>396,639</td>
<td>396,639</td>
<td>38,034</td>
</tr>
<tr>
<td>Professional fees</td>
<td>-</td>
<td>-</td>
<td>81,664</td>
</tr>
<tr>
<td>Catering and other fundraising event expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Salaries and wages – non-officers</td>
<td>319,030</td>
<td>319,030</td>
<td>39,265</td>
</tr>
<tr>
<td>Payroll taxes and employee benefits</td>
<td>265,556</td>
<td>265,556</td>
<td>50,768</td>
</tr>
<tr>
<td>Communications and public relations</td>
<td>141,457</td>
<td>141,457</td>
<td>26,762</td>
</tr>
<tr>
<td>Information technology</td>
<td>74,134</td>
<td>74,134</td>
<td>74,134</td>
</tr>
<tr>
<td>Office</td>
<td>22,002</td>
<td>22,002</td>
<td>66,006</td>
</tr>
<tr>
<td>Utilities, cleaning, and other occupancy expenses</td>
<td>17,444</td>
<td>17,444</td>
<td>52,333</td>
</tr>
<tr>
<td>Competition related travel and accommodations and other travel expenses</td>
<td>9,573</td>
<td>9,573</td>
<td>99</td>
</tr>
<tr>
<td>Insurance</td>
<td>156,047</td>
<td>156,047</td>
<td>6,502</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>101,457</td>
<td>101,457</td>
<td>-</td>
</tr>
<tr>
<td>Printing and postage</td>
<td>8,461</td>
<td>8,461</td>
<td>1,692</td>
</tr>
<tr>
<td>Bad debts expense</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Hospitality packages – Olympic Games</td>
<td>212,255</td>
<td>212,255</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>94,700</td>
<td>94,700</td>
<td>11,215</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>6,020,639</td>
<td>6,020,639</td>
<td>459,550</td>
</tr>
<tr>
<td>Less: direct benefit to donors</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>$ 6,020,639</strong></td>
<td>$ 6,020,639</td>
<td>$ 459,550</td>
<td>$ 694,250</td>
</tr>
</tbody>
</table>
## UNITED STATES EQUESTRIAN TEAM FOUNDATION, INC.

### Statement of Functional Expenses
**Year Ended December 31, 2020**

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Supporting Services</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Competition and Training</td>
<td>Total Program Services</td>
</tr>
<tr>
<td>Grants – United States Equestrian Federation, Inc.</td>
<td>$2,400,000</td>
<td>$2,400,000</td>
</tr>
<tr>
<td>Grants – domestic individual athletes</td>
<td>23,518</td>
<td>23,518</td>
</tr>
<tr>
<td>Salaries and wages – officers</td>
<td>333,215</td>
<td>333,215</td>
</tr>
<tr>
<td>Professional fees</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Catering and other fundraising event expenses</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Salaries and wages – non-officers</td>
<td>352,669</td>
<td>352,669</td>
</tr>
<tr>
<td>Payroll taxes and employee benefits</td>
<td>277,788</td>
<td>277,788</td>
</tr>
<tr>
<td>Communications and public relations</td>
<td>121,828</td>
<td>121,828</td>
</tr>
<tr>
<td>Information technology</td>
<td>47,414</td>
<td>47,414</td>
</tr>
<tr>
<td>Office</td>
<td>19,028</td>
<td>19,028</td>
</tr>
<tr>
<td>Utilities, cleaning, and other occupancy expenses</td>
<td>16,821</td>
<td>16,821</td>
</tr>
<tr>
<td>Competition related travel and accommodations and other travel expenses</td>
<td>16,117</td>
<td>16,117</td>
</tr>
<tr>
<td>Insurance</td>
<td>155,627</td>
<td>155,627</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>52,527</td>
<td>52,527</td>
</tr>
<tr>
<td>Printing and postage</td>
<td>8,361</td>
<td>8,361</td>
</tr>
<tr>
<td>Bad debts expense</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>113,332</td>
<td>113,332</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>$3,938,245</td>
<td>$3,938,245</td>
</tr>
<tr>
<td>Less: direct benefit to donors</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>$3,938,245</td>
<td>$3,938,245</td>
</tr>
</tbody>
</table>

See notes to financial statements.
### UNITED STATES EQUESTRIAN TEAM FOUNDATION, INC.

