National Skeet Shooting Association

Financial Report and Supplementary Information
November 30, 2017

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Contents

RSM US LLP

Independent Auditor's Report

To the Board of Directors
National Skeet Shooting Association

Report on the Financial Statements
We have audited the accompanying financial statements of National Skeet Shooting Association (NSSA), which comprise the statements of financial position as of November 30, 2017 and 2016, the related statements of activities and net assets 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 NSSA'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 NSSA'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 National Skeet Shooting Association as of November 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

San Antonio, Texas
February 2, 2018

National Skeet Shooting Association

Statements of Financial Position
November 30, 2017 and 2016

	2017	2016
Assets		
Current assets:		
Cash	$ 569,690	$ 1,717,445
Receivables:		
Trade	117,582	130,048
Life members	72,900	66,910
Other	25,105	12,279
Inventory	319,380	294,858
Prepaid expenses	206,384	161,712
Total current assets	1,311,041	2,383,252
Property and equipment, net	5,342,070	5,041,958
Investments—cash equivalents and marketable securities (Note 2)	3,913,920	3,126,572
Total assets	$ 10,567,031	$ 10,551,782
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 510,183	$ 672,482
Current maturities of postemployment retirement benefits—former Executive Director	-	110,127
Current maturities of long-term debt	-	34,020
Current portion of unearned and deferred revenue	513,031	746,190
Total current liabilities	1,023,214	1,562,819
Long-term liabilities—unearned and deferred revenue, less current portion	141,896	149,449
Total liabilities	1,165,110	1,712,268
Net assets:		
Unrestricted:		
Undesignated	6,001,360	6,069,965
Designated for life members	2,478,240	2,124,181
Temporarily restricted	922,321	645,368
Total net assets	9,401,921	8,839,514
Total liabilities and net assets	$ 10,567,031	$ 10,551,782

See notes to financial statements.

National Skeet Shooting Association

Statement of Activities and Net Assets
Year Ended November 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues, support and other changes:			
Membership dues—individual and clubs	$ 1,129,774	$ -	$ 1,129,774
Event registration, tickets and entry fees	4,132,469	-	4,132,469
Registered target fees collected	1,176,282	391,184	1,567,466
Advertising revenue	625,973	-	625,973
Donations, sponsorships and affinity programs	350,874	245,685	596,559
Instructor school and referee certification	158,564	-	158,564
Open shooting/practice	516,531	-	516,531
Rental income	461,778	-	461,778
Sales	935,418	-	935,418
Net investment income	547,652	-	547,652
Other income	487,113	-	487,113
Net assets released from restrictions	359,916	(359,916)	-
Total revenues, support and other changes	10,882,344	276,953	11,159,297
Program expenses:			
Association expenses	1,872,408	-	1,872,408
Shooting complex expenses	5,850,026	-	5,850,026
Total program expenses	7,722,434	-	7,722,434
Support services:			
Fundraising and development	482,971	-	482,971
Management and general	1,271,301	-	1,271,301
Membership magazines	1,120,184	-	1,120,184
Total support services	2,874,456	-	2,874,456
Total expenses	10,596,890	-	10,596,890
Increase in net assets	285,454	276,953	562,407
Net assets at beginning of year	8,194,146	645,368	8,839,514
Net assets at end of year	$ 8,479,600	$ 922,321	$ 9,401,921

See notes to financial statements.

National Skeet Shooting Association

Statement of Activities and Net Assets
Year Ended November 30, 2016

	Unrestricted	Temporarily Restricted	Total
Revenues, support and other changes:			
Membership dues—individual and clubs	$ 1,195,541	$ -	$ 1,195,541
Event registration, tickets and entry fees	3,748,924	-	3,748,924
Registered target fees collected	1,120,103	373,368	1,493,471
Advertising revenue	636,803	-	636,803
Donations, sponsorships and affinity programs	357,266	266,405	623,671
Instructor school and referee certification	132,360	-	132,360
Open shooting/practice	551,552	-	551,552
Rental income	386,519	-	386,519
Sales	954,182	-	954,182
Net investment income	118,056	-	118,056
Net assets released from restrictions	808,932	(808,932)	-
Total revenues, support and other changes	10,010,238	(169,159)	9,841,079
Program expenses:			
Association expenses	1,612,647	-	1,612,647
Shooting complex expenses	5,222,572	-	5,222,572
Total program expenses	6,835,219	-	6,835,219
Support services:			
Fundraising and development	836,494	-	836,494
Management and general	1,142,147	-	1,142,147
Membership magazines	948,065	-	948,065
Total support services	2,926,706	-	2,926,706
Total expenses	9,761,925	-	9,761,925
Increase (decrease) in net assets	248,313	(169,159)	79,154
Net assets at beginning of year	7,945,833	814,527	8,760,360
Net assets at end of year	$ 8,194,146	$ 645,368	$ 8,839,514

See notes to financial statements.

