**THE UNITED STATES SPORTSMEN'S ALLIANCE FOUNDATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2016

# CONTENTS

HOLBROOK & MANTER, CPAs
PROFESSIONAL SERVICES FIRM

# INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The United States Sportsmen's Alliance Foundation
Columbus, Ohio

We have audited the accompanying financial statements of The United States Sportsmen's Alliance Foundation, Inc., (a nonprofit organization) which comprise the statement of financial position as of December 31, 2016, and the related statement of activities and changes in net assets 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 financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our 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. 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.

**Basis for Qualified Opinion**

As explained in note 1 to the financial statements, these financial statements of the Organization are not consolidated with the financial statements of an affiliated not-for-profit organization. Accounting principles generally accepted in the United States of America require that the United States Sportsmen's Alliance Foundation consolidate the financial statements of entities controlled through a common board of directors and holding an economic interest. The effects of the failure to consolidate are summarized in note 1 to the financial statements.

**Qualified Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of The United States Sportsmen's Alliance Foundation as of December 31, 2016, 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.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Holbrook & Manter

Certified Public Accountants

May 10, 2017
Columbus, Ohio

**THE UNITED STATES SPORTSMEN'S ALLIANCE FOUNDATION**
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

**ASSETS**

| | | 2016 |
|---|---|---|
| **CURRENT ASSETS:-** | | |
| Cash and cash equivalents | $ | 767,972 |
| Receivables;- | | |
| Pledges receivable, net | | 245,000 |
| Accounts receivable - affiliate | | 124,336 |
| Accounts receivable | | 5,939 |
| Total receivables | | 375,275 |
| Other current assets | | 37,603 |
| Total current assets | | 1,180,850 |
| **PROPERTY AND EQUIPMENT - At cost, net of** accumulated depreciation | | 997,292 |
| Long term pledges receivable, net | | 96,000 |
| Investments, at fair value | | 1,673,186 |
| Deferred compensation arrangement | | 127,750 |
| Total non-current assets | | 2,894,228 |
| **TOTAL ASSETS** | $ | 4,075,078 |

**LIABILITIES AND NET ASSETS**

| | | |
|---|---|---|
| **CURRENT LIABILITIES:-** | | |
| Accounts payable | $ | 83,866 |
| Accrued payroll and related taxes | | 59,197 |
| Accrued employee vacation pay | | 20,031 |
| Total current liabilities | | 163,094 |
| **OTHER LIABILITIES:-** | | |
| Deferred compensation arrangement | | 127,750 |
| Total liabilities | | 290,844 |
| **NET ASSETS:-** | | |
| Unrestricted | | 2,044,506 |
| Temporarily restricted | | 341,000 |
| Permanently restricted | | 1,398,728 |
| Total net assets | | 3,784,234 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ | 4,075,078 |

The accompanying notes are an integral part of these financial statements.

**THE UNITED STATES SPORTSMEN'S ALLIANCE FOUNDATION**
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| **PUBLIC REVENUE AND SUPPORT:-** | | | | |
| Contributions | $ 1,419,331 | $ 27,777 | $ 0 | $ 1,447,108 |
| Sweepstakes and special events | 74,980 | 0 | 0 | 74,980 |
| Investment income, net | 87,359 | 0 | 0 | 87,359 |
| Net assets released from restrictions | 225,000 | ( 225,000) | 0 | 0 |
| Total public revenue and support | 1,806,670 | ( 197,223) | 0 | 1,609,447 |
| **EXPENSES:-** | | | | |
| Program Services;- | | | | |
| Conservation research | 198,321 | 0 | 0 | 198,321 |
| Education and information | 608,114 | 0 | 0 | 608,114 |
| Legal defense | 228,640 | 0 | 0 | 228,640 |
| Donor services | 235,180 | 0 | 0 | 235,180 |
| Total Program Services | 1,270,255 | 0 | 0 | 1,270,255 |
| Support Services;- | | | | |
| Fundraising | 179,092 | 0 | 0 | 179,092 |
| Management and general | 71,316 | 0 | 0 | 71,316 |
| Total Support Services | 250,408 | 0 | 0 | 250,408 |
| Total expenses | 1,520,663 | 0 | 0 | 1,520,663 |
| **CHANGE IN NET ASSETS** | 286,007 | ( 197,223) | 0 | 88,784 |
| Net assets at beginning of year | 1,758,499 | 538,223 | 1,398,728 | 3,695,450 |
| **Net assets at end of year** | $ 2,044,506 | $ 341,000 | $ 1,398,728 | $ 3,784,234 |