Statements of Cash Flows

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$ 2,275,749</td>
<td>$ 1,167,560</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>124,606</td>
<td>149,121</td>
</tr>
<tr>
<td>Bad debts expense</td>
<td></td>
<td>422,428</td>
</tr>
<tr>
<td>Donor restricted endowment contributions to be held in perpetuity</td>
<td>(2,397,520)</td>
<td>(684,272)</td>
</tr>
<tr>
<td>Net realized and unrealized gains on investments</td>
<td>(2,529,227)</td>
<td>(1,727,218)</td>
</tr>
<tr>
<td>Donated securities</td>
<td>(605,407)</td>
<td>(1,172,252)</td>
</tr>
<tr>
<td>Proceeds from sales of donated securities</td>
<td>605,407</td>
<td>1,172,252</td>
</tr>
<tr>
<td>Changes in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions and pledges receivable</td>
<td>2,623,267</td>
<td>1,812,010</td>
</tr>
<tr>
<td>Accrued investment income receivable</td>
<td>1,234</td>
<td>6,416</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>205,356</td>
<td>(104,483)</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>54,747</td>
<td>(43,001)</td>
</tr>
<tr>
<td>Amounts held on behalf of others</td>
<td>(424,500)</td>
<td>375,500</td>
</tr>
<tr>
<td>Net cash (used in) provided by operating activities</td>
<td>(66,288)</td>
<td>1,374,061</td>
</tr>
</tbody>
</table>

**Cash flows from investing activities:**

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of improvements</td>
<td>(9,952)</td>
<td>-</td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>(10,454,725)</td>
<td>(9,481,188)</td>
</tr>
<tr>
<td>Proceeds from sales of investments</td>
<td>9,650,223</td>
<td>8,018,009</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(814,454)</td>
<td>(1,463,179)</td>
</tr>
</tbody>
</table>

**Cash flows from financing activities:**

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor restricted endowment contributions to be held in perpetuity</td>
<td>2,397,520</td>
<td>684,272</td>
</tr>
</tbody>
</table>

**Net change in cash and cash equivalents**

<table>
<thead>
<tr>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,516,778</td>
<td>595,154</td>
</tr>
</tbody>
</table>

**Cash and cash equivalents, beginning of year**

<table>
<thead>
<tr>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,672,050</td>
<td>2,076,896</td>
</tr>
</tbody>
</table>

**Cash and cash equivalents, end of year**

<table>
<thead>
<tr>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 4,188,828</td>
<td>$ 2,672,050</td>
</tr>
</tbody>
</table>

**Supplemental disclosure of cash flow information:**

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donated services</td>
<td>$ 2,400</td>
<td>$ 3,900</td>
</tr>
</tbody>
</table>

See notes to financial statements.
NOTE A - SUMMARY OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

[1] The Organization:

The United States Equestrian Team Foundation, Inc. (the “Foundation”), incorporated in New Jersey in 1950 and formerly known as the United States Equestrian Team, Inc. (the "Team"), was formed as a not-for-profit organization to provide training, preparation, and financing to teams and individuals representing the United States in the Olympic Games, Pan-American Games, and other national and international competitions.

In 2003, the Team amended its by-laws to change its name and redefine its mission to raise funds and make grants to support international, high-performance, equestrian activities and teams, based on a plan agreed to by the Team and USA Equestrian, Inc. ("USAE") to create a new national governing body ("NGB") for the equestrian sport. The plan, structured to incorporate the strengths of each organization, created a new entity, the United States Equestrian Federation, Inc. ("USEF"), to carry on certain activities previously performed by the Team and USAE and established that the USEF is to provide all services required for equestrian sport, both national and international, to meet the obligations of a United States Olympic Committee-designated NGB. Effective December 1, 2003, the Team ceased its equestrian training and competition-related activities and commenced operations as the Foundation.

The Foundation is exempt from federal income tax under provisions of Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code") and from state and local taxes under comparable laws.

[2] Basis of accounting:

The accompanying financial statements of the Foundation have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

[3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

[4] Cash and cash equivalents:

For financial reporting purposes, the Foundation considers all highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents are invested in money-market funds, certificates of deposit, and government-backed securities.

[5] Investments:

The Foundation's investments in equity securities, real estate investment trusts, exchange-traded funds, fixed-income bonds, and other fixed-income securities are reported at their fair values in the statements of financial position based on quoted market prices.
NOTE A - SUMMARY OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[5] Investments: (continued)

The Foundation has investments in not-readily-marketable securities, which are comprised of an ownership interest in a real estate investment trust and a private credit fund, for which a readily determinable fair value does not exist. The fair values of these investments has been estimated based on the respective net asset value ("NAV") per share (or its equivalent unit), as a practical expedient to fair value as of year-end, as reported by the investment managers. Because of the complex management structures and nature of the underlying investments and the inherent uncertainty of the valuation of these investments, the Foundation’s management and its investment managers monitor their positions to reduce the risk of potential losses due to changes in fair values or the failure of counterparties to perform on a routine basis. Management believes the carrying amount of the investments in non-publicly traded securities is a reasonable estimate of their fair value. However, such estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

The Foundation’s investments, in general, are subject to various risks, such as interest-rate, market, and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost at the time of acquisition to proceeds at the time of disposition. Distributions from not-readily-marketable securities that represent returns of contributed capital reduce the cumulative cost basis of the respective investment. Distributions received from not-readily-marketable securities in excess of the Foundation’s cumulative cost basis are recognized as realized gains. Unrealized gains and losses on investments are determined by comparing the investment’s cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

Donated securities are recorded at their estimated fair values or by their net asset values as determined by the Foundation's management on the dates of donation. The Foundation's policy is to sell the donated securities immediately, and, accordingly, for purposes of the statement of cash flows, donated securities and the proceeds generated from their sale are included within operating activities.