National Skeet Shooting Association

Statements of Cash Flows
Years Ended November 30, 2017 and 2016

		2017		2016
Cash flows from operating activities:				
Increase in net assets	**$**	**562,407**	$	79,154
Adjustments to reconcile increase in net assets to net cash provided by operating activities:				
Depreciation		**477,629**		402,440
(Gain) loss on disposal of equipment		**(19,480)**		11,533
Net realized and unrealized (gain) loss on fair value of marketable securities		**(433,058)**		34,386
Contribution of vehicle		**-**		(55,500)
Changes in:				
Receivables		**(6,350)**		74,357
Inventory		**(24,522)**		173,056
Prepaid expenses		**(44,672)**		11,906
Accounts payable and accrued expenses		**(162,299)**		147,564
Unearned and deferred revenue		**(240,712)**		396,574
Net cash provided by operating activities		**108,943**		1,275,470
Cash flows from investing activities:				
Capital expenditures		**(780,841)**		(502,355)
Purchases of investments		**(498,267)**		(351,172)
Proceeds from sale of equipment		**22,580**		-
Sales and maturities of investments		**143,977**		221,737
Net cash used in investing activities		**(1,112,551)**		(631,790)
Cash flows from financing activities:				
Postemployment retirement benefits—former Executive Director		**(110,127)**		(113,424)
Payments on long-term debt		**(34,020)**		(79,653)
Net cash used in financing activities		**(144,147)**		(193,077)
Net increase (decrease) in cash		**(1,147,755)**		450,603
Cash at beginning of year		**1,717,445**		1,266,842
Cash at end of year	**$**	**569,690**	$	1,717,445
Supplemental disclosures of cash flow information:				
Cash paid for interest	**$**	**3,553**	$	13,358
Supplemental disclosures of noncash flow information:				
Fair market value of donated inventory	**$**	**176,468**	$	119,586

See notes to financial statements.

Note 1. Organization and Significant Accounting Policies

Organization: Founded in 1946 and headquartered in San Antonio, Texas, the National Skeet Shooting Association (NSSA) was incorporated in 1984 in the state of Texas as a nonprofit 501(c)(3) tax-exempt organization owned and operated by its members. Its purpose is to foster national and international amateur sports competition in shotgun target shooting, particularly skeet and sporting clay shooting. A few of the means by which NSSA accomplishes its purpose are: (1) educating individuals in the proper conduct and effective techniques of shotgun target shooting and the safe and efficient handling of shotguns; (2) assisting other organizations in promoting amateur shotgun target shooting by maintaining a standard set of rules and regulations, keeping records and publicizing activities; (3) sponsoring an annual World Skeet Shooting and National Sporting Clays Championship and (4) publishing a monthly magazine called Clay Target Nation. In addition, National Sporting Clays Association (NSCA) is a division of NSSA and accomplishes many of the same objectives indicated above through the competition in sporting clays.

Basis of accounting: The accompanying financial statements have been prepared on the accrual basis of accounting applicable to not-for-profit organizations in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Support and revenue are reported as an increase in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (e.g., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent accounting pronouncements: In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective-interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. NSSA is in the process of evaluating the impact of this new guidance on its financial statements.

Note 1. Organization and Significant Accounting Policies (Continued)

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. ASU No. 2016-18 will be effective for fiscal years beginning after December 15, 2018. ASU No. 2016-18 must be applied using a retrospective transition method with early adoption permitted. NSSA is currently evaluating the impact that the adoption of this guidance will have on its financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the FASB Emerging Issues Task Force)*. ASU No. 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU No. 2016-15 is effective for annual periods, and interim periods within those years, beginning after December 15, 2018. ASU No. 2016-15 requires a retrospective-transition method. However, if it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable. This standard will not have a material impact on NSSA's results of operations or financial position.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions," and expands disclosures about the nature and amount of any donor restrictions. The ASU is effective for annual periods beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. NSSA is currently evaluating the impact that the adoption of this guidance will have on its financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-14, which defers the effective date of ASU No. 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. NSSA has not yet selected a transition method and is currently evaluating the effect the standard will have on its financial statements.

