United States Golf Association

Financial Statements
Years Ended November 30, 2016 and 2015

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of
BDO International Limited, a UK company limited by guarantee.

United States Golf Association

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Contents

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Independent Auditor's Report

Executive Committee
United States Golf Association
Far Hills, New Jersey

We have audited the accompanying financial statements of the United States Golf Association, which comprise the statements of financial position as of November 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United States Golf Association as of November 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

February 2, 2017

United States Golf Association

Statements of Financial Position
(In thousands)

November 30,	**2016**	2015
Assets		
Cash	**$ 23,306**	$ 17,875
Investments	**320,672**	307,815
Accounts receivable, net	**5,414**	4,510
Inventories	**1,046**	172
Prepaid expenses and deferred charges	**13,055**	13,827
Other assets	**2,279**	2,107
Fixed assets, net	**42,648**	35,400
Total Assets	**$408,420**	$381,706
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 24,410**	$ 16,747
Deferred compensation	**2,279**	2,107
Defined benefit pension obligation in excess of plan assets	**11,000**	7,371
Other unfunded retirement benefit obligations	**15,382**	13,197
Deferred revenue	**40,321**	40,426
Total Liabilities	**93,392**	79,848
Commitments and Contingencies (Notes 5, 6 and 7)		
Net Assets:		
Unrestricted	**315,028**	301,858
Total Liabilities and Net Assets	**$408,420**	$381,706

See accompanying notes to financial statements.

United States Golf Association

Statements of Activities
(In thousands)

Year ended November 30,	**2016**	2015
	(Unrestricted)	
Revenues:		
Championships and team matches, including broadcast rights	**$154,178**	$161,935
USGA members program dues and member contributions	**16,701**	16,670
Corporate sponsorship and royalty fees	**17,770**	14,174
Golf Handicap and Information Network ("GHIN") services	**5,634**	5,501
Green Section services	**2,243**	1,963
Publications and merchandise, including licensing	**1,632**	1,625
Equipment testing	**1,453**	1,498
Member club and course dues	**875**	862
Rules of Golf seminars	**659**	511
Contributions	**601**	400
Other program services	**291**	208
USGA Museum	**165**	163
Total Revenues	**202,202**	205,510
Expenses:		
Program services:		
Championships and team matches, including broadcast activities	**98,027**	109,313
USGA members program, including development	**14,378**	13,151
Green Section, including turfgrass and environmental research grants	**8,288**	8,267
GHIN services	**7,431**	9,998
Marketing	**4,876**	6,498
Regional affairs, including Boatwright internship grants	**4,845**	6,409
Communications, including public information	**4,823**	4,772
USGA Museum	**3,824**	4,159
Equipment standards and testing	**3,781**	4,394
Rules of Golf, including rules education and amateur status	**3,213**	3,434
Public services, including charitable initiatives and grants	**2,718**	2,114
Handicap and course rating	**2,182**	1,882
Research, Science & Innovation	**1,176**	-
Publications and merchandise, including licensing	**938**	882
Member club and course services	**490**	575
Total Program Services	**160,990**	175,848
Supporting services:		
Technology	**19,274**	12,198
Management and general administration	**15,830**	14,412
Corporate sponsorship development	**2,672**	2,687
Total Expenses	**198,766**	205,145
Increase in Net Assets Before Interest and Dividends, Realized and Unrealized Loss From Investments, Increase in Unfunded Defined Benefit Pension Obligation and Increase in Other Unfunded Retirement Benefit Obligations	**3,436**	365
Interest and Dividends	**16,397**	16,502
Realized and Unrealized Loss From Investments, Net of Fees and Taxes of $1,064 and $903, Respectively	**(3,778)**	(23,132)
Increase (Decrease) in Net Assets Before Increase in Unfunded Defined Benefit Pension Obligation and Increase in Other Unfunded Retirement Benefit Obligations	**16,055**	(6,265)
Increase in Unfunded Defined Benefit Pension Obligation	**(1,607)**	(734)
Increase in Other Unfunded Retirement Benefit Obligations	**(1,278)**	(465)
Change in Net Assets	**13,170**	(7,464)
Net Assets, Beginning of Year	**301,858**	309,322
Net Assets, End of Year	**$315,028**	$301,858

See accompanying notes to financial statements.