The accompanying notes are an integral part of these financial statements.

**THE UNITED STATES SPORTSMEN'S ALLIANCE FOUNDATION**
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

| | Total |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:-** | |
| Change in net assets | $ 88,784 |
| Adjustments to reconcile the change in net assets to net cash provided by operating activities;- | |
| Net realized and unrealized gain on investments | ( 54,811) |
| Depreciation | 32,160 |
| (Increase) decrease in operating assets;- | |
| Accounts receivable | ( 4,368) |
| Pledges receivable | 197,222 |
| Other current assets | 17,155 |
| Beneficial interest in assets held by others | 28,237 |
| Increase (decrease) in operating liabilities;- | |
| Accounts payable | ( 51,434) |
| Accrued payroll and related taxes | 56,043 |
| Accrued employee vacation pay | 3,884 |
| Deferred revenue | ( 5,000) |
| Net cash provided by operating activities | 307,872 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:-** | |
| Sale of investments | 1,940,548 |
| Purchase of investments | ( 2,041,039) |
| Net cash used by investing activities | ( 100,491) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:-** | |
| Advances to affiliate, net | 155,309 |
| Net cash provided by financing activities | 155,309 |
| Net change in cash and cash equivalents | 362,690 |
| Cash and cash equivalents at beginning of year | 405,282 |
| **Cash and cash equivalents at end of year** | $ 767,972 |

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:-**

| | |
|---|---|
| Cash paid for;- | |
| Interest | $ 0 |
| Income taxes | $ 0 |

The accompanying notes are an integral part of these financial statements.

## ***NOTE 1 - PURPOSE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

***Organization*** - The United States Sportsmen's Alliance Foundation (the Foundation) was organized as a not-for-profit corporation in the State of Ohio on August 18, 1978 to develop and provide information regarding wildlife resources; educate the public concerning the American heritages of hunting, fishing and trapping; participate in litigation to protect the beneficial pursuits of hunting, fishing and trapping; and provide financial and management assistance to organizations in several states and in other nations to achieve these purposes.

***Unconsolidated affiliated entity*** - The Foundation shares multiple board members and has an economic interest with an affiliated not-for-profit corporation known as The United States Sportsmen's Alliance (USSA). Each organization maintains separate accounting records with a year-end of December 31, and each has its financial statements audited. Accounting principles generally accepted in the United States of America require that the Foundation consolidate the financial statements of entities controlled through a common board of directors and holding an economic interest. However, the accompanying financial statements do not include the activity of USSA. The summarized financial position of USSA as of December 31, 2016 is as follows: total assets of $185,290, total liabilities of $277,280 and total net deficit of $91,990. The increase in net assets for the year ended December 31, 2016 was $22,639. Consolidated financial statements were issued separately.

***Basis of Presentation*** - The Foundation's financial statements are presented in accordance with Accounting Standards Codification (ASC) No. 958-205-45, Financial Statements of Not-for-Profit Organizations. Under ASC 958-205-45, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, net assets and changes therein are reported as follows:

> Unrestricted net assets - Net assets that are not subject to restrictions by donors, even though their use may be limited in other respects, such as by contract or by Board designation.
>
> Temporarily restricted net assets - Net assets that are subject to donor imposed restrictions that may or will be met, either by actions of the Foundation or by the passage of time. When a restriction expires, or the funds are expensed for the intended purpose, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and change in net assets as net assets released from restrictions
>
> Permanently restricted net assets - Net assets subject to donor-imposed restrictions in which the principal can be maintained permanently by the Foundation and generally allows the use of investment earnings.