Basis of presentation: Under these provisions, net assets and revenue, expenses, gains and losses are classified as unrestricted, temporarily restricted and permanently restricted based upon the following criteria:

- Unrestricted net assets—Unrestricted net assets consist of net assets that are not subject to donor-imposed restrictions. Unrestricted net assets result from operating revenues and unrestricted dividend and interest income. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors (the Board). The balance at November 30, 2017, designated to support future expenses relating to maintaining life memberships is $2,478,240 ($2,124,181 in 2016).

Note 1. Organization and Significant Accounting Policies (Continued)

- Temporarily restricted net assets—Temporarily restricted net assets consist of assets that are subject to donor-imposed stipulations that require the passage of time or the occurrence of a specified event. When the donor restriction expires, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and net assets as net assets released from restrictions.

- Permanently restricted net assets—Permanently restricted net assets consist of net assets that are subject to donor-imposed stipulations that are to be maintained permanently. Generally, donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes. As of November 30, 2017 and 2016, there were no permanently restricted net assets.

Investments: Investments, which include cash and cash equivalents earmarked for investment purposes, are stated at fair value based upon quoted market prices, when available, or estimates of fair value in the statements of financial position. Unrealized gains and losses are included in the statements of activities and net assets.

NSSA has an investment policy that sets guidelines and constraints to ensure the portfolio is appropriately diversified. NSSA invests in a professionally managed portfolio that contains common shares and bonds of publicly traded companies, United States government obligations, mutual funds and money market funds. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements. Market volatility of equity-based investments is expected to substantially impact the value of such investments at any given time. Management evaluates the investment portfolio on an ongoing basis.

Trade receivable: The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Losses are charged against the allowance when management believes the uncollectibility of a receivable is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available. As of November 30, 2017 and 2016, an allowance was not deemed necessary by management.

Inventory: Inventory is stated at the lower of cost (first-in, first-out method) or market (net realizable value). At November 30, 2017, all inventory was stated at cost, which was less than net realizable value.

Property and equipment: Property and equipment are stated at cost if purchased, or fair value if donated. Depreciation is calculated on the straight-line method based on the following estimated useful lives: buildings and improvements—five to 35 years and equipment and furniture—three to 30 years. NSSA has adopted a capitalization policy for property and equipment of $500.

Impairment of long-lived assets: NSSA reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets.

Note 1. Organization and Significant Accounting Policies (Continued)

The factors considered by management in performing this assessment include current operating results, trends and prospects and the effects of obsolescence, demand, competition and other economic factors. NSSA did not recognize an impairment loss during the years ended November 30, 2017 or 2016.

Donated property and equipment: Donations of property and equipment are recorded as support at their estimated fair value. Such donations, if any, are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, NSSA reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. NSSA reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Federal income tax: NSSA is a not-for-profit organization and is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business activities. As such, no provision for federal income taxes has been made in the accompanying financial statements.

NSSA's policy is to record interest and penalty expense related to income taxes as interest and other expense, respectively. At November 30, 2017 and 2016, no interest or penalties have been or are required to be accrued.

Life membership dues: In the period life memberships are initiated and the dues become receivable, the life membership dues are recognized as revenue as future fees are expected to cover the future costs of membership.

Unearned exhibitor buildings and camper rental revenue: NSSA leases two buildings to exhibitors and rental space to campers who have prepaid for the use of those facilities over five- and 10-year periods, respectively.

Unearned membership dues: Annual dues received in the current year that relate to a future year are deferred and recorded as revenue in the year earned. Six-year membership dues are recognized as revenue ratably over the six-year period to which the dues relate.

Public support and revenue: Contributions are recorded at fair value when NSSA is in possession of or receives an unconditional promise to give. Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support based on the existence or nature of any donor restrictions. As donor or time restrictions are satisfied, net assets are reclassified to unrestricted net assets. NSSA's policy is to report restricted support that is satisfied in the year of receipt as restricted and then fully released in the same year.