United States Golf Association

Statements of Cash Flows
(In thousands)

Year ended November 30,	**2016**	2015
Cash Flows From Operating Activities:		
Change in net assets	**$ 13,170**	$ (7,464)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized losses on sales of investments, at fair value	**753**	209
Unrealized loss on investments, at fair value	**3,025**	22,784
Depreciation and amortization	**4,050**	4,617
Realized losses (gains) on disposals of fixed assets, net	**3,432**	(11)
Effect of changes to unfunded postretirement benefit obligations	**2,885**	1,199
Changes in assets and liabilities:		
Accounts receivable	**(904)**	156
Inventories	**(874)**	370
Prepaid expenses and deferred charges	**772**	(2,144)
Other assets	**(172)**	(49)
Accounts payable and accrued expenses	**7,663**	3,874
Deferred compensation	**172**	49
Postretirement benefit obligations in excess of plan assets	**2,929**	2,602
Deferred revenue	**(105)**	(11,414)
Net Cash Provided By Operating Activities	**36,796**	14,778
Cash Flows From Investing Activities:		
Purchases of investments, at fair value, including interest and dividends reinvested	**(41,080)**	(54,699)
Proceeds from sales of investments	**24,445**	38,196
Purchases of fixed assets	**(14,753)**	(13,319)
Proceeds from disposals of fixed assets	**23**	67
Net Cash Used In Investing Activities	**(31,365)**	(29,755)
Net Increase (Decrease) in Cash	**5,431**	(14,977)
Cash, Beginning of Year	**17,875**	32,852
Cash, End of Year	**$ 23,306**	$ 17,875

See accompanying notes to financial statements.

1. Nature of Operations

The United States Golf Association (the "USGA") promotes and conserves the best interests and the true spirit of the game of golf as embodied in its ancient and honorable traditions. It acts in the best interests of the game for the continued enjoyment for those who love and play it. The USGA conducts the U.S. Open, U.S. Women's Open and U.S. Senior Open, as well as 10 national amateur championships, two state team championships and international matches. Together with the R&A, the USGA governs the game worldwide, jointly administering the Rules of Golf, Rules of Amateur Status, Equipment Standards and World Amateur Golf Rankings. The USGA's reach is global with a working jurisdiction in the United States, its territories and Mexico, serving more than 25 million golfers and actively engaging 150 golf associations.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial statements of the USGA have been prepared on the accrual basis. In the statements of financial position, assets and liabilities are presented in the order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

The presentation of certain prior amounts represented in the statement activities for 2015 has been changed in order to be consistent with the current year presentation related to in-kind donations that the USGA received through corporate partnership arrangements. This change in the presentation is immaterial and does not affect the previously reported change in net assets in the statement of activities.

(b) Fair Value Measurements

Accounting principles generally accepted in the United States of America ("GAAP") establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as the USGA would use in pricing the USGA's asset or liability based on independently derived and objectively determinable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the USGA are traded. The USGA estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets would use as determined by the money managers administering each investment based on the best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable as follows:

Level 1 – Valuation based on quoted market prices in active markets for identical assets. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 – Valuation based on:

- quoted prices for similar assets in active markets;
- quoted prices for identical or similar assets in inactive markets;
- inputs other than quoted prices that are observable for the asset; and

- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Valuation based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

(c) Allowance for Doubtful Accounts

The USGA provides an allowance for doubtful accounts for accounts receivable specifically identified by management for which collectibility is uncertain. The allowance for doubtful accounts for the years ended November 30, 2016 and 2015 was $135 and $1,147, respectively.