Investment expenses include the services of investment managers. The balances of investment management fees disclosed in Note C are those specific fees charged by the Foundation's investment managers in each fiscal year; however, they do not include those fees that are embedded in various other investment accounts and transactions.
Property and equipment:

Property and equipment are stated at their original costs at the date of acquisition, or, if contributed, at their fair values at the dates of donation, less accumulated depreciation. The Foundation capitalizes items of property and equipment that have a cost of $2,500 or more and a useful life greater than one year, whereas minor costs of repairs and maintenance are expensed as incurred. Depreciation is calculated using the straight-line method over estimated useful lives of the related assets, which range from five to twenty-five years for improvements; three to ten years for office equipment; and five years for vehicles.

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. There were no triggering events occurring to property and equipment requiring management to test for, or adjust for, impairment losses during 2021 or 2020. However, it is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

Net assets:

(i) Net assets without donor restrictions:

Net assets without donor restrictions represent those resources for which there are no restrictions by donors as to their use and are therefore available for current operations. The Board of Trustees has designated a portion of net assets without donor restrictions to serve as an endowment for the Foundation to provide reserves for various Foundation programs (see also Note F).

(ii) Net assets with donor restrictions:

Net assets with donor restrictions represent those resources that are subject to donor imposed restrictions, such as specific purposes and/or the passage of time. Also included within net assets with donor restrictions are donor restrictions that are perpetual in nature and subject to the requirements of the State of New Jersey's Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). These donors have stipulated that those resources be maintained in perpetuity, with the resultant income and net capital appreciation arising from the underlying assets to be used in satisfaction of the wishes of those donors. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, or funds are appropriated through an action of the Board of Trustees, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as "net assets released from restrictions."
NOTE A - SUMMARY OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[8] Revenue recognition:

(i) Contributions and grants:

Contributions to the Foundation are recognized as revenue upon the receipt of cash or other assets, or of unconditional pledges. Contributions are reported as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use. Conditional contributions are recognized when the donor's conditions have been met by requisite actions of the Foundation's management or necessary events have taken place. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved. Management reserves a portion of pledges and contributions receivable as uncollectible based on historical percentage of previously uncollected accounts. The Foundation records bequest income at the time it has an established right to a bequest and the proceeds are measurable.

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The Paycheck Protection Program ("PPP"), established by the CARES Act, and implemented by the Small Business Association ("SBA"), provided businesses, including certain not-for-profit organizations, with funds to pay payroll and other costs during the coronavirus ("COVID-19") outbreak. On April 20, 2020, the Foundation received $180,000 in funds through the PPP, and on March 9, 2021, the loan was forgiven in its entirety. The Foundation met the measurable performance barriers that exist in the PPP funding arrangement during 2020. Therefore, in 2020, the Foundation recorded the PPP proceeds received as contribution revenues in accordance with Accounting Standards Codification ("ASC") Topic 958, Not-For-Profit Entities, relating specifically to the recognition criteria of conditional contributions, as noted in the first paragraph above.

(ii) Special events:

The Foundation holds various fund-raising events to raise money for its operations. Gross proceeds paid by attendees at special events represent contribution revenue, as well as the payment of the direct cost of the benefits received by the attendee at the event, considered exchange revenue. Special event income is reported net of the direct benefits to donors. The exchange portion of the total proceeds received is recognized as revenue when the special event takes place. The exchange portion of special event proceeds for a future year’s event is deferred and recognized when the event takes place. The contribution portion is considered restricted by donors for time until the event takes place.

(iii) Facility income:

Facility income is recognized in the statements of activities according to the terms of each individual contract as the underlying services are provided or the obligations have been met.

[9] Donated services:

Those donated services that meet the requirements for recognition under U.S. GAAP are recorded as both revenue and expense in the statements of activities if the services (i) create or enhance nonfinancial assets, (ii) require specialized skills and provided by individuals possessing those skills, and (iii) would typically need to be purchased if not donated.
UNITED STATES EQUESTRIAN TEAM FOUNDATION, INC.

Notes to Financial Statements
December 31, 2021 and 2020

[10] Functional allocation of expenses:

The costs of providing the Foundation's various program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by function and natural classification. Accordingly, direct costs have been functionalized within the program and supporting services based on the nature of the expense. Indirect costs have been allocated on the basis of time with the exception of rent which has been allocated based on square footage.