Unconditional promises to give, or pledges, are recorded in the financial statements when there is sufficient evidence in the form of verifiable documentation that a promise is made and received. Pledges receivable are discounted to an estimated present value.

Contributed services that create or enhance nonfinancial assets or that require specialized skills that are provided by individuals possessing those skills, and which would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Contributed goods are recorded at their fair value in the period received.

Note 1. Organization and Significant Accounting Policies (Continued)

Functional allocation of revenues and expenses: The benefits and costs of providing various programs and activities have been summarized on a functional basis in the statements of activities and net assets. Accordingly, certain benefits and costs have been allocated among the programs and supporting services benefited.

Contingencies: Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to NSSA, but which will only be resolved when one or more future events occur or fail to occur. NSSA's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against NSSA or unasserted claims that may result in such proceedings, NSSA's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in NSSA's financial statements. If the assessment indicates a potentially material loss contingency is not probable, but is reasonably possible, or is probable, but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

Advertising: Advertising costs totaled $105,178 and $75,089 for the years ended November 30, 2017 and 2016, respectively, and are expensed as incurred.

Subsequent events: NSSA has evaluated subsequent events through February 2, 2018, the date the financial statements were available to be issued.

Reclassification: Certain reclassifications have been made in the prior-year financial statements to conform to the current-year presentation with no effect on the change in net assets.

Note 2. Investments

As of November 30, 2017 and 2016, cash equivalents and marketable securities with a total fair market value of $3,913,920 and $3,126,572, respectively, have been designated by NSSA's executive committee and approved by the Board to be funds which will be kept in an investment capacity and not used for operations during the next year. Investments totaling approximately $2,478,000 at November 30, 2017, are identified as net assets designated specifically for life membership matters ($2,124,000 in 2016). All securities are valued at market value, as determined by their closing sales prices at November 30, 2017 and 2016. All balances are unrestricted.

Note 2. Investments (Continued)

The following are the major categories of assets measured at fair value on a recurring basis as of November 30, 2017 and 2016, using quoted prices in active markets for identical assets:

	November 30, 2017		November 30, 2016	
	Cost	Fair Market Value	Cost	Fair Market Value
Cash	$ 59,497	$ 59,497	$ 65,604	$ 65,604
Sweep account	346	346	47,991	48,210
Domestic stocks and exchange traded funds	529,179	768,655	396,450	530,719
Mutual funds:				
United States equity funds	960,564	1,329,291	876,794	1,073,192
United States bond funds	779,153	787,799	629,514	631,977
International equity funds	624,770	742,758	581,095	601,814
International bond funds	236,656	225,574	238,427	175,056
	$ 3,190,165	$ 3,913,920	$ 2,835,875	$ 3,126,572

During the years ended November 30, 2017 and 2016, NSSA had brokerage fees of $31,612 and $20,688, respectively, on these investments and other cash balances. These have been netted against investment income in the statements of activities and net assets.

Note 3. Fair Value Measurements and Disclosures

The requirements of Fair Value Measurements and Disclosures of the *FASB Accounting Standards Codification* (ASC) apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair Value Measurements and Disclosures also establishes a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels.

Level 1 inputs: Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 inputs: Inputs are observable and other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 inputs: Inputs are unobservable and are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

At November 30, 2017 and 2016, all investments were classified as Level 1.

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Note 4. Profit Sharing Plan

The Board approved a profit sharing plan effective January 1, 1993, in which substantially all full-time employees become qualified participants after attaining 21 years of age and completing one year of continuous employment with NSSA. NSSA's contribution was determined annually by the Board, but could not exceed the maximum allowable deduction permitted under the Internal Revenue Code at the time of the contribution.

This plan was restated effective January 1, 2005, as the National Skeet Shooting Association 401(k) Profit Sharing Plan. A nonelective matching contribution up to 1 percent of the participants' base compensation for the plan year is made. Total contributions for the years ended November 30, 2017 and 2016, were $9,838 and $9,716, respectively.