(d) Inventories

Inventories consist of publications and merchandise, which are valued at the lower of cost or market, computed by the first-in, first-out method.

(e) Deferred Charges

The USGA defers all costs associated with future years' championships until the year the championship is held. As of November 30, 2016 and 2015, the USGA has deferred $8,277 and $7,444, respectively, related to future championships.

(f) Impairment of Long-Lived Assets

The USGA is required to review long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. For the year ended November 30, 2016, there was an impairment loss in the amount of $(3,432) related to capitalized software which is included in the technology expense in the statements of activities.

(g) Fixed Assets

Fixed assets are carried at historical cost less accumulated depreciation. Fixed assets are depreciated using the straight-line method over the estimated useful lives, which range from 3 to 40 years. Expenditures for furniture, fixtures, and equipment in excess of five thousand dollars are capitalized.

The USGA Museum collection includes graphics, books and golf memorabilia. The collection is held for public exhibition, education and research. No value is assigned to the collection in the statements of financial position.

(h) Concentrations

Financial instruments which potentially subject the USGA to concentration of credit risk consist primarily of funds at financial institutions that exceed the Federal Deposit Insurance Corporation insurance limit.

The USGA generates approximately 70% of its revenues from the U.S. Open. These revenues arise from various sources, including broadcast rights, ticket sales, hospitality sales, concessions, and merchandise sales.

(i) Revenue Recognition

Revenues from events, including revenues from broadcasting, ticket sales, and hospitality sales, are recognized in the year the event occurs. Cash collected in advance of the event is recognized as deferred revenue. Fees received in advance for memberships are recognized as revenue in the period(s) in which the fees are earned. Certain broadcast revenues are derived from multi-year contracts that include both variable and fixed components. Signing bonuses received by the USGA for entering into multi-year contracts, primarily broadcast rights, are recognized ratably over the term of the respective agreement.

(j) Transactions With Multiple Elements

The USGA has entered into certain revenue agreements, such as the licensing of broadcasting rights, sale of hospitality, and corporate partnership transactions that involve the delivery of multiple elements to the buyer. In accounting for these transactions, the USGA must evaluate whether there is objective evidence of fair value for each individual element delivered and, if so, account for each element of the transaction separately, based on relevant revenue recognition accounting policies. An allocation of revenue is made to all elements for which fair value is determinable.

(k) Allocation of Expenses

Management and general administration includes executive, finance and accounting and human resources. Certain expenses are allocated to program services based upon time expended by employees and utilization of facilities.

(l) Contributed Services and In-Kind Contributions

The Executive Committee along with approximately 960 committee members and more than 13,000 volunteers supporting our championships donate time and services to the USGA. The volunteers pay most of their own transportation, lodging and other out-of-pocket expenses. These services do not meet the conditions that would require recognition as revenue and expense as stated in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, "Not for Profit Entities."

In-kind contributions have been made to promote the USGA's programs and are reported in the financial statements at their fair value at the date of the gift. During the year ended November 30, 2016 and November 30, 2015, $5,129 and $3,634 of in-kind contributions, respectively, were received through arrangements with corporate partners and reported correspondingly as revenue included in the corporate sponsorship and royalty fees line and as expense in the appropriate program services expense line applicable to the program area benefiting from the contribution, but most notably championships and team matches, including broadcast activities.

(m) Income Taxes

The USGA is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"), except for any income derived from unrelated business activity. Taxes of $292 and $235 were paid on unrelated business income in 2016 and 2015, respectively. In addition, the USGA has been determined by the Internal Revenue Service ("IRS") not to be a "private foundation" within the meaning of Section 509(a) of the Code.

The USGA has filed for and received income tax exemptions as well as IRS forms 990 and 990-T in the jurisdictions where they are required to do so. For the years ended November 30, 2016 and 2015, there were no interest or penalties incurred. As of November 30, 2016, the USGA believes it is no longer subject to income tax examinations for the fiscal years prior to 2013. The USGA is required to recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The USGA believes it has not taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits.