[11] Income tax uncertainties:

The Foundation is subject to the provisions of the Financial Accounting Standards Board's ("FASB") ASC Topic 740, Income Taxes, as it relates to accounting and reporting for uncertainty in income taxes. For the Foundation, these provisions could be applicable to the incurrence of unrelated business income tax ("UBIT"). Because of the Foundation's general tax-exempt status, ASC Topic 740 has not had, and is not anticipated to have, a material impact on the Foundation's financial statements.

[12] Subsequent events:

The Foundation evaluated subsequent events through May 11, 2022, the date on which the financial statements were available to be issued.

NOTE B - CONTRIBUTIONS AND PLEDGES RECEIVABLE

At each year-end, contributions and pledges receivable are estimated to be collected as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$</td>
<td>$ 5,006,086</td>
</tr>
<tr>
<td>2022</td>
<td>3,043,466</td>
<td>1,939,683</td>
</tr>
<tr>
<td>2023</td>
<td>1,022,000</td>
<td>729,000</td>
</tr>
<tr>
<td>2024</td>
<td>475,000</td>
<td>240,000</td>
</tr>
<tr>
<td>2025</td>
<td>150,000</td>
<td>-</td>
</tr>
<tr>
<td>2026</td>
<td>60,000</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>4,750,466</td>
<td>7,914,769</td>
</tr>
</tbody>
</table>

Less: estimated uncollectible pledges

<table>
<thead>
<tr>
<th>Year</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>(64,123)</td>
<td>(523,575)</td>
</tr>
</tbody>
</table>

Reduction of pledges due in excess of one year to present value, using a discount rate of 3.25%

<table>
<thead>
<tr>
<th>Year</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>(133,664)</td>
<td>(215,248)</td>
</tr>
</tbody>
</table>

$ 4,552,679   $ 7,175,946
NOTE C - INVESTMENTS

At each year-end, investments consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2021</th>
<th></th>
<th>December 31, 2020</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fair Value</td>
<td>Cost</td>
<td>Fair Value</td>
<td>Cost</td>
</tr>
<tr>
<td>Equity securities (a)</td>
<td>$12,788,578</td>
<td>$9,593,074</td>
<td>$10,197,155</td>
<td>$7,627,682</td>
</tr>
<tr>
<td>Real estate investment trusts</td>
<td>781,830</td>
<td>701,876</td>
<td>129,216</td>
<td>116,412</td>
</tr>
<tr>
<td>Exchange-traded funds (b)</td>
<td>3,431,884</td>
<td>2,622,209</td>
<td>2,599,594</td>
<td>2,200,433</td>
</tr>
<tr>
<td>Fixed-income bonds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td>823,933</td>
<td>829,877</td>
<td>610,651</td>
<td>581,743</td>
</tr>
<tr>
<td>Corporate</td>
<td>2,851,690</td>
<td>2,850,098</td>
<td>3,029,917</td>
<td>2,867,527</td>
</tr>
<tr>
<td>Other fixed income securities (c)</td>
<td>1,642,140</td>
<td>1,633,116</td>
<td>2,494,793</td>
<td>2,422,763</td>
</tr>
<tr>
<td>Private credit fund (d)</td>
<td>75,000</td>
<td>75,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>$22,395,055</strong></td>
<td><strong>$18,305,250</strong></td>
<td><strong>$19,061,326</strong></td>
<td><strong>$15,816,560</strong></td>
</tr>
</tbody>
</table>

(a) Invested in domestic and international common stock.
(b) Invested in large blend, foreign large blend, diversified emerging markets, and mid-cap blend.
(c) Includes asset-backed securities, mortgage-backed securities, and collateralized mortgage obligations.
(d) Invested in primarily domestic middle market companies.

During each year, investment returns consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>$357,814</td>
</tr>
<tr>
<td>Investment management fees</td>
<td>(150,718)</td>
</tr>
<tr>
<td></td>
<td><strong>207,096</strong></td>
</tr>
<tr>
<td>Realized gains</td>
<td>1,684,188</td>
</tr>
<tr>
<td>Unrealized gains</td>
<td>845,039</td>
</tr>
<tr>
<td></td>
<td><strong>2,529,227</strong></td>
</tr>
<tr>
<td></td>
<td><strong>$2,736,323</strong></td>
</tr>
</tbody>
</table>
NOTE C - INVESTMENTS (CONTINUED)

FASB's ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- **Level 1**: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments at the reporting date.
- **Level 2**: Valuations are based on: (i) quoted prices for similar investments in active markets; (ii) quoted prices for those investments or similar investments in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable on the reporting date.
- **Level 3**: Valuations are based on unobservable pricing inputs and include situations where: (i) there is little, if any, market activity for the investments; or (ii) the investments cannot be independently valued.