Note 5. Commitments and Contingent Liabilities

Lease commitments: NSSA leases various equipment pursuant to noncancelable operating lease agreements expiring on November 29, 2020. Future minimum lease payments for these leases are as follows:

Years ending November 30:		
2018	$	35,400
2019		35,400
2020		35,400
	$	106,200

Lease expense for these and other leases for the years ended November 30, 2017 and 2016, totaled $70,324 and $67,605, respectively.

Environmental remediation: NSSA has instituted a lead management program to control and contain lead migration and to take all practical steps to remove and recycle lead. In the event the real estate of NSSA is sold, the buyer may request remediation as a condition of the sale. Because there is no legal or contractual requirement to remediate the property, and the extent of remediation, if any, is unknown, no liability is recorded in the financial statements.

Note 6. Line of Credit

NSSA has a $250,000 unsecured line of credit, which will expire February 2018, available with a local bank at prime rate plus 0.25 percent. There was no balance outstanding on this line of credit at November 30, 2017 and 2016.

Note 7. Long-Term Debt

Long-term debt consists of the following:

	November 30 2017	November 30 2016
Note payable to a bank in monthly installments of $6,890, including interest at 3.85% due April 2017; collateralized by investments	$ -	$ 34,020
Less current maturities	-	34,020
	$ -	$ -

Interest expense on long-term debt totaled approximately $240 and $3,000 for the years ended November 30, 2017 and 2016, respectively

Note 8. Property and Equipment

A summary of property and equipment is as follows:

	November 30 2017	November 30 2016
Land and improvements	$ 2,601,851	$ 2,601,851
Buildings and improvements	6,006,258	5,527,921
Equipment and furniture	2,543,450	2,459,103
Construction in progress	317,938	237,033
	11,469,497	10,825,908
Less accumulated depreciation	6,127,427	5,783,950
	$ 5,342,070	$ 5,041,958

Note 9. Inventory

Inventory consisted of the following:

	November 30 2017	November 30 2016
General store merchandise	$ 9,751	$ 10,908
Targets	96,632	87,010
Ammunition	37,039	40,578
Guns	175,958	156,362
	$ 319,380	$ 294,858

Note 10. Unearned and Deferred Revenue

Unearned and deferred revenue consisted of the following:

	November 30	
	2017	2016
Annual dues:		
Sporting clays	$ 146,345	$ 200,150
Clubs	48,050	51,050
Six-year membership dues	137,966	135,651
Prepaid exhibitor buildings and camper rentals	81,925	77,130
Advanced deposits—subsequent year shoots	240,641	431,658
	654,927	895,639
Less current portion	513,031	746,190
	$ 141,896	$ 149,449

Note 11. Postemployment Retirement Benefits

NSSA entered into a deferred compensation agreement with a former Executive Director (ED) that increased in value (as a percentage of his final salary) each year he served as the ED. After more than 15 years as the ED, per the details of the agreement, NSSA is obligated to pay $10,313 per month for 15 years beginning November 1, 2002, with payments that ended in October 2017. The liability—postemployment retirement benefit of $-0- and $110,127 as of November 30, 2017 and 2016, respectively, was derived using a present value calculation with an assumed interest rate of 6 percent.

There are no future annual obligations regarding this agreement as the ED's benefits have been exhausted as of November 30, 2017.

Interest expense on postemployment retirement benefits totaled approximately $3,000 and $10,000 for the years ended November 30, 2017 and 2016, respectively.

Note 12. Major Suppliers

For the year ended November 30, 2017, approximately $1,365,000 of NSSA's purchases was purchased from two suppliers. At November 30, 2017, there were no trade payables due to these suppliers. Other suppliers would be available if needed.

For the year ended November 30, 2016, approximately $655,000 of NSSA's purchases was purchased from one supplier. At November 30, 2016, there were approximately $17,000 in trade payables due to this supplier. Other suppliers would be available if needed.