(n) Use of Estimates

The preparation of the 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.

(o) New Accounting Pronouncements

(i) Fair Value

In May 2015, the FASB issued Accounting Standards Update ("ASU") 2015-07, "Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)." ASU 2015-07 was issued to address diversity in practice related to how certain investments measured at net asset value ("NAV") with redemption dates in the future (including periodic redemption dates) are categorized within the fair value hierarchy. ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share practical expedient. As such, certain fair value leveling disclosures are no longer required; although information must be disclosed so that users can reconcile amounts reported in the fair value hierarchy to the statements of financial position. ASU 2015-07 is effective for annual reporting periods beginning after December 15, 2016, and is to be applied retrospectively. Management has elected to early adopt the provisions of ASU 2015-07.

(ii) Financial Statements of Not-for-Profits

In August 2016, the FASB issued ASU 2016-14, "Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) - Presentation of Financial Statements of Not-for-Profit Entities." The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions," (b) modifying the presentation of endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for USGA's financial statements for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management is currently evaluating the impact of this ASU on its financial statements.

(iii) Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised 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 or services. The FASB issued ASU 2015-14 which deferred the effective date for the USGA until annual periods beginning after December 15, 2018.

Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its financial statements.

3. Investments, at Fair Value

The USGA's holdings in publicly traded mutual funds consist principally of debt and equity securities carried at their aggregate market value as determined by quoted market prices. The above-mentioned investments can be liquidated daily. The valuation of such investments is based on Level 1 inputs within the hierarchy used in measuring fair value. Interests in private mutual funds are carried at their stated unit values provided by the investment managers of the funds. Each investment manager provides observable detailed information about the underlying securities, all of which are publicly-traded securities (equities and debt securities).

Alternative investments are those made in limited partnerships, offshore limited liability companies and private equity concerns. Given the absence of market quotations, their fair value is estimated using information provided to the USGA by investment managers or general partners. The values are based on estimates that require varying degrees of judgment and, for fund-of-funds investments, are primarily based on financial data supplied by the investment managers of the underlying funds. Individual investment holdings within the alternative investments may include investments in both nonmarketable and market-traded securities. Nonmarketable securities may include equity in private companies, real estate, thinly-traded securities and other investment vehicles. The investments may indirectly expose the USGA to the effects of securities lending, short sales of securities and trading in futures and forward contracts, options, swap contracts and other derivative products. While these financial instruments entail varying degrees of risk, the USGA's exposure with respect to each such investment is limited to its carrying amount (fair value as described above) in each investment plus the USGA's commitment to provide additional funding. The financial statements of the investees are audited annually by nationally recognized firms of independent auditors. The USGA does not directly invest in the underlying securities of the investment funds and, due to restrictions on transferability and timing of withdrawals from the limited partnerships, the amounts ultimately realized upon liquidation could differ from the reported values that are based on current conditions.

(In thousands)

Investment valuations at November 30, 2016 and 2015 are summarized as follows:

November 30,	**2016**	2015
Level 1:		
Money market funds	**$ 13,408**	$ 23,715
U.S. equity mutual funds	**61,954**	58,545
International equity mutual funds	**93,773**	77,852
Fixed income mutual funds	**19,393**	18,858
Real assets mutual funds	**27,865**	24,770
	216,393	203,740
Investments valued at NAV*:		
Fixed income commingled fund	**9,764**	9,207
Institutional senior loan fund	**16,670**	15,466
Alternative investments and private equity	**77,845**	79,402
Total investments	**$320,672**	$307,815

* Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts prescribed in these tables are intended and permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Investments whose fair values are estimated using reported NAV or the equivalent are summarized as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Emerging market fund	$ 1,707	$ -	Quarterly	60 days
Absolute return hedge fund	14,166	-	Quarterly	65 days
Absolute return hedge fund	5,753	-	Quarterly	60 days
Absolute return hedge fund	7,980	-	Quarterly	60 days
Long/short hedge fund of funds	30,529	-	Quarterly	95 days
Multi-strategy hedge fund	407	-	Annually	90 days
Infrastructure partnership [(a)]	7,244	1,097	-	-
Private equity fund of funds [(a)]	10,058	1,784	-	-
	$77,844	$2,881		

(a) Redemption not permitted. Distributions require liquidation of underlying assets.