***Cash and Cash Equivalents*** - Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less.

***Pledges & Accounts Receivable*** - Provisions are made for estimated uncollectible pledges and accounts receivable. The Foundation's estimate of the allowance is based on historical collection experience and a review of current status of receivables and judgment. The provision for uncollectible pledges receivable is $18,000 as of December 31, 2016. Decisions to charge-off receivables are based on management's judgment after consideration of facts and circumstances surrounding potential uncollectible accounts.

***Investments*** **-** Investments in marketable securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the Statement of Activities and Changes in Net Assets.

***Equipment*** **-** Additions and improvements to equipment over $1,000 and with a useful life of more than two years are recorded at cost when purchased and at fair value when donated to the Foundation. Equipment is stated at cost less accumulated depreciation. Maintenance and repairs are charged to expense as incurred. Depreciation for financial reporting purposes is computed using the straight-line method. The estimated service lives of office furniture and equipment range from 5-7 years. The estimated service lives of buildings and improvements range from 15-34 years. The estimated service lives of computer equipment and software range from 2-5 years.

***Revenues*** **-** The Foundation's primary source of revenue is from contributions. Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and nature of any donor-imposed restrictions at the time an unconditional promise to give is received. It is the policy of the Foundation to report contributions received that have donor-imposed restrictions as unrestricted support when the restrictions are met within the same reporting period in which the contributions are received.

***In-Kind Contributions*** **-** Significant items and facilities are donated to the Foundation by various individuals and organizations. Donated items amounted to $16,022 during 2016, and are recorded as revenues at their estimated fair value at the date of donation.

***Federal Income Taxes*** **-** The Foundation has been determined by the Internal Revenue Service to be exempt from Federal income taxes as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Services as other than a private foundation and, as a result, a provision for taxes is not required. The Foundation follows ASC No. 740-10 "Accounting for Uncertainty in Income Taxes." The Foundation records interest and penalties, if any, in interest expense and other expense, respectively, in the statements of activities and changes in net assets. The Foundation did not have any interest or penalties related to taxes during the year. The Foundation has no uncertain tax positions as of December 31, 2016.

***Use of Estimates*** **-** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

***Functional Allocation of Costs*** **-** The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

***Reclassifications*** **-** Certain amounts from the prior year have been reclassified to conform to the current year presentation.

## ***NOTE 2 - CONCENTRATION OF CREDIT RISK***

The Foundation maintains its cash and cash equivalent balances in both interest-bearing and noninterest-bearing accounts at various financial institutions located throughout Ohio. Effective January 1, 2013, noninterest-bearing accounts are no longer insured separately from the Foundation's other accounts at the same Federal Deposit Insurance Corporation (FDIC) insured depository institution (IDI). Therefore, from time to time, the Foundation may have balances that exceed the FDIC insured limit.

The Foundation invests in various types of investment securities. While the Foundation invests conservatively, investment securities are still exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

## ***NOTE 3 - PROPERTY AND EQUIPMENT***

Property and equipment consists of the following at December 31, 2016:

| | | 2016 |
|---|---|---|
| Land | $ | 744,773 |
| Building and improvements | | 602,514 |
| Furniture and fixtures | | 268,296 |
| Computer equipment and software | | 316,303 |
| Total property and equipment | | 1,931,886 |
| Less accumulated depreciation | | (934,594) |
| **Net property and equipment** | $ | 997,292 |

## ***NOTE 4 - FAIR VALUE MEASUREMENTS***

Generally accepted accounting principles provide a framework for measuring fair value and apply to all financial instruments that are being measured and reported on a fair value basis. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC No. 820 are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

*Shares of Cash and Money Market Funds, Mutual Funds, Equity Securities*: Valued at the quoted market prices in active markets for identical assets (Level 1).