Note 13. Temporarily Restricted Net Assets

Net assets and changes in net assets are as follows:

	Balance at November 30, 2016	Donations	Net Assets Released From Restriction	Balance at November 30, 2017
NSCA USA Sporting Clays Team	$ 17,519	$ 198,085	$ 132,857	$ 82,747
Scholarships	31,719	20,000	6,250	45,469
Youth education	63,125	8,850	15,075	56,900
NSCA Marketing Fund	277,215	284,882	185,639	376,458
NSSA Marketing Fund	243,290	106,302	1,345	348,247
Krieghoff All American Program	12,500	18,750	18,750	12,500
	$ 645,368	$ 636,869	$ 359,916	$ 922,321

	Balance at November 30, 2015	Donations	Net Assets Released From Restriction	Balance at November 30, 2016
NSCA USA Sporting Clays Team	$ 168,350	$ 195,322	$ 346,153	$ 17,519
Scholarships	25,994	11,350	5,625	31,719
Youth education	51,716	47,233	35,824	63,125
NSCA Marketing Fund	325,240	264,363	312,388	277,215
NSSA Marketing Fund	230,727	109,005	96,442	243,290
Krieghoff All American Program	12,500	12,500	12,500	12,500
	$ 814,527	$ 639,773	$ 808,932	$ 645,368

Note 14. Credit Risk

NSSA maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation up to $250,000. NSSA has not experienced any losses in such accounts.

Note 15. Related-Party Transactions

The current ED’s wife is a principal at Synergy, and NSSA has a contract with Synergy to market sponsorship opportunities and advertising. This contract was in effect until December 31, 2017, and subsequent to year-end, has been extended through December 31, 2018, with no other modifications. The contract provided Synergy with a commission of 30 percent of cash and/or net resellable or nonresellable product value depending on the type of sponsorship that was achieved through Synergy’s services and 10 percent for pre-existing renewing sponsors. On March 20, 2015, the contract was modified and Synergy receives 20 percent for new sponsors and for new sponsor agreements from existing sponsors, and 15 percent for all renewing sponsorship agreements. Synergy also receives a 5 percent commission on advertising sales for existing advertisers and a 20 percent commission on advertising sales for new advertisers in the first 12 months. During the fiscal year, $163,190 was billed and expensed in relation to this contract ($171,050 in 2016).

Note 16. Subsequent Events

In August 2016, NSSA entered into agreements with a contracting company, whereby the contractor will perform installation of a sewer casing pipe and modification of the main entry road at the National Shooting Complex in exchange for the use of land through August 31, 2018.

In November 2016, NSSA entered into a contract to have lead shot reclamation performed. NSSA receives a percentage of the sales price of the salvage lead under the terms of the contract and recognized other income in the amount of $190,419 related to this agreement during fiscal year 2017.

Supplementary Information

Independent Auditor's Report on the Supplementary Information

To the Board of Directors
National Skeet Shooting Association

We have audited the financial statements of National Skeet Shooting Association (NSSA) as of and for the years ended November 30, 2017 and 2016, and have issued our report thereon dated February 2, 2018, which contained an unmodified opinion on those financial statements. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as presented in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary 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 2017 total revenues and expenses presented within the supplementary information and the comparative totals for 2016 have been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such supplementary 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 2017 and 2016 total revenues and expenses presented within the supplementary information are fairly stated, in all material respects, in relation to the financial statements as a whole.

RSM US LLP

San Antonio, Texas
February 2, 2018

National Skeet Shooting Association

Comparative Schedule of Revenues and Expenses by Activity
Year Ended November 30, 2017 With Comparative Totals for 2016