Investments designated as mutual funds are valued using the reported NAV or the equivalent, are redeemable on a daily basis, and have no unfunded commitments.

The USGA has engaged an outside third party to act as the USGA's outsourced Chief Investment Officer ("CIO"). The USGA Investment Committee has approved broad ranges by asset class that the CIO will be able to invest in based on their view of the market. The goal is to improve the long-term rate of return on investments by being able to react more quickly to changing market conditions.

(In thousands)

4. Fixed Assets, Net

Fixed assets at November 30, 2016 and 2015 are summarized as follows:

November 30,	**2016**	2015
Land and improvements	**$ 2,193**	$ 2,193
Buildings and improvements	**53,472**	53,154
Equipment and other	**19,213**	18,484
	74,878	73,831
Accumulated depreciation and amortization	**(43,276)**	(39,986)
Construction-in-progress	**11,046**	1,555
	$ 42,648	$ 35,400

In 2015, the USGA began work on a multi-year campus renovation project, as well as several technology upgrades and enhancements.

5. Defined Benefit Pension Plan

The USGA sponsors a noncontributory defined benefit pension plan covering employees hired prior to December 1, 2008. The plan's benefits are based on years of service and compensation. The defined benefit pension plan is administered by the USGA and its Compensation Committee, which discharge their duties in the interest of the plan participants and beneficiaries, while adhering to the requirements of the Employee Retirement Income Security Act of 1974 ("ERISA"). Both investment and actuarial professionals are engaged to advise and assist management with the calculation of benefit obligations and the valuation and monitoring of the related plan assets. The USGA has recorded an unfunded benefit obligation of $11,000 and $7,371 at November 30, 2016 and 2015, respectively. These amounts represent the excess of the projected benefit obligation over the fair value of the plan assets, adjusted for previously recorded pension cost liabilities. The USGA recorded decreases to unrestricted plan net assets of $1,607 and $734 for the years ended November 30, 2016 and 2015, respectively, in the respective accompanying statements of activities resulting from the changes in the unfunded pension obligation.

The following sets forth the USGA's defined benefit pension plan's funded status and the net amounts recognized at November 30, 2016 and 2015:

November 30,	**2016**	2015
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	**$80,275**	$79,270
Service cost	**2,999**	3,215
Interest cost	**3,328**	3,112
Actuarial (gain) loss	**1,564**	(3,484)
Benefits paid	**(2,688)**	(1,838)
Projected benefit obligation at end of year	**$85,478**	$80,275

(In thousands)

November 30,	**2016**	2015
Change in plan assets:		
Fair value of plan assets at the beginning of the year	**$ 72,904**	$74,446
Actual return on plan assets	**4,262**	296
Benefits paid	**(2,688)**	(1,838)
Fair value of plan assets at end of year	**$ 74,478**	$72,904
Funded status at end of year	**$(11,000)**	$ (7,371)

For the years ended November 30, 2016 and 2015, the accumulated benefit obligation of the defined benefit pension plan was $71,648 and $66,056, respectively.

To determine the expected long-term rate of return on plan assets, the USGA considers historical rates of return, the nature of the plan's investments and an expectation for the plan's investment strategies. The USGA calculates benefit costs for a given fiscal year based on assumptions developed at the end of the previous fiscal year. The USGA measures benefit obligations utilizing assumptions developed at the end of the current fiscal year.