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundations assets at fair value as of December 31, 2016:

| | Assets at fair value as of December 31, 2016 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual Funds: | | | | |
| Bond funds | $ 196,025 | $ 0 | $ 0 | $ 196,025 |
| Foreign funds | 225,447 | 0 | 0 | 225,447 |
| Income funds | 81,219 | 0 | 0 | 81,219 |
| Index funds | 117,018 | 0 | 0 | 117,018 |
| Other funds | 691,303 | 0 | 0 | 691,303 |
| Equity Securities | 1,986 | 0 | 0 | 1,986 |
| Exchange Traded Funds | 311,612 | 0 | 0 | 311,612 |
| Money Market Funds | 48,576 | 0 | 0 | 48,576 |
| Total investments at fair value | $ 1,673,186 | $ 0 | $ 0 | $ 1,673,186 |

## ***NOTE 5 - PLEDGES RECEIVABLE***

Pledges receivable at December 31, 2016 consist of the following:

| | |
|---|---|
| Gross pledges receivable | $ 365,000 |
| Less: Allowance for uncollectible pledges receivable | ( 18,000) |
| Unamortized discount | ( 6,000) |
| Total | $ 341,000 |

| | |
|---|---|
| Amounts due in: | |
| Less than one year | $ 245,000 |
| One to five years | 96,000 |
| Thereafter | 0 |
| Total | $ 341,000 |

The pledges receivable that are due in excess of one year of the date of the statement of financial position are discounted using a 5% interest rate.

## ***NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS***

Temporarily restricted net assets at December 31, 2016 are available for the following purpose:

| | |
|---|---|
| Time Restricted | $ 341,000 |

During 2016, $225,000 of unconditional promises to give, recognized as temporarily restricted net assets in the year the promise was made, were released from restrictions due to the passage of time. In addition to time restricted assets, there was $27,777 of endowment investment income, recognized as temporarily restricted net assets that were released from restrictions as a result of the Foundation's endowment spending policy.

## ***NOTE 7 - PERMANENTLY RESTRICTED NET ASSETS***

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable. Permanently restricted net assets at December 31, 2016 are composed of the following:

| | |
|---|---|
| Operation Conservation Endowment | $ 1,398,728 |

Operation Conservation Endowment exists to provide a permanent financial base to promote hunting, fishing and trapping to the general public and to encourage participation in the same.

## ***NOTE 8 - ENDOWMENT FUNDS***

The Foundation's endowment consists of one individual fund established to further the mission of the Foundation. Its endowment includes only donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law
The Board of Directors of the Foundation has interpreted the State of Ohio's Uniform Prudent Management Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the donor-restricted endowment fund
(2) The purposes of the Foundation and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Foundation
(7) The investment policies of the Foundation

Changes in Endowment Net Assets:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Endowment net assets (deficit), beginning of year | $ ( 165,671) | $ 0 | $ 1,398,728 | $ 1,233,057 |
| Investment return: | | | | |
| Dividends and interest | 35,021 | 0 | 0 | 35,021 |
| Net realized and unrealized gain (loss) on investments | 35,606 | 0 | 0 | 35,606 |
| Total investment return | 70,627 | 0 | 0 | 70,627 |
| Appropriation of endowment assets for expenditure | 0 | 0 | 0 | 0 |
| **Endowment net assets (deficit), end of year** | $ ( 95,044) | $ 0 | $ 1,398,728 | $ 1,303,684 |

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature that are reported in unrestricted net assets were $95,044 as of December 31, 2016. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce an average rate of return of approximately 8 percent annually after fees, while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

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 & dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy
The Foundation has a policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value of the prior 3 years through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

## ***NOTE 9 - DEFERRED COMPENSATION ARRANGEMENT***

The Foundation has a deferred compensation arrangement for certain members of management, payable upon retirement, death or termination of employment. A liability has been established to equal the asset's fair market value.