	Skeet Association	Sporting Clays Association	National Shooting Complex	Fundraising and Development	Management and General	Membership Magazines*	**2017 Total**	2016 Total
Revenues:								
Membership dues—individuals and clubs	$ 268,190	$ 819,459	$ 42,125	$ -	$ -	$ -	**$ 1,129,774**	$ 1,195,541
Event registration, tickets and entry fees	125,439	6,850	4,000,180	-	-	-	**4,132,469**	3,748,924
Registered target fees collected	320,907	855,375	-	391,184	-	-	**1,567,466**	1,493,471
Advertising revenue	2,552	2,552	33,247	-	-	587,622	**625,973**	636,803
Donations, sponsorship and affinity programs	86,723	72,024	212,127	225,685	-	-	**596,559**	623,671
Instructor school and referee certification	32,850	125,714	-	-	-	-	**158,564**	132,360
Open shooting/practice	-	-	516,531	-	-	-	**516,531**	551,552
Rental—exhibitors	-	-	261,101	-	-	-	**261,101**	223,534
Rental—RV spaces	-	-	200,677	-	-	-	**200,677**	162,985
Sales—ammunition	-	-	547,836	-	-	-	**547,836**	497,662
Sales—merchandise	6,742	13,727	115,759	11,454	-	25,245	**172,927**	194,132
Sales/revenue—other	975	2,806	695,718	2,269	-	-	**701,768**	262,388
Net investment income	151,584	195,849	200,219	-	-	-	**547,652**	118,056
Total revenues	$ 995,962	$ 2,094,356	$ 6,825,520	$ 630,592	$ -	$ 612,867	**$ 11,159,297**	$ 9,841,079
Expenses:								
Salaries	$ 286,141	$ 317,308	$ 1,054,103	$ 17,224	$ 510,478	$ 97,677	**$ 2,282,931**	$ 2,176,298
Employee benefits and payroll taxes	87,837	101,870	228,598	1,497	74,273	15,838	**509,913**	468,820
Accounting/auditing fees	-	-	-	-	39,800	-	**39,800**	40,750
Advertising and promotional	66,970	110,749	75,338	304,256	-	10,181	**567,494**	600,293
Banking/financial services	28,248	81,459	43,773	52	-	1,018	**154,550**	136,325
Board expenses	7,641	6,618	60	-	-	-	**14,319**	21,310
Club and member expenses	23,796	52,804	1,298	-	-	-	**77,898**	59,215
Consultants	545	821	16,471	22,576	48,063	6,656	**95,132**	5,341
Contracted services—events	62,035	-	858,906	-	-	-	**920,941**	817,941
Cost of sales—ammunition	-	-	493,229	-	-	-	**493,229**	404,136

(Continued)

*Printed and electronic periodicals

National Skeet Shooting Association

Comparative Schedule of Revenues and Expenses by Activity (Continued)
Year Ended November 30, 2017 With Comparative Totals for 2016

	Skeet Association	Sporting Clays Association	National Shooting Complex	Fundraising and Development	Management and General	Membership Magazines*	**2017 Total**	2016 Total
Expenses: (continued)								
Cost of sales—merchandise	$ 4,641	$ -	$ 92,559	$ -	$ -	$ -	**$ 97,200**	$ 134,945
Cost of sales/revenue—Other	-	-	107,138	-	-	-	**107,138**	101,815
Dues/fees/subscriptions	953	11,454	6,098	-	6,481	-	**24,986**	8,846
Equipment rental/lease	-	-	45,069	-	64,997	-	**110,066**	105,622
Event preparation and cleanup—outside services	-	-	8,319	-	-	-	**8,319**	13,767
Food/Ice/parties/banquets	16,898	13,822	206,878	-	-	-	**237,598**	200,251
Grants/donations/scholarships	34,253	12,353	6,600	-	-	-	**53,206**	64,074
Instructor school/referee certification	20,385	64,830	-	-	-	-	**85,215**	80,994
Insurance	93	-	10,220	-	169,517	-	**179,830**	176,216
Interest expense	-	-	243	-	3,310	-	**3,553**	13,358
Legal	-	12,651	4,016	-	94,031	-	**110,698**	47,950
Maintenance and repairs	1,027	4,600	318,611	4,996	-	-	**329,234**	282,425
Printing and editing	-	-	24,835	-	-	912,744	**937,579**	836,282
Prizes and awards	71,476	40,800	790,778	23,119	-	-	**926,173**	842,400
Shipping and postage	23,909	56,037	14,954	92	426	74,726	**170,144**	176,272
Supplies and materials	16,639	19,677	110,895	267	39,638	757	**187,873**	177,400
Other expenses	10,606	7,115	25,203	-	2,419	-	**45,343**	29,339
Staff development	459	764	2,754	-	12,212	-	**16,189**	2,792
Targets	-	-	576,443	-	-	-	**576,443**	561,204
Telephone	-	-	-	-	47,585	-	**47,585**	38,873
Travel	33,671	54,966	115,496	86,004	6,128	-	**296,265**	349,309
Utilities	-	-	-	-	148,025	-	**148,025**	139,188
Depreciation	42,789	46,298	361,149	22,888	3,918	587	**477,629**	402,440
Property taxes	7,200	7,200	249,992	-	-	-	**264,392**	245,734
Total expenses	$ 848,212	$ 1,024,196	$ 5,850,026	$ 482,971	$ 1,271,301	$ 1,120,184	**$ 10,596,890**	$ 9,761,925

*Printed and electronic periodicals

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