The Foundation has investments that are valued using NAV per share (or its equivalent unit) as a practical expedient of fair value. This applies to investments which (i) do not have a readily determinable fair value and (ii) whose financial statements were prepared by the respective investment manager consistent with the measurement principles of an investment company or have the attributes of an investment company. Investments that are valued using NAV per share (or its equivalent unit) are not required to be categorized within the fair-value hierarchy and accordingly, have been excluded from the fair-value hierarchy.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The following tables summarize the fair values of the Foundation's investments at each year end, in accordance with the ASC Topic 820 valuation levels:

<table>
<thead>
<tr>
<th>December 31, 2021</th>
<th>Amounts Within Fair-Value Hierarchy</th>
<th>Measured at NAV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
<td>Total</td>
</tr>
<tr>
<td>Equity securities</td>
<td>12,788,578</td>
<td>-</td>
<td>$12,788,578</td>
</tr>
<tr>
<td>Real estate investment trusts</td>
<td>273,347</td>
<td>-</td>
<td>273,347</td>
</tr>
<tr>
<td>Exchange-traded funds</td>
<td>3,431,884</td>
<td>-</td>
<td>3,431,884</td>
</tr>
<tr>
<td>Fixed-income bonds</td>
<td>-</td>
<td>3,675,623</td>
<td>3,675,623</td>
</tr>
<tr>
<td>Other fixed income securities</td>
<td>-</td>
<td>1,642,140</td>
<td>1,642,140</td>
</tr>
<tr>
<td>Private credit fund</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16,493,809</strong></td>
<td><strong>5,317,763</strong></td>
<td><strong>21,811,572</strong></td>
</tr>
</tbody>
</table>
NOTE C - INVESTMENTS (CONTINUED)

December 31, 2020

<table>
<thead>
<tr>
<th>Amounts Within Fair-Value Hierarchy</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity securities</td>
<td>$10,197,155</td>
<td>$</td>
<td>$10,197,155</td>
</tr>
<tr>
<td>Real estate investment trusts</td>
<td>129,216</td>
<td>-</td>
<td>129,216</td>
</tr>
<tr>
<td>Exchange-traded funds</td>
<td>2,599,594</td>
<td>-</td>
<td>2,599,594</td>
</tr>
<tr>
<td>Fixed-income bonds</td>
<td>-</td>
<td>3,640,568</td>
<td>3,640,568</td>
</tr>
<tr>
<td>Other fixed income securities</td>
<td>-</td>
<td>2,494,793</td>
<td>2,494,793</td>
</tr>
<tr>
<td>Total</td>
<td>$12,925,965</td>
<td>$6,135,361</td>
<td>$19,061,326</td>
</tr>
</tbody>
</table>

The following table describes the funding commitment and redemption information for the Foundation’s not-readily-marketable investments at December 31, 2021:

<table>
<thead>
<tr>
<th>Measured at NAV</th>
<th>Unfunded Commitments</th>
<th>Redemption Frequency</th>
<th>Redemption Notice Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blackstone Real Estate Investment Trust, Inc.</td>
<td>$508,483</td>
<td>$</td>
<td>Monthly*</td>
</tr>
<tr>
<td>The Ground Lease REIT, Inc.</td>
<td>-</td>
<td>500,000</td>
<td>Upon liquidation</td>
</tr>
<tr>
<td>GS Middle Market Lending Corp. II</td>
<td>75,000</td>
<td>425,000</td>
<td>Upon liquidation</td>
</tr>
<tr>
<td>Total</td>
<td>$583,483</td>
<td>$925,000</td>
<td></td>
</tr>
</tbody>
</table>

*The Blackstone Real Estate Investment Trust, Inc. is generally limited to monthly redemptions, which may be limited in scope or suspended completed at the investment managers discretion.

NOTE D - PROPERTY AND EQUIPMENT

At each year-end, property and equipment consisted of the following:

<table>
<thead>
<tr>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
</tr>
<tr>
<td>Improvements</td>
</tr>
<tr>
<td>Office equipment</td>
</tr>
<tr>
<td>Vehicles</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
NOTE E - AMOUNTS HELD ON BEHALF OF OTHERS

During 2019 and 2020, the Foundation collected cash payments from individuals to be used to pay for hotel accommodations for the 2020 Tokyo Olympics. Accordingly, the amounts held on behalf of others of $424,500 has been reported in the accompanying statements of financial position at December 31, 2020. The 2020 Tokyo Olympics took place during 2021, and there are no amounts held on behalf of others at December 31, 2021.

NOTE F - DESCRIPTION OF NET ASSETS WITHOUT DONOR RESTRICTIONS

[1] Undesignated fund, available for general activities:

The portion of net assets without donor restrictions described as "undesignated fund, available for general activities" represent those resources for which there are no restrictions by donors as to their use and are available for current operations.

[2] Board-designated funds functioning as endowment:

The Board has approved $90,000 and $18,750 for 2021 and 2020, respectively, as additions to the Board-designated funds. These additions to the Board-designated funds are considered to be related to the return of net assets with donor restrictions and held in perpetuity that were previously released by those donors.