## ***NOTE 10 - PENSION PLAN***

USSAFF sponsors a voluntary salary deferral program for employees. The program provides for a matching contribution equal to 50% of employee salary deferrals up to 4% of employee pay. An additional discretionary contribution may be provided at the end of each year. The cost of these benefits to the Foundation after allocation to USSAF was $20,715 for 2016.

## ***NOTE 11 - RELATED PARTY TRANSACTIONS***

USSA reimburses the Foundation for the utilization of facilities owned by the Foundation. For the year ended December 31, 2016, an amount of $21,396 was charged, specifically for rent.

The Foundation's employees perform similar duties for USSA. Management has determined the allocable share of each employee's payroll and related expenses based on the amount of time spent on the respective entity. Salaries, payroll taxes, pension and employee benefits charged to USSA in 2016 were $448,139.

The Foundation granted $100,000 for the year ended December 31, 2016 to USSA. This amount is included in contribution expense on the statement of functional expenses.

The Foundation leases office equipment under operating lease agreements. Lease expense was $17,034 for 2016. At December 31, 2016, the future minimum lease commitments currently expected to be allocated to the Foundation under these non-cancellable operating leases are as follows:

| **Year Ending December 31:** | | **Amount** |
|---|---|---|
| 2017 | $ | 16,790 |
| 2018 | | 3,964 |
| 2019 | | 2,798 |
| 2020 | | 2,565 |
| **Total** | $ | 26,117 |

USSA reimburses the Foundation for its allocated portion of copier lease payments and utilities and maintenance expense. For the year ended December 31, 2016, $8,759 was allocated to USSA for these items.

***NOTE 12 - SUBSEQUENT EVENTS***

Management has evaluated subsequent events through May 10, 2017, the date which the financial statements were available to be issued.

**THE UNITED STATES SPORTSMEN'S ALLIANCE FOUNDATION**
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

| | Program Services | | | | Support Services | | |
|---|---|---|---|---|---|---|---|
| | Conservation Research | Education and Information | Legal Defense | Donor Services | Fundraising | Management and General | Total |
| **EXPENSES:-** | | | | | | | |
| Salaries, payroll taxes and employee benefits | $ 91,140 | $ 288,347 | $ 34,867 | $ 172,982 | $ 105,755 | $ 58,272 | $ 751,363 |
| Professional services | 56,089 | 108,844 | 103,318 | 13,274 | 3,473 | 2,442 | 287,440 |
| Contributions | 10,000 | 33,000 | 84,000 | 0 | 0 | 0 | 127,000 |
| Promotion | 662 | 31,571 | 211 | 14,836 | 3,049 | 353 | 50,682 |
| Travel | 20,997 | 33,175 | 0 | 4,198 | 3,676 | 0 | 62,046 |
| Office supplies, postage and equipment rental | 11,417 | 64,376 | 3,008 | 14,965 | 11,152 | 4,862 | 109,780 |
| Sweepstakes and special events | 0 | 8,486 | 0 | 0 | 38,646 | 0 | 47,132 |
| Depreciation | 3,643 | 17,435 | 1,162 | 4,708 | 3,269 | 1,943 | 32,160 |
| Printing | 240 | 1,690 | 71 | 1,908 | 4,283 | 93 | 8,285 |
| Office occupancy costs | 3,419 | 14,097 | 1,377 | 5,641 | 3,905 | 2,298 | 30,737 |
| Telephone | 484 | 6,479 | 553 | 2,371 | 1,678 | 931 | 12,496 |
| Dues and subscriptions | 230 | 614 | 73 | 297 | 206 | 122 | 1,542 |
| **Total expenses** | $ 198,321 | $ 608,114 | $ 228,640 | $ 235,180 | $ 179,092 | $ 71,316 | $ 1,520,663 |

The accompanying notes are an integral part of these financial statements.