Assumptions utilized by the USGA to determine the benefit obligations as of November 30, 2016 and 2015 were as follows:

November 30,	**2016**	2015
Discount rate	**4.00%**	4.25%
Expected long-term rate of return on plan assets	**6.75**	6.75
Rate of compensation increase	**4.00**	4.00

The USGA utilized the RP-2014 Employee and Healthy Annuitant tables adjusted back to 2006 and then projected forward with Scale MP-2016 and Scale MP-2015 for the computation of the benefit obligation for the years ended November 30, 2016 and November 30, 2015, respectively.

Assumptions utilized by the USGA to determine benefit costs as of November 30, 2016 and 2015 were as follows:

November 30,	**2016**	2015
Discount rate	**4.25%**	4.00%
Expected long-term rate of return on plan assets	**6.75**	6.75
Rate of compensation increase	**4.00**	4.50

(In thousands)

The following table provides the components of the net periodic expense for the defined benefit pension plan for the years ended November 30, 2016 and 2015:

November 30,	**2016**	2015
Service cost	**$ 2,999**	$ 3,216
Interest cost	**3,328**	3,112
Expected return on plan assets	**(4,789)**	(4,927)
Recognized net actuarial loss	**484**	412
Net periodic expense for the year	**$ 2,022**	$ 1,813

Defined benefit pension plan assets are managed by the Investment Committee, which operates under written policies relating to investment goals, targeted asset allocations, investment holdings, valuations, diversification and other relevant factors. Asset allocation targets are set to maximize returns and minimize volatility, with consideration being given to the long-term nature of the pension obligations. During the year, asset allocations are reviewed for adherence to targets and rebalanced periodically. Pension plan asset allocations by asset category have remained consistent in both 2016 and 2015 with 50% of the assets being invested in equity securities, 40% in fixed income and the remaining 10% in real estate. Plan assets as of November 30, 2016 and 2015, classified by ASC 820 levels, are as follows:

November 30,	**2016**	2015
Level 1:		
Mutual funds:		
Foreign large blend	**$ 2,552**	$ 2,639
Diversified emerging markets	**2,195**	2,053
Total mutual funds	**4,747**	4,692
Investments valued at NAV*:		
Common collective trusts:		
Bond funds	**28,992**	27,235
US common stock funds	**31,167**	30,913
International equity funds	**2,586**	2,591
Real estate funds	**6,986**	7,473
Total investments	**$74,478**	$72,904

* Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts prescribed in these tables are intended and permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

(In thousands)

Expected benefit payments to be made by the defined benefit pension plan in future years are as follows:

2017	$ 4,650
2018	3,834
2019	4,983
2020	5,346
2021	5,285
Thereafter	26,720

6. Other Retirement Benefit Plans

The USGA sponsors an unfunded supplemental retirement plan covering certain members of senior management hired prior to December 1, 2008. The plan provides a minimum level of benefits based on years of service and also provides benefits that may be subject to certain limitations imposed by the Code. The USGA sponsors an unfunded postretirement health plan covering employees hired prior to December 1, 2007. To qualify for benefits, employees must be at least 60 years of age and have at least 20 years of service at the time of their retirement. The plan requires a monthly premium to be paid by the retiree.

Both plans engaged actuarial professionals to advise and assist management with the calculation of benefit obligations. The USGA has recorded an unfunded benefit obligation of $15,382 and $13,197 at November 30, 2016 and 2015, respectively, which represent the calculated benefit obligation for both the unfunded supplemental retirement plan and postretirement health plan, adjusted for previously recorded liabilities. The USGA recorded a decrease to unrestricted net assets of $1,278 for the year ended November 30, 2016, and a decrease to unrestricted net assets of $465 for the year ended November 30, 2015 in the accompanying statements of activities resulting from the changes in the unfunded retirement benefit obligation.

The USGA calculates benefit costs for a given fiscal year based on assumptions developed at the end of the previous fiscal year. The USGA measures benefit obligations utilizing assumptions developed at the end of the current fiscal year.