(i) Capital Fund:

The Capital Fund is the Foundation’s principal investment fund. It represents a reserve intended (i) to make monies available for yearly expenses should the undesignated fund not generate sufficient revenues to meet such expenses, and (ii) to provide monies for any major capital expenditures which the Board of Trustees may approve and the costs of which cannot be met by either current or special contributions.

Yearly income of the Capital Fund can be transferred by management to the undesignated category to meet operating expenses as required. The principal of the Capital Fund may be used for operating purposes or for capital expenditures only at the discretion of the Board. The Capital Fund may be discontinued and the monies in the Capital Fund transferred to another fund, at the discretion of the Board.

(ii) National Endowment Campaign Fund:

The National Endowment Campaign Fund (the “Campaign Fund”) was established to accommodate donors who have not restricted their campaign gifts. Donors may direct that the investment income on their gifts be unrestricted or designated as the Board chooses for a particular discipline or purpose. The Campaign Fund may be discontinued and the monies in the Campaign Fund transferred to another fund, at the discretion of the Board of Trustees.
NOTE F - DESCRIPTION OF NET ASSETS WITHOUT DONOR RESTRICTIONS (CONTINUED)

[2] Board-designated funds functioning as endowment: (continued)

(iii) Clark and Stone Fund:

The Forrester and Catherine Clark Fund (the “Clark Fund”) was established by the Foundation's Executive Committee in honor of these two major benefactors of the Foundation. The Anne and Whitney Stone Memorial Fund (the “Stone Fund”) was established by the Executive Committee, in accordance with a bequest from the estate of Mrs. Stone, to honor these two major benefactors of the Foundation. In January 2007, the Board approved combining the Clark Fund and the Stone Fund forming the Clark and Stone Fund to continue their original purposes of providing support to operations and programs, as the Board of Trustees chooses.

Yearly income of the Clark and Stone Fund may be transferred to the Operating Fund to meet operating expenses, as required. The principal of the Clark and Stone Fund may be used for operating purposes or for capital expenditures only at the discretion of the Board. The Clark and Stone Fund may be discontinued and the monies in the Clark and Stone Fund transferred to another fund, at the discretion of the Board.

(iv) Asmis, Baan, Caleel Dressage Fund:

The Carl-Heinrich Asmis Fund was established with a contribution from Mrs. Asmis. Grants were made annually from the Carl-Heinrich Asmis Fund to assist American dressage riders, competing at the fourth level or above, with the expenses incurred to gain training and/or competitive experience in Europe. The Fiona V. Baan Fund was established by the Board of Trustee in recognition of Mrs. Baan's 27 years of dedication to the Foundation and for the development of dressage in America. It has been used to support those riders who have come up through the ranks of the Foundation's Young Riders Program, as they work toward making the transition toward FEI-level competition. The Maria Caleel Memorial Fund was established with a contribution from Dr. and Mrs. Richard Caleel. Yearly income from the Maria Caleel Memorial Fund was used to make a grant annually to the winner of the Prix St. Georges/Intermediate I Championship, to assist with the expenses of training with a trainer approved by the Dressage Committee.

In January 2007, the Board approved combining the Asmis, Baan, and Caleel Funds to continue their original purposes of providing athlete dressage grants, but at the discretion of the Board. Yearly income will assist riders, through grants, with their continuing dressage training. The Fund Committee, appointed by the Executive Committee of the Board, will select the recipients of grants. The Fund may be discontinued and the monies in the Asmis, Baan, and Caleel Fund transferred to another fund, at the discretion of the Board.
**UNITED STATES EQUESTRIAN TEAM FOUNDATION, INC.**

Notes to Financial Statements  
December 31, 2021 and 2020

**NOTE G - NET ASSETS WITH DONOR RESTRICTIONS**

At each year-end, net assets with donor restrictions consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Restricted for future periods</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$1,449,213</td>
</tr>
<tr>
<td>Purpose restricted:</td>
<td></td>
</tr>
<tr>
<td>Awards</td>
<td>1,685,572</td>
</tr>
<tr>
<td>Facility maintenance</td>
<td>1,205,283</td>
</tr>
<tr>
<td></td>
<td>2,890,855</td>
</tr>
<tr>
<td>Subject to appropriation:</td>
<td></td>
</tr>
<tr>
<td>Accumulated endowment earnings</td>
<td>5,215,386</td>
</tr>
<tr>
<td>Perpetual in nature:</td>
<td></td>
</tr>
<tr>
<td>Supporting International High Performance Disciplines</td>
<td>12,588,557</td>
</tr>
<tr>
<td></td>
<td>$22,144,011</td>
</tr>
</tbody>
</table>