Assumptions utilized by the USGA to determine the benefit costs for the supplemental retirement plan and the postretirement health plan, both for the years ended November 30, 2016 and 2015 were as follows:

November 30,	**2016**	2015
Discount rate	**4.25%**	4.00%
Rate of compensation increase	**4.00**	4.00

(In thousands)

Assumptions utilized by the USGA to determine the benefit obligations for the supplemental retirement plan and the postretirement health plan, both for the years ended November 30, 2016 and 2015 were as follows:

November 30,	**2016**	2015
Discount rate	**4.00%**	4.25%
Rate of compensation increase	**4.00**	4.00

The USGA utilized the RP-2014 Employee and Healthy Annuitant tables adjusted back to 2006 and then projected forward with Scale MP-2016 and Scale MP-2015 for the computation of the benefit obligation for the years ended November 30, 2016 and November 30, 2015, respectively.

The health care cost trend rate used in measuring the projected benefit obligation for the postretirement health plan is 6.50% for 2016, decreasing by .25% per year to 4.50% in 2024.

Expected benefit payments to be made by both plans in the future are as follows:

2017	$ 648
2018	432
2019	475
2020	520
2021	1,468
2022-2026	3,524

The USGA sponsors a 401(a) noncontributory defined contribution retirement plan covering employees hired after November 30, 2008. Employer contributions are based on a USGA- designated percentage of includible compensation, up to the Internal Revenue Service ("IRS") limit. The contribution to fund the plan is made after November 30, the end of the plan year. Employees must be employed on the last day of the plan year in order to be eligible for a contribution for the year. Contributions accrued by the USGA for the years ended November 30, 2016 and 2015 were $982 and $1,080, respectively.

The USGA sponsors a supplementary noncontributory defined contribution retirement plan covering certain members of senior management whose retirement benefits under the qualified retirement plans are otherwise subject to certain limitations imposed by the IRS. Contributions accrued by the USGA for the years ended November 30, 2016 and 2015 were $100 and $70, respectively.

The USGA sponsors a 403(b) tax deferred annuity plan. All employees may make voluntary contributions. Employees who work at least 20 hours per week are eligible to receive matching contributions after two years of service. The USGA provides matching contributions of 50% of the first 6% of compensation contributed by the employee. Participants are fully vested in all amounts credited to their account. Contributions made by the USGA for the years ended November 30, 2016 and 2015 were $817 and $725, respectively.

The USGA sponsors a nonqualified deferred compensation plan under which a select group of management may make voluntary contributions which defer a portion of their compensation. The USGA does not match such contributions. The USGA holds the funds in a trust which is recorded at its fair value as an asset and a corresponding liability as of November 30, 2016 and 2015.

(In thousands)

All plans mentioned in this footnote are administered by the USGA and the Compensation Committee, which discharge their duties in the interest of the plan participants and beneficiaries, while adhering to the requirements of ERISA.

7. Commitments

Several years in advance, the USGA contracts with clubs hosting USGA championships. These contracts generally obligate the USGA to pay rent or licensing fees in future years. Such future payments are scheduled as follows:

Year ending November 30,	
2017	$3,375
2018	2,675
2019	550
2020	2,700
2021	2,150
Thereafter	8,175

8. Subsequent Events

On January 19, 2017, the USGA entered into a private placement financing consisting of up to $50,000 of tax exempt bonds. The bonds were issued to an institutional accredited investor and the proceeds will be used to finance the campus renovation project. The bonds mature in 30 years, at which time all outstanding principal and unpaid interest become due and payable. Interest on the outstanding principal will be charged at a fixed rate of 2.2% for the initial 15 years of the agreement and at a rate equal to the 10 year treasury rate plus seventy basis points for the final 15 years of the agreement, all payable on a monthly basis. The bonds are secured by the revenues of the USGA.

The USGA has performed subsequent events procedures through February 2, 2017, which is the date the financial statements were available to be issued. There were no other subsequent events requiring adjustments to the financial statements.