During each year, net assets released from restrictions resulted from satisfying the following donor restrictions:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Time restrictions satisfied</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$720,647</td>
</tr>
<tr>
<td>Purpose restrictions satisfied:</td>
<td></td>
</tr>
<tr>
<td>Awards</td>
<td>688,500</td>
</tr>
<tr>
<td>Facility maintenance</td>
<td>97,974</td>
</tr>
<tr>
<td></td>
<td>786,474</td>
</tr>
<tr>
<td>Appropriations – endowment income</td>
<td></td>
</tr>
<tr>
<td></td>
<td>893,000</td>
</tr>
<tr>
<td></td>
<td>$2,400,121</td>
</tr>
</tbody>
</table>
NOTE H - ACCOUNTING AND REPORTING FOR ENDOWMENT

[1] The endowment:

The Foundation's endowment was established based on its mission and consists of both one donor-restricted endowment fund and four funds designated by the Board of Trustees to function as endowment (see Note F[2]).

[2] Funds with deficiencies:

Due to unfavorable market fluctuations, from time to time, the fair value of assets associated with individual donor-restricted endowment funds may decline below the historical dollar value of the donor's original contribution to be held in perpetuity. In 2021 and 2020, there were no such deficiencies.

[3] Return objectives and risk parameters:

The Foundation has adopted an investment objective and guidelines policy for endowment assets. The overall financial objective of the endowment assets is to provide the operations of the Foundation with a relatively stable stream of spendable revenue that increases over time. If this is to be achieved over the long-term, the real (inflation-adjusted) value of the endowment assets must be preserved net of annual distribution to programs. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity, as well as Board-designated funds. The detailed guidelines monitored closely by the Investment Committee include:

- Asset diversification provides reasonable assurance that no single security or class of security will have disproportionate impact on the total endowment assets.

- Endowment assets are divided into four parts: (i) a "fixed-income fund", (ii) an "equity fund", (iii) an "alternatives fund", and (iv) a "cash & cash equivalents fund" to ensure that the overall allocation between these four asset classes remains under the regular review of the Investment Committee.

The "fixed-income fund" should on average represent between 10% to 20% of the total endowment assets at market value to provide a hedge against severe deflation, reduce the overall volatility of the endowment assets' market value, and produce current income. This portion of the endowment assets is to achieve a total return, net of fees, superior to that of the Bank of America/Merrill Lynch 10-Year Corporate Bond Index, and at an average total return of institutional-quality fixed income managers.

The "equity fund" should on average represent between 50% to 75% of the total endowment assets at market value, and is to provide an average annual total return.

The "alternative investment fund" should on average represent between 0% to 20% of the total endowment assets at market value, and is to provide an average annual total return.

The “cash & cash equivalents fund” should on average represent between 2% to 10% of the total endowment assets.

- Minimum ratings, U.S. Treasury and agency allowances, classes of investments not permitted (margin transactions, K-1 investments, investments that generate UBIT, and crypto assets), holding limits and liquidity of investments are specified.

The long-term investment objective for the endowment assets is to attain a total return (net of investment management fees) above the rate of inflation, as measured by the Consumer Price Index.
NOTE H - ACCOUNTING AND REPORTING FOR ENDOWMENT (CONTINUED)

[4] Strategies employed for achieving objectives:

To satisfy its long-term, rate-of-return objectives, the Foundation 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 Foundation targets a diversified asset allocation that places a greater emphasis on cash-based investments to achieve its long-term return objectives within prudent risk constraints.

[5] Spending policy and how the investment objectives relate to the spending policy:

The Investment Committee, when authorized by the Board of Trustees, may appropriate, at its discretion, a portion of the endowment assets based on an average endowment market value, to meet current needs. In setting this amount, the Board considers the long-term expected return on its endowment. During 2021, the Board appropriated $893,000 for operations. There was no amount appropriated during 2020.

[6] Endowment net-asset composition by type of fund:

<table>
<thead>
<tr>
<th>December 31, 2021</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>With</td>
<td>Without Amounts</td>
</tr>
<tr>
<td>Donor-restricted funds</td>
<td>$ 6,095,708</td>
<td>$ 5,215,386</td>
</tr>
<tr>
<td>Board-designated funds</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total endowment funds</td>
<td>$ 6,095,708</td>
<td>$ 5,215,386</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>December 31, 2020</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>With</td>
<td>Without Amounts</td>
</tr>
<tr>
<td>Donor-restricted funds</td>
<td>$ 5,337,989</td>
<td>$ 4,243,409</td>
</tr>
<tr>
<td>Board-designated funds</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total endowment funds</td>
<td>$ 5,337,989</td>
<td>$ 4,243,409</td>
</tr>
</tbody>
</table>

Amounts subject to appropriation represent that portion of allocated investment income, derived from endowment assets held in perpetuity, that have not been appropriated by the Board of Trustees for expenditure.
NOTE H - ACCOUNTING AND REPORTING FOR ENDOWMENT (CONTINUED)

[7] Changes in endowment net assets:

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amounts Subject to Appropriation</td>
<td>Amounts Held in Perpetuity</td>
</tr>
<tr>
<td>Endowment funds, beginning of year</td>
<td>$ 5,337,989</td>
<td>$ 4,243,409</td>
</tr>
<tr>
<td>Contributions</td>
<td>90,000</td>
<td>-</td>
</tr>
<tr>
<td>Investment income</td>
<td>667,719</td>
<td>1,864,977</td>
</tr>
<tr>
<td>Less: investment return appropriated for operations</td>
<td>-</td>
<td>(893,000)</td>
</tr>
<tr>
<td>Endowment funds, end of year</td>
<td>$ 6,095,708</td>
<td>$ 5,215,386</td>
</tr>
</tbody>
</table>

Amounts subject to appropriation represent that portion of allocated investment income, derived from endowment assets held in perpetuity, that have not been appropriated by the Board of Trustees for expenditure. Additionally, included in the tables above within amounts held in perpetuity are pledges receivable of $846,966 and $1,461,378 as of December 31, 2021 and 2020, respectively.

NOTE I - EMPLOYEE-BENEFIT PLAN

The Foundation maintains a defined-contribution employee-benefit plan under Section 403(b) of the Code covering all employees. The plan provides for matching contributions by the Foundation of 50% of employee contributions for both 2021 and 2020. Employees may contribute up to the maximum allowed by the Internal Revenue Service. All contributions by the participants and the Foundation are 100% vested and nonforfeitable. The Foundation made matching contributions of $65,350 and $61,700 to the plan on behalf of its employees for both 2021 and 2020, respectively.
UNITED STATES EQUESTRIAN TEAM FOUNDATION, INC.

Notes to Financial Statements
December 31, 2021 and 2020

NOTE J - CONVEYED PROPERTIES

In February 2001, the Foundation was granted an easement for approximately 120 acres of the land and buildings that had previously been set aside for the Foundation's use. This conveyance provides for the use of the land and buildings in perpetuity, at no cost to the Foundation other than for related maintenance and repairs. The Foundation does not have title to the land or buildings and, accordingly, does not have any rights associated with ownership. The Foundation may only use the land and buildings for equestrian purposes; the character of the property is to remain as it was at the date of the grant, and any alterations or modifications to the existing landscape must be approved by the grantor. This conveyance is not included as a contribution or an asset in the accompanying financial statements.

NOTE K - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of December 31, 2021 and 2020 because of contractual or donor-imposed restrictions or internal designations:

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 4,188,828</td>
</tr>
<tr>
<td>Pledges and contributions receivable</td>
<td>4,552,679</td>
</tr>
<tr>
<td>Accrued investment income receivable</td>
<td>32,816</td>
</tr>
<tr>
<td>Investments</td>
<td>22,395,055</td>
</tr>
<tr>
<td><strong>Total financial assets available within one year</strong></td>
<td><strong>31,169,378</strong></td>
</tr>
</tbody>
</table>

Less:

Amounts unavailable for general expenditures within one year, due to:

Restrictions by donors with purpose restrictions | (8,106,241) | (6,979,107) |
Restrictions by donors with time restrictions | (1,449,213) | (2,169,860) |
Restricted by donors that are perpetual in nature | (12,588,557) | (10,665,916) |

Total amounts unavailable for general expenditure within one year | (22,144,011) | (19,814,883) |

Amounts unavailable to management without Board approval:

Board-designated endowment | (6,095,708) | (5,337,989) |

Total financial assets available to meet cash needs for general expenditures within one year | $ 2,929,659 | $ 3,790,500 |

Liquidity policy:

The Foundation's policy is to structure its financial assets to be available for its general expenditures, liabilities and other obligations as they come due. Additionally, the Foundation has Board-designated net assets without donor restrictions that, although the Foundation does not intend to spend for purposes other than those identified, could be used to help manage unanticipated liquidity needs, if needed.
NOTE L - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash deposited in financial institutions in amounts which, from time to time, may exceed federal insurance limits. However, based on the current Federal Deposit Insurance Coverage, management believes the Foundation does not face a significant risk of loss on these accounts that might result from the failures of the financial institutions.

NOTE M - COMMITMENTS AND OTHER UNCERTAINTY

[1] Leases:

During 2021, the Foundation entered into 60-month operating lease agreements for phone systems, office copiers and a postage meter, with annual lease payments of approximately $21,000, to be made through 2026.

[2] Other contracts:

In the normal course of business, the Foundation enters into various contracts for professional and other services, which are typically renewable on a year-to-year basis.

[3] Other uncertainty:

The extent of the impact of the COVID-19 outbreak on the operational and financial performance of the Foundation will depend on the continued future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and the impact of COVID-19 on overall demand for the Foundation's services, all of which are highly uncertain and cannot be predicted. If demand for the Foundation's services are impacted for an extended period, results of operations may be materially adversely affected.